

JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING SUMMARY



FY 2018-19

STATE OF COLORADO

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DOMINICK MORENO

JOINT BUDGET COMMITTEE
200 EAST 14TH AVENUE, 3RD FLOOR
LEGISLATIVE SERVICES BUILDING
DENVER, CO 80203
TELEPHONE 303-866-2061
<http://leg.colorado.gov/agencies/joint-budget-committee>

MEMORANDUM

TO: Members of the General Assembly

FROM: Joint Budget Committee

SUBJECT: FY 2018-19 Budget Briefing Summary

DATE: January 11, 2018

For the past two months, the Joint Budget Committee staff has been briefing the Committee on each department's budget request for FY 2018-19. The staff briefing is a written and oral presentation of budget issues and a review of expenditures and requests for each department. These briefings are aimed at stimulating discussion among the Committee members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future.

During the briefing, Committee members decide which issues they wish to discuss with the department. These topics are addressed at a formal hearing with each department's executive director. This hearing also allows time for the department to discuss its priorities with the Committee.

This report summarizes the budget briefings by providing an overview of each department's responsibilities, the department's total request as compared to the current year appropriation, and a summary of issues that were addressed. The detailed staff briefing write-ups can be found at the Committee's web site:

<http://leg.colorado.gov/content/budget>

We hope this budget briefing summary, and the documents from which it was created, will help you become familiar with the FY 2018-19 budget requests and major issues that impact the budget. The next step in the process is meeting with the various joint committee of references to solicit input from the committees regarding the budget items for the departments within their responsibility, pursuant to Joint Rule 25 (d), which states:

“Prior to the thirtieth legislative day, the Joint Budget Committee members shall be available to provide the respective committees with assistance and to explain any Joint Budget Committee responses or recommendations regarding hearings before the Joint Budget Committee of all departments of state government that are within the subject-matter jurisdiction of each committee. After receiving any assistance and explanation from the Joint Budget Committee members, the chairmen of the committees shall communicate any concerns or comments regarding preparation of the long appropriation bill to the Joint Budget Committee members of that house.”

We look forward to discussing the budget with you throughout the 2018 legislative session.

SUMMARY OF FY 2018-19 BUDGET BRIEFING

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All Departments

The Executive and Judicial branches of state government submitted their FY 2018-19 budget requests to the Joint Budget Committee on November 1, 2017. The following table summarizes the total request.

FY 2017-18 Appropriation and FY 2018-19 Request

ALL DEPARTMENTS						
	TOTAL FUNDS	GENERAL FUND ¹	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
FY 2017-18	\$28,835,065,835	\$10,619,849,620	\$7,837,470,077	\$1,727,595,107	\$8,650,151,031	57,499.9
TOTAL	\$28,835,065,835	\$10,619,849,620	\$7,837,470,077	\$1,727,595,107	\$8,650,151,031	57,499.9
FY 2018-19 REQUESTED APPROPRIATION:						
FY 2017-18 Appropriation	\$28,835,065,835	\$10,619,849,620	\$7,837,470,077	\$1,727,595,107	\$8,650,151,031	57,499.9
Decision items	1,053,942,902	397,452,957	353,357,289	88,904,000	214,228,656	243.7
Technical changes	211,998,195	23,613,038	292,532,358	2,272,703	(106,419,904)	(5.1)
Centrally appropriated line items	86,910,748	47,159,130	32,605,644	(4,335,901)	11,481,875	0.0
Annualize prior year budget actions	(80,337,720)	(18,591,338)	(12,469,538)	(898,276)	(48,378,568)	44.0
Annualize prior year legislation	(13,244,033)	8,530,014	(35,415,015)	(142,684)	13,783,652	11.5
TOTAL	\$30,094,335,927	11,078,013,421	\$8,468,080,815	\$1,813,394,949	\$8,734,846,742	57,794.0
INCREASE/(DECREASE)	\$1,259,270,092	\$458,163,801	\$630,610,738	\$85,799,842	\$84,695,711	294.1
Percentage Change	4.4%	4.3%	8.0%	5.0%	1.0%	0.5%

¹ Includes General Fund Exempt appropriations.

Summary of Major Changes

DECISION ITEMS: Represents programmatic funding changes included in the FY 2018-19 appropriation request. Examples include funding for new programs, expansion of existing programs, and reductions to (or elimination of) existing programs. These items increase the State budget by \$1.1 billion total funds, including \$397.5 million General Fund, for FY 2018-19 in comparison to current FY 2017-18 appropriations. Major highlights include:

- Health Care Policy and Financing – Increase of \$363.6 million total funds (increase of \$100.5 million General Fund);
- Education – Increase of \$265.2 million total funds (increase of \$84.2 million General Fund);
- Higher Education – Increase of \$227.3 million total funds (increase of \$83.5 million General Fund);
- Human Services – Increase of \$70.8 million total funds (increase of \$50.2 million General Fund); and
- Corrections – Increase of \$41.8 million total funds (increase of \$41.6 million General Fund).

TECHNICAL CHANGES: Represents revenue forecast adjustments and various technical adjustments included in the FY 2018-19 appropriation request. These items increase the State budget by \$212.0 million total funds, including an increase of \$23.6 million General Fund, for FY 2018-19 in comparison to the current FY 2017-18 appropriations. Major highlights include:

- Transportation – Increase of \$175.0 million total funds;
- Treasury – Increase of \$27.5 million total funds (increase of \$14.8 million General Fund);
- Revenue – Increase of \$5.4 million total funds (increase of \$5.5 million General Fund); and
- Personnel – Increase of \$3.3 million total funds.

CENTRALLY APPROPRIATED LINE ITEMS: Represents the requested FY 2018-19 impact of changes to central appropriations, which are generally made to the Executive Director’s Office (or a comparable division) of each agency for use department-wide. Examples include salary increases and benefits, vehicle lease payments, Capitol complex leased space, and information technology services. These items increase the State budget by \$86.9 million total funds, including \$47.2 million General Fund, for FY 2018-19 in comparison to the current FY 2017-18 appropriations. Major highlights include:

- Corrections – Increase of \$21.8 million total funds (increase of \$16.7 million General Fund);
- Human Services – Increase of \$14.6 million total funds (increase of \$8.6 million General Fund);
- Judicial – Increase of \$14.1 million total funds (increase of \$13.1 million General Fund);
- Public Safety – Increase of \$10.9 million total funds (increase of \$1.6 million General Fund); and
- Natural Resources - Increase of \$9.5 million total funds (increase of \$1.0 million General Fund).

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: Represents the requested FY 2018-19 impact on appropriations of budgetary decision items approved for prior fiscal years. These items reduce the State budget by \$80.3 million total funds, including a decrease of \$18.6 million General Fund, for FY 2018-19 in comparison to the current FY 2017-18 appropriation. Major highlights include:

- Health Care Policy and Financing – Decrease of \$61.9 million total funds (decrease of \$12.8 million General Fund);
- Public Health and Environment – Decrease of \$6.3 million total funds (decrease of \$1.8 million General Fund);
- Judicial – Decrease of \$4.4 million total funds (decrease of \$3.8 million General Fund);
- Labor and Employment – Decrease of \$4.0 million total funds (decrease of \$3.4 million General Fund); and
- Governor – Decrease of \$2.4 million total funds.

ANNUALIZE PRIOR YEAR LEGISLATION: Represents the requested FY 2018-19 impact on appropriations of legislation passed by the General Assembly in prior legislative sessions. These items reduce the State budget by \$13.2 million total funds, including an increase of \$18.5 million General Fund, for FY 2018-19 in comparison to the current FY 2017-18 appropriation. Major highlights include:

- Health Care Policy and Financing – Increase of \$23.9 million total funds (increase of \$9.9 million General Fund);
- Natural Resources – Decrease of \$34.1 million total funds;
- Public Safety – Decrease of \$1.1 million total funds (decrease of \$0.2 million General Fund);
- Higher Education – Decrease of \$1.0 million total funds; and
- Human Services – Decrease of \$0.8 million total funds (decrease of \$1.4 million General Fund).

Department of Agriculture

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including: regulatory and inspection services relating to agriculture; investigations and hearings; standardizing, grading, inspecting, labeling, handling, storage, and marketing of agricultural products; and agriculture-related policy analysis. The Department's FY 2017-18 appropriation represents approximately 0.2 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF AGRICULTURE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
S.B. 17-254 (Long Bill)	50,246,919	10,506,004	33,408,408	2,371,548	3,960,959	291.4
TOTAL	\$50,246,919	\$10,506,004	\$33,408,408	\$2,371,548	\$3,960,959	291.4
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$50,246,919	10,506,004	\$33,408,408	\$2,371,548	\$3,960,959	291.4
R1 Federal lands management resources	85,528	85,528	0	0	0	1.0
Centrally appropriated line items	1,002,002	446,983	596,687	0	(41,668)	0.0
Indirect cost assessment adjustment	230,045	0	119,110	121,364	(10,429)	0.0
Non-prioritized request items	59,012	30,117	28,895	0	0	0.0
TOTAL	\$51,623,506	\$11,068,632	\$34,153,100	\$2,492,912	\$3,908,862	292.4
INCREASE/(DECREASE)	\$1,376,587	\$562,628	\$744,692	\$121,364	(\$52,097)	1.0
Percentage Change	2.7%	5.4%	2.2%	5.1%	(1.3%)	0.3%

R1 FEDERAL LANDS MANAGEMENT RESOURCES: The request includes an increase of \$85,528 General Fund and 1.0 FTE for the Conservation Services Division to provide increased levels of technical assistance and stakeholder outreach for agriculture producers throughout the federal rangeland management planning process.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following line items. *These request items will be addressed in separate staff briefings for the Department of Personnel and Administration and the Governor's Office.*

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Annualize prior year salary survey	\$431,131	\$134,417	\$292,435	\$4,279	0.0
Health, life, and dental adjustment	302,306	133,728	183,112	(14,534)	0.0
Salary survey adjustment	247,222	89,543	160,638	(2,959)	0.0
Payments to OIT adjustment	61,625	45,343	16,282	0	0.0
AED adjustment	49,261	37,742	19,293	(7,774)	0.0
SAED adjustment	49,261	37,742	19,293	(7,774)	0.0
Workers' compensation adjustment	16,536	16,536	0	0	0.0
CORE adjustment	7,482	7,482	0	0	0.0
AIJ adjustment	2,174	0	2,174	0	0.0
Merit pay adjustment	(128,166)	(43,286)	(83,536)	(1,344)	0.0

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Payment to risk management / property funds adjustment	(22,065)	(9,919)	(12,146)	0	0.0
Legal services adjustment	(13,371)	(2,674)	586	(11,283)	0.0
Short-term disability adjustment	(1,394)	329	(1,444)	(279)	0.0
TOTAL	\$1,002,002	\$446,983	\$596,687	(\$41,668)	0.0

INDIRECT COST ASSESSMENT ADJUSTMENT: The request includes an increase of \$230,045 total funds to the Department's indirect cost assessments to its various divisions.

NON-PRIORITIZED REQUEST ITEMS: The request includes an increase of \$59,012 total funds, including \$30,117 General Fund, for items requested by other agencies that impact this department. The table below itemizes each requested non-prioritized item for FY 2018-19. *These request items will be addressed in separate staff briefings for the Department of Personnel and Administration and the Governor's Office.*

NON-PRIORITIZED REQUEST ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Annual fleet vehicle request	\$28,895	\$0	\$28,895	\$0	0.0
Operating system and office productivity suite	25,646	25,646	0	0	0.0
Cybersecurity liability insurance policy	4,471	4,471	0	0	0.0
TOTAL	\$59,012	\$30,117	\$28,895	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

CANNABIS PESTICIDE INSPECTION AND ENFORCEMENT REGULATORY PROGRAM: This issue provides background on the Department of Agriculture, Plants Industry Division's efforts to regulate pesticide use in marijuana and hemp growing facilities.

FEDERAL LANDS RESOURCE MANAGER: The Department of Agriculture requests \$85,528 General Fund and 1.0 FTE to provide increased levels of technical assistance and stakeholder outreach for agriculture producers throughout the federal rangeland management planning process.

Department of Corrections

The Department of Corrections is responsible for the following activities:

- Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- Supervising the population of offenders placed in the custody of the Department, including inmates in prison, parolees, and transition inmates who are placed into community corrections programs and other community settings;
- Planning for the projected, long-range needs of the institutions under the Department's control; and
- Developing educational programs, treatment programs, and correctional industries within the facilities that have a rehabilitative or therapeutic value for inmates and supply necessary products for state institutions and other public purposes, as provided by law.

The Department's FY 2017-18 appropriation represents approximately 3.0 percent of statewide operating appropriations and 7.2 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF CORRECTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	\$862,934,388	\$767,386,310	\$39,760,660	\$51,620,128	\$4,167,290	6,246.2
HB 17-1326 (Justice Reinvestment)	(5,865,182)	(5,865,182)	0	0	0	0.8
Other legislation	7,671,044	7,671,044	0	0	0	0.0
TOTAL	\$864,740,250	\$769,192,172	\$39,760,660	\$51,620,128	\$4,167,290	6,247.0
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$864,740,250	\$769,192,172	\$39,760,660	\$51,620,128	\$4,167,290	6,247.0
R1 Staff retention	3,336,294	3,292,961	4,365	38,968	0	0.0
R2 Prison capacity	19,364,000	19,364,000	0	0	0	0.0
R3 Hepatitis C treatment	16,514,144	16,514,144	0	0	0	0.0
R4 Medical caseload	1,647,588	1,647,588	0	0	0	0.0
R5 La Vista food service	172,514	172,514	0	0	0	0.0
R6 DeCORuM operating	90,723	90,723	0	0	0	0.0
R7 Interstate probation position transfer	(92,913)	(92,913)	0	0	0	(2.0)
R8 Parole caseload	0	0	0	0	0	0.0
R9 Community supervision caseload	(2,061,362)	(2,061,362)	0	0	0	(17.4)
R10 Community provider rate	1,130,641	1,095,584	0	35,057	0	0.0
Non-prioritized request items	1,657,953	1,617,246	40,707	0	0	0.0
Centrally appropriated line items	16,611,416	16,113,208	498,208	0	0	0.0
CI wage increase	94,000	0	94,000	0	0	0.0
Fund source adjustment	0	0	0	0	0	0.0
Indirect cost assessment	(622,930)	614,827	31,779	(618,313)	(651,223)	0.0
Annualize prior year legislation	(452,461)	(452,461)	0	0	0	0.6
Annualize prior year budget actions	(114,650)	(111,909)	(2,741)	0	0	0.3
COP payment adjustment	(878)	(878)	0	0	0	0.0
TOTAL	\$922,014,329	\$826,995,444	\$40,426,978	\$51,075,840	\$3,516,067	6,228.5
INCREASE/(DECREASE)	\$57,274,079	\$57,803,272	\$666,318	(\$544,288)	(\$651,223)	(18.5)
Percentage Change	6.6%	7.5%	1.7%	(1.1%)	(15.6%)	(0.3%)

R1 STAFF RETENTION: The Department requests an increase of \$3,336,294 total funds, of which \$3,292,961 is General Fund for a 5.0 percent salary increase for the following six employee classifications:

- Correctional Officer I
- Correctional Officer II
- Correctional Support Trades Supervisor I
- Nurse I
- Nurse III
- Mid-Level Provider (physician assistants).

The salary increases, as proposed by the Department, would be for staff with two to seven years of experience with the Department. Raises would be effective July 2018. Note the request does not account for the statewide 3.0 percent salary survey increase or Governor's proposed 2.0 percent increase of the employee Public Employees Retirement Association (PERA) contribution starting January 2019.

R2 PRISON CAPACITY: This request is a placeholder. The Department will submit an updated request on January 15, 2018 based on the December 2017 population projections. Information provided by private prison operations in response to the JBC's request will also be used to inform the Department's January 15, 2018 budget amendment. The placeholder request is for \$19,364,000 General Fund. The placeholder includes \$248,443 for 18 new private prison beds from July 2018 to February 2019. These beds will be needed because 18 beds at the Buena Vista Correctional Facility will be taken off-line for a controlled maintenance project approved in FY 2017-18. The remainder of the request is for caseload, including the continuation of the September 2-17 interim supplemental appropriation to lease a private prison.

R3 HEPATITIS C TREATMENT: The Department requests \$16,514,144 General Fund to treat an additional 632 offenders at an average cost of \$26,166 per offender who have Hepatitis C. If this request is approved, the Department will have \$20,514,144 General Fund to treat 784 offenders with Hepatitis C. The Department's request cites the pending lawsuit filed by the American Civil Liberties regarding the provision of Hepatitis C treatment to offenders.

R4 MEDICAL CASELOAD: The Department requests an increase of \$1,647,588 General Fund for medical and pharmaceutical costs. The request assumes an additional 446 offenders will use medical services and 272 offenders will access pharmaceutical services. This increase is due to the projected growth of the offender population. This request will be revised as part of the January 15, 2018 caseload budget amendment.

R5 LA VISTA FOOD SERVICE: The Department is requesting \$172,514 General Fund to pay for increased food service costs at the La Vista Correctional Facility. The Department has added 112 beds to the La Vista Correctional Facility to accommodate the female offender population increase. The La Vista Correctional Facility is located on the Colorado Mental Health Institute – Pueblo (CMHIP) campus. The La Vista Correctional Facility does not have a food preparation area and must purchase food services from the Department of Human Services (which operates CMHIP). Since there are 112 additional offenders, the Department is requesting the associated funds to pay for the additional food costs.

R6 DECORUM OPERATING: The Department requests an increase of \$90,723 General Fund for the maintenance costs associated with the Department of Corrections Offender Records Management System (DeCORuM). The Department noted in the FY 2017-18 capital construction request for the final phase of the DeCORuM construction that the maintenance costs would be included in the FY 2018-19 operating request. The request includes an associated increase of reappropriated funds in the Office of Information Technology who will provide the system maintenance.

R7 INTERSTATE PROBATION POSITION TRANSFER: The Department requests a reduction of \$92,913 General Fund and 2.0 FTE to transfer staff to the Judicial Department, Division of Probation Services. The two FTE identified in this request work on the Interstate Compact which is overseen by the Division of Probation Services. The Judicial Department expressed interest in managing these positions to streamline the training, data access, and oversight of staff working on the Interstate Compact. The difference between this request and the Judicial Department's associated request is due to centrally appropriated costs. The Department's request does not include a reduction for centrally appropriated costs, while the Judicial Department's request includes an increase for centrally appropriated costs.

R8 PAROLE CASELOAD: The Department requests no change to funding and staffing for regular parole. The Department's request includes the consolidation of three line items within the Division of Adult Parole based on the operational structure of the Division. The request indicates the appropriations to specific lines items does not match expenditures and the request would consolidate all the lines into a single contract line. Staff will make a recommendation on the proposed consolidation during figure setting.

The parole population does not increase as the prison population increases because the parole population is governed by different factors than those that govern the prison population. The prison population is governed by the number of new court committees and returns to prison. The parole population is largely governed by decisions of the Parole Board (discretionary parole, mandatory parole). The number of parolees depends on the length of mandatory parole (which ranges from one to five years depending upon felony type), as well as parolees with a parole violation or new crime that results in a return to prison. Through November 2017, more offenders are being paroled by the Parole Board than were over the past year. The Division of Criminal Justice December 2017 prison population projections indicates the FY 2017-18 parole caseload will increase by 4.63 percent. The projected FY 2018-19 parole caseload is projected to drop by 904 parolees or 10.42 percent. The December 2017 changes to the projected parole population will be addressed in the Department's January 15, 2018 budget amendment.

R9 COMMUNITY SUPERVISION CASELOAD: The Department is requesting a reduction of \$2,061,362 General Fund and 17.4 FTE to the parole community supervision subprogram. This subprogram includes transitional offenders (inmate status and still considered under the custody of the Department) who are either living in their own home, an approved private residence, or who have been released to a community corrections facility. The Department's request indicates this reduction is due to a lower utilization of the Inmate Intensive Supervision Program and community supervision (i.e. offenders transitioned to community corrections facilities prior to being paroled). The request also includes the consolidation of five line items based on the operational structure. The request indicates the appropriations to specific lines items does not match expenditures and the request would consolidate all the lines into a single contract line. Staff will make a recommendation on the proposed consolidation during figure setting. This request is a direct reflection of the reduction in the number of inmates transitioned to community corrections from prison. Any change in the utilization of community corrections by transition offenders could have an impact on the magnitude of this request.

R10 COMMUNITY PROVIDER RATE: The Department requests a 1.0 percent community provider rate increase. The largest increases are for payments to local jails (\$150,473 General Fund), payments to in-state private prisons (\$569,772 General Fund), and payments to pre-release parole revocation facilities (\$106,592 General Fund).

NON-PRIORITIZED REQUEST ITEMS: The Department request includes two adjustments for statewide programs overseen by the Department of Personnel and one adjustment to the cost of services provided by the Office of Information Technology in the Governor’s Office. The two Department of Personnel change items will be addressed in a separate staff briefing presented by Scott Thompson for the Department of Personnel on Thursday, December 21, 2017. The Office of Information Technology change was addressed in a separate staff briefing presented by Kevin Neimond for the Office of the Governor on Wednesday November 15, 2017. The table below itemizes each requested non-prioritized item for FY 2018-19.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP2 Operating system suite (OIT)	\$1,116,829	\$1,110,129	\$6,700	\$0	\$0	0.0
NP Annual Fleet Supplemental (PER)	445,322	415,090	30,232	0	0	0.0
NP1 Cybersecurity liability insurance policy (PER)	95,802	92,027	3,775	0	0	0.0
TOTAL	\$1,657,953	\$1,617,246	\$40,707	\$0	\$0	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; vehicle lease payments; Capitol complex leased space; payments to the Governor’s Office of Information Technology (OIT); and CORE operations.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$10,825,001	\$10,516,363	\$308,638	\$0	\$0	0.0
Payments to OIT adjustment	4,671,258	4,643,225	28,033	0	0	0.0
Health, life, and dental adjustment	1,666,559	1,556,187	110,372	0	0	0.0
Workers’ compensation adjustment	559,530	541,849	17,681	0	0	0.0
Legal services adjustment	188,497	182,088	6,409	0	0	0.0
Leased space adjustment	151,856	140,966	10,890	0	0	0.0
Payment to risk management / property funds adjustment	(1,129,517)	(1,085,014)	(44,503)	0	0	0.0
AED adjustment	(95,735)	(119,622)	23,887	0	0	0.0
SAED adjustment	(95,735)	(119,622)	23,887	0	0	0.0
Short-term disability adjustment	(70,061)	(69,010)	(1,051)	0	0	0.0
Shift differential adjustment	(54,292)	(69,955)	15,663	0	0	0.0
Capitol Complex leased space adjustment	(5,945)	(4,247)	(1,698)	0	0	0.0
TOTAL	\$16,611,416	16,113,208	\$498,208	\$0	\$0	0.0

CI WAGE INCREASE: The request includes \$94,000 cash funds for the prevailing wage increase for Colorado Correctional Industries jobs. Colorado Correctional Industries (CCi) participates in Prison Industry Enhancement (PIE) programs. PIE was authorized under the Justice System Improvement Act of 1979 and continued indefinitely under the Crime Control Act of 1990. PIE is part of a federal program that exempts the Department from normal restrictions on the sale of offender-made goods in interstate commerce. The program places offenders in realistic work environments, pays them prevailing wages, and gives them a chance to develop marketable skills that will assist in a successful transition to the community. Colorado’s minimum wage is the starting point for setting prevailing wages for CCi’s PIE programs. Colorado voters approved Amendment 70 in the November 2016 general election. This amendment triggers minimum wage increases in Colorado starting January 1, 2017. Prior to this change, the Colorado minimum wage was \$8.31 per hour. CCi’s current inmate pay cash funds spending authority is able absorb the increase to \$9.30 per hour on January 1, 2017 and the first six months of the \$10.20 per hour increase starting January 1, 2018.

INDIRECT COST ASSESSMENT: The appropriation includes a net decrease in the Department’s indirect cost assessment.

ANNUALIZE PRIOR YEAR LEGISLATION: The appropriation includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 16-180 (DOC for Juvenile Offenders)	\$13,062	\$13,062	\$0	\$0		0.4
HB 17-1326 (Justice Reinvestment)	(460,820)	(460,820)	0	0		0.2
TOTAL	(\$447,758)	(\$447,758)	\$0	\$0		0.6

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes appropriation includes adjustments for the second- and third-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize merit base pay	(\$105,470)	(\$102,960)	(\$2,510)	\$0	\$0	0.0
Annualize prior year salary survey	(8,480)	(8,249)	(231)	0	0	0.0
FY16-17 Sterling Correctional Facility restrictive housing staffing	(700)	(700)	0	0	0	0.3
TOTAL	(\$114,650)	(\$111,909)	(\$2,741)	\$0	\$0	0.3

COP PAYMENT ADJUSTMENT: The request includes a reduction of \$878 General Fund for the final certificate of participation (COP) payment for the Centennial South Correctional Facility.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

OVERVIEW OF THE COLORADO CORRECTIONAL SYSTEM: The Colorado correctional system is broken into five phases: laws, sentencing, incarceration, parole, and community corrections. Offenders typically move through the first two phases once per crime, but may visit the last three phases multiple times. The Colorado correctional system is largely funded with General Fund. The system encompasses programs within the Department of Corrections, a portion of the Judicial Branch, and Department of Public Safety. This informational issue will provide a brief overview of each phase.

PRISON UTILIZATION AND R2 PRISON CAPACITY: The recent prison population dropped from a high of 20,144 in July 2017 to 19,718 on November 30, 2017. The population is projected to raise by up to 244 offenders by the end of FY 2017-18. The population is projected to increase beyond current system capacity by the end of FY 2018-19. Based on the projections, the prison population will grow between 700 to 1,200 offenders in FY 2018-19. Currently the Centennial South Correctional Facility is vacant. The 2016 Prison Utilization Study Update recommended structural changes to three facilities to increase the capacity of the State to house offenders.

CORRECTIONAL OFFICER STEP PLANS AND R1 STAFF RETENTION: The Department has requested \$3,336,294 total funds, of which \$3,292,961 is General Fund for a 5.0 percent salary increase to employees within the Correctional Office I and II, Correctional Support Trades Supervisor I, Nurse I and III, and Mid-Level Provider classifications with two to seven years of service. The primary purpose of the Department's request is to improve staff retention, align with other law enforcement agencies, and provide a safe work environment within institutions. In place of the 5.0 percent increase, JBC staff proposes the General Assembly fund a step plan for Correctional Officers I, II and Correctional Support Trades Supervisor I in FY 2018-19.

HEPATITIS C TREATMENT (R3): The Department has requested \$16.5 million General Fund to treat an additional 632 offenders infected with Hepatitis C. If this request is approved, the Department will have \$20,514,144 General Fund to treat 784 total offenders with Hepatitis C. The Department is being sued by the American Civil Liberties Union for failure to treat all offenders with Hepatitis C. The lawsuit seeks to obtain treatment for all offenders with Hepatitis C. There are currently thirteen other states that have been, or are being, sued for failure to treat offenders with Hepatitis C.

PAROLE BOARD HEARING TOPICS: Each year the Committee sets aside time in the schedule for a hearing with the Parole Board. This issue provides a summary of topics the Committee may wish to discuss with the Parole Board during their hearing.

Department of Education

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2017-18 appropriation represents approximately 19.4 percent of statewide operating appropriations and 38.6 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	5,595,962,364	4,102,153,140	811,003,279	34,572,434	648,233,511	598.5
Other legislation	(77,372)	18,414	(95,786)	0	0	0.7
TOTAL	\$5,595,884,992	\$4,102,171,554	\$810,907,493	\$34,572,434	\$648,233,511	599.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$5,595,884,992	4,102,171,554	\$810,907,493	\$34,572,434	\$648,233,511	599.2
R1 Total program increase	243,362,157	76,934,590	166,427,567	0	0	0.0
R2 Categorical programs increase	8,928,668	0	8,928,668	0	0	0.0
R3 Staffing information management systems	462,865	462,865	0	0	0	3.0
R4 State Board meeting transcription	140,408	140,408	0	0	0	0.0
R5 CSDB teacher salary increase	87,666	87,666	0	0	0	0.0
R6 CSI mill levy equalization	11,047,724	5,523,862	0	5,523,862	0	0.0
R7 Career development success pilot increase	1,000,000	1,000,000	0	0	0	0.0
Centrally appropriated line items	1,477,458	459,403	285,758	129,704	602,593	0.0
Financial transparency system maintenance	600,000	0	600,000	0	0	0.0
Educator licensure increase	138,000	0	138,000	0	0	0.0
Annualize prior year legislation	21,883	3,508	18,375	0	0	0.0
Non-prioritized items	9,781	9,781	0	0	0	0.0
TOTAL	\$5,863,161,602	\$4,186,793,637	\$987,305,861	\$40,226,000	\$648,836,104	602.2
INCREASE/(DECREASE)	\$267,276,610	\$84,622,083	\$176,398,368	\$5,653,566	\$602,593	3.0
Percentage Change	4.8%	2.1%	21.8%	16.4%	0.1%	0.5%

R1 TOTAL PROGRAM INCREASE: The request includes a net increase of \$243.4 million total funds for appropriations related to school finance (including increases of \$76.9 million General Fund and \$166.4 million cash funds). The increase in total funds includes \$243.0 million for the state share of districts' total program funding and \$0.4 million for hold-harmless full-day kindergarten funding. Based on the Office of State Planning and Budgeting (OSPB) September 2017 Revenue Forecast, and including OSPB's projection of local revenues, the proposal would: (1)

increase statewide average per pupil funding by \$343.38 (4.5 percent); and (2) *decrease* the dollar value of the budget stabilization factor by \$70.0 million (from \$828.3 million in FY 2017-18 to \$758.3 million in FY 2018-19, or 8.5 percent). The request does not specify a budget stabilization factor for FY 2019-20 or subsequent years.

R2 CATEGORICAL PROGRAMS INCREASE: Amendment 23 requires the General Assembly to increase *total state funding* for all categorical programs (in aggregate) by at least the rate of inflation in FY 2018-19. The request, based on the OSPB-projected inflation rate for CY 2017 (3.0 percent), seeks an increase of \$8.9 million in additional funding from the State Education Fund for categorical programs in FY 2018-19, with the requested increase allocated among seven programs. The following table shows the requested allocation of additional funds by program. In a change from recent years, the request seeks increases for two programs that have not received increases in several years: (1) the Expelled and At-Risk Student Services (EARSS) Grant Program, which has not received an increase since FY 2010-11; and (2) the Comprehensive Health Education program, which has not received an increase in more than ten years.

R2 Requested Increases in <i>State</i> Funding for Categorical Programs				
Long Bill Line Item	FY 2017-18 Appropriation	FY 2018-19 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$171,591,964	\$175,453,491	\$3,861,527	2.3%
English Language Proficiency Program	20,283,048	21,410,681	1,127,633	5.6%
Public School Transportation	57,651,722	58,883,588	1,231,866	2.1%
Career and Technical Education Programs	26,164,481	26,599,207	434,726	1.7%
Special Education - Gifted and Talented Children	12,355,524	12,502,440	146,916	1.2%
Expelled and At-risk Student Services Grant Program	7,493,560	9,493,560	2,000,000	26.7%
Small Attendance Center Aid	1,076,550	1,076,550	0	0.0%
Comprehensive Health Education	1,005,396	1,131,396	126,000	12.5%
Total	\$297,622,245	\$306,550,913	\$8,928,668	3.0%

R3 STAFFING INFORMATION MANAGEMENT SYSTEMS: The request includes an increase of \$462,865 General Fund and 3.0 FTE to improve the Department’s information management systems. This request (R3) represents the operating funding associated with a \$2.3 million capital information technology (IT) request submitted to the Joint Technology Committee in October 2017, bringing the total (operating and capital) cost of the request to \$2.8 million in FY 2018-19. The capital request, which will be addressed through the capital IT budget process, is intended to support upgrades to the Department’s IT infrastructure, particularly to improve information security. Request R3 would provide the ongoing operating funding and FTE to successfully implement the capital request, including 2.0 FTE focused on information security and 1.0 FTE to modernize and re-design the Department’s public and private data reporting processes and systems.

R4 STATE BOARD MEETING TRANSCRIPTION: The request includes an increase of \$140,408 General Fund to support the transcription of State Board of Education (State Board) meetings. State Board meetings are broadcast live on the internet (audio only) and available as audio recordings on the Department’s website, including audio recordings of meetings from January 2014 to the present. However, a 2016 review by the U.S. Department of Education’s Office of Civil Rights (OCR) found that State Board meetings must be transcribed and the transcriptions posted to the Department’s website in order to provide access to the meetings for individuals who are deaf or hard of hearing. The Department has entered into an agreement with OCR to transcribe all of the meetings currently posted to the website and all meetings going forward. Request R4 would support the anticipated contract costs to transcribe all of the meetings from January 2014 through FY 2018-19. The request assumes ongoing costs of \$25,580 General Fund per year to continue to transcribe future monthly meetings.

R5 CSDB TEACHER SALARY INCREASE: The request includes an increase of \$87,666 General Fund for salary increases for teachers employed at the Colorado School for the Deaf and the Blind (CSDB). Statute (Sec. 22-80-106.5, C.R.S.) requires the CSDB to compensate teachers based on the Colorado Springs District 11 salary schedule, using the CSDB’s salary policies to implement the salary schedule. To align with the revised District 11 salary schedule for FY 2017-18 (the CSDB salaries lag District 11 by one year), the total request of \$87,666 includes \$56,806 for experience step increases and \$30,860 for a 1.0 percent one-time (non-recurring) across the board increase.

R6 CSI MILL LEVY EQUALIZATION: The request includes an increase of \$11.0 million total funds (including \$5.5 million General Fund appropriated to the Mill Levy Equalization Fund and \$5.5 million reappropriated funds to appropriate those funds out of the cash fund) for distribution to Colorado Charter School Institute (CSI) schools in FY 2018-19. Using the cash fund created in H.B. 17-1375 (Distributing Mill Levy Override Revenue to Charter Schools), the proposal would distribute funding to CSI schools on a per pupil basis in an amount equal to the per pupil amounts of mill levy override funding distributed to district-authorized charter schools within each CSI school’s respective school district. Thus, the request is intended to match the override funding being distributed by school districts to district-authorized charter schools in FY 2018-19.

R7 CAREER DEVELOPMENT SUCCESS PILOT INCREASE: The request includes an increase of \$1.0 million General Fund to expand the Career Development Success Pilot Program created in H.B. 16-1289. The requested increase would double the FY 2017-18 appropriation of \$1.0 million General Fund for a total of \$2.0 million in FY 2018-19. The program provides financial incentives for participating school districts and charter schools that encourage high school students to complete a qualified workforce program, including the following in priority order: industry credential programs, internships, residencies, construction pre-apprenticeship or apprenticeship programs, or qualified advanced placement courses. Given demand for the program in FY 2017-18, the Department was only able to pay incentives for industry credentials/certificates based on the available funding. The request seeks to double the appropriation for FY 2018-19 to allow more school districts and programs to participate.

CENTRALLY APPROPRIATED ITEMS: The request includes an increase of \$1.5 million total funds (including \$459,403 General Fund) related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$1,474,713	\$515,668	\$214,113	\$161,344	\$583,588	0.0
Health, life, and dental adjustment	265,869	65,522	108,823	14,211	77,313	0.0
Workers’ compensation adjustment	12,721	5,683	1,659	860	4,519	0.0
CORE adjustment	11,830	4,491	1,482	5,857	0	0.0
Shift differential adjustment	5,868	5,868	0	0	0	0.0
Leased space adjustment	0	0	0	0	0	0.0
Legal services adjustment	(79,622)	(46,025)	(31,554)	(2,043)	0	0.0
Capitol Complex leased space adjustment	(68,978)	(19,395)	(9,258)	(12,478)	(27,847)	0.0
Payments to OIT adjustment	(60,961)	(23,147)	(7,632)	(30,182)	0	0.0
ALJ adjustment	(41,853)	0	(34,629)	(7,224)	0	0.0
AED adjustment	(11,784)	(17,481)	21,495	54	(15,852)	0.0
SAED adjustment	(11,784)	(17,481)	21,495	54	(15,852)	0.0
Payment to risk management / property funds adjustment	(11,278)	(11,278)	0	0	0	0.0
Short-term disability adjustment	(7,283)	(3,022)	(236)	(749)	(3,276)	0.0
TOTAL	\$1,477,458	\$459,403	\$285,758	\$129,704	\$602,593	0.0

FINANCIAL TRANSPARENCY SYSTEM MAINTENANCE: The request includes an increase of \$600,000 cash funds from the Financial Reporting Fund to support the ongoing maintenance of the financial transparency system authorized in H.B. 14-1292 (Student Success Act). The original legislation transferred \$3.0 million cash funds from the State Education Fund to the newly created Financial Reporting Fund and continuously appropriated those funds to the Department for FY 2014-15 through FY 2017-18 to create a financial transparency system allowing for the comparison of expenditures across schools, districts, and other local education providers.¹ Money remaining in the Financial Reporting Fund (an estimated \$1.1 million at the end of FY 2017-18) is subject to legislative appropriation in FY 2018-19 and subsequent years. The Final Fiscal Note for H.B. 14-1292 assumes ongoing expenses of \$600,000 per year to maintain the system, and the request seeks that amount of funding (from the remaining balance of the Financial Reporting Fund) for FY 2018-19.

EDUCATOR LICENSURE INCREASE: The request includes an increase of \$138,000 cash funds from the Educator Licensure Cash Fund to align appropriations with planned expenditures based on the Office of Professional Services' current FY 2017-18 budget. Please note that the Educator Licensure Cash Fund has been continuously appropriated to the Department for FY 2011-12 through FY 2017-18, with appropriations from the fund reflected in the Long Bill for informational purposes only. However, under current law the cash fund will again be subject to legislative appropriation beginning in FY 2018-19.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments to reflect the FY 2018-19 impact of legislation passed in prior years, including the adjustments shown in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 17-296 (School Finance)	\$48,375	\$0	\$48,375	\$0	\$0	0.0
Annualize HB 17-1276 (Restrict Restraints)	3,508	3,508	0	0	0	0.0
Annualize SB 17-025 (Marijuana Resource Bank)	(30,000)	0	(30,000)	0	0	0.0
TOTAL	\$21,883	\$3,508	\$18,375	\$0	\$0	0.0

NON-PRIORITIZED ITEMS: The request includes increases totaling \$9,781 General Fund for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2018-19.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annual fleet vehicle request (DPA)	\$6,968	\$6,968	\$0	\$0	\$0	0.0
Cybersecurity liability insurance policy (OIT)	2,813	2,813	0	0	0	0.0
TOTAL	\$9,781	\$9,781	\$0	\$0	\$0	0.0

¹ The system website is available at: <https://coloradok12financialtransparency.com/#/>

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

SCHOOL FINANCE ACT FUNDING PROJECTIONS: Current law requires the General Assembly to provide at least enough funding for school finance in FY 2018-19 to maintain the budget stabilization factor at no more than the dollar amount from FY 2017-18 (\$828.3 million based on the current FY 2017-18 appropriation). Based on current Legislative Council Staff estimates of revenues and pupil counts, maintaining the budget stabilization factor at \$828.3 million in FY 2018-19 would require an additional \$243.1 million total state funds (including increases of \$102.9 million General Fund and \$140.2 million from cash fund sources) above the FY 2017-18 appropriation. Barring changes to other appropriations, any reduction in the budget stabilization factor for FY 2018-19 would require additional General Fund.

TAXPAYER INEQUITY IN THE SCHOOL FINANCE PROPERTY TAX SYSTEM: A mix of local and state revenues support school finance in Colorado. Local funds, primarily from property taxes, form the foundation of school finance funding. State funds make up the difference between the local revenues available and the school district's total program funding amount. Inequitable property tax rates (mill levies) generate taxpayer inequities between school districts and increase pressure on the state budget when reduced mill levies decrease local school finance revenues.

S.B. 17-267 STATUTORY APPROPRIATION FOR SCHOOL FINANCE: Beginning in FY 2018-19, S.B. 17-267 (Sustainability of Rural Colorado) transfers 12.59 percent of state marijuana sales tax revenue to the State Public School Fund and statutorily appropriates that amount to the Department of Education to support the state share of districts total program funding. The statutory appropriation of those funds in the year of collection introduces uncertainty into all of the calculations underlying annual appropriations for total program, as the amount generated by the tax will be unknown until the close of the fiscal year. To reduce uncertainty in school finance funding, staff recommends eliminating the statutory appropriation and making the funds subject to annual appropriation.

EARLY COLLEGE ENROLLMENT AND BUDGET IMPACT: Early college high schools provide curricula that ensure that students who successfully complete the curricula will have earned a high school diploma and completed either an associate's degree or sixty credits toward the completion of a postsecondary credential. The number of early colleges and enrollment in the programs has increased significantly. While many early college students graduate in four years, students that remain beyond year four (for whom schools continue to receive school finance funding) increase costs to the State and raise budgetary and policy concerns about the efficient use of state resources and the substitution of state funds for other sources such as Pell Grants.

R6 CSI MILL LEVY EQUALIZATION: With request R6, the Department proposes an increase of \$5.5 million General Fund appropriated to the Mill Levy Equalization Fund (and the same amount of reappropriated funds to appropriate funds out of the cash fund) to equalize local mill levy overrides for Charter School Institute (CSI) schools that cannot access local (district) override funds. The proposal would distribute funding to CSI schools on a per pupil basis in an amount equal to the per pupil amounts of mill levy override funding that school districts are sharing with district-authorized charter schools within each CSI school's respective geographic district. The request raises concerns about the impact of CSI mill levy equalization on the state budget, incentives for school districts and charter schools to route charter schools to CSI to maximize access to revenues, incentives to locate CSI schools in districts with large overrides, and overall equity in the school finance system related to override revenues.

CSDB PERFORMANCE AND CDE OVERSIGHT: For the past year, external stakeholder groups have voiced concerns about deaf education in Colorado and specifically about the performance and operations of the Colorado School for the Deaf and the Blind (CSDB). In response, JBC staff has worked with CSDB, the Department, and external groups to research both the performance and operations of the CSDB *and* the Department's role overseeing the school. In light of the concerns raised through this process, staff recommends that the Committee ask the Department to contract for an independent external financial and performance review of the operations, performance, and academic expectations and outcomes of the school (to be conducted within the Department's existing resources).

REPEAL OF UNFUNDED GRANT PROGRAMS: Staff has identified twelve grant programs within the Department of Education's statutes that have not been funded in at least five years and recommends that the General Assembly repeal the programs that it does not intend to fund going forward.

Office of the Governor

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, Office of Information Technology, and Colorado Energy Office. The Office's FY 2017-18 appropriation represents 1.2 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	\$327,294,670	\$30,301,603	\$44,200,500	\$246,336,847	\$6,455,720	1,087.9
Other legislation	8,364,108	5,023,062	3,200,000	141,046	0	3.3
TOTAL	\$335,658,778	\$35,324,665	\$47,400,500	\$246,477,893	\$6,455,720	1,091.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$335,658,778	35,324,665	\$47,400,500	\$246,477,893	\$6,455,720	1,091.2
OFFICE OF THE GOVERNOR						
R1 (GOV) Administration line item adjustment	562,240	562,240	0	0	0	0.0
R2 (GOV) Colorado Commission of Indian Affairs increase	90,000	90,000	0	0	0	1.0
R3 (GOV) Serve Colorado	100,000	100,000	0	0	0	0.0
R4 (GOV) Office of State Planning and Budgeting reduction	(64,325)	0	(64,325)	0	0	0.0
COLORADO ENERGY OFFICE						
R1 (CEO) Funding for the Energy Office	3,100,000	3,100,000	0	0	0	16.5
OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE						
R1 (OEDIT) Film incentive rebate program	1,250,000	1,250,000	0	0	0	0.0
R2 (OEDIT) Extend Advanced Industry Export Acceleration Program	175,000	0	175,000	0	0	0.0
OFFICE OF INFORMATION TECHNOLOGY						
R1 (OIT) Broadband and FirstNet staffing continuation	224,992	224,992	0	0	0	0.0
R2 (OIT) CBMS/PEAK base adjustment request	4,990,762	0	0	4,990,762	0	0.0
R3 (OIT) Operating System and Microsoft Office productivity suite service offering	5,228,160	0	0	5,228,160	0	0.0
R4 (OIT) Voice and data services spending authority	4,098,059	0	0	4,098,059	0	0.0
R5 (OIT) Department of Health Care Policy and Financing security	194,302	0	0	194,302	0	0.0
R6 (OIT) Human Resources Information System (HRIS) timekeeping solution savings	(1,649,287)	0	0	(1,649,287)	0	0.0
OTHER CHANGES						
Indirect cost assessment	822,648	0	285,793	412,925	123,930	0.0
Non-prioritized request items	287,533	69,688	0	217,845	0	1.0

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Centrally appropriated line items	(5,057,677)	416,716	20,338	(5,682,356)	187,625	0.0
Annualize prior year budget actions	(2,453,465)	(26)	(470,875)	(1,982,564)	0	0.0
Annualize prior year legislation	(340,555)	0	0	(340,555)	0	0.0
TOTAL	\$347,217,165	\$41,138,275	\$47,346,431	\$251,965,184	\$6,767,275	1,109.7
INCREASE/(DECREASE)	\$11,558,387	\$5,813,610	(\$54,069)	\$5,487,291	\$311,555	18.5
Percentage Change	3.4%	16.5%	(0.1%)	2.2%	4.8%	1.7%

OFFICE OF THE GOVERNOR

R1 (GOV) ADMINISTRATION LINE ITEM ADJUSTMENT: The request includes an increase of \$562,240 General Fund to meet payroll and operating expenses in the Governor’s Office. In prior fiscal years, these costs were covered by federal funds from the Jobs and Growth Tax Relief Reconciliation Act of 2003. This source of funds will be exhausted during FY 2018-19. This request is a one-to-one refinance and does not increase the total amount of funds available to the Governor’s Office.

R2 (GOV) COLORADO COMMISSION OF INDIAN AFFAIRS INCREASE: The request seeks an increase of \$90,000 General Fund and 1.0 FTE to add a Program Assistant position to support the Commission’s Executive Director and to provide additional funding for existing services and programs that the Commission delivers to fulfill its statutory obligations, as set forth in Section 24-44-103, C.R.S.

R3 (GOV) SERVE COLORADO: The request includes an increase of \$100,000 General Fund to assist the Office of the Lieutenant Governor in meeting matching fund requirements for Serve Colorado. These matching funds are needed to apply for and receive a variety of grants aimed at fostering a culture of civic engagement across the state in partnership with an array of community based organizations.

R4 (GOV) OFFICE OF STATE PLANNING AND BUDGETING REDUCTION: The request seeks a one-time reduction of \$64,325 cash funds from the Marijuana Tax Cash Fund in the line item in the Office that is to be used for grants to agencies to embark on projects to evaluate and/or assist in the implementation of programs funded from the Marijuana Tax Cash Fund. This represents a decrease of two percent in the Office’s total budget.

COLORADO ENERGY OFFICE

R1 (CEO) FUNDING FOR THE ENERGY OFFICE: The request includes an increase of \$3.1 million General Fund and 16.5 FTE to provide the Colorado Energy Office with a base budget to fulfill its statutory obligations.

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

R1 (OEDIT) FILM INCENTIVE REBATE PROGRAM: The request seeks an increase of \$1.3 million General Fund to continue the Colorado Office of Film, Television, and Media’s 20.0 percent rebate for production related expenses incurred in Colorado. The FY 2017-18 budget for this purpose includes \$750,000 General Fund. This request raises this amount to \$2.0 million General Fund for FY 2018-19.

Note, the film incentive program was recently audited by the Office of the State Auditor (OSA). The report released by the Office in May 2017 indicated that the Film Office:

- Paid about \$1.9 million in incentives for the nine projects OSA sampled even though none of them met all requirements. This included \$129,000 for projects that did not qualify for incentives and another \$1.8 million for projects for which the Film Office lacked documentation to substantiate they qualified. The Film Office also paid incentives totaling \$102,900 using the lower in-state spending threshold for two projects that do not appear to qualify under the in-state requirements.
- Paid about \$1.9 million in incentives for productions without having contracts in place before the projects began. The majority of this amount (\$1.3 million) was for projects for which no contract or purchase order was ever executed. Statute prohibits state agencies from disbursing funds unless the disbursement is supported by an approved purchase order or a contract.
- Staff decide whether to approve an incentive based on undocumented conversations with interested companies and do not use uniform criteria to evaluate the extent to which a project supports the Office's strategic goals.
- Lacks complete and accurate information to assess and report on the effectiveness of its operations. Specifically, the Film Office does not collect data on full-time equivalent jobs created through the incentive program or the amount of income tax revenue the state collects due to these jobs.

In September 2017, the Legislative Audit Committee voted 8-0 to request draft legislation in relation to these audit findings. The components of the legislation discussed in September include:

- Designating the Film Office, rather than production companies, as responsible for hiring certified public accountants to verify production company data.
- Refining the definition of "in-state" production company certification requirements.
- Creating a clawback provision in order to be able to recoup incentives paid to unqualified production companies.

R2 (OEDIT) EXTEND ADVANCED INDUSTRY EXPORT ACCELERATION PROGRAM: The request asks the Joint Budget Committee to placeholder \$175,000 General Fund to support non-JBC legislation that may be introduced in the 2018 legislative session to reauthorize the Advanced Industry Export Acceleration Program through January 1, 2024. The Program, which is slated for repeal on January 1, 2019 and is currently funded with an annual transfer of \$300,000 General Fund into the Advanced Industries Export Acceleration Fund, provides financial assistance to Colorado companies to offset international export development expenses, provides export training for advanced industry businesses to learn about the fundamentals of exporting, and develops a global network of trade consultants in key international markets to assist the Office in accelerating advanced industries exports.

R1 (OIT) BROADBAND AND FIRSTNET STAFFING CONTINUATION: The request seeks an increase of \$224,992 General Fund to retain an existing 2.0 FTE in the State Broadband Office. These employees are currently funded by the federal National Telecommunications and Information Administration (NTIA) and are tasked with supporting the Office's endeavors related to increasing broadband availability across Colorado, as well supporting the state's implementation of the FirstNet initiative to create a dedicated public safety broadband network. NTIA funding for these two positions expires on February 28, 2018.

R2 (OIT) CBMS/PEAK BASE ADJUSTMENT REQUEST: The request includes an increase of \$5.0 million reappropriated funds transferred from the Departments of Health Care Policy and Financing and Human Services to the Office to meet increasing costs associated with the operation of the Colorado Benefits Management System (CBMS). The requested money, which includes \$1.5 million General Fund, is sought for producing and mailing client correspondence, meeting federal security requirements, and covering the software license, maintenance, and support costs associated with existing capacity and performance issues.

R3 (OIT) OPERATING SYSTEM AND MICROSOFT OFFICE PRODUCTIVITY SUITE SERVICE OFFERING: The request seeks an increase of \$5.2 million reappropriated funds transferred from state agencies to the Office to transition from a non-consolidated licensing approach for operating system and Microsoft Office applications to a centralized approach managed by the Office for all state agencies. It is important to highlight that a portion of the \$5.2 million total for this request is offset by requested reductions across nearly all agencies from operating line items that currently provide funds for operating system and Microsoft Office licenses.

R4 (OIT) VOICE AND DATA SERVICES SPENDING AUTHORITY: This technical request includes an increase of \$4.1 million reappropriated funds spending authority to align the Long Bill with the Office's expenditures for these services. This proposal does not include companion requests for increases in agency appropriations for voice and data services, as existing appropriations in agency operating budgets are driving the Office's need for increased spending authority. State agencies are transitioning away from legacy phone systems and onto OIT's managed internet protocol communications platform, which necessitates additional spending authority for OIT to provide these services back to agencies.

R5 (OIT) R5 (OIT) DEPARTMENT OF HEALTH CARE POLICY AND FINANCING SECURITY: The request seeks an increase of \$194,302 reappropriated funds transferred from the Department of Health Care Policy and Financing to the Office to migrate the Department to the state's enterprise firewalls, to contract for security architecture support to advise in positioning security countermeasures and relating these measures to the overall systems architecture, and to implement two-factor authentication for the Department's email system (including encryption) and the network layer. Of the total amount requested to be transferred from the Department to the Office, the General Fund amount is \$63,663. Note, OIT's security team is covering day-to-day security needs, while large systems, especially those containing regulated data, such as personal health information, often require a dedicated security program manager related to security.

R6 (OIT) HUMAN RESOURCES INFORMATION SYSTEM (HRIS) TIMEKEEPING SOLUTION SAVINGS: The request includes a decrease of \$1.6 million reappropriated funds transferred from state agencies to the Office for the operating expenses associated with timekeeping component of the HRIS capital construction information technology project. This savings is a due to a technology change for this component from Kronos, as was originally proposed, to a CGI-based solution.

On September 20, 2018, the Joint Budget Committee met and considered an emergency supplemental request submitted by the Governor’s Office of Information Technology for an increase in capital construction funding for the HRIS project resulting from a change in the technology used for timekeeping. The JBC voted at this meeting to request that the Joint Technology Committee (JTC) review this funding request a second time to study concerns brought forth by members of the JBC. On October 3, 2017, the JTC reviewed the request a second time and subsequently voted 2 to 4 against approval of the emergency supplemental request for HRIS. Following the JTC’s vote, the JBC opted to table a decision on funding this request. OIT and the Department of Personnel (DPA) indicate that the project will run out of funds to complete the project by March 2018.

On November 6, 2017, OIT and DPA submitted the following request to the Joint Technology Committee:

“OIT and DPA respectfully request a meeting with the Joint Technology Committee to continue discussions on the HRWorks emergency supplemental request and the ability to save the state money, reduce risk and increase functionality. Changing the time and leave solution was a difficult decision, but it is our fiscal responsibility to look for cost savings and bring the request to the Joint Budget Committee and Joint Technology Committee. The consequences of stopping the HRWorks project are too great for the state, taxpayers, and employees.”

OTHER CHANGES

INDIRECT COST ASSESSMENT: The request includes an increase of \$822,648 total funds for both departmental and statewide indirect cost assessments. The table below itemizes each requested indirect costs assessment by line item for FY 2018-19.

INDIRECT COST ASSESSMENT						
DIVISION	SUB DIVISION	LINE ITEM	TOTAL FUNDS	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Office of the Governor	Governor's Office	Administration of Governor's Office and Residence	\$430,447	\$0	\$430,447	\$0
Office of the Governor	Special Purpose	Indirect Cost Assessment	7,978	7,978	0	0
Office of the Governor	Colorado Energy Office	Indirect Cost Assessment	123,930	0	0	123,930
Economic Development Programs		Indirect Cost Assessment	277,815	277,815	0	0
Office of Information Technology	OIT Central Administration	Indirect Cost Assessment	(17,522)	0	(17,522)	0
TOTAL			\$822,648	\$285,793	\$412,925	\$123,930

NON-PRIORITIZED REQUEST ITEMS: The request seeks \$287,533 total funds, including \$69,688 General Fund, for items requested by other agencies that impact this department. The table below itemizes each requested non-prioritized item for FY 2018-19.

NON-PRIORITIZED REQUEST ITEMS				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
IT Application Development and Support (DNR)	\$115,445	\$0	\$115,445	1.0
DeCORum Operating (DOC)	90,723	0	90,723	0.0
Operating System Suite (OIT)	62,586	62,586	0	0.0
Cybersecurity Liability Insurance Policy (DPA)	9,561	2,610	6,951	0.0
Annual Fleet Vehicle Request (DPA)	9,218	4,492	4,726	0.0
TOTAL	\$287,533	\$69,688	\$217,845	1.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes a decrease of \$5.1 million total funds, including an increase of \$416,716 General Fund, for adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; payment to risk management and property funds; Capitol complex leased space; and Payments to OIT. The table below itemizes each requested centrally appropriated line item change for FY 2018-19.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$2,904,533	\$270,016	\$110,736	\$2,468,443	\$55,338	0.0
Health, life, and dental adjustment	732,439	415,970	(42,525)	299,372	59,622	0.0
AED adjustment	235,866	97,243	(18,212)	116,034	40,801	0.0
SAED adjustment	235,866	97,243	(18,212)	116,034	40,801	0.0
Leased space adjustment	10,749	0	0	10,749	0	0.0
Shift differential adjustment	6,797	0	0	6,797	0	0.0
Payments to OIT adjustment	(8,729,932)	(270,969)	0	(8,458,963)	0	0.0
Legal services adjustment	(142,233)	(113,712)	0	(28,521)	0	0.0
Workers' compensation adjustment	(130,675)	(13,310)	0	(117,365)	0	0.0
Payment to risk management / property funds adjustment	(83,329)	(26,180)	0	(57,149)	0	0.0
Capitol Complex leased space adjustment	(54,893)	(26,282)	0	(28,611)	0	0.0
CORE adjustment	(33,363)	(15,321)	(10,023)	2,057	(10,076)	0.0
Short-term disability adjustment	(9,502)	2,018	(1,426)	(11,233)	1,139	0.0
TOTAL	(\$5,057,677)	\$416,716	\$20,338	(\$5,682,356)	\$187,625	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a decrease of \$2.5 million total funds, including a decrease of \$26 General Fund, for adjustments related to prior year budget actions, primarily decision items. The table below itemizes each requested annualization for FY 2018-19.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 Deskside Staffing	\$43,583	\$0	\$0	\$43,583	0.0
FY 2017-18 Tax system maintenance, support, and hosting	(1,418,292)	0	0	(1,418,292)	0.0
FY 2017-18 Marijuana data coordination	(470,875)	0	(470,875)	0	0.0
FY 2017-18 HCPF Benefits Utilization System (BUS)	(325,000)	0	0	(325,000)	0.0
FY 2016-17 End user configuration management tool	(174,404)	0	0	(174,404)	0.0
FY 2017-18 DOR telephone replacement	(67,500)	0	0	(67,500)	0.0
FY 2017-18 DPA OAC electronic case management system	(38,000)	0	0	(38,000)	0.0
FY 2017-18 Merit base pay	(1,964)	(18)	0	(1,946)	0.0
FY 2017-18 Salary survey	(1,013)	(8)	0	(1,005)	0.0
TOTAL	(\$2,453,465)	(\$26)	(\$470,875)	(\$1,982,564)	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a decrease of \$340,555 reappropriated funds for adjustments related to prior year legislation. The following table itemizes each requested annualization for FY 2018-19.

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
HB 17-1057 (Interstate Physical Therapy Licensure Compact)	\$80,000	\$0	\$80,000	0.0
HB 17-1326 (Justice Reinvestment Crime Prevention Initiative)	(145,520)	0	(145,520)	0.0
HB 17-1204 (Juvenile Delinquency Record Expungement)	(108,710)	0	(108,710)	0.0
HB 16-1047 (Interstate Medical Licensure Compact)	(41,200)	0	(41,200)	0.0
HB 17-1313 (Civil Forfeiture Reform)	(38,662)	0	(38,662)	0.0
SB 16-069 (Community Paramedicine Regulation)	(38,080)	0	(38,080)	0.0
HB 17-1165 (Department Of Regulatory Agencies Boards Disciplinary Action Resolution Process)	(20,000)	0	(20,000)	0.0
Annualize HB17-1221 (Grey And Black Market Marijuana Enforcement Efforts)	(15,423)	0	(15,423)	0.0
Annualize SB17-028 (Healthy Families And Military Preparedness Act)	(12,960)	0	(12,960)	0.0
TOTAL	(\$340,555)	\$0	(\$340,555)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

THE FIRSTNET DECISION: In response to the 9/11 Commission Report, Congress passed legislation establishing a dedicated network for data communications nationwide for public safety purposes. After a competitive bidding process, the federal government selected AT&T in March 2017 to implement this network, known as FirstNet, for the next 25 years. Governor Hickenlooper has until December 28, 2017 to decide whether Colorado will join this network or build its own public safety broadband network that interoperates with FirstNet.

PUBLIC SAFETY RADIO COVERAGE GAPS: The Digital Trunked Radio System (DTRS) is a statewide, mission-critical level, voice radio network used by public safety officials from all levels of government throughout the state to communicate on a daily basis and during emergency events. The network currently has coverage gaps on the western slope and in other areas of the state that require new tower sites and additional system infrastructure.

FUNDING THE COLORADO ENERGY OFFICE: The Colorado Energy Office (CEO) has a variety of statutory duties related to the promotion of renewable and non-renewable energy sources. For FY 2017-18, the Office did not receive state funding to meet these obligations. In absence of state funding, CEO received permission to repurpose federal grant funds to backfill its operations for FY 2017-18, but these funds may only be used in support of a narrow range of the Office's statutory purposes. For FY 2018-19, CEO requests General Fund for its operations so that it is able to meet its full array of statutory mandates.

CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY PROJECTS FUNDING REQUESTS: Executive branch agencies request \$26.9 million total funds, including \$17.5 million General Fund, for FY 2018-19 for seven new and continuing capital construction information technology projects. Additionally, the Colorado Commission on Higher Education requests \$4.4 million total funds, including \$4.3 million General Fund, for FY 2017-18 for six new capital construction information technology projects.

Department of Healthcare Policy and Financing

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2017-18 appropriation represents approximately 34.5 percent of statewide operating appropriations and 26.6 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATE D FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	9,954,228,476	2,821,961,889	1,217,535,979	77,268,980	5,837,461,628	456.8
Other legislation	974,204	838,694	111,007	0	24,503	1.7
TOTAL	\$9,955,202,680	\$2,822,800,583	\$1,217,646,986	\$77,268,980	\$5,837,486,131	458.5
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$9,955,202,680	2,822,800,583	\$1,217,646,986	\$77,268,980	\$5,837,486,131	458.5
R1 Medical Services Premiums	207,602,061	58,177,064	35,704,415	(79,627)	113,800,209	0.0
R2 Behavioral Health	38,797,903	7,713,920	5,186,815	0	25,897,168	0.0
R3 Children's Basic Health Plan	15,725,337	(621,616)	1,570,058	0	14,776,895	0.0
R4 Medicare Modernization Act	4,884,395	4,884,395	0	0	0	0.0
R5 Office of Community Living	38,735,903	19,254,462	113,469	0	19,367,972	0.0
R6 Electronic visit verification	(777,203)	(1,200,233)	0	0	423,030	7.8
R7 HCBS transition services	(1,136,406)	(703,203)	0	0	(433,203)	0.0
R8 Medicaid savings initiatives	(1,391,380)	(2,187,947)	2,862,240	4,151	(2,069,824)	5.8
R9 Provider rates	27,826,226	10,274,899	989,594	0	16,561,733	0.0
R10 Drug cost containment	132,777	(24,407)	(39,129)	0	196,313	0.0
R11 Administrative contracts	1,716,842	1,251,367	831,237	0	(365,762)	0.0
R12 Children's habilitation transfer	210,455	105,230	0	0	105,225	1.8
R13 All-payer claims database	2,818,558	1,684,280	0	0	1,134,278	1.8
R14 Safety net program	81,324	0	81,324	0	0	0.0
R15 CHASE administration	1,192,262	0	596,132	0	596,130	10.1
R16 Emergency transport CPE	18,807,725	(620,560)	9,547,069	0	9,881,216	0.0
R17 Single assessment tool	(6,112,924)	(3,056,462)	0	0	(3,056,462)	0.0
R18 Cost allocation	366,400	120,050	63,150	0	183,200	0.0
R19 IDD waiver consolidation	478,500	239,250	0	0	239,250	0.0
NP Regional center funding	6,682,728	3,341,364	0	0	3,341,364	0.0
NP CBMS-PEAK	5,530,865	1,248,935	237,418	34,399	4,010,113	0.0
NP Family medicine residencies	600,000	300,000	0	0	300,000	0.0
NP Intensive resident behavioral health	(17,321)	(8,661)	0	0	(8,660)	0.0
Centrally appropriated items	2,177,093	509,398	(77,437)	230,365	1,514,767	0.0
Human Services programs	281,939	140,973	0	0	140,966	0.0
Transfers to other agencies	170,882	70,040	0	0	100,842	0.0
Annualize prior year budget actions	(37,690,876)	(2,781,837)	479,735	(11,775)	(35,376,999)	9.4
Other	322,587	112,813	38,610	0	171,164	0.0
TOTAL	\$10,283,219,332	\$2,921,024,097	\$1,275,831,686	\$77,446,493	\$6,008,917,056	495.2
INCREASE/(DECREASE)	\$328,016,652	\$98,223,514	\$58,184,700	\$177,513	\$171,430,925	36.7
Percentage Change	3.3%	3.5%	4.8%	0.2%	2.9%	8.0%

R1 MEDICAL SERVICES PREMIUMS: The Department requests a net increase of \$207.6 million total funds, including \$58.2 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Medical Services Premiums line item.

R2 BEHAVIORAL HEALTH PROGRAMS: The Department requests an increase of \$38.8 million total funds, including \$7.7 million General Fund, for projected caseload and expenditure changes in both the capitation and fee-for-service Medicaid behavioral health programs.

R3 CHILDREN'S BASIC HEALTH PLAN: The Department requests a net increase of \$15.7 million total funds, including a decrease of \$621,616 General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Children's Basic Health Plan. This forecast assumes the federal government will renew funding with a federal match rate for FY 2018-19 of 88.0 percent.

R4 MEDICARE MODERNIZATION ACT: The Department requests an increase of \$4.9 million General Fund for the projected state obligation, pursuant to the federal Medicare Modernization Act, to pay the federal government in lieu of the state covering prescription drugs for people dually eligible for Medicaid and Medicare.

R5 OFFICE OF COMMUNITY LIVING: The Department requests a net increase of \$38.7 million total funds, including \$19.3 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for services for people with intellectual and developmental disabilities.

R6 HOME CARE VISIT VERIFICATION: The Department requests a net decrease of \$777,203 total funds, including a decrease of \$1.2 million General Fund, and an increase of 7.8 FTE related to implementing a federally required electronic system to track and verify the time that personal care and home health workers spend on home visits. The federal regulation requires an electronic visit verification system for personal care services by January 2019 and for home health services by January 2023. The Department proposes implementing electronic visit verification for both services by January 2019: (1) to avoid the need for two separate rounds of bidding, stakeholder engagement, and training; (2) to accelerate the expected savings from fewer billed hours; and (3) to maintain consistency in the billing methods for personal care and home health, especially for providers who offer both services. Due to the implementation timeline, the request has a supplemental component, which the Department will submit in January. For \$296,267 of the supplemental funds, the Department requests roll-forward authority, in case payments to the contractor are not due as soon as expected. The request includes costs to develop and operate the system. These costs are more than offset by an expected decrease in billed hours for personal care and home health, based on the experience of other states that have implemented similar systems. The Department proposes that a portion of the FTE be time-limited through FY 20-21 as they relate to temporary needs for project development, testing, and fraud investigation (for an expected initial spike in fraud cases).

R6 Home Care Visit Verification				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
FY 17-18				
Startup costs				
Development staff	\$71,826	\$7,182	\$64,644	0.5
Contractor startup	196,267	19,627	176,640	
IT system interfaces	100,000	10,000	90,000	
Ongoing costs				
Operations staff	52,866	5,287	47,579	0.3
TOTAL FY 17-18	\$420,959	\$42,096	\$378,863	0.8
FY 18-19				
Startup costs				

R6 Home Care Visit Verification				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
Development staff	284,648	59,308	225,340	3.9
Contractor startup	392,533	39,254	353,279	
IT system interfaces	200,000	20,000	180,000	
Stakeholder engagement	8,736	4,368	4,368	
Ongoing costs				
Operations staff	329,595	79,515	250,080	3.9
Contract services	1,625,280	406,320	1,218,960	
<i>Subtotal - Costs</i>	2,840,792	608,765	2,232,027	7.8
Home care billed hours	(3,617,995)	(1,808,998)	(1,808,997)	
TOTAL FY 18-19	(\$777,203)	(\$1,200,233)	\$423,030	7.8

In FY 2017-18, the General Assembly increased rates for the personal care and home health services affected by the federally required electronic visit verification. The General Assembly's rate increases added approximately \$11.8 million total funds to the estimated FY 2017-18 expenditures.

R7 COMMUNITY TRANSITION SERVICES: The Department requests a net decrease of \$1.1 million total funds, including a decrease of \$703,203 General Fund, for expanding Medicaid benefits to include services designed to help people transition from an institutional long-term care setting to a community setting. *Expanding Medicaid benefits to include transition services requires legislation.* All the services are currently part of the Colorado Choice Transitions (CCT) demonstration, but the federal authorization for the demonstration does not allow new clients after December 31, 2018. Qualifying clients could access the transition services for up to one year, including intensive case management, household set-up, home delivered meals, peer mentorship, and independent living skills training. After a year, the Department assumes people form connections allowing them to live in the community without transition services, but they will use community-based long-term services and supports that are already part of the Medicaid benefit package for maintenance. As part of the request, the Department proposes increasing funding for existing services that provide counseling on the options available for people wanting to transition to a community setting. Finally, the Department proposes that the General Assembly allow 5.0 FTE currently financed with federal grant funds for the CCT through December 2020 to continue into the future, in order to administer the requested ongoing transition services. The net change in funding includes the cost for the transition services benefits, the expected increase in utilization of existing community-based services, and the expanded options counseling. These costs are more than offset by a projected savings from a reduction in nursing home utilization.

R8 MEDICAID SAVINGS INITIATIVES: The Department requests a net decrease of \$1.4 million total funds, including a reduction of \$2.2 million General Fund, and an increase of 5.8 FTE for five measures designed to decrease Medicaid expenditures:

- **Prior Authorization Reviews (PARs)** - The Department proposes increasing requirements for prior authorization review before Medicaid will cover certain services, in order to ensure medical necessity and that other less costly alternatives have been exhausted. The Benefits Collaborative analyzes medical research, consults stakeholders, and develops the criteria for when Medicaid will cover the care. Providers submit requests to a vendor that performs the prior authorization review based on the developed criteria. The Department did not identify specific new PARs in the request, because the Benefits Collaborative needs to do the analysis before determining what new PARs are appropriate. For cost estimating purposes, the request assumes that new PARs will reduce utilization by 3.14 percent for cosmetic surgeries, back surgeries, outpatient speech therapy, oxygen, prosthetics and orthotics, adult long-term home health, and vision.

- Other state Medicaid – The Department proposes sending automatic notifications to clients with Medicaid coverage in another state that requires them to prove residency in Colorado or have their Colorado eligibility terminated. There are already protections to prevent claims from being paid by two states, but Colorado makes some payments to providers on a per member per month basis and these would be reduced by formally ending empty eligibility spans in a more timely manner. The per member per month payments are to the Regional Accountable Entities in the Accountable Care Collaborative and the adult dental administrative service organization.
- Trust recoveries – The Department proposes increasing staff to pursue resources in trusts that Medicaid can claim.
- Public transport – The Department proposes using discounted bus fares from RTD to reduce transportation costs. Medicaid currently pays for busses and other non-emergency medical transportation to and from medical appointments when a member has no other means of transportation. In addition, Medicaid pays for non-medical transportation, for example to and from an adult day facility or the grocery, for certain people with disabilities receiving waiver services, but does not currently use busses for this purpose. The proposal would save money by using discounted bus passes for non-emergency medical transportation where available, and by beginning to offer bus passes for non-medical transportation as a less costly alternative to other means of transportation.
- Parental fee – The Department proposes seeking a federal waiver to collect a monthly premium on a sliding scale based on family income for the Children's Home and Community Based Services (CHCBS) waiver. If the severity of a disability puts a child at risk of needing nursing home care, federal Medicaid eligibility rules treat the child as a family of one and disregard parental income for the waiver, and so there may be families with children enrolled that have an ability to pay a parental fee. Fees would be similar to the charges for the Medicaid buy in for people with disabilities. The CHCBS waiver covers case management and health maintenance activities, but people eligible for the waiver also become eligible for the benefits provided to all Medicaid recipients.

R8 Medicaid Savings Initiatives					
	TOTAL FUNDS	GENERAL FUND	Other State	FEDERAL FUNDS	FTE
FY 2018-19					
<i>Prior Authorization Reviews</i>	<u>(\$725,295)</u>	<u>(\$390,607)</u>	<u>(\$16,033)</u>	<u>(\$318,655)</u>	<u>2.5</u>
Benefits collaborative	242,788	121,399	0	121,389	2.5
Contractor	2,010,059	502,515	0	1,507,544	
Decreased utilization	(2,978,142)	(1,014,521)	(16,033)	(1,947,588)	
<i>Other state Medicaid</i>	<u>(1,015,262)</u>	<u>(312,615)</u>	<u>21,074</u>	<u>(723,721)</u>	<u>1.7</u>
Automatic notifications	602,959	109,122	56,693	437,144	
Staff follow-up	127,776	41,866	22,022	63,888	1.7
Per member payments	(1,745,997)	(463,603)	(57,641)	(1,224,753)	
<i>Trust Recoveries</i>	<u>151,426</u>	<u>(1,323,461)</u>	<u>2,798,353</u>	<u>(1,323,466)</u>	<u>1.7</u>
Investigators	151,426	75,716	0	75,710	1.7
Recoveries & offset	0	(1,399,177)	2,798,353	(1,399,176)	
<i>Public transport</i>	<u>(565,951)</u>	<u>(282,976)</u>	<u>0</u>	<u>(282,975)</u>	<u>0.0</u>
Vendor	150,000	75,000	0	75,000	
Non-emergency medical	(216,378)	(108,189)	0	(108,189)	
Non-medical	(499,573)	(249,787)	0	(249,786)	
<i>Parental Fee</i>	<u>763,703</u>	<u>121,712</u>	<u>62,997</u>	<u>578,994</u>	<u>0.0</u>
System changes	763,703	121,712	62,997	578,994	
Fee revenue & offset	0	0	0	0	
TOTAL FY 18-19	(\$1,391,379)	(\$2,187,947)	\$2,866,391	(\$2,069,823)	5.9
FY 2019-20					
<i>Prior Authorization Reviews</i>	<u>(\$810,548)</u>	<u>(\$413,210)</u>	<u>(\$16,657)</u>	<u>(\$380,681)</u>	<u>3.0</u>
Benefits collaborative	279,689	139,845	0	139,844	3.0
Contractor	2,003,849	500,963	0	1,502,886	
Decreased utilization	(3,094,086)	(1,054,018)	(16,657)	(2,023,411)	

R8 Medicaid Savings Initiatives					
	TOTAL FUNDS	GENERAL FUND	Other State	FEDERAL FUNDS	FTE
<i>Other state Medicaid</i>	<u>(2,890,033)</u>	<u>(754,226)</u>	<u>(92,988)</u>	<u>(2,042,819)</u>	<u>2.0</u>
Automatic notifications	73,440	26,350	10,429	36,661	
Staff follow-up	138,882	43,172	26,270	69,440	2.0
Per member payments	(3,102,355)	(823,748)	(129,687)	(2,148,920)	
<i>Trust Recoveries</i>	<u>167,264</u>	<u>(1,595,379)</u>	<u>3,358,023</u>	<u>(1,595,380)</u>	<u>2.0</u>
Investigators	167,264	83,632	0	83,632	2.0
Recoveries & offset	0	(1,679,011)	3,358,023	(1,679,012)	
<i>Public transport</i>	<u>(810,700)</u>	<u>(405,350)</u>	<u>0</u>	<u>(405,350)</u>	<u>0.0</u>
Vendor	155,000	77,500	0	77,500	
Non-emergency medical	(216,378)	(108,189)	0	(108,189)	
Non-medical	(749,322)	(374,661)	0	(374,661)	
<i>Parental Fee</i>	<u>207,529</u>	<u>(992,782)</u>	<u>2,072,652</u>	<u>(872,341)</u>	<u>0.0</u>
System changes	206,570	33,919	18,426	154,225	
Notifications	959	344	136	479	
Fee revenue & offset	0	(1,027,045)	2,054,090	(1,027,045)	
TOTAL FY 19-20	(4,136,488)	(4,160,947)	\$5,321,030	(5,296,571)	7.0

R9 PROVIDER RATES: The Department requests a net increase of \$27.8 million total funds, including \$10.3 million General Fund, for changes to provider rates:

- Anesthesia – The Department proposes a decrease of \$9.7 million total funds, including a decrease of \$3.0 million General Fund, to reduce anesthesia rates to 100 percent of Medicare rates.
- Alternative Care Facilities – The Department proposes an increase of \$15.7 million total funds, including \$7.8 million General Fund, to increase rates for assisted living residences for the elderly and people with disabilities by 25% from \$51.92 per day to \$64.88 per day. The rate does not include room and board.
- Physician Services and Surgery – The Department proposes net budget neutral adjustments to rates based on place of service and for services that are below 80 percent or above 100 percent of the benchmark. To preserve budget neutrality, prevent disproportionate impacts on providers, and ensure investments in high value services, the Department may not rebalance all rates that otherwise meet the criteria.
- Nursing facility per diem – The Department proposes that the JBC *introduce legislation* to reduce the projected increase in expenditures under current law by \$12.5 million total funds, including \$6.3 million General Fund, through limiting the allowable growth of nursing home rates for one year to 1.0 percent, instead of 3.0 percent. The Department proposes establishing the resulting rates as the new base that can grow by up to 3 percent in future years. The Department explains that the request is to better align the increase for nursing facilities with the requested across-the-board increase for other providers and control the growth of Medicaid expenditures.
- Across-the-board rate increase – The Department proposes an increase of \$34.4 million total funds, including \$11.7 million General Fund, for a 0.77 percent rate increase for services not addressed in the other bullets that have traditionally been eligible for the common policy provider rate adjustment.

R10 DRUG COST CONTAINMENT: The Department requests a net increase of \$132,777 total funds, including a decrease of \$24,407 General Fund, to implement new prior authorization review (PAR) requirements for physician-administered drugs and to explore alternative payment models for pharmaceuticals. The request includes increases for contract services to administer the PARs and to research the alternative payment models, and offsetting decreases by projected changes in utilization due to the PARs.

R11 ADMINISTRATIVE CONTRACTS: The Department requests \$1.7 million total funds, including \$1.3 million General Fund, to update funding for two administrative contracts and pay a federal disallowance. First, the Department requests \$412,560 total funds, including \$206,280 General Fund, because bids to implement a federally-required electronic asset verification program for Medicaid applicants came in higher than projected, and the Department has a revised estimate of the caseload. Second, the Department requests a net \$0 total funds change, but a decrease of \$259,195 General Fund, for a decrease in the federal match rate for quality reviews of prepaid inpatient health plans that is offset by an allocation of a portion of the state share of costs to the Healthcare Affordability and Sustainability (HAS) Fee. In addition, the Department requests \$1,304,282 General Fund for a one-time payment of a federal disallowance based on claiming too high a federal match rate for quality reviews of the Accountable Care Collaborative in prior years. The Department is contesting the federal disallowance. Due to the federal timeline for implementing the electronic asset verification program, this portion of the request includes a supplemental component for \$177,606 total funds, including \$88,803 General Fund, which the Department will officially submit in January.

R12 CHILDREN'S HABILITATION TRANSFER: The Department requests \$210,455 total funds, including \$105,230 General Fund, and 1.8 FTE to enhance and transfer the Children's Habilitation Residential Program (CHRP), which provides treatment and out of home services for foster children with intellectual and developmental disabilities, from the Department of Human Services to the Department of Health Care Policy and Financing.

R13 ALL-PAYER CLAIMS DATABASE: The Department requests \$2.8 million total funds, including \$1.7 million General Fund, and 1.8 FTE to support operations of the All-Payer Claims Database (APCD). The APCD collects claims data from 21 insurance providers in Colorado and makes it available for research. The request includes three components:

- \$2,050,000 total funds, including \$1,025,000 General Fund, to pay Medicaid's share of APCD administrative costs, based on Medicaid claims representing 41.0 percent of the APCD;
- \$218,558 total funds, including \$109,280 General Fund, and 1.8 FTE for the federal cost accounting required to reimburse the APCD through Medicaid, to administer the contract, and to provide staff support to the advisory committee; and
- \$550,000 General Fund for a direct payment to the APCD to make up a projected shortfall in funding due to expiring private grants.

R14 SAFETY NET PROGRAM: The Department requests an increase of \$81,324 total funds, with no net change in General Fund, to: (1) allow recoveries from the senior dental program to be reallocated to serve more seniors; (2) allow additional tobacco tax revenues allocated to the Primary Care Fund for grants to be spent; and (3) finance audits of the Primary Care Fund and Colorado Indigent Care Program.

R15 CHASE ADMINISTRATION: The Department requests an increase of \$1.2 million total funds, including \$596,132 from the Healthcare Affordability and Sustainability (HAS) Fee Cash Fund for new staff positions to support the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE), legal services to defend the enterprise, data analytics consulting services, and software licensing. The request indicates the funding would allow the Department to:

- Perform analysis of the impact of CHASE on hospitals' financial viability and the Colorado health care market
- Develop value-based payments to hospitals, including Delivery System Reform Incentive Payments
- Consult with hospitals to help them improve cost efficiency, patient safety, and clinical effectiveness
- Advise hospitals regarding potential changes to federal and state laws and regulations governing Medicaid
- Provide coordinating services to help hospitals adapt and transition to any new or modified performance tracking and payment systems for Medicaid
- Pay for legal costs to defend the enterprise against litigation

R16 EMERGENCY TRANSPORT CPE: The Department requests a net increase of \$18.8 million total funds, including a decrease of \$620,560 General Fund, to take funds spent by local governments on emergency medical transportation (EMT) and certify those funds as public expenditures in order to claim an estimated \$9.5 million in matching federal funds through Medicaid. The Department will use a portion of the increased revenue to offset General Fund costs for administration, similar to the process used for other certified public expenditures, and the bulk to increase reimbursements for public EMT providers by an estimated \$8.6 million. To launch the program in FY 18-19 the Department will submit a supplemental in January for \$180,000 total funds, including \$90,000 General Fund, for contract services to help plan the program and develop the necessary State Plan Amendment.

R17 SINGLE ASSESSMENT TOOL: The Department requests a decrease of \$6.1 million total funds, including a decrease of \$3.1 million General Fund, in FY 2018-19 to shift funding for a single assessment tool for intellectual and developmental disabilities, authorized by S.B. 16-192, to future years. The Department also plans to submit a supplemental in January to adjust funding in FY 2017-18. The change to the timeline does not change total projected expenditures over the life of the project. The Department also requests roll forward authority for project funds.

R18 COST ALLOCATION: The Department requests \$366,400 total funds, including \$120,050 General Fund, to increase contract services that assist in complying with federal cost allocation procedures necessary to claim federal matching funds for administrative functions, especially those performed by vendors that may have costs that are not eligible for Medicaid reimbursement.

R19 IDD WAIVER CONSOLIDATION: The Department requests \$478,500 total funds, including \$239,250 General Fund, for two years of contract services for additional work identified as necessary to complete the consolidation of Home- and Community-Based Services waivers for adults with intellectual and developmental disabilities as directed by H.B. 15-1318.

NP REGIONAL CENTER FUNDING: The Department requests \$6.7 million total funds, including \$3.3 million General Fund, to restore Regional Center funding to a level that will allow the Department to serve the current number of residents in the Grand Junction and Pueblo Regional Centers.

NP CBMS-PEAK: The Department requests \$5.5 million total funds, including \$1.2 million General Fund, for increasing costs of the Colorado Benefits Management System (CBMS) that determines eligibility for Medicaid and other public assistance programs. The funds would address producing and mailing client correspondence, meeting federal security requirements, and covering the software license, maintenance, and support costs associated with existing capacity and performance issues.

NP FAMILY MEDICINE RESIDENCIES: The Department requests \$600,000, including \$300,000 General Fund, for two new family medicine residency programs at Peak Vista in Colorado Springs and Skyridge in Lone Tree.

NP INTENSIVE RESIDENT BEHAVIORAL HEALTH: The Department requests a net decrease of \$17,321 total funds, including a decrease of \$8,661 General Fund, for a restructuring of the Circle Program currently operated by the Colorado Mental Health Institute at Pueblo.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

HUMAN SERVICES PROGRAMS: The Department's request reflects adjustments for several programs that are financed with Medicaid funds, but operated by the Department of Human Services.

TRANSFERS TO OTHER STATE AGENCIES: The Department requests \$170,882 total funds, including \$70,040 General Fund, for transfers to programs administered by other departments. All of the requested changes relate to the Facility Survey and Certification program in the Department of Public Health and Environment.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for out-year impacts of prior year legislation and budget actions, summarized in the table below. The titles of the annualizations begin with either a bill number or the relevant fiscal year. For budget decisions made in the Long Bill, the title includes a reference to the priority number the Department used in that year for the initiative, if relevant.

The largest increase is for H.B. 17-1353, which included performance-based payments for primary care and behavioral health services. It also included changes in the operation of the Accountable Care Collaborative and projected offsetting savings. The largest decrease is for FY 17-18 R6, which included the end of the primary care rate bump and a decrease in behavioral health capitation rates. These two initiatives relate to each other and the savings from R6 offset the increases from H.B. 17-1353.

Prior Year Budget Actions						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 17-1353 Delivery and payment initiatives	\$20,768,939	\$7,557,379	\$201,768	\$0	\$13,009,792	4.6
FY17-18 BA7 Public School Health Services	6,576,725	3,288,799	3,287,926	0	0	0.0
SB 16-192 IDD Needs assessment	5,810,000	2,905,000	0	0	2,905,000	0.0
FY 17-18 Provider rates	5,999,143	2,219,516	166,298	0	3,613,329	0.0
FY 16-17 R9 Office of Community Living	2,805,032	701,257	(27,656)	0	2,131,431	0.0
FY 17-18 R7 Oversight of state resources	545,290	149,150	(29,969)	0	426,109	0.9
Prior year merit pay	291,490	109,009	23,335	7,235	151,911	0.0
FY 06-07 R8 Fund nursing facility	279,746	139,873	0	0	139,873	0.0
SB 17-091 Medicaid home health	277,910	133,501	3,112	0	141,297	0.0
HB 16-1321 Waiver buy-in	39,520	(72,750)	93,663	0	18,607	0.0
FY 17-18 NP Public Health health surveys	33,511	16,756	0	0	16,755	0.0
FY 17-18 MSP	341	170	0	0	171	0.0
FY 16-17 NP OIT CBMS	0	(35,969)	35,969	0	0	0.0
Prior year salary survey	0	1,255	(1,255)	0	0	0.0
FY 17-18 R6 Delivery system & payment reform	(55,527,358)	(17,326,908)	(1,157,794)	0	(37,042,656)	0.0
FY 17-18 R8 MMIS operations	(17,493,314)	(912,626)	(699,974)	(5,190)	(15,875,524)	0.2
FY 17-18 Vendor transition	(2,598,458)	(929,629)	(369,600)	0	(1,299,229)	0.0
SB 17-267 Sustainability of rural CO	(2,546,461)	(448,047)	(90,770)	0	(2,007,644)	0.0
FY 17-18 S11 HB 15-1368 spending authority	(921,681)	0	(921,681)	0	0	0.0
FY 16-17 BA10 Coordinate Medicaid-Medicare	(621,826)	0	0	0	(621,826)	0.0
FY 17-18 R10 Regional Centers	(473,047)	811	0	0	(473,858)	0.2
SB 16-027 Mail pharmacy	(299,126)	(91,014)	(14,892)	0	(193,220)	0.0
FY 17-18 Public Health facility survey	(193,346)	(124,064)	0	0	(69,282)	0.0
FY 15-16 R9 Health records	(125,070)	63,548	0	0	(188,618)	0.0
SB 17-121 Client correspondence	(95,953)	(32,125)	(15,851)	0	(47,977)	0.3
FY 17-18 BA9 Pueblo RC Corrective Action Plan	(87,523)	(43,762)	0	0	(43,761)	0.2

Prior Year Budget Actions						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 17-1351 Inpatient substance use disorder	(75,000)	(37,500)	0	0	(37,500)	0.0
FY 17-18 CU School of Medicine payment	(27,638)	0	0	(13,820)	(13,818)	3.0
FY 17-18 NP Public Health IDD facility survey	(23,315)	(11,657)	0	0	(11,658)	0.0
SB 16-120 Medicaid explanation of benefits	(4,704)	(1,810)	(542)	0	(2,352)	0.0
HB 17-1343 Conflict Free Case Management	(4,703)	0	(2,352)	0	(2,351)	0.0
TOTAL	(\$37,690,876)	(\$2,781,837)	\$479,735	(\$11,775)	(\$35,376,999)	9.4

OTHER: The Department requests \$322,587 total funds, including \$112,813 General Fund, for miscellaneous other changes, including an adjustment to financing for the CHP+ program based on a new forecast of tobacco tax revenues, an information technology security request by the Office of Information Technology, a cybersecurity request by the Division of Risk Management, and a Microsoft enterprise licensing agreement.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

EXECUTIVE DIRECTOR'S OFFICE, MEDICAL SERVICES PREMIUMS, INDIGENT CARE PROGRAMS, AND OTHER MEDICAL PROGRAMS 12/4/17

BILLING SYSTEM TRANSITION: At the end of FY 2016-17 there was an unusually large reversion from the Department of Healthcare Policy and Financing of \$93.4 million General Fund, but the Department believes \$75.2 million General Fund of the reversion is attributable to costs shifting from FY 2016-17 to FY 2017-18 during the transition to a new billing system.

FORECAST TRENDS: Of the requested increase for the Department, over 90 percent, including \$305.7 million total funds and \$89.4 million General Fund, is attributable to the Department's forecasts in R1 through R5 of expenditures under current law and policy for eligibility, benefits, and provider rates. A transition to a new billing system caused \$353.4 million in expenditures to shift from FY 2016-17 to FY 2017-18. The primary driver of overall growth is enrollment and the Department projects a decrease in the rate of enrollment growth from prior years. The primary driver of projected General Fund growth is services for the elderly and people with disabilities. The forecast includes a significant projected offset to expenditures from implementation of Phase II of the Accountable Care Collaborative.

ACCOUNTABLE CARE COLLABORATIVE: The Department's request assumes increased savings from the Accountable Care Collaborative (ACC) of \$100.1 million total funds, including \$40.9 million General Fund. The additional savings derive from the integration of physical and behavioral health and mandatory enrollment in the ACC.

ELDERLY AND PEOPLE WITH DISABILITIES: The Department estimates that in FY 2017-18 the elderly and people with disabilities will account for 12 percent of Medicaid enrollment, but 43 percent of Medicaid expenditures. As a share of General Fund expenditures for Medical Services Premiums, the elderly and people with disabilities represent over 60 percent.

PROVIDER RATES: The Department proposes both increases and decrease in provider rates. The changes align with the recommendations of the Medicaid Provider Rate Review Advisory Committee (MPRRAC), except that a proposed decrease relates to nursing home rates that are exempt from review by the MPRRAC.

All-Payer Claims Database: The Department requests \$2.8 million total funds, including \$1.7 million General Fund, and 1.8 FTE to support operations of the All-Payer Claims Database (APCD) and backfill expiring private grants. The APCD collects claims data from 21 insurance providers in Colorado and makes it available for research.

HEALTHCARE AFFORDABILITY AND SUSTAINABILITY FEE: The Department requests new staff, legal services, data analytics, and information technology resources to support the Colorado Healthcare Affordability and Sustainability Enterprise. The enterprise currently has resources to function at the level of the Hospital Provider Fee that it replaced, but public and private expenditures and expenditure trends for hospitals might support increasing analysis of hospital utilization, revenue, and expenditures.

MEDICAID BEHAVIORAL HEALTH COMMUNITY PROGRAMS 12/5/17

OVERVIEW OF DEPARTMENT'S FY 2018-19 REQUEST FOR BEHAVIORAL HEALTH COMMUNITY PROGRAMS (R2): The Department's most recent projections for Medicaid behavioral health community programs indicate that the General Assembly will need to increase General Fund appropriations by \$0.8 million in the current fiscal year and by another \$13.9 million for FY 2018-19.

RESIDENTIAL AND INPATIENT SUBSTANCE USE DISORDER TREATMENT (HB 17-1351): There is currently a gap in Medicaid coverage for adults with a substance use disorder. This gap is partially filled with state and federal funds appropriated to the Department of Human Services.

ACCOUNTABLE CARE COLLABORATIVES, PHASE II: The Department of Health Care Policy and Financing has announced the entities that it will contract with starting July 1, 2018, to manage the health needs of Medicaid enrollees, including both primary and behavioral health care.

OFFICE OF COMMUNITY LIVING 12/6/17

INTELLECTUAL AND DEVELOPMENTAL DISABILITIES SYSTEM POLICY (R17, R19): This issue discusses several change initiatives required by federal or state legislation or rule that impact the delivery of services to individuals with intellectual and developmental disabilities (IDD). It includes information about the department's R17 and R19 budget requests entitled Singled Assessment Tool Financing and IDD Waiver Consolidation Administrative Funding, respectively.

CHILDREN'S HABILITATION RESIDENTIAL PROGRAM (CHRP) TRANSFER (R12): This issue discusses the department's budget request to transfer the CHRP waiver from the Department of Human Services to the Department of Health Care Policy and Financing; and to remove the statutory requirement that children be placed in foster care prior to receiving services through the CHRP waiver. This request requires legislation.

OFFICE OF COMMUNITY LIVING COST AND CASELOAD ADJUSTMENTS (R5): This issue discusses the department's budget request for adjustments in appropriations that fund services to individuals with intellectual and developmental disabilities.

SERVICE OPTION PLATFORM: This issue discusses the FY 2017-18 Long Bill appropriation to the department for the implementation of a third party website pilot project that would allow users to search for intellectual and developmental disability Home and Community Based Services waiver providers through a web based platform.

Department of Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2017-18 appropriation represents approximately 14.9 percent of statewide operating appropriations and 8.4 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
S.B. 17-254 (Long Bill)	4,299,869,706	894,882,900	2,644,189,267	738,156,049	22,641,490	25,086.2
Other legislation	1,743,825	25,000	1,500,000	218,825	0	1.0
TOTAL	\$4,301,613,531	\$894,907,900	\$2,645,689,267	\$738,374,874	\$22,641,490	25,087.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$4,301,613,531	894,907,900	\$2,645,689,267	\$738,374,874	\$22,641,490	25,087.2
R1 Improving college affordability and outcomes	129,909,560	73,065,843	0	56,843,717	0	0.0
R2 Tuition spending authority	86,033,097	0	86,033,097	0	0	0.0
R3 Fort Lewis Native American tuition waiver	(373,209)	(373,209)	0	0	0	0.0
R4 Emergency completion and retention grant	1,500,000	1,500,000	0	0	0	0.0
R5 Occupational credential capacity	5,000,000	5,000,000	0	0	0	0.0
R6 Colorado Opportunity Scholarship Initiative	4,000,000	4,000,000	0	0	0	0.0
HC1 History Colorado OIT payments	0	112,207	(112,207)	0	0	0.0
Auraria Higher Education Center adjustment	1,074,659	0	0	1,074,659	0	0.0
Centrally appropriated line items	646,885	142,247	184,489	79,036	241,113	0.0
Lease-purchase payment adjustments	316,936	3,304,651	(3,599,953)	612,238	0	0.0
CO Geological Survey total compensation adjustments	175,741	67,287	109,587	0	(1,133)	0.0
Depreciation for higher education capital projects	175,060	175,060	0	0	0	0.0
WICHE membership	4,000	0	0	4,000	0	0.0
Annualize prior year legislation	(1,025,000)	(25,000)	(1,000,000)	0	0	0.0
Annualize prior year budget actions	(332,483)	(35,691)	(169,108)	(58,676)	(69,008)	0.0
TOTAL	\$4,528,718,777	\$981,841,295	\$2,727,135,172	\$796,929,848	\$22,812,462	25,087.2
INCREASE/(DECREASE)	\$227,105,246	\$86,933,395	\$81,445,905	\$58,554,974	\$170,972	0.0
Percentage Change	5.3%	9.7%	3.1%	7.9%	0.8%	0.0%

R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES: The request includes an increase of \$73,065,843 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$59,204,626 (8.6 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$13,861,217 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards.

State governing boards: The request for the state governing boards incorporates: \$15.96 million for the General Fund portion of a 2.4 percent inflationary increase; \$1.7 million for health benefits inflation that exceeds base inflation; \$6.0 million for additional completion incentive funding for Pell eligible students; and \$33.2 million to buy down tuition to a 3.0 percent increase.

Local district colleges/ area technical colleges: The request includes \$2.2 million for the statutorily-required calibration increase for local district colleges and public area technical colleges.

Financial aid: The request includes \$11.9 million for need-based aid and \$2.0 million for work study for the statutorily-required calibration increase for financial aid.

The Department proposes two changes to the H.B. 14-1319 model from the version used for the FY 2017-18 Long Bill:

- For every Pell-eligible (low income) undergraduate resident student, the College Opportunity Fund stipend rate “bumped up” by 12.5 percent. Statute requires a bump of at least 10.0 percent for Pell students, and this is where prior-year models were set.
- Every Pell-eligible student who completes a certificate or degree, the degree is weighted 2.0x the usual weight for the degree. Prior year models weighted Pell students at 1.6x the usual weight for the degree.

Under the model, the state-operated boards would receive increases that range from 3.6 percent to 10.3 percent based on the distribution of institutional enrollment and degrees awarded in actual FY 2016-17. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive the average increase. The Department proposes that governing board inflationary increases that cannot be fully covered by the request will be addressed through tuition increases (Request R2).

The request annualizes to \$144,705,405 in FY 2019-20, and the narrative indicates that additional increases will be sought in subsequent years, although the exact dollars are not specified.

R2 TUITION SPENDING AUTHORITY INCREASE: The request is for an additional \$86.0 million in cash funds spending authority for state public institutions’ tuition revenue for FY 2018-19. The increase is proposed to cover base costs and strategic initiatives, given a significant General Fund increase. The request proposes that Long Bill footnotes cap undergraduate resident tuition increases at 3.0 percent, with no restrictions on non-resident or graduate tuition or mandatory fees.

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The request includes a reduction of \$373,209 General Fund for the Fort Lewis College Native American tuition waiver, bringing the total to \$16,574,985 General Fund for the program. Waiver payments are mandated by Section 23-52-105 (1) (b) (I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates.

R4 EMERGENCY COMPLETION AND RETENTION GRANT: The request includes \$1,500,000 General Fund to create an Emergency Completion and Retention Grant program in FY 2018-19. The grant program would assist students who are progressing in college but who require emergency financial assistance to ensure a minor financial mishap does not keep them from completing. The Department indicates that it believes additional statutory authority would be required for the program.

R5 OCCUPATIONAL CREDENTIAL CAPACITY: The request includes \$5,000,000 General Fund for a new Occupational Credential Capacity Grant Program. The program would enhance the capacity of community colleges, area technical colleges, local district colleges, and Colorado Mesa University to offer high-demand, high-value career and technical education certificates. The program would use a request for proposal process to allocate funds. Institutions would identify the obstacles to creating/expanding high-demand high-value certificate programs and the proposed solutions. This will enable the Department to ensure the funds are responsive to regional workforce needs and target particular student populations (e.g., concurrent enrollment, underrepresented groups). Legislation will be required to implement the program.

R6 COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The request includes an increase of \$4,000,000 General Fund for the Colorado Opportunity Scholarship Initiative (COSI) Program, bringing total program funding to \$9,000,000 General Fund for FY 2018-19 and future years. This program provides matching funds to leverage community support for scholarships. It also provides grants to non-profit organizations and other entities to deliver wraparound services and other resources students need to be successful. Grantees support students while they are still in high school as well as once they have matriculated to college. Approximately 12,400 students are served in COSI-supported student success programs. The program awards approximately \$7.5 million in scholarship funds annually. If the appropriation is not increased, the program will be forced to spend into its corpus, ratcheting-down support services and scholarships.

HC1 HISTORY COLORADO OIT PAYMENTS: History Colorado requests \$112,207 General Fund to cover escalating Office of Information Technology (OIT) cost increases. The General Fund replaces cash funds otherwise required from the Museum and Preservation Operations Account of the State Historical Fund. This request annualizes to \$204,241 General Fund, and a corresponding cash funds reduction, in FY 2019-20. History Colorado indicates that this will allow the organization to become more sustainable.

AURARIA HIGHER EDUCATION CENTER ADJUSTMENT: The request increases spending authority for the Auraria Higher Education Center by \$1,074,659 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items, as detailed in the table below.

	CENTRALLY APPROPRIATED LINE ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Health, life, and dental adjustment	\$307,988	\$99,972	\$117,645	(\$243)	\$90,614
Short-term disability adjustment	735	534	(48)	(264)	513
AED adjustment	54,841	15,751	11,898	1,850	25,342
SAED adjustment	54,841	15,751	11,898	1,850	25,342
Salary survey adjustment	398,081	10,239	209,874	78,666	99,302
Workers' compensation adjustment	11,754	0	(2,880)	14,634	0
Legal services adjustment	3,289	0	(9,675)	12,964	0
ALJ adjustment	(6,686)	0	(6,686)	0	0

	CENTRALLY APPROPRIATED LINE ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Payment to risk management / property funds adjustment	(11,696)	0	(9,446)	(2,250)	0
Leased space adjustment	7,882	0	1,576	6,306	0
Payments to OIT adjustment	(202,022)	0	(160,184)	(41,838)	0
CORE adjustment	27,878	0	20,517	7,361	0
TOTAL	\$646,885	\$142,247	\$184,489	\$79,036	\$241,113

LEASE PURCHASE PAYMENT ADJUSTMENTS: The request includes adjustments to three lease purchase programs in the Department.

University of Colorado Health Sciences Center at Fitzsimons Lease Purchase: An annual lease-purchase payment for the University of Colorado Health Sciences Center at Fitzsimons was authorized by H.B. 03-1256. The payment is from General Fund and Tobacco Master Settlement Funds. The FY 2017-18 appropriation provided for expenditures from cash fund balances, which were available on a one-time basis. The request substitutes \$2.7 million General Fund for these one-time amounts. The total FY 2018-19 request is for \$14,154,188, including \$8.4 million from the General Fund.

Higher Education Federal Mineral Lease (FML) Revenues Lease Purchase: In 2008, the General Assembly authorized the State to enter into lease-purchase agreements to fund various capital construction projects for state-supported institutions of higher education. Annual payments were to be made from Federal Mineral Lease (FML) revenues that were projected to increase. The FML revenue stream has been inconsistent, and General Fund has therefore been required to backfill the obligation. The payment source varies based on FML revenues available. The FY 2018-19 request is for \$17,685,263, with all but \$1,000,000 of the total coming from the General Fund.

Colorado History Museum Lease Purchase: An annual lease-purchase payment for construction of the new Colorado History Museum was authorized in 2008. The FY 2018-19 request is for \$3,021,860 cash funds from the Operations Account of the State Historical Fund. This includes a technical adjustment to the amount due.

In total, an additional \$3.3 million General Fund is required for Department lease purchase payments in FY 2018-19 based on a decline in available tobacco settlement and federal mineral lease cash fund sources.

	LEASE PURCHASE PAYMENTS ADJUSTMENTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Lease Purchase Fitzsimons adjustment	(\$107,587)	\$2,692,413	(\$2,800,000)	\$0	\$0
Lease Purchase HED FML Revenues adjustment	524,476	612,238	(700,000)	612,238	0
Lease Purchase CO History Museum adjustment	(99,953)	0	(99,953)	0	0
TOTAL	\$316,936	\$3,304,651	(\$3,599,953)	\$612,238	\$0

CO GEOLOGICAL SURVEY TOTAL COMPENSATION ADJUSTMENTS: The request provides an increase of \$175,741 for total compensation adjustments at the Colorado Geological Survey at the Colorado School of Mines (CGS). This includes amounts for health/life/dental, salary survey, and supplemental payments to the Public Employees Retirement Association. The request provides a 7.0% increase on the base appropriation for CGS.

DEPRECIATION FOR HIGHER EDUCATION CAPITAL PROJECTS: Pursuant to Section 24-30-1310 (2)(b), C.R.S., the request adds an annual depreciation-lease equivalent payment line item for higher education projects funded with the General Fund, Capital Construction Fund, or Controlled Maintenance Trust Fund on or after FY 2015-16. The amount due is based on a building's depreciation schedule. One percent of the project cost is credited to the Controlled Maintenance Trust Fund, and the balance is deposited to the Capital Construction Fund.

WICHE MEMBERSHIP: The request includes an increase of \$4,000 appropriated funds (indirect cost recoveries) to pay for the increase in Western Interstate Commission for Higher Education (WICHE) dues.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second- and third-year impact of prior year legislation.

	ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 17-258 (Open Ed Resources)	(\$25,000)	(\$25,000)	\$0	\$0	\$0	0.0
Annualize SB 17-193 (Research Center Prevention Substance Abuse Addiction)	(1,000,000)	0	(1,000,000)	0	0	0.0
TOTAL	(\$1,025,000)	(\$25,000)	(\$1,000,000)	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

	ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize FY 18 WICHE optometry	\$7,500	\$0	\$0	\$7,500	\$0	0.0
Annualize FY 18 HC1 Revitalize community museums	(35,691)	(35,691)	0	0	0	0.0
Annualize prior year salary survey	(207,641)	0	(113,507)	(46,020)	(48,114)	0.0
Annualize merit base pay	(87,245)	0	(46,195)	(20,156)	(20,894)	0.0
TOTAL	(\$332,483)	(\$35,691)	(\$169,108)	(\$58,676)	(\$69,008)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

COLORADO HIGHER EDUCATION MASTER PLAN GOALS: The State has issued a report refreshing its 2012 State Higher Education Master Plan goals. The plan reaffirms the State's earlier goal that 66 percent of the population age 25-34 should have a postsecondary credential or degree by 2025 and highlights the need to erase equity gaps. The State has made little progress since the goals were first established.

DEPARTMENT REQUESTS R1 AND R2 - GENERAL FUND AND TUITION INCREASES: This year's request R1 provides an 8.5 percent General Fund increase for the higher education governing boards, distributed through the higher education funding model, and an associated adjustment to financial aid. This year's request R2 would restrict tuition increases at the state boards to 3.0 percent, in light of the proposed General Fund increase in R1. The overall structure of the request is very similar to the approach used for the last two years. Key differences include the larger

General Fund increase and associated smaller tuition increase, as well as greater emphasis on Pell students in the higher education funding model.

PURSuing MASTER PLAN GOALS - THE “LAST DOLLAR SCHOLARSHIP” OPTION: A number of states have launched “free college” initiatives that cover the last dollar between students’ other sources of financial aid and higher education tuition and fees. Tennessee’s free community college initiative appears to have significantly boosted postsecondary enrollment among Tennessee high school graduates at relatively low cost. This issue explores the costs, benefits, and challenges to launching “free college” and other initiatives to increase postsecondary participation and completion among Colorado high school graduates.

COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE (REQUEST R6): The Colorado Opportunity Scholarship Initiative (COSI) promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. COSI was initially seeded with a transfer of \$33.4 million from the CollegeInvest Financial Need Scholarship Fund. The Department requests a \$4.0 million General Fund increase for the program, bringing the appropriation to a total of \$9.0 million General Fund.

CAREER AND TECHNICAL EDUCATION AND REQUEST R5: The Department of Higher Education has requested legislation and a \$5.0 million General Fund appropriation for a new Occupational Credential Capacity Grant Program. The Department proposes to use a “request for proposal” approach to allocate the funding among public postsecondary institutions that offer credentials. The goal is to address a range of obstacles that limit programs from generating more in-demand credentials.

OPEN EDUCATIONAL RESOURCES: “Open educational resources” (OER) are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others. The JBC sponsored S.B. 17-258 to create an OER Council to provide recommendations to the General Assembly on expanding the use of OER at state public institutions. The Council has recommended an initiative costing \$660,000 General Fund for FY 2018-19 annualizing to \$1.1 million for the following two years.

Department of Human Services

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare programs in the state. The Department's FY 2017-18 appropriation represents approximately 7.1 percent of statewide operating appropriations and 8.2 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF HUMAN SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	\$2,023,402,359	\$865,857,539	\$408,627,920	\$174,562,607	\$574,354,293	4,936.0
Other legislation	12,201,761	1,097,481	7,104,280	0	4,000,000	1.6
TOTAL	\$2,035,604,120	\$866,955,020	\$415,732,200	\$174,562,607	\$578,354,293	4,937.6
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$2,035,604,120	866,955,020	\$415,732,200	\$174,562,607	\$578,354,293	4,937.6
R1a Compensation adjustments for direct care positions	13,141,467	12,339,320	802,147	0	0	0.0
R1b Compensation adjustments for nurses at CMHIP	8,901,740	8,901,740	0	0	0	0.0
R2 DYS facility staffing final phase	2,622,691	2,622,691	0	0	0	49.5
R3 DYS special education services	662,233	662,233	0	0	0	5.3
R4 County child welfare staffing phase 4	6,125,404	1,898,957	612,540	0	3,613,907	0.0
R5a Jail-based bed space	7,398,658	7,398,658	0	0	0	3.3
R5b Community-based intensive residential treatment program	0	0	0	0	0	0.0
R5c Court-ordered reports FTE caseload	1,085,726	1,085,726	0	0	0	11.0
R5d Purchased bed capacity	3,412,101	3,412,101	0	0	0	3.0
R5e Outpatient competency restoration (SB17-012)	1,177,618	1,177,618	0	0	0	3.0
R7 ReHire Colorado extension	1,300,406	1,300,406	0	0	0	1.0
R8 Colorado SNAP increased food security and county technical assistance	511,356	255,680	0	0	255,676	6.4
R10 Child Mental Health Treatment Act	650,651	650,651	0	0	0	0.0
R11 Continuation of Respite Care Task Force recommendations	62,677	62,677	0	0	0	0.0
R12 Old Age Pension cost of living adjustment	1,908,641	0	1,908,641	0	0	0.0
R13 Medication consistency and health information exchange (SB 17-019)	590,936	0	590,936	0	0	0.9
R14 Increase funding for Area Agencies on Aging	4,000,000	4,000,000	0	0	0	0.0
R15 Enhancing county Colorado Works case management performance	3,164,163	0	0	0	3,164,163	1.8
R16 Promoting permanency	406,588	376,995	0	0	29,593	1.8
R17 Expansion of evidence based Incredible Years Program	624,612	0	624,612	0	0	1.1
R18 Restore regional center funding	6,682,728	0	0	6,682,728	0	0.0
R19 Spending authority for crimes against at-risk persons	20,000	0	20,000	0	0	0.0
R20 Increase Colorado Brain Injury Program spending authority	200,000	0	200,000	0	0	0.0
R21 Veterans Community Living Center staffing technical adjustment	(619,209)	0	(619,209)	0	0	(19.0)
R22 Reduce micro grants	(250,000)	0	0	0	(250,000)	0.0
R23 HIPAA security remediation	(153,300)	(56,700)	(7,986)	(64,075)	(24,539)	0.0

DEPARTMENT OF HUMAN SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R24 Provider rate increase	8,220,928	4,796,501	1,306,649	390,783	1,726,995	0.0
Non-prioritized request items	(1,081,457)	(685,758)	82,251	(689,983)	212,033	(1.0)
Centrally appropriated line items	14,598,691	8,583,385	4,757,115	(4,077,908)	5,336,099	0.0
Annualize prior year legislation	(830,126)	(1,368,727)	538,601	0	0	4.9
Annualize prior year budget actions	(2,085,238)	2,771,311	(5,922,942)	644,406	421,987	33.6
TOTAL	\$2,118,054,805	\$927,140,485	\$420,625,555	\$177,448,558	\$592,840,207	5,044.2
INCREASE/(DECREASE)	\$82,450,685	\$60,185,465	\$4,893,355	\$2,885,951	\$14,485,914	106.6
Percentage Change	4.1%	6.9%	1.2%	1.7%	2.5%	2.2%

R1a COMPENSATION ADJUSTMENTS FOR DIRECT CARE POSITIONS: The request includes an increase of \$13.1 million total funds, including \$12.3 million General Fund, to increase salaries for all direct care staff job classifications at its 24-hour care facilities, including the Colorado Mental Health Institutes at Pueblo and Fort Logan, four Veterans Community Living Centers, and ten Division of Youth Services facilities. This request excludes funding associated with salary increases for nurses at CMHIP (see the Department’s R1b budget request below.)

R1b COMPENSATION ADJUSTMENTS FOR NURSES AT CMHIP: The request includes an increase of \$8.9 million General Fund, to increase the starting salaries for newly hired nurses at the Colorado Mental Health Institute at Pueblo (CMHIP) and the salaries of existing CMHIP nursing staff to ensure staffing levels are sufficient to provide safe and appropriate patient care. In September 2017 the Joint Budget Committee approved an increase of \$3.0 million General Fund for FY 2017-18 to begin implementing these pay increases in the current fiscal year.

R2 DYS FACILITY STAFFING FINAL PHASE: The request includes an increase of \$2.6 million General Fund and 49.5 FTE to add staff to state-owned and operated youth corrections’ facilities in an effort to improve safety and security of staff and youth. The General Assembly appropriated funds for an additional 208.7 FTE between FY 2014-15 and FY 2017-18 for this purpose, as well. The following table summarizes the requested funding:

DYS FACILITY STAFFING FINAL PHASE		
	GENERAL FUND	FTE
Correctional Youth Security Officers (salary + benefits)	\$2,886,463	48.0
Correctional Youth Security Supervisor (salary + benefits)	44,659	0.6
Human Resources Specialist (salary + benefits)	63,078	0.9
Operating Expenses	128,491	n/a
Subtotal	\$3,122,691	49.5
Vacancy Savings	(500,000)	n/a
Total	\$2,622,691	49.5

R3 DYS SPECIAL EDUCATION SERVICES: The request includes an increase of \$662,233 General Fund and 5.3 FTE to meet the special education needs of youth committed to the Division of Youth Services. The proposal calls for the addition of two special education teachers, one special education coordinator, one school psychologist, and three school social workers. These resources would be assigned to the three commitment facilities that use state-operated schools. Additionally, the plan asks for funding to add contract staff at the two DYS commitment facilities that use contracts with non-Division entities for the provision of educational services. The following table summarizes the requested funding:

DYS Special Education Services		
	GENERAL FUND	FTE
State Teachers (salary + benefits)	\$170,929	2.25
State Psychologist (salary + benefits)	69,903	0.75
State Social Workers (salary + benefits)	161,799	2.25
State Operating Expenses	37,909	n/a
Contract Teachers	56,067	n/a
Contract Social Workers	143,963	n/a
Contract Operating Expenses	21,662	n/a
Total	\$662,233	5.3

R4 COUNTY CHILD WELFARE STAFF PHASE 4: The request includes an increase of \$6.1 million total funds, including \$1.9 million General Fund to increase county level child welfare staffing in response to the Child Welfare Workload Study performed by the Office of the State Auditor in 2014.

R5a JAIL-BASED BED SPACE: The request includes an increase of \$7.4 million General Fund and 3.3 FTE for the Office of Behavioral Health to address continued increases in the number of court orders for competency evaluations and for treatment to restore competency. The requested funding would expand the capacity of the existing jail-based competency restoration program by 62 beds (from 52 beds to 114 beds). In September 2017 the Joint Budget Committee approved an increase of \$1,944,324 General Fund and 2.0 FTE for FY 2017-18 to begin expansion of this program by 28 beds in the current fiscal year.

R5b COMMUNITY-BASED INTENSIVE RESIDENTIAL TREATMENT PROGRAM: The request reflects internal transfers of \$2.2 million total funds (including \$2.0 million cash funds from the Marijuana Tax Cash Fund, \$207,856 cash funds from patient revenues, and \$17,321 Medicaid funds transferred from the Department of Health Care Policy and Financing). For FY 2017-18, these amounts are appropriated for the Circle Program, a state-operated program at CMHIP that provides a structured, intensive 90-day treatment program in an unlocked setting for adults with co-occurring mental health and substance use disorders. Due to staffing shortages at CMHIP, the Department took action in June 2017 to temporarily close the Circle Program in order to reassign direct care staff to other CMHIP units. The Department worked with managed service organizations to find other treatment options for existing patients and for those on the waiting list. The Department proposes restructuring this appropriation so that it can continue to provide this level of treatment by contracting with community-based service providers.

R5c COURT-ORDERED REPORTS FTE CASELOAD: The request includes an increase of \$1.2 million General Fund and 11.0 FTE to address continued increases in the number of court orders for competency evaluations and for treatment to restore competency. The requested funding would support additional psychologists and administrative support staff at CMHIP's court services unit.

R5d PURCHASED BED CAPACITY: The request includes a total of \$3.4 million General Fund and 3.0 FTE to address continued increases in the number of court orders for competency evaluations and for treatment to restore competency. The requested funding would allow the Department to expand inpatient bed capacity for individuals who are ordered by the court to receive competency evaluations or competency restoration treatment by contracting with private for profit or not for profit hospitals in the Denver metropolitan area.

R5e OUTPATIENT COMPETENCY RESTORATION (SB17-012): The request includes a total of \$1.2 million General Fund and 3.0 FTE to provide community-based competency restoration education services pursuant to S.B. 17-012. In September 2017 the Joint Budget Committee approved an increase of \$461,702 General Fund and 1.8 FTE for FY 2017-18 to begin providing these community-based services in the current fiscal year.

R7 REHIRE COLORADO EXTENSION: The request asks the Joint Budget Committee to sponsor legislation to eliminate the end date for the Department’s transitional jobs program, known as ReHire Colorado, and provide an increase of \$1.3 million General Fund and 1.0 FTE to continue the program through the final six months of FY 2017-18. ReHire Colorado is statutorily-required (Section 26-2-1103, C.R.S.) to stop offering new transitional jobs after December 31, 2018 and is slated to end on June 30, 2019. This proposal puts forth a plan to continue subsidizing wages of 237 program participants through the back half of FY 2018-19 and eliminate an end date for program operation.

R8 COLORADO SNAP INCREASED FOOD SECURITY AND COUNTY TECHNICAL ASSISTANCE: The request includes an increase of \$511,356 total funds, including \$255,680 General Fund, and 6.4 FTE to provide technical assistance to counties in administering the federal Supplemental Nutrition Assistance Program (SNAP), ensure compliance with federal SNAP regulations, and provide quality assurance functions as part of the state’s role in supervising the administration of SNAP. The Department’s current appropriation includes funds for 21.0 FTE for SNAP administration and 11.7 FTE for SNAP quality assurance functions. The following table summarizes the requested increase:

COLORADO SNAP INCREASED FOOD SECURITY AND COUNTY TECHNICAL ASSISTANCE				
POSITION FUNCTION	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
Sustain Performance (salary + benefits)	\$63,076	\$31,538	\$31,538	1.0
Fiscal and Contract Oversight (salary + benefits)	139,528	69,764	69,764	1.8
SB-190 Compliance (salary + benefits)	139,528	69,764	69,764	1.8
Quality Assurance (salary + benefits)	126,153	63,077	63,076	1.8
Operating Expenses	43,071	21,537	21,534	n/a
TOTAL	\$511,356	\$255,680	\$255,676	6.4

R10 CHILD MENTAL HEALTH TREATMENT ACT: The request includes an increase of \$650,651 General Fund to address increases in the number of children who are eligible for behavioral health care under the Child Mental Health Treatment Act. This existing program provides funding for mental health treatment services for children for whom a dependency and neglect action is neither appropriate nor warranted, but who are at risk of out-of-home placement due to behavioral health needs.

R11 CONTINUATION OF RESPITE CARE TASK FORCE RECOMMENDATIONS: The request includes an increase of \$62,677 General Fund to support the work associated with H.B. 16-1398 (Implement Respite Care Task Force Recommendations). The bill required the Department to contract with an entity to implement recommendations of the Respite Care Task Force, which included a variety of studies and analyses on the benefits of respite care services, online training tools to assist individuals in becoming respite care providers, and marketing and outreach projects to share information regarding respite care services. The bill transferred \$900,000 from the Intellectual and Developmental Disabilities Cash Fund to the General Fund, appropriated \$900,000 General Fund for FY 2016-17 to begin implementing these recommendations, and provided roll-forward authority for this appropriation through FY 2017-18.

The Department entered into a contract with Easter Seals to conduct the work from February 1, 2017 (FY 2016-17) through March 1, 2021 (FY 2020-21). To cover the costs associated with this contract for FY 2018-19, this request asks for an increase of \$62,677 General Fund and roll-forward authority from FY 2017-18 through FY 2018-19 for \$372,812 General Fund from the original \$900,000 appropriated in FY 2016-17 for this purpose. The Department indicates that future requests for implementing all phases of the Task Force recommendations will cost \$675,222 General Fund, bringing total appropriations for this project, if approved by the General Assembly, to \$1,637,899 General Fund.

R12 OLD AGE PENSION COST OF LIVING ADJUSTMENT: The request includes an increase of \$1.9 million cash funds from the Old Age Pension (OAP) Fund to implement a 1.5 percent cost-of-living (COLA) increase for OAP recipients. This would increase the monthly grant standard from \$773 to \$785. The State Board of Human Services has the constitutional authority to raise the OAP grant standard in accordance with the federal Social Security Administration’s (SSA) annual decision to award or not award a COLA to Supplemental Security Income (SSI) recipients. The SSA’s COLA for calendar year 2018 includes a 2.0 percent increase, which is higher than the amount proposed in this request.

R13 MEDICATION CONSISTENCY AND HEALTH INFORMATION EXCHANGE (SB 17-019): The Department’s request includes a total of \$590,936 cash funds from the Marijuana Tax Cash Fund to promote continuity of care between jails, state agencies, and community treatment providers as required by S.B. 17-019, including:

- Developing and maintaining a standard medication formulary that is shared across criminal justice service agencies;
- Developing purchasing and pricing options that jails and other service providers may utilize; and
- Overseeing pilot projects to develop a plan for electronic healthcare information exchange.

The Department anticipates the need for ongoing funding of \$483,113 and 1.0 FTE in FY 2019-20.

R14 INCREASE FUNDING FOR AREA AGENCIES ON AGING: The request includes an increase of \$4.0 million General Fund to assist seniors in living independently in their communities. These services, provided by the state’s 16 Area Agencies on Aging (AAAs), include home-delivered meals, transportation to medical appointments, and a variety of other forms of assistance to help seniors with the activities of daily living.

R15 ENHANCING COUNTY COLORADO WORKS CASE MANAGEMENT PERFORMANCE: The request includes an increase of \$3.2 million federal funds from the state’s Temporary Assistance for Needy Families (TANF) reserve and 1.8 FTE to improve performance in the state’s TANF program, known as Colorado Works. Specifically, the funds would be used to increase employment outcomes for Colorado Works participants, decrease county-level administrative burdens associated with Colorado Works, and comply with federal work participation rate requirements for the TANF program.

ENHANCING COUNTY COLORADO WORKS CASE MANAGEMENT PERFORMANCE			
	FEDERAL FUNDS		FTE
Data Quality (salary + benefits)	\$126,155		1.8
Data Quality Operating Expenses	10,364		n/a
Automated Data Entry Tool	2,202,144		n/a
Business Process Reengineering	825,500		n/a
Total	\$3,164,163		1.8

R16 PROMOTING PERMANENCY: The request includes \$406,588 total funds, including \$376,995 General Fund, and 1.8 FTE add staff to increase the timeliness of services and the achievement rate for permanency for children and youth who are legally freed for adoption or guardianship.

R17 EXPANSION OF EVIDENCE BASED INCREDIBLE YEARS PROGRAM: The request includes an increase of \$624,612 cash funds and 1.1 FTE for expansion of the Incredible Years program.

R18 RESTORE REGIONAL CENTER FUNDING: The request includes an increase of \$6.7 million Medicaid reappropriated funds from the Department of Health Care Policy and Financing to fund Home and Community Based Services waiver services at the Grand Junction and Pueblo Regional Centers.

R19 SPENDING AUTHORITY FOR CRIMES AGAINST AT-RISK PERSONS: The request includes an increase of \$20,000 cash funds from the Crimes Against At-Risk Persons Surcharge Fund for an additional 1,300 to 1,900 hours of contract respite services. The goal of respite services is to provide temporary relief to caregivers from the emotional and physical impacts of caring for children or adults with special needs who are unable (or require assistance) to care for themselves. Money in the Fund originates as surcharges on persons who are convicted of crimes against at-risk adults and at-risk juveniles. The FY 2017-18 Long Bill includes an appropriation of \$350,000 General Fund and spending authority of \$28,370 from the Fund for respite services. Revenue into the Fund is projected to increase to support the requested increase in spending authority in the future.

R20 INCREASE COLORADO BRAIN INJURY PROGRAM SPENDING AUTHORITY: The request includes an increase of \$200,000 cash funds to sustain a federally grant funded brain injury screening program in criminal justice settings and connect those who screen positively to case management service through the Brain Injury Alliance of Colorado.

R21 VETERANS COMMUNITY LIVING CENTER STAFFING TECHNICAL ADJUSTMENT: The request includes a decrease of \$619,209 cash funds to align the subdivision’s appropriation with actual expenditures.

R22 REDUCE MICRO GRANTS: The request includes a decrease of \$250,000 federal funds, which removes all funding for this line item. The request was initiated due to a lack of participation in this program.

R23 HIPAA SECURITY REMEDIATION: The request includes a decrease of \$153,300 total funds, including \$56,700 General Fund, in the line item that funds risk assessments to identify potential violation of privacy laws and designs and implements mitigation plans in accordance with the standards set forth by the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Department proposes this reduction based on prior year spending trends indicating that this line item is appropriated more funds annually than are expended.

R24 PROVIDER RATE INCREASE: The request includes an increase of \$8.2 million total funds, including \$4.8 million General Fund, for an across-the-board increase for community providers. The following table itemizes each requested provider rate increase by division.

PROVIDER RATE INCREASE					
DIVISION	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Executive Director's Office	\$6,834	\$0	\$0	\$6,834	\$0
County Administration	166,666	50,000	33,333	0	83,333
Division of Child Welfare	4,267,831	2,483,823	733,558	154,108	896,342
Office of Early Childhood	1,555,395	556,089	231,041	66,554	701,711
Office of Self Sufficiency	18,439	0	0	0	18,439
Office of Behavioral Health	1,538,337	1,133,764	251,801	152,772	0
Adult Assistance Programs	188,462	131,131	36,635	0	20,696
Division of Youth Services	478,964	441,694	20,281	10,515	6,474
TOTAL	\$8,220,928	\$4,796,501	\$1,306,649	\$390,783	\$1,726,995

NON-PRIORITIZED REQUEST ITEMS: The request includes a decrease of \$1.1 million total funds, including \$685,758 General Fund, including the following adjustments:

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Operating System Suite	\$880,699	\$324,911	\$45,952	\$353,432	\$156,404	0.0
Annual fleet vehicle request	259,388	95,938	13,513	103,940	45,997	0.0
CBMS/PEAK Base Adjustment Request	234,897	214,942	19,955	0	0	0.0
Food service for LVCF population	172,514	0	0	172,514	0	0.0
Cybersecurity liability insurance policy	54,321	20,091	2,831	21,767	9,632	0.0
Children's habilitation residential program transfer	(2,683,276)	(1,341,640)	0	(1,341,636)	0	(1.0)
TOTAL	(\$1,081,457)	(\$685,758)	\$82,251	(\$689,983)	\$212,033	(1.0)

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$14.6 million total funds, including \$8.6 million General Fund, for centrally appropriated line items for the following: state contributions for health, life, and dental benefits; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; payments to the Governor's Office of Information Technology; and an adjustment to indirect cost assessment line items.

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Health, life, and dental	\$5,298,437	\$2,911,907	\$3,083,723	(\$3,333,369)	2,636,176
Salary survey	(4,197,219)	(2,835,829)	(141,047)	(755,330)	(465,013)
Merit pay	9,836,685	5,516,155	590,520	2,596,928	1,133,082
Short-term disability	(20,181)	4,524	16,561	(53,866)	12,600
State PERA contributions	2,078,410	2,085,770	1,082,662	(2,219,232)	1,129,210
Shift differential	1,351,117	716,243	131,153	(430,870)	934,591
Workers' compensation	1,225,747	661,903	0	563,844	0
Legal services	115,963	77,553	1,370	27,590	9,450
Administrative Law Judges	(33,025)	(17,834)	0	(15,191)	0
Payment to risk management/property funds	(643,882)	(347,696)	0	(296,186)	0
Payments to OIT	(351,207)	(189,311)	0	(161,896)	0
Indirect cost assessment adjustment	(62,154)	0	(7,827)	(330)	(53,997)
TOTAL	\$14,598,691	\$8,583,385	\$4,757,115	(\$4,077,908)	5,336,099

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments related to prior year legislation, including the following:

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
SB 17-207 Strengthen behavioral health crisis response system	\$279,592	\$0	\$279,592	0.1
HB 17-1284 Data System Check For Employees Serving At-risk Adults	192,842	(66,167)	259,009	3.1
HB 17-1329 Reform Division Of Youth Corrections	113,177	113,177	0	2.7
SB 17-012 Competency restoration services and education	0	0	0	0.0
SB 17-019 Behavioral health medication for offenders	0	0	0	0.0
HB 16-1290 Extend Transitional Jobs Program	(1,144,653)	(1,144,653)	0	(1.0)
HB 17-1292 Child welfare provider rates	(149,414)	(149,414)	0	0.0
HB 17-1204 Juvenile Delinquency Record Expungement	(108,710)	(108,710)	0	0.0
SB 17-028 Healthy Families And Military Preparedness Act	(12,960)	(12,960)	0	0.0
TOTAL	(\$830,126)	(\$1,368,727)	\$538,601	4.9

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments related to funding decisions made through the prior year Long Bill, including the following:

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Prior year salary survey	\$4,160,628	\$2,813,893	\$140,003	\$750,756	\$455,976	0.0
FY 17-18 R2 DYC 24 Hour Medical Coverage	1,810,901	1,810,901	0	0	0	21.9
FY 17-18 SI Mental health institute program relocation	432,013	432,013	0	0	0	5.9
FY 17-18 BA7 Diversion from criminal justice system	80,549	0	80,549	0	0	0.0
FY 17-18 Legal services allocation adjustment	16,656	0	3,183	7,427	6,046	0.0
FY 17-18 HCPF R7 Oversight of state resources	1,396	1,396	0	0	0	0.1
FY 17-18 R9 Administrative Review Unit staff	1,295	1,295	0	0	0	0.3
FY 17-18 Title IV-E Waiver conclusion	(6,000,000)	0	(6,000,000)	0	0	0.0
FY 17-18 R1 DYC facility staffing phase 3 of 3	(868,198)	(868,198)	0	0	0	5.4
FY 17-18 R10 Mental health institutes security enhancements	(545,719)	(545,719)	0	0	0	0.0
FY 17-18 R19 Mount View Youth Services Center ditch repair	(473,000)	(473,000)	0	0	0	0.0
FY 17-18 R5 County child welfare staffing phase 3	(335,000)	(301,500)	(33,500)	0	0	0.0
FY 17-18 Capitol Complex leased space base adjustment	(146,701)	(79,219)	0	(67,482)	0	0.0
FY 17-18 Statewide common policy adjustment	(95,175)	0	(18,188)	(42,438)	(34,549)	0.0
FY 17-18 R14 Substance use disorder treatment at the mental health institutes	(94,419)	0	(94,419)	0	0	0.0
Prior year merit pay	(30,464)	(20,551)	(570)	(3,857)	(5,486)	0.0
TOTAL	(\$2,085,238)	\$2,771,311	(\$5,922,942)	\$644,406	\$421,987	33.6

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

CHILD WELFARE SYSTEM CAPACITY: This issue discusses the capacity of the child welfare system within the context of county allocations from the Child Welfare Services line item.

PREVENTION AND INTERVENTION SERVICES: This issue discusses prevention and intervention services within the child welfare system and their impact on county block allocations. Programs discussed include Title IV-E waiver interventions and the Collaborative Management and Integrated Care Management Programs.

CHILD PLACEMENTS WITH RESIDENTIAL CHILD CARE FACILITIES AND CHILD PLACEMENT AGENCIES: This issue discusses challenges in the child welfare system related to county negotiated rates with Residential Child Care Facilities and Child Placement Agencies. It contains a brief update on the progress of H.B. 17-1292 (Child Welfare Provider Rates) deliverables.

GENERAL FUND TRANSFER AUTHORITY: This issue discusses the statutory authority granted to the Department to transfer General Fund between specified line items.

DEPARTMENTAL INDIRECT COSTS: This issue provides an update on the Department's Long Bill indirect cost plan.

IMPROVING COUNTY ADMINISTRATION PRACTICES: Senate Bill 16-190 (Improve County Admin Public Assistance Programs) directed the Colorado Department of Human Services to contract with an external vendor to collect and analyze data relating to county costs and performance associated with administering public assistance programs. Additionally, the Department was tasked with designing a program to improve the products, services, and processes associated with administering public assistance programs. Both of these initiatives produced a series of recommendations for future actions that the General Assembly may wish to consider funding or crafting policy to implement.

PROPOSED SNAP ELIGIBILITY CHANGES: Colorado's implementation of the federal Supplemental Nutrition Assistance Program (SNAP), formerly referred to as food stamps, requires households to meet one of three eligibility categories to receive benefits. Beginning in 2010, the Department of Human Services implemented these eligibility categories in a manner inconsistent with federal guidelines. The Department is exploring a solution to attain federal compliance that does not require legislation or funding, but may increase SNAP caseload.

ASSAULTS AND FIGHTS IN YOUTH SERVICES FACILITIES: The General Assembly appropriated \$11.8 million General Fund to add over 200 new positions in the Division of Youth Services (formerly the Division of Youth Corrections) across the previous four fiscal years to stem increases in assaults and fights within the Division's state-owned and -operated secure facilities. Between FY 2014-15 and FY 2016-17, the number of such events has decreased by 11.9 percent, suggesting that staffing additions have made an impact in reducing violence in the Division's facilities.

STAFFING REQUEST FOR YOUTH SERVICES FACILITIES: The General Assembly appropriated \$11.8 million General Fund to the Division of Youth Services (formerly the Division of Youth Corrections) in the past four fiscal years to add staff to state-owned and -operated youth detention and commitment facilities in an effort to improve safety and security of staff and youth by improving staff-to-youth ratios to industry standards. Funds were used to meet these standards in seven of the Division's ten facilities. For FY 2018-19, the unit seeks \$2.6 million General Fund and 49.5 FTE to add 69 positions to reach the standard ratios in the remaining three facilities.

CHILD FIND: The Office of Early Childhood (OEC) is responsible for providing Early Intervention (EI) services to infants and toddlers from birth through two years of age. The initiation of the process is supposed to be timely (28 days) and a coordinated service plan must be developed within 45 days of a child's referral. However, the requirement of meeting these timeframes is not consistent causing multiple issues.

INCREDIBLE YEARS: The Department of Human Services (DHS) is requesting an initial appropriation of \$624,612 cash funds from the Marijuana Tax Cash Fund, which annualizes to \$843,867 cash funds and 1.1 FTE for the Incredible Years program. This program was established in 2002 through philanthropic donations and the Department is requesting expansion of this program.

COURT ORDERS CONCERNING COMPETENCY: The Department has submitted multiple budget requests totaling \$13.7 million for FY 2018-19 that relate to the increasing number of court orders for competency services. The majority of the requests would continue to expand the State's inpatient psychiatric bed capacity.

IMPLEMENTATION OF S.B. 16-202: Senate Bill 16-202 provided \$5.8 million for FY 2016-17 for managed service organizations to increase access to effective substance use disorder services. Initial expenditures have expanded access to residential treatment, withdrawal management program, and medication assisted treatment.

CHANGES TO THE CIRCLE PROGRAM: The Department proposes changes to the appropriation for the Circle Program, an intensive treatment program, to allow services to be provided through community providers rather than through the Colorado Mental Health Institute at Pueblo.

COMPENSATION ADJUSTMENTS FOR DIRECT CARE POSITIONS (R1A): This issue discusses potential impacts of the department's request for funds to raise direct care position salaries on recruitment and retention rates in provider agencies.

Judicial Department

The Judicial Department interprets and administers the law, resolves disputes, and supervises adult and juvenile offenders on probation. The Judicial Branch also includes six independent agencies. The four largest agencies provide legal representation for children, juveniles, or indigent adult defendants in certain types of cases. The Independent Ethics Commission provides advice and guidance on ethics-related matters concerning public officers, members of the General Assembly, local government officials, and government employees. The Office of the Child Protection Ombudsman receives, investigates, and seeks resolution of complaints concerning child protection services and makes recommendations to improve such services. The Department's FY 2018-18 appropriation represents approximately 2.5 percent of statewide operating appropriations and 4.8 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

JUDICIAL DEPARTMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	710,314,244	512,932,613	157,894,176	35,062,455	4,425,000	4,647.5
Other Legislation	69,737	69,737	0	0	0	0.8
TOTAL	\$710,383,981	\$513,002,350	\$157,894,176	\$35,062,455	\$4,425,000	4,648.3
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$710,383,981	513,002,350	\$157,894,176	\$35,062,455	\$4,425,000	4,648.3
JUD R1 System Maintenance Study	4,138,738	3,974,756	163,982	0	0	0.0
JUD R2 Court Supervisors	919,501	919,501	0	0	0	15.0
JUD R3 Problem Solving Court Coordinators	500,682	500,682	0	0	0	7.0
JUD R4 Access to Justice	133,876	133,876	0	0	0	1.0
JUD R5 IT Project Management and Information Security Staff	840,015	840,015	0	0	0	7.0
JUD R6 Interstate Compact FTE Transfer	119,409	119,409	0	0	0	2.0
JUD R7 Courthouse Furnishing	3,153,360	3,153,360	0	0	0	0.0
JUD R8 Merchant and Courier Fees	286,033	286,033	0	0	0	0.0
JUD R9 E-filing/postage/mailing/processing	308,834	0	308,834	0	0	0.0
JUD R10 Restorative Justice Cash Fund Spending Authority	230,000	0	230,000	0	0	0.0
JUD R11 Compensation for Exonerated Persons	(110,124)	(110,124)	0	0	0	0.0
OSPD R1 Workload and Caseload Increases	4,213,138	4,213,138	0	0	0	56.4
OSPD R2 IT Support, Security, and Development	870,620	870,620	0	0	0	4.0
OSPD R3 Interpreters	38,702	38,702	0	0	0	0.0
OADC R1 Caseload Increase	6,558,038	6,558,038	0	0	0	0.0
OADC R2 Administrative Support	79,981	79,981	0	0	0	1.0
OADC R3 Contractor rate increase	2,306,291	2,306,291	0	0	0	0.0
OCR R1 Caseload/Workload adjustment	(612,421)	(612,421)	0	0	0	0.0
OCR R2 Court-appointed counsel rate increases	1,893,531	1,893,531	0	0	0	0.0
OCR R3 Information Systems Manager Reclassification	18,889	18,889	0	0	0	0.0
OCR R4 Social Services Professional Coordinator	107,963	107,963	0	0	0	1.0
OCR R5 Reclassify staff positions	41,859	41,859	0	0	0	0.0

JUDICIAL DEPARTMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OCR R6 Increase administrative assistant position to full-time	20,896	20,896	0	0	0	0.5
OCR R7 Align common compensation plan positions	5,350	5,350	0	0	0	0.0
ORPC R1 Continuation of Social Worker Pilot Program	302,640	302,640	0	0	0	0.0
ORPC R2 Mandated Costs	191,999	191,999	0	0	0	0.0
ORPC R3 Increase in Contractor Hourly Rates	915,883	915,883	0	0	0	0.0
ORPC R4 Contract Statistician	220,000	220,000	0	0	0	0.0
ORPC R5 Operating Expenses	16,931	16,931	0	0	0	0.0
OCPO R1 Additional FTE and Associated Costs	234,940	234,940	0	0	0	2.0
CDAC R1 District Attorney Mandated Costs	74,543	74,543	0	0	0	0.0
NP1 Cybersecurity Liability Insurance Policy	26,827	26,827	0	0	0	0.0
NP2 Common Policy Provider Rate Increase	339,696	154,131	15,717	169,848	0	0.0
Centrally Appropriated Line Items	14,110,889	13,091,015	1,019,874	0	0	0.0
Annualize Prior Year Legislation	798,746	806,958	(8,212)	0	0	0.2
Adjust payment to PERA for Retired Judges who hear cases	41,019	41,019	0	0	0	0.0
Annualize Prior Year Budget Actions	(4,437,368)	(3,847,112)	(590,256)	0	0	0.0
Fund Source Adjustment	(27,541)	(105,682)	(27,541)	105,682	0	0.0
TOTAL	\$749,256,346	\$550,486,787	\$159,006,574	\$35,337,985	\$4,425,000	4,745.4
INCREASE/(DECREASE)	\$38,872,365	\$37,484,437	\$1,112,398	\$275,530	\$0	97.1
Percentage Change	5.5%	7.3%	0.7%	0.8%	0.0%	2.1%

GENERAL NOTE: The descriptions of prioritized requested changes in the above table and the descriptions below indicate the source of the request. Specifically:

- "JUD" indicates a request submitted by the Chief Justice concerning courts or probation programs;
- "OSPD" indicates a request submitted by the Office of the State Public Defender;
- "OADC" indicates a request submitted by the Office of the Alternate Defense Counsel;
- "OCR" indicates a request submitted by the Office of the Child's Representative;
- "ORPC" indicates a request submitted by the Office of the Respondent Parents' Counsel;
- "OCPO" indicates a request submitted by the Office of the Child Protection Ombudsman;
- "IEC" indicates a request submitted by the Independent Ethics Commission; and
- "CDAC" indicates a request submitted by the Colorado District Attorneys' Council.

Requests from Judicial Department (Courts/Probation)

JUD R1 SYSTEM MAINTENANCE STUDY: The request includes an increase of \$4,138,738 total funds, including \$3,974,756 General Fund, to pay salary survey adjustments that change the salary ranges for 54 job classes in the Judicial Department. The salary survey was performed by Segal Waters, a third-party compensation consulting company, which produced the Department's FY 2017-18 Annual Compensation Report.

JUD R2 COURT SUPERVISORS: The request includes an increase of \$919,501 General Fund and 15.0 supervisor FTE to improve the staff-to-supervisor ratio for trial court staff. The Department states that addition of these supervisor positions will ensure trial court staff have the support and training needed to provide quality customer service and assistance to court users while also allowing for leadership development and full engagement with data integrity efforts.

JUD R3 PROBLEM SOLVING COURT COORDINATORS: The request includes an increase of \$500,682 total funds (comprised of \$492,072 General Fund and \$8,610 cash funds) to hire 7.0 FTE as Problem Solving Court Coordinators II.

JUD R4 ACCESS TO JUSTICE: The request includes an increase of \$133,876 General Fund and 1.0 FTE for an Access to Justice Coordinator to guide and coordinate resources to broaden access to civil justice for all litigants, including self-represented litigants, individuals of modest means, those of limited or no English proficiency, and individuals with mental or physical disabilities.

JUD R5 IT PROJECT MANAGEMENT AND INFORMATION SECURITY STAFF: The request includes an increase of \$840,015 General Fund and 7.0 FTE to establish an IT Project Management Office and hire the additional information security staff necessary to provide adequate protection and regulatory compliance for the Branch's networks, systems, applications, and data. The request includes \$605,421 and 5.0 FTE to establish a Project Management Office and \$240,744 and 2.0 FTE for additional information security staff.

JUD R6 INTERSTATE COMPACT FTE TRANSFER: The request includes the transfer of 2.0 FTE from the Department of Corrections' (DOC) Parole Subprogram to the Judicial Department's Probation Division. These FTE do administrative work related to the Interstate Compact which controls the placement of probationers and parolees in other states. FY 2018-19 General Fund expenditures of the Department of Corrections will decline by \$92,913. The entire DOC decline is in personal services. The FY 2018-19 General Fund expenditures of the Judicial Department will rise by \$119,409 General Fund, comprised of \$108,103 for personal services, \$1,900 for ongoing operating costs, and \$9,406 for one-time capital outlay. No people will move between departments; Judicial will hire or promote internally; DOC will move employees into other open positions. This request corresponds with request R7 submitted by the Department of Corrections.

JUD R7 COURTHOUSE FURNISHINGS AND INFRASTRUCTURE: The request includes an increase of \$3,153,360 General Fund to address required infrastructure and courthouse furnishing needs. Colorado counties provide and maintain courtrooms and other court facilities, while the State provides the furnishings, infrastructure, and court staffing. This request is for infrastructure and courthouse furnishings for expanded, remodeled, or new facilities, as well as to replace or refurbish existing furniture that is no longer useable or will soon become unusable without repair.

JUD R8 MERCHANT AND COURIER FEES: The request includes an increase of \$286,033 General Fund to pay for (1) increased merchant fees on credit card transactions and (2) increased courier fees for armored transportation of court fines and fees collected at each court location. Merchant fees have increased substantially due to the growing use of credit cards to pay court fines and fees.

JUD R9 E-FILING/POSTAGE/MAILING/PROCESSING: The request includes an increase of \$308,834 cash funds from the Judicial Information Technology Cash Fund to pay for printing and postage costs associated with public access and e-filing. E-filing by one person can generate mailings to others who cannot be notified electronically. During the last two year, e-filing has been expanded to the criminal docket, which has generated additional mailings. The cash funds are from the fee that is assessed when an electronic filing is accepted by the court.

JUD R10 RESTORATIVE JUSTICE CASH FUND SPENDING AUTHORITY: The request includes an increase of \$230,000 cash funds from the Restorative Justice Surcharge Cash Fund to support growth in existing funded Restorative Justice programs and to expand funding for new Restorative Justice programs. The Restorative Justice Cash Fund receives revenue from a \$10 surcharge levied on persons convicted of a crime.

JUD R11 COMPENSATION FOR EXONERATED PERSONS: The request included elimination of a \$110,124 General Fund appropriation for compensation of exonerated persons. There are currently no individuals who qualify for these payments.

Requests from Office of the State Public Defender (OSPD)

OSPD R1 WORKLOAD AND CASELOAD INCREASES: The request includes an increase of \$4,213,138 General Fund and 56.4 FTE for FY 2018-19, annualizing to \$4,607,097 and 56.4 FTE and in FY 2019-20 to respond to the caseload and workload increase that the Office has experienced.

OSPD R2 IT SUPPORT, SECURITY, AND DEVELOPMENT: The request includes an increase of \$870,620 General Fund and 4.0 FTE to address the Office's information technology needs. This includes development of a Case Management System, provision of increased (and ongoing) IT support for the Public Defender's 21 regional offices, software licensure, hardware replacement, and security upgrades. In the second year expenditures decline to \$472,407 and 4.0 FTE.

OSPD R3 INTERPRETERS: The request includes an increase of \$38,702 General Fund for the increased cost of contract non-Spanish language interpreters. The request is in response to a translator rate increase enacted by the Judicial Department on July 1, 2017 as well as increased demand for non-Spanish language interpreters.

Requests from Office of the Alternate Defense Counsel (OADC)

OADC R1 CASELOAD INCREASE: The request includes an increase of \$6,558,038 General Fund for its increased caseload, comprised of \$6,112,242 for Conflict-of-interest Contracts and \$445,796 for Mandated Costs.

OADC R2 ADMINISTRATIVE SUPPORT: The request includes an increase of \$79,981 General Fund and 1.0 FTE to add an Administrative Specialist III. This will alleviate the shortage of support staff that has resulted from the Office's caseload increase.

OADC R3 CONTRACTOR RATE INCREASE: The request includes an increase of \$2,306,291 General Fund for a 6.7% rate increase for its contractors.

Requests from Office of the Child's Representative (OCR)

OCR R1 WORKLOAD AND CASELOAD ADJUSTMENT: The request includes a \$612,421 General Fund reduction to align the Office's Court-Appointed Counsel appropriation with its lower workload and caseload.

OCR R2 COURT-APPOINTED COUNSEL RATE INCREASES: The request includes an increase of \$1,893,531 General Fund to increase the hourly rate paid to attorneys to \$80, the hourly rate paid to social service professionals to \$44, and the hourly rate paid to paralegals to \$32. These are approximately 6.7% increases.

OCR R3 INFORMATION SYSTEMS MANAGER RECLASSIFICATION: The request includes an increase of \$18,889 General Fund for the reclassification of the Office's Information Systems (IS) Manager, whose salary is currently aligned with that of a Judicial Information Technology Systems Analyst II, as a Judicial Information Technology Systems Analyst III.

OCR R4 SOCIAL SERVICES PROFESSIONAL COORDINATOR: The request includes an increase of \$107,963 General Fund to fund a 1.0 FTE Social Service Professional Coordinator. This will expand the use of professional social workers to Guardians ad litem (GALs) across Colorado. Many of the specific investigative tasks assigned to GALs by Chief Justice Directive 04-06 can be performed by qualified social workers working under the direction of the GAL at a lower cost.

OCR R5 RECLASSIFY STAFF POSITIONS: The request includes an increase of \$41,859 General Fund for the reclassification of several positions in the OCR's El Paso County Guardian Ad Litem office.

OCR R6 INCREASE ADMINISTRATIVE ASSISTANT POSITION TO FULL-TIME: The request includes an increase of \$20,896 to increase the Administrative Assistant position in the Denver Office of the Child's Representative from 0.5 FTE to 1.0 FTE.

OCR R7 ALIGN COMMON COMPENSATION PLAN POSITIONS: The request includes an increase of \$5,350 to align salaries for two of the Office's positions with similar positions within the State Court Administrator's Office (i.e. the main Judicial office).

Requests from Office of the Respondent Parents' Counsel (ORPC)

ORPC R1 CONTINUATION OF SOCIAL WORKER PILOT PROGRAM: The request includes an increase of \$302,640 General Fund for the continuation for a second year of the Social Worker Pilot Program that the Committee approved last year. The program provides attorneys in two judicial districts who serve as respondent parents' counsel with access to contract social workers. The program, which began operation this fiscal year, is based on a multidisciplinary approach to parent representation developed in other states and is expected to improve outcomes for parents and children in Colorado.

ORPC R2 MANDATED COSTS: The request includes an increase of \$191,999 in increased Mandated Costs for expert witnesses, transcripts, and other court costs. Statute states that an indigent parent in a dependency and neglect proceeding has the right to have appointed one expert witness of his or her own choosing whose reasonable fees and expenses are paid by the State. Recent changes to Colorado appellate rules have increased the number of court transcripts that must be prepared.

ORPC R3 INCREASE IN CONTRACTOR HOURLY RATES: The request includes an increase of \$915,883 General Fund, comprised of \$900,958 for Court-Appointed Counsel and \$14,925 for Mandated Costs to pay for a 6.7% increase in the hourly contractor rates for attorneys, paralegals, investigators, and social workers.

ORPC R4 CONTRACT STATISTICIAN: The request includes an increase of \$220,000 General Fund to engage a contract statistician who will evaluate the overall effectiveness of the Office of Respondent Parents' Counsel and the Social Worker Pilot Program.

ORPC R5 OPERATING EXPENSES. The request includes an increase of \$16,931 in Operating Expenses to align the appropriation with the needs of the office and to complete scheduled replacements of computers and acquisition of software.

Requests from Office of the Child Protection Ombudsman (OCPO)

OCPO R1 ADDITIONAL FTE AND ASSOCIATED COSTS: The request includes an increase of \$234,940 General Fund and 2.0 FTE. The increase is comprised of (1) \$140,766 for 1.5 FTE who will investigate complaints regarding systemic problems in the child welfare system and investigate the increasingly complex individual cases that are being brought to the Ombudsman, (2) \$30,018 and 0.5 FTE for an Administrative Coordinator, (3) \$56,104 to build out and furnish two offices in the Office’s current space at the Carr Judicial Center to accommodate the added staff, and (4) \$8,052 to increase the Office’s internet bandwidth.

Requests from the Colorado District Attorneys' Council

CDAC R1 DISTRICT ATTORNEY MANDATED COSTS: The request includes an increase of \$74,543 General Fund (3.0 percent) to reimburse district attorneys for costs incurred for prosecution of state matters. *[For more information, see Appendix C, Judicial request for information #5.]*

Other Changes Requested by Judicial Agencies

NP1 CYBERSECURITY LIABILITY INSURANCE POLICY: The request includes an increase of \$26,827 General Fund for an insurance policy to cover costs associated with cyber security breaches.

NP2 COMMON POLICY PROVIDER RATE INCREASE: The request includes an increase of \$339,696 total funds (\$154,131 General Fund) to increase the rates paid to probation providers by one percent.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes the following adjustments to central appropriations:

CENTRAL APPROPRIATIONS ADJUSTMENTS						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL	FTE
Salary survey	\$10,271,114	\$9,761,543	\$509,571	\$0	\$0	0.0
Health, life, and dental	2,677,933	2,543,860	134,073	0	0	0.0
SAED	930,296	743,447	186,849	0	0	0.0
AED	732,384	546,684	185,700	0	0	0.0
Workers’ compensation	358,275	358,275	0	0	0	0.0
CORE	134,043	134,043	0	0	0	0.0
Legal services	41,738	41,738	0	0	0	0.0
Vehicle lease payments	39,515	39,515	0	0	0	0.0
Leased space	29,448	29,448	0	0	0	0.0
Payments to OIT	(721,603)	(721,603)	0	0	0	0.0
Payment to risk management / property funds	(344,880)	(344,880)	0	0	0	0.0
Short-term disability	(30,020)	(33,701)	3,681	0	0	0.0
Merit pay	(7,354)	(7,354)	0	0	0	0.0
TOTAL	\$14,110,889	\$13,091,015	\$1,019,874	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes the following adjustments for annualization of prior year legislation:

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL	FTE
HB 17-1265 PERA Judicial Division Total Employer Contrib.	726,273	704,485	21,788	0	0	0.0
HB 17-1087 Office of Public Guardianship	107,176	107,176	0	0	0	0.0
SB 08-054 (Judicial Performance Evaluations) No public awareness poll this year per that bill	(30,000)	0	(30,000)	0	0	0.0
HB 17-1204 Juvenile delinquency record expungement	(\$4,703)	(\$4,703)	\$0	\$0	\$0	0.2
TOTAL	\$798,746	\$806,958	(\$8,212)	\$0	\$0	0.2

OTHER: The request includes an increase of \$41,019 for the payments the Department makes to PERA when a judge hears cases on a part time basis after retiring. PERA makes additional payments to the judge

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes the following adjustments for annualization of prior year budget actions:

ANNUALIZE PRIOR BUDGET ACTIONS						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL	FTE
ORPC Lease Payment	\$46,687	\$46,687	\$0	\$0	\$0	0.0
Prior year salary survey	17,159	17,159	0	0	0	0.0
Merit base pay	7,354	7,354	0	0	0	0.0
FY 17-18 JUD R1/BA2 Courthouse capital and infrastructure maintenance	(3,230,056)	(2,639,800)	(590,256)	0	0	0.0
FY 17-18 OCR R2 Case management and billing system	(795,000)	(795,000)	0	0	0	0.0
FY 17-18 ORPC BA2 Social Worker Pilot Program	(301,033)	(301,033)	0	0	0	0.0
FY 17-18 OSPD R2 Mandated and electronic data management expenses	(116,246)	(116,246)	0	0	0	0.0
FY 17-18 OCR R3 El Paso GAL office relocation	(37,864)	(37,864)	0	0	0	0.0
FY 17-18 OSPD R4 Vehicles	(15,667)	(15,667)	0	0	0	0.0
FY 17-18 OSPD R1 Support staff	(10,534)	(10,534)	0	0	0	0.0
FY 17-18 OSPD R3 New criminal judge in the 12th	(2,168)	(2,168)	0	0	0	0.0
TOTAL	(\$4,437,368)	(\$3,847,112)	(\$590,256)	\$0	\$0	0.0

FUND SOURCE ADJUSTMENT: The request reflects a \$105,682 increase in the leased space payments paid by tenants within the Ralph L. Carr Colorado Judicial Center (reappropriated funds received from General Funded tenant agencies). This added revenue is used to decrease in the General Fund share of Carr Center debt service payments by the same amount, i.e. by \$105,682. However, the Carr Center’s debt service payment is also scheduled to go down by \$27,541. This amount is paid from the Judicial Center Cash Fund, so cash fund payments decline by that amount.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

ATTORNEY CONTRACTOR RATE INCREASES: Three Judicial Branch agencies, the Office of the Alternate Defense Council, the Office of the Child’s Representative, and the Office of the Respondent Parents Council, are requesting coordinated rate increases for the contract attorneys who provide legal representation for the clients that these agencies serve. In support of this request, the agencies point to the higher billing rates charged by private-sector attorneys and the higher rates the federal government pays to contract attorneys. The issue examines trends in Colorado attorney billing rates and suggests that a contractor rate increase can wait until a future year.

FUNDING CARR CENTER CONTROLLED MAINTENANCE: The State Court Administrator’s Office has asked the JBC to sponsor a bill that would create a dedicated controlled maintenance cash fund for the Judicial Branch’s Carr Center. The Department proposes to transfer \$3.0 million into the fund when it is established and subsequently add \$500,000 annually to the new fund from the cash fund revenues it receives from court fees, rent paid by Carr Center tenants, and parking fees. Staff recommends that the Committee carry this bill but believes deposits into the fund should be larger to meet future controlled maintenance needs. Staff recommends an annual contribution to the fund equal to one percent of the Carr Center’s insured value.

CONSOLIDATED APPROPRIATION FOR JUDICIAL BRANCH HEALTH, LIFE, AND DENTAL EXPENDITURES: This issue brief examines the Health, Life, and Dental (HLD) appropriations that are currently in the Long Bill for Judicial Branch agencies. It explains why these seven separate appropriations are difficult for JBC staff to handle and examines the objections that the Judicial Branch agencies have to consolidation, particularly the concern that the largest judicial agency will pay the cost when HLD appropriation shortfalls occur and the fear that consolidated appropriations will create conflicts that undermine the independence of the agencies. It suggests that supplemental Health, Life, and Dental appropriations and overexpenditures approved by the Chief Justice of the Colorado Supreme Court pursuant to statute can mitigate these problems.

Department of Labor and Employment

The Department of Labor and Employment is responsible for administering unemployment insurance programs, enforcement of the state's labor laws, and inspections of a variety of industries from retail fuel locations to amusement park rides. The Department's FY 2017-18 appropriation represents approximately 0.9 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF LABOR AND EMPLOYMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	251,033,822	21,380,958	72,519,276	9,515,450	147,618,138	1,310.1
Other legislation	6,000	0	6,000	0	0	0.0
TOTAL	\$251,039,822	\$21,380,958	\$72,525,276	\$9,515,450	\$147,618,138	1,310.1
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$251,039,822	21,380,958	\$72,525,276	\$9,515,450	\$147,618,138	1,310.1
R1 Unemployment insurance reemployment program	230,900	0	230,900	0	0	0.0
NP1 Cybersecurity liability insurance policy	4,072	102	1,170	0	2,800	0.0
NP2 OIT Operating system and office productivity service	420,999	0	133,620	0	287,379	0.0
Community provider rate adjustment	66,668	66,668	0	0	0	0.0
Centrally appropriated line items	5,094,143	461,223	2,872,178	35,013	1,725,729	0.0
Annualize prior year budget actions and legislation	(4,026,689)	(3,406,823)	(663,337)	(1,004)	44,475	0.0
Technical adjustments	(289,967)	0	(163,902)	7,376	(133,441)	0.0
TOTAL	\$252,539,948	\$18,502,128	\$74,935,905	\$9,556,835	\$149,545,080	1,310.1
INCREASE/(DECREASE)	\$1,500,126	(\$2,878,830)	\$2,410,629	\$41,385	\$1,926,942	0.0
Percentage Change	0.6%	(13.5%)	3.3%	0.4%	1.3%	0.0%

R1 UNEMPLOYMENT INSURANCE: The request includes \$230,900 cash funds from the Unemployment Revenue Fund in FY 2018-19, annualizing to \$200,000 in future years, to implement a new online job search readiness system for claimants of unemployment insurance. The Department proposes to purchase, from a vendor, licenses for claimant access to a suite of online job preparedness modules.

NP1 CYBERSECURITY INSURANCE: The request includes Department's share of a request in the Department of Personnel for cybersecurity liability insurance. This request will be addressed in the briefing for the Department of Personnel.

NP2 OPERATING SYSTEM SUITE: The request includes the Department's share of a request in the Governor's Office of Information Technology (OIT) to create a new common policy service that encompasses products and services under the new Microsoft Licensing Agreement. This request will be addressed in the briefing for the Governor's Office.

COMMUNITY PROVIDER RATE ADJUSTMENT: The request includes a common-policy 1.0 percent provider rate increase for independent living centers in the Division of Vocational Rehabilitation.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; shift differential; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; leased space; Capitol complex leased space; payments to OIT; and CORE operations.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS AND LEGISLATION: The request includes the following adjustments for prior year budget actions and legislation.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS AND LEGISLATION						
	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize S.B. 16-1267 (Veterans Service to Career Program)	(\$165,296)	\$0	(\$165,296)	\$0	\$0	0.0
Annualize H.B. 15-1276 (Skilled Worker Outreach Program)	(3,400,000)	(3,400,000)	0	0	0	0.0
Annualize FY 2018 R1 Conveyance App and DB	(445,000)	0	(445,000)	0	0	0.0
Annualize prior year salary survey	(5,776)	(7,066)	(25,605)	(368)	27,263	0.0
Annualize merit base pay	(10,617)	243	(27,436)	(636)	17,212	0.0
TOTAL	(\$4,026,689)	(\$3,406,823)	(\$663,337)	(\$1,004)	\$44,475	0.0

TECHNICAL ADJUSTMENTS: The request includes various other technical adjustments. These in part offset the Department's request for an increase for the NP2 Operating System Suite.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

THE UNEMPLOYMENT INSURANCE PROGRAM AND R1 REEMPLOYMENT INITIATIVE: Unemployment insurance claims are low due to historically low unemployment rates. The Department is using this low-demand period to implement unemployment insurance program improvements and replace its antiquated computer systems. It has requested \$230,900 for a computer-based system to promote re-employment. Requests have not, to date, been submitted on two other important issues: (1) The UI Trust Fund is projected to become insolvent under recessionary conditions without further statutory changes; (2) the Department is likely to request funding for additional computer system upgrades.

2015 AND 2016 STATE WORKFORCE-DEVELOPMENT BILLS SCHEDULED TO SUNSET: A number of programs authorized by 2015 and 2016 workforce bills repeal or lose funding at the end of FY 2017-18. The Department of Labor and Employment has not requested that any of the repealing programs be continued in future years and has correctly eliminated (annualized) \$3.6 million in associated General Fund support from its FY 2018-19 request.

UPDATE ON THE DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES TRANSFER TO LABOR AND EMPLOYMENT: The General Assembly transferred the Division of Vocational Rehabilitation and Independent Living Services from the Department of Human Service (DHS) to the Department of Labor and Employment (CDLE) effective July 1, 2016. The CDLE has effectively addressed some of the serious financial management problems that occurred under DHS. CDLE continues to work on expanding the vocational rehabilitation caseload and balancing accountability and efficiency in program operations.

Department of Law

The Attorney General is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of Law, the Attorney General represents and defends the legal interests of the people of the State of Colorado and serves as the legal counsel and advisor to state agencies. The Department's FY 2017-18 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF LAW						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	80,889,104	16,196,933	17,305,035	45,558,665	1,828,471	472.5
Other legislation	187,977	17,250	9,140	161,587	0	0.9
TOTAL	\$81,077,081	\$16,214,183	\$17,314,175	\$45,720,252	\$1,828,471	473.4
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$81,077,081	16,214,183	\$17,314,175	\$45,720,252	\$1,828,471	473.4
R1 Medicaid fraud investigator	120,281	30,070	0	0	90,211	1.0
R2 P.O.S.T. compliance inspector	93,093	0	93,093	0	0	1.0
R3 Combine marijuana appropriations in POST	0	0	0	0	0	(1.0)
R4 Budget reductions	(425,000)	0	(325,000)	(100,000)	0	0.0
Centrally appropriated line items	1,987,754	655,082	402,393	829,427	100,852	0.0
Indirect cost assessment adjustments	226,306	0	68,857	151,733	5,716	0.0
Annualize prior year legislation	171,731	0	0	171,731	0	1.0
Adjust anticipated grant funds	12,956	0	0	12,956	0	0.0
NP Microsoft ELA operating systems suite	12,613	29,423	14,683	(34,272)	2,779	0.0
Fund source adjustments	0	(133,124)	(150,832)	283,956	0	0.0
Annualize prior year budget actions	(33,363)	(87,264)	(26,870)	80,771	0	0.0
TOTAL	\$83,243,452	\$16,708,370	\$17,390,499	\$47,116,554	\$2,028,029	475.4
INCREASE/(DECREASE)	\$2,166,371	\$494,187	\$76,324	\$1,396,302	\$199,558	2.0
Percentage Change	2.7%	3.0%	0.4%	3.1%	10.9%	0.4%

R1 MEDICAID FRAUD INVESTIGATOR: The request includes an increase of \$120,281 total funds (including \$30,070 General Fund and \$90,211 federal funds) and 1.0 FTE to support an additional criminal investigator in the Medicaid Fraud Control Unit (Unit). Supported with 75.0 percent federal funds and 25.0 percent General Fund, the Unit currently includes a total of 7.0 investigators, with 6.0 focused on Medicaid provider fraud, waste, and financial abuse and 1.0 investigator tasked with investigating patient abuse, neglect, and exploitation cases. In response to increasing workload and a 2016 federal review that found that the Unit investigated few patient abuse and neglect cases and had not adequately prioritized such cases, the request proposes to add another investigator FTE specifically focused on patient abuse, neglect, and exploitation.

R2 P.O.S.T. COMPLIANCE INSPECTOR: The request includes an increase of \$93,093 cash funds from the P.O.S.T. Board Cash Fund to add a compliance inspector to conduct additional oversight and inspections of law enforcement academies. The Peace Officers Standards and Training (P.O.S.T.) Board is responsible for the approval, inspection, and regulation of basic and reserve peace officer academy programs statewide. There are currently 29 academies in Colorado, including 23 basic police academies, five reserve academies, and 1 refresher academy. The Department

reports that 3 additional academies will be operational by January 2018, bringing the total to 32. The P.O.S.T. Board currently has 1.0 compliance inspector FTE to inspect academies' programs, including driving, firearms, arrest control, and curricula. According to the Department, the current staffing level only allows for complete inspection of each academy approximately every five years. The P.O.S.T. Board has determined that inspections that are more frequent are necessary to reduce academies' opportunities to vary from P.O.S.T. rules and state statutes and to minimize risk to the State. The Department estimates that adding the requested FTE would allow for inspections of each of the anticipated 32 academies every three years.

R3 COMBINE MARIJUANA APPROPRIATIONS IN POST: The Department proposes to shift \$286,766 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE currently appropriated to the Special Prosecutions Unit to the P.O.S.T. Board in order to consolidate all of the Department's marijuana- related training activities within the P.O.S.T. Board line item. The FY 2017-18 appropriation includes the following training-related appropriations from the Marijuana Tax Cash Fund: (1) \$286,766 and 2.0 FTE to the Special Prosecutions Unit and (2) \$750,000 and 1.0 FTE to the P.O.S.T. Board. When the original appropriations were made through S.B. 14-215 (Disposition of Legal Marijuana Related Revenue), the Department envisioned two district training efforts: an attorney and related support (housed within the Special Prosecutions Unit) to train prosecutors and law enforcement on the legal implications and challenges of the marijuana laws and a separate effort through P.O.S.T. related to on-the-ground enforcement efforts. The Department is proposing to consolidate both efforts within the P.O.S.T. item and to eliminate the existing support staff position currently housed within the Special Prosecutions Unit (a net reduction of 1.0 FTE). The following table shows the budgetary impact of the proposal for each line item.

R3 COMBINE MARIJUANA APPROPRIATIONS IN P.O.S.T.			
LINE ITEM	FY 2017-18 MTCF APPROP.	FY 2018-19 DEPT. REQUEST.	CHANGE
Special Prosecutions Unit	\$286,766	\$0	(\$286,766)
FTE	2.0	0.0	(2.0)
P.O.S.T. Board	\$750,000	\$1,036,766	\$286,766
FTE	1.0	2.0	1.0
Total	\$1,036,766	\$1,036,766	\$0
FTE	3.0	2.0	(1.0)

R4 BUDGET REDUCTIONS: The Department is requesting a reduction of \$425,000 cash and reappropriated funds spending authority to better align appropriations with anticipated expenditures for three line items. Based on reversions in recent years, the request includes the following reductions: (1) \$200,000 cash funds from the Tobacco Settlement Defense Account currently appropriated to the Tobacco Litigation line item; (2) \$125,000 cash funds from the Colorado Water Conservation Board Litigation Fund currently appropriated to the Consultant Expenses line item; and (3) \$100,000 reappropriated funds (originally from the Hazardous Substance Response Fund in the Department of Public Health and Environment) to eliminate the Comprehensive Environmental Response, Compensation and Liability (CERCLA) Acts Contracts line item.

R4 BUDGET REDUCTIONS				
LINE ITEM	FY 2016-17 ACTUAL	FY 2017-18 APPROP.	FY 2018-19 DEPT. REQUEST.	CHANGE
Tobacco Litigation (Consumer Protection Section) - CF	\$853,479	\$1,250,000	\$1,050,000	(\$200,000)
Consultant Expenses (Water and Natural Resources Section) - CF	120,491	400,000	275,000	(125,000)
CERCLA Contracts (Water and Natural Resources Section) - RF	0	100,000	0	(100,000)
Total	\$973,970	\$1,750,000	\$1,325,000	(\$425,000)
Cash Funds	973,970	1,650,000	1,325,000	(325,000)
Reappropriated Funds	0	100,000	0	(100,000)

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$1,987,754 total funds (including \$655,082 General Fund) related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$1,475,495	\$410,639	\$164,611	\$863,599	\$36,646	0.0
Health, life, and dental adjustment	346,036	76,273	116,483	114,607	38,673	0.0
Workers' compensation adjustment	61,279	18,401	9,891	31,201	1,786	0.0
Carr Center Lease Costs Adjustment	59,002	26,716	90,837	(62,032)	3,481	0.0
AED adjustment	52,625	51,766	2,603	(11,759)	10,015	0.0
SAED adjustment	52,625	51,766	2,603	(11,759)	10,015	0.0
Vehicle lease payments adjustment	20,743	18,052	6,775	(4,544)	460	0.0
CORE adjustment	13,236	4,357	2,382	6,086	411	0.0
Legal services adjustment	4,268	1,271	2,997	0	0	0.0
Short-term disability adjustment	2,000	1,967	99	(447)	381	0.0
IT asset maintenance adjustment	0	13,642	9,871	(23,991)	478	0.0
Payment to risk management / property funds adjustment	(57,030)	(14,647)	(5,904)	(35,195)	(1,284)	0.0
Payments to OIT adjustment	(32,149)	(4,884)	1,161	(28,216)	(210)	0.0
Continuing legal education adjustment	(8,360)	(237)	0	(8,123)	0	0.0
ALJ adjustment	(2,016)	0	(2,016)	0	0	0.0
TOTAL	\$1,987,754	\$655,082	\$402,393	\$829,427	\$100,852	0.0

INDIRECT COST ASSESSMENT ADJUSTMENTS: The request includes a net increase in the Department's indirect cost assessments.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments to reflect the FY 2018-19 impact of legislation passed in prior years, including the adjustments shown in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 17-1284 (Protecting At-risk Adults)	\$175,842	\$0	\$0	\$175,842	\$0	1.0
Annualize HB 17-1057 (Physical Therapy Interstate Compact)	14,259	0	0	14,259	0	0.1
Annualize SB 15-288 (Compensation Paid to Certain Public Officials)	10,621	0	0	10,621	0	0.0
Annualize HB 17-1367 (Marijuana Research Authorization)	(19,010)	0	0	(19,010)	0	(0.1)
Annualize HB 17-1221 (Gray and Black Market Marijuana Enforcement Grants)	(3,327)	0	0	(3,327)	0	0.0
Annualize HB 17-1313 (Civil Forfeiture Reform)	(3,327)	0	0	(3,327)	0	0.0
Annualize HB 17-1326 (Justice Reinvestment Crime Prevention)	(3,327)	0	0	(3,327)	0	0.0
TOTAL	\$171,731	\$0	\$0	\$171,731	\$0	1.0

ADJUST ANTICIPATED GRANT FUNDS: The request includes an increase of \$12,956 reappropriated funds to reflect the total amount of grant funding anticipated to be available from the Department of Public Safety. The total includes the following increases: (1) \$11,084 for efforts to investigate and prosecute multi-jurisdictional auto theft; and (2) \$1,872 associated with victims' assistance programs. Section 24-31-108 (1) (b) (I), C.R.S., continuously appropriates grant funds to the Department of Law, and these funds are reflected in the Long Bill for informational purposes only.

NP MICROSOFT ELA OPERATING SYSTEMS SUITE: The request includes a net increase of \$12,613 total funds (including an increase of \$29,423 General Fund) associated with an Office of Information Technology (OIT) request to centralize licensing for operating system and Microsoft Office applications.

FUND SOURCE ADJUSTMENTS: The request includes an increase of \$283,956 reappropriated funds that is offset by decreases in General Fund (\$133,124) and cash funds (\$150,832).

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments related to prior year budget actions, primarily decision items. The following table itemizes the requested annualizations for FY 2018-19.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year salary survey	\$0	(\$61,127)	\$0	\$61,127	\$0	0.0
Annualize prior year merit base pay	0	(26,137)	0	26,137	0	0.0
Annualize FY 2017-18 Consumer Protection FTE	(16,728)	0	(16,728)	0	0	0.0
Annualize FY 2017-18 Financial Fraud Investigator	(11,932)	0	(10,142)	(1,790)	0	0.0
Annualize FY 2017-18 IT Security FTE	(4,703)	0	0	(4,703)	0	0.0
TOTAL	(\$33,363)	(\$87,264)	(\$26,870)	\$80,771	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

MAJOR LITIGATION PENDING AGAINST THE STATE: The Department of Law submits an annual report to the State Controller discussing pending litigation against the State that could have a significant financial impact. The 2017 report includes cases involving: the Department of Corrections related to hepatitis C medications for inmates; the Department of Health Care Policy and Financing related to hepatitis C drugs for Medicaid beneficiaries, operations at the Pueblo Regional Center, and the hospital provider fee; the Department of Human Services related to an assault at a youth correctional facility; the Department of Natural Resources related to water litigation; the Department of Public Health and Environment related to the Heartland Biogas Facility; the Department of Revenue related to tax collections; and the Department of State related to the financing of elections.

DEPARTMENT OF LAW OPIOID RESPONSE: The Department of Law has prioritized response to opioid abuse as a strategic focus of the Department as a whole and reports that opioid-related issues affect nearly every unit within the Department. Costs and workload are particularly significant for the Office of Community Engagement, the Business and Licensing Section, the Consumer Protection Section, the Special Prosecutions Unit, and the Medicaid Fraud Control Unit.

Department of Local Affairs

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2017-18 appropriation represents approximately 1.1 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF LOCAL AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
FY 2017-18 Long Bill (S.B. 17-254)	\$294,037,300	\$26,136,451	\$175,876,337	\$11,319,391	\$80,705,121	176.6
HB 17-1221 Gray market enforcement	5,945,392	0	5,945,392	0	0	1.3
HB 17-1313 Civil forfeiture reform	84,451	84,451	0	0	0	0.5
HB 17-1326 Justice reinvestment	5,865,182	5,865,182	0	0	0	0.8
TOTAL	\$305,932,325	\$32,086,084	\$181,821,729	\$11,319,391	\$80,705,121	179.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$305,932,325	32,086,084	\$181,821,729	\$11,319,391	\$80,705,121	179.2
R1 Housing assistance for reentry population	4,758,600	0	4,758,600	0	0	0.0
R2 Eliminate Marijuana Impact Grant Program	(1,120,636)	0	(1,120,636)	0	0	(1.0)
Centrally appropriated line items	545,261	(311,185)	641,520	40,853	174,073	0.0
Technical changes	20,000	132,569	(112,569)	0	0	0.0
Non-prioritized requests	19,838	3,615	3,722	8,284	4,217	0.0
Annualize prior year legislation	12,015	(5,773)	17,788	0	0	0.4
Annualize prior year budget actions	(5,476)	(27)	(170)	(5,279)	0	0.0
TOTAL	\$310,161,927	\$31,905,283	\$186,009,984	\$11,363,249	\$80,883,411	178.6
INCREASE/(DECREASE)	\$4,229,602	(\$180,801)	\$4,188,255	\$43,858	\$178,290	(0.6)
Percentage Change	1.4%	(0.6%)	2.3%	0.4%	0.2%	(0.3%)

R1 HOUSING ASSISTANCE FOR REENTRY POPULATION: The request includes an appropriation of \$4,758,600 cash funds for FY 2018-19 from the newly created Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund. The requested funds would be used to provide housing assistance for persons with behavioral or mental health disorders who are transitioning from incarceration, consistent with S.B. 17-021. The source of funding is a one-time transfer of unspent General Fund money that was appropriated for FY 2016-17 for community corrections programs and services.

R2 ELIMINATE MARIJUANA IMPACT GRANT PROGRAM: The request reflects a decrease of \$1,120,636 cash funds from the Marijuana Tax Cash Fund to eliminate funding for the Local Government Marijuana Impact Grant Program. This program, created in H.B. 15-1367, provides grants to local governments that do not have retail marijuana sales within their boundaries. The grants are intended to mitigate the impacts of marijuana-related activity in neighboring jurisdictions. The Department recommends eliminating the funding for this program due to minimal demand for grants and the creation of the new Gray and Black Market Marijuana Enforcement Grant Program. *This request is discussed in more detail in the first issue brief.*

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items, as detailed in the table below.

CENTRALLY APPROPRIATED LINE ITEMS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$409,559	\$81,338	\$49,551	\$186,126	\$92,544	0.0
Payments to OIT adjustment	92,054	(264,462)	388,735	94,800	(127,019)	0.0
Health, life, and dental adjustment	53,540	(15,168)	6,582	48,261	13,865	0.0
Workers' compensation adjustment	27,123	(80,369)	32,056	75,436	0	0.0
Vehicle lease payments adjustment	20,218	18,164	0	2,054	0	0.0
AED adjustment	19,242	(5,943)	(2,713)	13,303	14,595	0.0
SAED adjustment	19,242	(5,943)	(2,713)	13,303	14,595	0.0
Indirect cost assessment adjustment	1,277	140,492	255	(139,882)	412	0.0
Capitol Complex leased space adjustment	(65,534)	(19,645)	85,839	(242,001)	110,273	0.0
CORE adjustment	(17,444)	(111,613)	74,939	(35,537)	54,767	0.0
Payment to risk management / property funds adjustment	(10,513)	(44,099)	8,073	25,513	0	0.0
Legal services adjustment	(1,994)	(3,278)	1,284	0	0	0.0
Short-term disability adjustment	(1,509)	(659)	(368)	(523)	41	0.0
TOTAL	\$545,261	(311,185)	\$641,520	\$40,853	\$174,073	0.0

TECHNICAL CHANGES: The request includes two technical changes, as detailed in the table below.

TECHNICAL CHANGES

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annual adjustment for volunteer firefighter retirement plans	\$20,000	\$20,000	\$0	\$0	\$0	0.0
Fund source adjustment	0	112,569	(112,569)	0	0	0.0
TOTAL	\$20,000	132,569	(\$112,569)	\$0	\$0	0.0

NON-PRIORITIZED REQUESTS: The request includes adjustments for two non-prioritized requests that originate in the Governor's Office of Information Technology, as detailed in the table below.

NON-PRIORITIZED REQUESTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP2 Operating system suite (OIT-04)	\$18,246	\$3,246	\$3,343	\$7,440	\$4,217	0.0
NP1 Cybersecurity liability insurance policy	1,592	369	379	844	0	0.0
TOTAL	\$19,838	3,615	\$3,722	\$8,284	\$4,217	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 17-1221 Gray and black market marijuana enforcement grant program	\$17,788	\$0	\$17,788	\$0	\$0	0.2
HB 17-1326 Justice reinvestment crime prevention initiatives	1,600	1,600	0	0	0	0.2
HB 17-1313 Civil forfeiture reform	(7,373)	(7,373)	0	0	0	0.0
TOTAL	\$12,015	(5,773)	\$17,788	\$0	\$0	0.4

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 R2 Rural services coordinator	(\$4,703)	\$0	\$0	(\$4,703)	\$0	0.0
Annualize merit base pay	(708)	(28)	(107)	(572)	(1)	0.0
Annualize prior year salary survey	(65)	1	(63)	(4)	1	0.0
TOTAL	(\$5,476)	(27)	(\$170)	(\$5,279)	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

REPEAL LOCAL GOVERNMENT MARIJUANA IMPACT GRANT PROGRAM: The Department administers two marijuana-related grant programs, the Local Government Marijuana Impact Grant Program (created in 2015) and the Gray and Black Market Marijuana Enforcement Grant Program (created in 2017). The Department proposes eliminating funding for the 2015 program due to limited demand for grants and the availability of funding for critical local law enforcement activities through the 2017 program.

MOFFAT TUNNEL IMPROVEMENT DISTRICT: The Department is the custodian and has administrative authority over the Moffat Tunnel Improvement District, which owns the Moffat Tunnel “train tunnel”. The Joint Budget Committee requested that the Department submit a report concerning the Department’s legal and functional responsibilities related to the District, any plans to sell the District’s assets or renegotiate existing leases, and any recommended statutory or administrative changes related to the Tunnel or the District.

EVALUATION OF FORT LYON PROGRAM: House Bill 16-1411 authorized the State Auditor to contract with an independent third party to conduct a longitudinal evaluation of the Fort Lyon program, a supportive residential community for individuals who are homeless. The State Auditor contracted with Illuminate Evaluation Services, LLC, to conduct the longitudinal evaluation and the contractor’s preliminary report was released in September 2017.

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's State militia forces to protect the safety and health of Colorado's residents and serve as a reserve force for the U.S. Armed Forces. The Department's FY 2017-18 appropriation represents approximately 0.8 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	226,868,060	10,430,168	1,135,343	0	215,302,549	1,393.3
Other legislation	100,000	100,000	0	0	0	0.0
TOTAL	\$226,968,060	\$10,530,168	\$1,135,343	\$0	\$215,302,549	1,393.3
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$226,968,060	10,530,168	\$1,135,343	\$0	\$215,302,549	1,393.3
R1 Grand Junction veterans one stop	156,282	156,282	0	0	0	1.3
R2 Safety training	54,585	54,585	0	0	0	0.0
NP1 Operating system suite	4,245	4,245	0	0	0	0.0
NP2 Cybersecurity insurance	1,323	1,323	0	0	0	0.0
Centrally appropriated line items	239,014	129,425	14,293	0	95,296	0.0
Annualize prior year budget actions	1,609	1,792	0	0	(183)	0.1
Annualize prior year legislation	(100,000)	(100,000)	0	0	0	0.0
TOTAL	\$227,325,118	\$10,777,820	\$1,149,636	\$0	\$215,397,662	1,394.7
INCREASE/(DECREASE)	\$357,058	\$247,652	\$14,293	\$0	\$95,113	1.4
Percentage Change	0.2%	2.4%	1.3%	0.0%	0.0%	0.1%

R1 GRAND JUNCTION VETERANS ONE-STOP: The request adds \$156,282 General Fund and 1.3 FTE in FY 2018-19 to staff a new Veterans one-stop center in Grand Junction. The request annualizes to \$230,134 General Fund and 3.2 FTE in FY 2019-20 and \$231,367 General Fund and 3.2 FTE in FY 2020-21 ongoing.

R2 SAFETY TRAINING: The request adds \$54,585 General Fund in FY 2018-19 for training, materials and equipment to support the Department Safety Program for all personnel. The request annualizes to \$24,085 General Fund in FY 2019-20 and ongoing.

NP1 OPERATING SYSTEM SUITE: The request includes the Department's share of a request in the Governor's Office of Information Technology (OIT) to create a new common policy service that encompasses products and services under the new Microsoft Licensing Agreement. This request will be addressed in the briefing for the Governor's Office.

NP2 CYBERSECURITY INSURANCE: The request includes Department's share of a request in the Department of Personnel for cybersecurity liability insurance.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; shift differential; legal services; payment to risk management and property funds; vehicle lease payments; payments to the Governor's Office of Information Technology (OIT); Capitol complex leased space; and CORE operations.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes small adjustments for the second-year impact of prior year salary survey and merit based pay and other FY 2017-18 budget actions.

ANNUALIZE PRIOR YEAR LEGISLATION: The request eliminates one-time funding appropriated in S.B. 17-183 (U.S.S. Colorado Commissioning).

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

VETERANS ONE-STOP CENTER IN GRAND JUNCTION: The Department of Military affairs requests \$156,282 General Fund and 1.3 FTE in FY 2018-19, annualizing to \$231,367 and 3.2 FTE by FY 2020-21, to staff a new veterans one-stop center in Grand Junction. Staff recommends that the JBC sponsor legislation providing more explicit statutory authorization for the one-stop.

COLORADO VETERANS AND VETERANS PROGRAMS: Veterans represent 9.8 percent of the adult population in Colorado, which is significantly above the national average. Federal Veterans Administration outlays for Colorado totaled \$3.7 billion in FFY 2016, including funding for pensions, disability payments, medical, educational, and other benefits. In FY 2017-18, the General Assembly appropriated \$9.7 million from the General Fund and tobacco settlement funds for Colorado veterans programs. Medicaid expenditures for veterans are likely in the tens of millions, but exact figures are not available.

Department of Natural Resources

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The Department's FY 2017-18 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF NATURAL RESOURCES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
S.B. 17-254 (Long Bill)	261,308,465	30,864,532	196,811,872	6,932,593	26,699,468	1,458.6
Other Legislation	33,984,000	0	33,984,000	0	0	0.0
TOTAL	\$295,292,465	\$30,864,532	\$230,795,872	\$6,932,593	\$26,699,468	1,458.6
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$295,292,465	30,864,532	\$230,795,872	\$6,932,593	\$26,699,468	1,458.6
R1 Additional staffing and equipment for flowline safety	384,875	0	384,875	0	0	2.0
R3 State Forest State Park resources increase	382,920	0	382,920	0	0	1.0
R2 Increase IT application development and support	115,445	36,942	66,976	9,236	2,291	0.0
R6 CWCB membership dues	65,109	0	65,109	0	0	0.0
R7 EDO line item consolidation	0	0	0	0	0	0.0
R4 CPW leased space refinance	0	0	0	0	0	0.0
R9 Interruptible water supply program repeal	(61,589)	0	(61,589)	0	0	0.0
R8 RMS coal program reduction	(189,276)	0	(39,748)	0	(149,528)	(1.0)
Centrally appropriated line items	8,494,727	1,644,730	6,482,893	314,669	52,435	0.0
Indirect cost assessment adjustment	987,594	(660,323)	1,032,572	660,323	(44,978)	0.0
Non-Prioritized request items	475,494	88,573	383,508	6,027	(2,614)	0.0
Technical Adjustments	16,365	0	16,365	0	0	(1.1)
Annualize prior year budget actions	(3,647)	1,056	(4,703)	0	0	0.0
Annualize prior year legislation	(34,056,343)	0	(34,056,343)	0	0	0.0
TOTAL	\$271,904,139	\$31,975,510	\$205,448,707	\$7,922,848	\$26,557,074	1,459.5
INCREASE/(DECREASE)	(\$23,388,326)	\$1,110,978	(\$25,347,165)	\$990,255	(\$142,394)	0.9
Percentage Change	(7.9%)	3.6%	(11.0%)	14.3%	(0.5%)	0.1%

R1 ADDITIONAL STAFFING AND EQUIPMENT FOR FLOWLINE SAFETY: The OGCC is requesting an increase of \$384,875 from the Oil and Gas Conservation and Environmental Response Fund and 2.0 FTE to expand the capacity of the Facilities Integrity Program and improve flowline safety statewide and to implement contract services provided by a professional drone service provider.

R3 STATE FOREST STATE PARK RESOURCE INCREASE: The request includes an increase of \$382,290 cash funds and 1.0 FTE to support the expansion of operations at the State Forest State Park. The additional resources will allow the Division of Parks and Wildlife to meet its additional operating responsibilities resulting from a new lease to manage the State Land Board's North Park Campground.

R2 INCREASE IT APPLICATION DEVELOPMENT AND SUPPORT: The request includes an increase of \$115,445 total funds, including \$36,942 General Fund, to cover the cost of an additional 1,548 hours of software development and support from the Governor’s Office of Information Technology (OIT).

R6 CWCB MEMBERSHIP DUES: The request includes an increase of \$65,109 cash funds for the Colorado Water Conservation Board (CWCB) to pay for increases in membership dues to interstate water organizations. The CWCB Construction Fund will support this expenditure.

R7 EDO LINE ITEM CONSOLIDATION: The request includes a budget neutral line item consolidation in the Department’s Executive Director’s Office. The Department proposes combining the Personal Services and Operating Expenses line items, while creating a new Capital Outlay line item, to more accurately reflect the EDO’s expenditures. The Department believes this will provide increased budgetary transparency.

R4 CPW LEASED SPACE REFINANCE: The request includes a budget neutral refinance of leased space expenditures from the Division of Parks and Wildlife to the EDO. The Department proposes increasing the EDO’s Leased Space line item by \$21,450 cash funds and reducing CPW’s Wildlife Operations line item by an equivalent amount. This expenditure covers the cost of new leased space for CPW’s Wildlife Area 3 administrative staff.

R9 INTERRUPTIBLE WATER SUPPLY PROGRAM REPEAL: The request includes a decrease of \$61,589 cash funds and the repeal of the Interruptible Water Supply Program in the Division of Water Resources.

R8 RMS COAL PROGRAM REDUCTION: The request includes a reduction of \$189,276 total funds, including \$39,748 cash funds from the Severance Tax Operational Fund and \$149,528 federal funds, to reflect reduced federal funding beginning in the 2017 federal grant cycle. The cash fund reduction represents state-matching funds required for the previous grant award amount.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following line items. This request item will be addressed in separate staff briefings for the Department of Personnel and Administration and the Governor’s Office.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$3,633,789	\$576,986	\$2,853,030	\$112,625	\$91,148	0.0
Payments to OIT adjustment	3,124,211	610,956	2,382,044	112,860	18,351	0.0
Health, life, and dental adjustment	997,510	151,160	812,074	59,443	(25,167)	0.0
Workers’ compensation adjustment	285,312	297,241	(19,450)	6,501	1,020	0.0
CORE adjustment	184,761	27,161	146,511	6,065	5,024	0.0
AED adjustment	180,501	8,034	157,110	25,349	(9,992)	0.0
SAED adjustment	180,501	8,034	157,110	25,349	(9,992)	0.0
Legal services adjustment	160,930	(7,578)	169,217	(398)	(311)	0.0
Leased space adjustment	41,981	30,600	20,228	(10,856)	2,009	0.0
ALJ adjustment	563	0	563	0	0	0.0
Annualize prior year salary survey	(304,588)	0	(250,009)	0	(54,579)	0.0
Payment to risk management / property funds adjustment	(130,277)	(22,245)	(101,377)	(4,069)	(2,586)	0.0
Capitol Complex leased space adjustment	(130,047)	(30,607)	(67,360)	(17,904)	(14,176)	0.0
Annualize merit base pay	(103,006)	(2,155)	(90,163)	(540)	(10,148)	0.0
Short-term disability adjustment	(13,715)	(2,857)	(10,254)	244	(848)	0.0
Shift differential adjustment	(1,532)	0	(1,532)	0	0	0.0
TOTAL	\$8,106,894	\$1,644,730	\$6,157,742	\$314,669	(\$10,247)	0.0

INDIRECT COST ASSESSMENT ADJUSTMENT: The request includes an increase of \$948,059 total funds, including a reduction of \$660,323 General Fund, to the Department's indirect cost assessments to its various divisions.

NON-PRIORITIZED REQUEST ITEMS: The request includes an increase of \$485,201 total funds, including \$88,573 General Fund, for items requested by other agencies that impact this department. The table below itemizes each requested non-prioritized item for FY 2018-19. *These request items will be addressed in separate staff briefings for the Department of Personnel and Administration and the Governor's Office.*

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP2 Operating system suite	\$241,520	\$34,010	\$196,987	\$5,246	\$5,277	0.0
NP3 Annual fleet vehicle request	229,841	52,153	184,146	389	(6,847)	0.0
NP1 Cybersecurity liability insurance policy	13,840	2,410	10,725	392	313	0.0
TOTAL	\$485,201	\$88,573	\$391,858	\$6,027	(\$1,257)	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second year impact of prior year legislation.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize FY18 R1 (Assistant subdistrict coordinator)	\$1,056	\$1,056	\$0	\$0	\$0	0.0
Annualize FY18 R2 (ISF program assistant)	(4,703)	0	(4,703)	0	0	0.0
TOTAL	(\$3,647)	\$1,056	(\$4,703)	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize H.B. 15-1016 (Precip Harvesting Pilot Project)	\$8,160	\$0	\$8,160	\$0	\$0	0.0
Annualize H.B. 17-1248 (CWCB Projects)	(30,134,000)	0	(30,134,000)	0	0	0.0
Annualize S.B. 17-202 (Species Conservation Trust Fund)	(3,850,000)	0	(3,850,000)	0	0	0.0
Annualize H.B. 15-1178 (Emergency Pumping of High Groundwater)	(80,503)	0	(80,503)	0	0	0.0
TOTAL	(\$34,056,343)	\$0	(\$34,056,343)	\$0	\$0	0.0

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

DIVISION OF PARKS AND WILDLIFE FINANCES AND BUDGET REQUESTS: The Department of Natural Resources submitted two decision (R3 and R4 above) items that affect the Division of Parks and Wildlife. The Division of Parks and Wildlife's (CPW's) internal projections estimate that beginning in FY 2018-19 expenditures will significantly outpace revenues for the foreseeable future.

R2 INCREASE IT APPLICATION DEVELOPMENT AND SUPPORT: The Department of Natural Resources requests \$115,445 total funds, including \$36,942 General Fund, to purchase an additional 1.0 FTE of developer hours from the Governor's Office of Information Technology (OIT). The Department's current 5-year estimated IT project backlog is 79,895 hours, which consists of about 80 projects and includes both mission critical projects and new solutions.

R6 COLORADO WATER CONSERVATION BOARD MEMBERSHIP DUES: The Colorado Water Conservation Board (CWCB) requests an increase of \$65,109 cash funds from the CWCB Construction Fund, created in Section 37-60-121 (1) (a), C.R.S., to cover the cost of increasing membership dues for participation in interstate water organizations. CWCB engages with interstate water organizations to ensure that Colorado's water rights and interests are protected. Participation in these organizations afford CWCB the opportunity to exchange ideas on western water policy issues and connect with water officials nationally.

R1 ADDITIONAL STAFFING AND EQUIPMENT FOR FLOWLINE SAFETY: The Oil and Gas Conservation Commission is requesting an increase of \$384,875 from the Oil and Gas Conservation and Environmental Response Fund and 2.0 FTE to expand the capacity of the Facilities Integrity Program and improve flowline safety statewide and to implement contract services provided by a professional drone service provider.

R5 FOOTNOTE FOR PLUGGING AND RECLAIMING ORPHANED WELLS: The Oil and Gas Conservation Commission (OGCC) requests a Long Bill footnote attached to its Plugging and Reclaiming Orphaned Wells line item to authorize the OGCC to expend appropriations to plug and reclaim orphaned wells over a two-year period. The request comes to better manage reclamation projects that often expand in scope and time once contractors begin work due to newly discovered problems with orphan wells that require additional reclamation.

R8 RMS COAL PROGRAM REDUCTION: The request includes a reduction of \$189,276 total funds, including \$39,748 cash funds from the Severance Tax Operational Fund and \$149,528 federal funds, to reflect reduced federal funding beginning in the 2017 federal grant cycle. The cash fund reduction represents state-matching funds required for the previous grant award amount.

Department of Personnel

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 32,000 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies which include: oversight of procurement and financial activities and CORE operations; state archives; maintenance of Capitol Complex buildings, provision of central business services, and management of the State's motor vehicle fleet; administrative law judge services; coordination of capital construction and controlled maintenance projects and centralized lease management; administration of the State's personnel selection, classification, compensation, and employee benefit programs; and oversight of the State's liability, property, and workers' compensation insurance programs. The Department's FY 2017-18 appropriation represents approximately 0.7 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF PERSONNEL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	Federal Funds	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	195,012,900	12,491,310	13,927,636	168,593,954	0	422.3
Other legislation	204,335	8,100	0	196,235	0	(0.2)
TOTAL	\$195,217,235	\$12,499,410	\$13,927,636	\$168,790,189	\$0	422.1
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$195,217,235	12,499,410	\$13,927,636	\$168,790,189	\$0	422.1
R1 Address confidentiality program resources	303,113	283,113	20,000	0	0	2.5
R2 Cybersecurity liability insurance policy	375,000	0	0	375,000	0	0.0
R3 State Archives digitization and ERP	414,335	372,335	42,000	0	0	3.0
R4 Department operating adjustments	21,379	3,876	0	17,503	0	0.0
R5 DCS administration realignment	0	0	0	0	0	(0.4)
R6 Annual fleet vehicle request	1,899,894	0	0	1,899,894	0	0.0
NP2 CBMS/Peak budget alignment	3,391,028	0	0	3,391,028	0	0.0
Risk Management base adjustment	3,309,892	0	0	3,309,892	0	0.0
Centrally appropriated line items	2,292,252	69,531	59,465	2,163,256	0	0.0
Annualize prior year legislation	366,720	231,669	112,832	22,219	0	0.2
NP6 Block market interdiction	43,260	0	0	43,260	0	0.0
NP3 Annual fleet vehicle request	41,867	0	0	41,867	0	0.0
NP4 Operating system suite	34,098	9,105	3,240	21,753	0	0.0
NP5 Additional troopers and staff	29,477	0	0	29,477	0	0.0
Governor Transition Funding	25,000	25,000	0	0	0	0.0
NP1 Cybersecurity liability insurance policy	3,069	827	291	1,951	0	0.0
NP7 Additional flowline safety staff and equipment	2,148	0	0	2,148	0	0.0
Fund source adjustment	0	(3,004)	3,004	0	0	0.0
Statewide indirect cost recoveries refinance	(709,975)	1,183,598	838,841	(2,732,414)	0	0.0
CORE Operations base adjustment	(66,863)	0	0	(66,863)	0	0.0
Annualize prior year budget action	(12,233)	(56,233)	82,000	(38,000)	0	(2.0)
TOTAL	\$206,980,696	\$14,619,227	\$15,089,309	\$177,272,160	\$0	425.4
INCREASE/(DECREASE)	\$11,763,461	\$2,119,817	\$1,161,673	\$8,481,971	\$0	3.3
Percentage Change	6.0%	17.0%	8.3%	5.0%	n/a	0.8%

R1 ADDRESS CONFIDENTIALITY PROGRAM RESOURCES: The request includes an increase of \$303,113 total funds, including \$283,113 General Fund, to operate the Address Confidentiality Program including increasing outreach. Please see the detailed issue brief contained in the following pages.

R2 CYBERSECURITY LIABILITY INSURANCE POLICY: The request includes an increase of \$375,000 reappropriated funds in FY 2018-19 and ongoing to fund the purchase of a cybersecurity insurance policy. Please see the detailed issue brief that follows this table.

R3 STATE ARCHIVES DIGITIZATION AND ELECTRONIC RECORD PLAN: The request includes an increase of \$414,335 total funds, including \$372,335 General Fund, and 3.0 FTE to continue digitization of legislative audio, refresh aging technology, and implement an electronic record plan. Please see the detailed issue brief contained in the following pages.

R4 DEPARTMENT OPERATING ADJUSTMENTS: The request includes an increase of \$21,379, including \$3,876 General Fund, to support operating costs for three of its programs: Colorado State Employees Assistance Program (CSEAP), State Personnel Board, and the Office of Administrative Courts. Without additional funding the programs:

- The CSEAP program will not be able to provide services at satellite offices or acquire new lease space in Colorado Springs at the end of its current lease;
- The State Personnel Board will not be able to access the new case management system implemented recently by the Office of Administrative Courts; and
- The Office of Administrative Courts will not be able to offer remote hearings, primarily for workers' compensation disputes, closer to the location of the dispute.

R5 DIVISION OF CENTRAL SERVICES REALIGNMENT: The request includes a net-zero change in the structure of the Department's Long Bill. During the last half of FY 2016-17, the Department's executive management team implemented a new organizational structure for the Division of Central Services with the intent of flattening DPA's organization. The goal of the reorganization was to create better alignment within working groups, provide greater agility, and improve communications between programs.

R6 ANNUAL FLEET VEHICLE REQUEST: The request includes a \$2.3 million increase in total funds for the Vehicle Replacement Lease/Purchase line item for the Fleet Management Program. The request is to replace 767 fleet vehicles statewide, including 413 designated as potential alternative fuel vehicles. The anticipated 2019 lease-purchase contract totals \$1.4 million in FY 2018-19.

NP2 CBMS/PEAK BUDGET ALIGNMENT: The request seeks an increase of \$3.4 million reappropriated funds to cover the Department's share of the OIT request.

RISK MANAGEMENT BASE ADJUSTMENTS: The request includes an increase of \$3.3 million reappropriated funds for risk management base adjustments.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; Capitol complex leased space; and payments to OIT.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net increase of \$366,720 total funds, including an increase of \$69,371 General Fund, for adjustments related to prior year legislation as outlined in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Annualize HB17-1144 (Amend Cap Const Automatic Funding)	\$352,601	\$239,769	\$112,832	\$0	0.0
Annualize HB16-1467 (First Homebuyer Saving Account)	14,903	0	0	14,903	0.0
Annualize HB17-1296 (Assignment of State Vehicles)	8,366	0	0	8,366	0.2
Annualize SB17-121 (Improve Medicaid Compliance)	(6,750)	(8,100)	0	1,350	0.0
Annualize HB16-1194 (Ag Asset Lease Tax Deduction)	(2,400)	0	0	(2,400)	0.0
TOTAL	\$366,720	\$231,669	\$112,832	\$22,219	0.2

NP6 BLACK MARKET INTERDICTION: The request seeks an increase of \$43,260 reappropriated funds for vehicles requested by the Department of Public Safety.

NP3 ANNUAL FLEET VEHICLE REQUEST: The request includes the Department's share of annual fleet vehicle replacement adjustments.

NP4 OPERATING SYSTEM SUITE: The request seeks an increase of \$34,098 total funds, including \$9,105 General Fund, to cover the Department's share of the OIT request.

NP5 ADDITIONAL TROOPERS AND STAFF: The request seeks an increase of \$29,477 reappropriated funds for vehicles requested by the Department of Public Safety.

GOVERNOR TRANSITION FUNDING: The requests includes \$25,000 General Fund to assist in the transition to a new Governor in FY 2018-19. Section 24-8-105, C.R.S., directs the General Assembly to appropriate at least \$10,000 for this purpose. During the last Governor transition, the Department reports \$10,000 did not come close to covering costs associated with the transition.

NP1 CYBERSECURITY LIABILITY INSURANCE POLICY: The request includes an increase of \$3,069 total funds, including \$827 General Fund, to cover the Department's share of its common policy request.

NP7 ADDITIONAL FLOWLINE SAFETY STAFF AND EQUIPMENT: The request seeks an increase of \$2,148 reappropriated funds for vehicles requested by the Department of Natural Resources.

FUND SOURCE ADJUSTMENT: The request includes a decrease of \$3,004 General Fund offset by an increase in cash funds related to increased funding available from other cash funds refinancing.

STATEWIDE INDIRECT COST RECOVERIES REFINANCE: The request includes a net decrease of \$709,975 total for adjustments to departmental indirect cost assessments included in the Statewide Indirect Cost Plan.

CORE OPERATIONS BASE ADJUSTMENTS: The request includes a \$66,863 reduction in reappropriated funds for CORE Operations base adjustments for the Payments for CORE and Support Modules line item.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net decrease of \$12,233 total funds, including a decrease of \$56,233 General Fund, for adjustments related to prior year budget actions as outlined in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Annualize FY15 R1 Total compensation vendor	\$300,000	\$300,000	\$0	\$0	0.0
Annualize SB13-276	82,000	0	82,000	0	0.0
Annualize FY14 CP2 Employee Engagement Survey	(215,000)	(215,000)	0	0	0.0
Annualize FY15 BA1	(141,233)	(141,233)	0	0	(2.0)
Annualize FY18 R1	(38,000)	0	0	(38,000)	0.0
TOTAL	(\$12,233)	(56,233)	\$82,000	(\$38,000)	(2.0)

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 ADDRESS CONFIDENTIALITY PROGRAM RESOURCES: The Department requests an increase of \$303,113, including \$283,113 General Fund, and 2.5 FTE to operate the Address Confidentiality Program including increasing outreach.

R2 CYBERSECURITY LIABILITY INSURANCE POLICY: The Department requests an increase of \$375,000 reappropriated funds in FY 2018-19 and ongoing to fund the purchase of a cybersecurity insurance policy for each state agency. The policy will provide \$5 million coverage in the event of a cybersecurity failure after a \$1 million deductible.

R3 STATE ARCHIVES DIGITIZATION AND ELECTRONIC RECORD PLAN: The Department requests an increase of \$414,335 total funds, including \$372,335 General Fund, and 3.0 FTE to continue digitization of legislative audio, refresh aging technology, and implement an electronic record plan.

Department of Public Health and Environment

The Department of is responsible for responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment. The Department's FY 2017-18 appropriation represents approximately 2.0 percent of statewide operating appropriations and 0.5 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	577,561,316	48,365,235	186,449,278	45,234,537	297,512,266	1,331.6
Other legislation	2,446,672	433,042	2,008,278	5,352	0	4.4
TOTAL	\$580,007,988	\$48,798,277	\$188,457,556	\$45,239,889	\$297,512,266	1,336.0
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$580,007,988	48,798,277	\$188,457,556	\$45,239,889	\$297,512,266	1,336.0
R1 Addressing critical public health threats	318,941	318,941	0	0	0	3.7
R2 Man Therapy	400,000	400,000	0	0	0	0.0
R3 SharePoint upgrade	212,098	0	0	212,098	0	0.0
R4 Medical marijuana adjustment	(166,268)	0	(166,268)	0	0	0.0
R5 Water Quality Improvement Fund	732,804	0	732,804	0	0	0.0
R6 RREO spending authority	1,150,000	0	1,150,000	0	0	0.0
R7 Health Information Exchange	387,516	387,516	0	0	0	0.0
R8 Provider rate increase	92,787	67,653	17,924	7,210	0	0.0
R9 Chronic disease grants adjustment	(4,291,432)	0	(4,291,432)	0	0	0.0
Centrally appropriated line items	6,325,018	1,167,973	1,624,056	2,025,319	1,507,670	0.0
Indirect cost assessment	2,223,867	687,717	2,026,882	(490,732)	0	0.0
Non-prioritized request items	79,986	(5,136)	(75,873)	203,461	(42,466)	0.0
Technical changes	49,861	69,603	(19,742)	0	0	0.0
Annualize prior year budget actions	(6,269,919)	(1,795,468)	(4,303,804)	(223,342)	52,695	2.5
Annualize prior year legislation	(381,173)	(70,467)	(314,627)	3,921	0	(0.4)
TOTAL	\$580,872,074	\$50,026,609	\$184,837,476	\$46,977,824	\$299,030,165	1,341.8
INCREASE/(DECREASE)	\$864,086	\$1,228,332	(\$3,620,080)	\$1,737,935	\$1,517,899	5.8
Percentage Change	0.1%	2.5%	(1.9%)	3.8%	0.5%	0.4%

R1 ADDRESSING CRITICAL PUBLIC HEALTH THREATS: The Department requests \$318,941 General Fund and 3.7 FTE in the Water Quality Control Division (WQCD) and the State Laboratory to increase the Department's ability to address an emergent public health risk from waterborne cyanotoxins and to support testing capabilities for infectious disease surveillance.

R2 MAN THERAPY: The Department requests \$400,000 General Fund to expand the reach of the existing Man Therapy campaign and website. The campaign is designed to address the high rate of suicide in Colorado among men ages 25 to 64. The second briefing issue provides additional information about this request.

R3 SHAREPOINT UPGRADE: The Department requests \$212,098 reappropriated funds in FY 2018-19 and \$118,098 in FY 2019-20 and beyond to update the Department's SharePoint platform. The Department uses SharePoint for internal administrative functions and various programmatic activities.

R4 MEDICAL MARIJUANA ADJUSTMENT: The Department requests a total reduction of \$166,268 cash funds from the Medical Marijuana Cash Fund. The request reduces the personal services line item by \$284,888 and includes a transfer of \$118,620 to the operating line item to fund annual maintenance costs for the online Medical Marijuana Registration system (MMRS). The third briefing issue provides additional information about this request.

R5 WATER QUALITY IMPROVEMENT FUND: The Department requests \$732,804 cash funds from the Water Quality Improvement Fund. The additional spending will allow the Water Quality Control Division to increase the amount and number of grants awarded from the Water Quality Improvement Fund. These grants provide financial assistance to public, non-profit, and private stakeholders for water quality improvement projects.

R6 RREO SPENDING AUTHORITY: The Department requests an increase of \$1,150,000 cash funds from the Recycling Resources Economic Opportunity Fund. The additional spending authority will allow the Recycling Resources Economic Opportunity Program in the Division of Environmental Health and Sustainability to increase the number of grants and rebates awarded for financial assistance to private, public, and non-profit stakeholders to encourage the development of waste diversion infrastructure in Colorado.

R7 HEALTH INFORMATION EXCHANGE: The request includes \$387,516 General Fund annually for FYs 2018-19 through 2020-21 to support development of additional interfaces to connect providers to the Health Information Exchange. The final briefing issue provides additional information about this request.

R8 PROVIDER RATE INCREASE: The Department requests an increase of \$92,787 total funds, including \$67,653 General Fund, for a 1.0 provider rate increase for Local Public Health Agencies.

R9 CHRONIC DISEASE GRANTS ADJUSTMENT: The request includes a reduction of \$4,291,432 cash funds in the Cancer, Cardiovascular and Chronic Disease Prevention Grants line item in the Prevention Services Division. This request reduces spending authority to properly reflect actual fund availability and expenditures.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; vehicle lease payments; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$3,408,357	\$475,738	\$1,161,721	\$405,088	\$1,365,810	0.0
Payments to OIT adjustment	1,265,019	112,587	0	1,152,432	0	0.0
Health, life, and dental adjustment	1,119,080	321,810	338,029	278,444	180,797	0.0
AED adjustment	204,555	128,402	42,351	53,289	(19,487)	0.0
SAED adjustment	204,555	128,402	42,351	53,289	(19,487)	0.0
Workers' compensation adjustment	102,547	0	0	102,547	0	0.0
Vehicle lease payments adjustment	72,252	0	43,351	18,063	10,838	0.0
Legal services adjustment	854	0	0	854	0	0.0
Payment to risk management / property funds adjustment	(28,748)	0	0	(28,748)	0	0.0
Short-term disability adjustment	(10,702)	2,190	(4,668)	(182)	(8,042)	0.0
ALJ adjustment	(6,180)	0	0	(6,180)	0	0.0
Capitol Complex leased space adjustment	(3,577)	0	0	(3,577)	0	0.0
Shift differential adjustment	(2,994)	(1,156)	921	0	(2,759)	0.0
TOTAL	\$6,325,018	\$1,167,973	\$1,624,056	\$2,025,319	\$1,507,670	0.0

INDIRECT COST ASSESSMENT: The request includes a net increase in the Department’s indirect cost assessment.

NON-PRIORITIZED REQUEST ITEMS: The request includes two decision items originating in other departments. The following table summarizes the non-prioritized requests, which will be addressed in separate staff briefings.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP3 OIT operating system suite	\$74,072	(\$5,136)	(\$75,873)	\$197,547	(\$42,466)	0.0
NP2 Cybersecurity liability insurance policy	5,914	0	0	5,914	0	0.0
TOTAL	\$79,986	(\$5,136)	(\$75,873)	\$203,461	(\$42,466)	0.0

TECHNICAL CHANGES: The request includes three technical changes, as detailed in the table below.

TECHNICAL CHANGES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Depreciation equivalent payments	\$89,345	\$89,345	\$0	\$0	\$0	0.0
CTC base adjustment	0	0	0	0	0	0.0
Adjust Amendment 35 revenues	(39,484)	(19,742)	(19,742)	0	0	0.0
TOTAL	\$49,861	\$69,603	(\$19,742)	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The appropriation includes adjustments for the second- and third-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Lease escalator	\$189,814	\$0	\$17,504	\$172,310	\$0	0.0
Health facilities staffing	134,844	6,763	29,317	33,511	65,253	2.5
Waste tire fee sunset	(3,094,319)	0	(3,094,319)	0	0	0.0
Rural landfills	(1,595,000)	(1,345,000)	(250,000)	0	0	0.0
Oil and gas health activities	(804,660)	0	(402,330)	(402,330)	0	0.0
Marijuana reference library	(593,467)	0	(593,467)	0	0	0.0
Health Information Exchange	(453,516)	(453,516)	0	0	0	0.0
Merit pay	(24,136)	(2,973)	(8,377)	(2,828)	(9,958)	0.0
IDD facility survey staffing	(23,315)	0	0	(23,315)	0	0.0
Salary survey	(6,164)	(742)	(2,132)	(690)	(2,600)	0.0
TOTAL	(\$6,269,919)	(\$1,795,468)	(\$4,303,804)	(\$223,342)	\$52,695	2.5

ANNUALIZE PRIOR YEAR LEGISLATION: The appropriation includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
H.B. 17-1315 (DUI data)	\$1,069	\$0	\$0	\$1,069	\$0	0.0
H.B. 17-1248 (CWCB projects bill)	(260,000)	0	(260,000)	0	0	0.0
H.B. 16-1280 (Air ambulance)	(71,749)	0	(71,749)	0	0	(0.3)
H.B. 17-1306 (Test lead in public schools drinking water)	(35,128)	0	(35,128)	0	0	(0.1)
S.B. 16-069 Community paramedics	(10,662)	(70,467)	56,953	2,852	0	0.0
H.B. 15-1015 (EMS compact)	(4,703)	0	(4,703)	0	0	0.0
TOTAL	(\$381,173)	(\$70,467)	(\$314,627)	\$3,921	\$0	(0.4)

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 ADDRESSING CRITICAL PUBLIC HEALTH THREATS: The Department requests \$318,941 General Fund and 3.7 FTE in the Water Quality Control Division (WQCD) and the State Laboratory to increase the Department's ability to address an emergent public health risk from waterborne cyanotoxins and to support testing capabilities for infectious disease surveillance.

R2 MAN THERAPY: The Department requests \$400,000 General Fund to expand the reach of the existing Man Therapy campaign and website. The campaign is designed to address the high rate of suicide in Colorado among men ages 25 to 64.

R4 MEDICAL MARIJUANA ADJUSTMENT: The Department requests a total reduction of \$166,268 cash funds from the Medical Marijuana Cash Fund. The request reduces the personal services line item by \$284,888 and includes a transfer of \$118,620 to the operating line item to fund annual maintenance costs for the online Medical Marijuana Registration system (MMRS).

R5 WATER QUALITY IMPROVEMENT FUND: The Department requests \$732,804 cash funds from the Water Quality Improvement Fund. The additional spending will allow the Water Quality Control Division to increase the amount and number of grants awarded from the Water Quality Improvement Fund. These grants provide financial assistance to public, non-profit, and private stakeholders for water quality improvement projects.

R6 RREO SPENDING AUTHORITY: The Department requests an increase of \$1,150,000 cash funds from the Recycling Resources Economic Opportunity Fund. The additional spending authority will allow the Recycling Resources Economic Opportunity Program in the Division of Environmental Health and Sustainability to increase the number of grants and rebates awarded for financial assistance to private, public, and non-profit stakeholders to encourage the development of waste diversion infrastructure in Colorado.

R7 HEALTH INFORMATION EXCHANGE: The request includes \$387,516 General Fund annually for FYs 2018-19 through 2020-21 to support development of additional interfaces to connect providers to the Health Information Exchange.

STATIONARY SOURCES CONTROL FUND: The Stationary Sources Control Fund, created in Section 25-7-114.7 (2)(b)(I), C.R.S., experienced a write-off of accounts receivables that has resulted in a significant reduction of the Fund's balance. While the Fund has sufficient cash resources to support the Air Pollution Control Division's programming in FY 2017-18, significant programmatic cuts will be necessary beginning in FY 2018-19.

Department of Public Safety

The Department of Public Safety is responsible for maintaining, promoting, and enhancing public safety through law enforcement, criminal investigations, fire and crime prevention, emergency management, recidivism reduction, and victim advocacy. The Department's FY 2016-17 appropriation represents approximately 1.5 percent of statewide operating appropriations and 1.2 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF PUBLIC SAFETY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	420,382,651	123,435,771	199,253,031	40,957,422	56,736,427	1,800.5
Other legislation	1,011,622	12,294	998,169	1,159	0	1.5
TOTAL	\$421,394,273	\$123,448,065	\$200,251,200	\$40,958,581	\$56,736,427	1,802.0
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$421,394,273	123,448,065	\$200,251,200	\$40,958,581	\$56,736,427	1,802.0
R1 Additional troopers and support staff	1,962,692	0	1,886,180	76,512	0	14.5
R2 Reduce salary disparities for criminal investigators	148,575	119,117	28,078	1,380	0	0.0
R3 Safe2Tell communications officers	365,977	365,977	0	0	0	5.2
R4 Officer safety equipment	1,478,589	0	1,478,589	0	0	0.0
R5 Planning and communications office capacity building	178,661	0	0	178,661	0	1.0
R6 Additional leased space	56,469	56,469	0	0	0	0.0
R7 Black market marijuana interdiction	1,225,202	0	1,225,202	0	0	8.0
R8 Colorado Commission on Criminal and Juvenile Justice	255,443	255,443	0	0	0	2.5
R9 2013 Flood recovery transfer	12,500,000	0	12,500,000	0	0	0.0
R10 Community provider rate	683,604	630,898	0	52,706	0	0.0
R11 Office of Prevention spending authority reduction	(634,549)	0	0	(634,549)	0	0.0
Non-prioritized request items	454,441	212,779	248,219	(94,607)	88,050	0.0
Centrally appropriated line items	8,466,152	4,243,772	4,636,821	(461,008)	46,567	0.0
Indirect cost assessment	2,190,893	(2,732,621)	977,461	3,233,541	712,512	0.0
Annualize prior year budget actions	53,345	(11,170)	50,789	15,180	(1,454)	5.0
Dispatch billing	0	0	126,269	(126,314)	45	0.0
Annualize prior year legislation	(1,073,013)	(247,816)	(825,197)	0	0	(2.4)
TOTAL	\$449,706,754	\$126,340,913	\$222,583,611	\$43,200,083	\$57,582,147	1,835.8
INCREASE/(DECREASE)	\$28,312,481	\$2,892,848	\$22,332,411	\$2,241,502	\$845,720	33.8
Percentage Change	6.7%	2.3%	11.2%	5.5%	1.5%	1.9%

R1 ADDITIONAL TROOPERS AND SUPPORT STAFF: The request includes \$1,962,692 total funds, including \$1,886,180 cash funds from the Highway Users Tax Fund and \$76,512 reappropriated funds, and 14.5 FTE in FY 2018-19 to increase the number of Colorado State Troopers and support staff.

R2 REDUCE SALARY DISPARITIES FOR CRIMINAL INVESTIGATORS: The request includes \$148,575 total funds, including \$119,117 General Fund, to reduce pay disparities within the Colorado Bureau of Investigation (CBI). Specifically, the request seeks to increase base salaries to the mid-point for Criminal Investigator III positions, typically referred to as Agents in Charge.

R3 SAFE2TELL COMMUNICATIONS OFFICERS: The request includes an increase of \$365,977 General Fund and 5.2 FTE in the Colorado State Patrol Communications Unit in FY 2018-19. The request would expand dispatch capacity and create a dedicated unit to field calls, tips, and reports made to the Safe2Tell program, which is experiencing growing call volume. This unit would be placed in a newly created “Watch Center,” which would consolidate 24/7 response functions within the Department. In addition to providing dispatch services for Safe2Tell, dispatchers would help to staff the Watch Center.

R4 OFFICER SAFETY EQUIPMENT: The request includes \$1,478,589 cash funds from the Highway Users Tax Fund to upgrade, expand, and maintain the Officer Safety Equipment Package provided to Colorado State Troopers. Additions would include patrol rifles and ammunition, hard body armor, helmets, and naxolone.

R5 PLANNING AND COMMUNICATIONS OFFICE CAPACITY BUILDING: The request includes \$178,661 reappropriated funds and 1.0 FTE to increase capacity within the newly created Planning and Communications Office, housed in the Executive Director’s Office, by centralizing staff development funds and implementing a focused Lean and process improvement practice.

R6 ADDITIONAL LEASED SPACE: The request includes \$56,469 General Fund to pay for existing leased space for the Center of Excellence (CoE) in Rifle. Garfield County provided the current space at no cost for three years beginning in 2015, when the Division of Fire Prevention and Control selected Rifle as the permanent location for the (CoE). This request would provide funding to renew the lease with Garfield County at the existing space at the Rifle Garfield County Airport.

R7 BLACK MARKET MARIJUANA INTERDICTION: The request includes \$1,225,202 cash funds from the Marijuana Tax Cash Fund for FY 2018-19 to establish an 8-person unit within the Colorado Bureau of Investigation to investigate black market marijuana operations. This unit would provide rural law enforcement agencies with the experienced personnel necessary to gather actionable intelligence and effect arrests of organized criminal enterprises operating across multiple jurisdictions. The Department anticipates the need for ongoing funding of \$1,187,578 in FY 2019-20.

R8 COLORADO COMMISSION ON CRIMINAL AND JUVENILE JUSTICE: The Department requests \$255,443 General Fund and 2.5 FTE to continue the Colorado Commission on Criminal and Juvenile Justice. The Commission sunsets on July 1, 2018. The Department’s request notes that legislation is required to continue the Commission but is not requesting the JBC sponsor this legislation. The Department’s request is structured so that the legislation would not carry an appropriation clause, and the cost would be included in the FY 2018-19 Long Bill. The structure of this request is counter to the staff recommendation that all legislation carry its own appropriation clause. The 2017 Sentencing in the Criminal Justice System Interim Committee received approval from Legislative Council to introduce a bill to extend the repeal of the Commission on Criminal and Juvenile Justice to July 1, 2028. Staff recommends that once the bill is introduced it carry an appropriation clause. The Committee has the option to placeholder the dollar amount of this request.

R9 2013 FLOOD RECOVERY TRANSFER: The request includes a \$12,500,000 General Fund transfer and an associated cash funds appropriation to provide support for recovery from the September 2013 floods. This is the second of a multi-year request, totaling \$50.0 million across four years. This decision item is discussed in greater detail in the third briefing issue.

R10 COMMUNITY PROVIDER RATE: The request includes a 1.0 percent community provider rate increase for community corrections providers. The reappropriated funds are from the Correctional Treatment Cash Fund in the Judicial Department. The Correctional Treatment Fund receives a General Fund transfer pursuant to Section 18-19-103 (3.5), C.R.S. Any increase in the community provider rate may increase the amount of the General Fund transferred to the Correctional Treatment Fund so that the balance of the fund can support all appropriations from the fund. The Committee will vote on the transfer amount during the Judicial Department figure setting presentation.

REQUESTED COMMITTEE PROVIDER RATE INCREASE BY LINE ITEM			
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS
Community Corrections Placements	\$562,817	\$562,817	\$0
Correctional Treatment Cash Fund Residential Placements	26,809	0	26,809
Community Corrections Facility Payments	41,949	41,949	0
Community Corrections Boards Administration	23,523	23,523	0
Services for Substance Abuse and Co-occurring Disorders	25,897	0	25,897
Specialized Offender Services	2,609	2,609	0
Total	\$683,604	\$630,898	\$52,706

R11 OFFICE OF PREVENTION SPENDING AUTHORITY REDUCTION: The request includes a reduction of \$634,549 reappropriated funds to reflect actual spending. This spending authority was included in H.B. 12-1283 (Consolidate Homeland Security Functions Under CDPS) but has never been utilized.

NON-PRIORITIZED DECISION ITEMS: The request includes adjustments for three non-prioritized requests that originate in the Governor’s Office of Information Technology and the Department of Personnel, as detailed in the table below.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP1 Annual fleet vehicle request	\$249,836	\$134,568	\$129,912	(\$102,694)	\$88,050	0.0
NP3 Operating system suite	156,822	30,428	118,307	8,087	0	0.0
NP2 Cybersecurity liability insurance policy	47,783	47,783	0	0	0	0.0
TOTAL	\$454,441	\$212,779	\$248,219	(\$94,607)	\$88,050	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; shift differential; workers' compensation; legal services; payment to risk management and property funds; leased space; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$4,102,115	\$959,350	\$2,702,713	\$319,370	\$120,682	0.0
Payments to OIT adjustment	2,252,987	1,196,766	1,037,478	10,887	7,856	0.0
Health, life, and dental adjustment	1,960,654	428,393	1,174,021	391,434	(33,194)	0.0
AED adjustment	531,081	117,171	307,276	130,217	(23,583)	0.0
SAED adjustment	531,081	117,171	307,276	130,217	(23,583)	0.0
Workers' compensation adjustment	160,516	951,214	(589,259)	(201,439)	0	0.0
Payment to risk management / property funds adjustment	(702,314)	375,019	(293,462)	(783,871)	0	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Capitol Complex leased space adjustment	(164,737)	253,630	(42,668)	(375,699)	0	0.0
Leased space adjustment	(152,915)	(118,925)	0	(33,990)	0	0.0
Legal services adjustment	(27,813)	(13,690)	0	(14,123)	0	0.0
Shift differential adjustment	(16,340)	(19,609)	39,818	(36,740)	191	0.0
Short-term disability adjustment	(8,163)	(2,718)	(6,372)	2,729	(1,802)	0.0
TOTAL	\$8,466,152	\$4,243,772	\$4,636,821	(\$461,008)	\$46,567	0.0

INDIRECT COST ASSESSMENT: The request includes an increase of \$2,190,893 total funds, including a decrease of \$2,732,621 General Fund, in the Department's indirect cost assessment.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes an increase of \$53,345 total funds to reflect the FY 2018-19 impact of the following FY 2017-18 budget decisions:

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Trooper increase	\$240,826	\$0	\$222,235	\$18,591	\$0	5.0
FY 2017-18 R4 Expedited record seal	(101,759)	0	(101,759)	0	0	0.0
Prior year merit base pay	(43,762)	(10,821)	(28,510)	(3,031)	(1,400)	0.0
FY 2017-18 Patrol managed lanes	(39,698)	0	(39,698)	0	0	0.0
Prior year salary survey	(2,262)	(349)	(1,479)	(380)	(54)	0.0
TOTAL	\$53,345	(\$11,170)	\$50,789	\$15,180	(\$1,454)	5.0

DISPATCH BILLING: The request includes a net zero adjustment to align dispatch billing within the Colorado State Patrol.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a decrease of \$1,073,013 total funds, including \$247,816 General Fund, to reflect the FY 2018-19 impact of legislation that was passed in previous legislative session, including the following acts:

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
H.B. 17-1204 (Juvenile record expungement)	\$7,627	\$7,627	\$0	\$0	\$0	0.1
S.B. 16-197 (Liquor-licensed drugstores)	4,038	0	4,038	0	0	0.0
S.B. 17-096 (Reserve peace officer academy)	(798,651)	0	(798,651)	0	0	0.0
SB 13-007 CCCJJ Repeal	(255,443)	(255,443)	0	0	0	(2.5)
H.B. 17-240 (Sunset motor vehicle dealers)	(26,653)	0	(26,653)	0	0	0.0
HB 17-1315 Require DCJ to Report DUI Data	(3,931)	0	(3,931)	0	0	0.0
TOTAL	(\$1,073,013)	(\$247,816)	(\$825,197)	\$0	\$0	(2.4)

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 ADDITIONAL TROOPERS AND SUPPORT STAFF: This second year request seeks to add additional Troopers and support staff to the Patrol, with the goal of providing more proactive activities to reduce traffic deaths. The request includes \$1,962,692 total funds, including \$1,886,180 cash funds from the Highway Users Tax Fund and \$76,512 reappropriated funds, and 14.5 FTE in FY 2018-19 to increase the number of Colorado State Troopers and support staff.

R7 BLACK MARKET MARIJUANA INTERDICTION: The request includes \$1,225,202 cash funds from the Marijuana Tax Cash Fund for FY 2018-19 to establish an 8-person unit within the Colorado Bureau of Investigation to investigate black market marijuana operations. This unit would provide rural law enforcement agencies with the experienced personnel necessary to gather actionable intelligence and effect arrests of organized criminal enterprises operating across multiple jurisdictions. The Department anticipates the need for ongoing funding of \$1,187,578 in FY 2019-20.

DISASTER AND WILDFIRE FUNDING: The Department of Public Safety plays a major role in the mitigation, response, and recovery of natural disasters in the state. This issue brief provides an overview of wildfire and other disaster funding within the Divisions of Fire Prevention and Control (DFPC) and Homeland Security and Emergency Management (DHSEM), as well as the Department's R9 2013 Flood Recovery request.

OVERVIEW OF THE OFFICE OF COMMUNITY CORRECTIONS: The Office of Community Corrections oversees community corrections providers and facilities and administers funding to the local Community Corrections Boards. This issue provides an overview of the community corrections system, including types of providers and facilities, how offenders enter a community corrections program, and services offered.

COMMUNITY CORRECTIONS UTILIZATION: This issue looks at the historical and current utilization of community corrections. This issue also looks at the type of offender referred to community corrections, as well as, the type of offender who would gain the most benefit from community corrections.

FUNDING FOR COMMUNITY CORRECTIONS: The current budgeting and contracting structure for community corrections does not account for the quality of provider services and outcome measures. The Committee discussed, during the FY 2013-14 budget process, how the Division could implement performance based contracting for community corrections, but tabled the issue because of the complexity. In 2017 the Division of Criminal Justice released new standards for community corrections providers. As part of the new standards, the Department began using the Program Assessment for Correctional Excellence tool to evaluate community corrections providers. The Program Assessment for Correctional Excellence tool provides a measurement standard the Division can use to implement performance based contracting. Senate Bill 17-021 (Assistance to Released Mentally Ill Offenders) created a housing grant program in the Department of Local Affairs. Funding for the program was a one-time transfer of the unexpended funds appropriated for community corrections in FY 2016-17.

Department of Regulatory Agencies

The Department of Regulatory Agencies is responsible for consumer protection carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through over 40 boards, commissions, and advisory committees across more than 50 professions, occupations, programs, and institutions. The Department is organized in the following 10 predominantly cash-funded divisions: (1) Executive Director's Office; (2) Banking; (3) Civil Rights; (4) Consumer Counsel; (5) Financial Services; (6) Insurance; (7) Public Utilities Commission; (8) Real Estate; (9) Professions and Occupations; and (10) Securities. The Department's FY 2017-18 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF REGULATORY AGENCIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	99,104,340	1,844,627	90,930,685	5,060,383	1,268,645	572.5
Other legislation	93,897	0	93,897	0	0	0.6
TOTAL	\$99,198,237	\$1,844,627	\$91,024,582	\$5,060,383	\$1,268,645	573.1
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$99,198,237	1,844,627	\$91,024,582	\$5,060,383	\$1,268,645	573.1
R1 PUC State safety vehicle lease	3,207	0	3,207	0	0	0.0
R2 Base reduction	(483,885)	0	(483,885)	0	0	0.0
Non-prioritized changes	91,461	220	90,878	293	70	0.0
Centrally appropriated line items	2,355,599	139,611	2,128,047	116,075	(28,134)	0.0
Indirect cost assessment	8,742	(8,742)	8,641	8,742	101	0.0
Annualize prior year salary survey	287,022	10,794	257,536	18,069	623	0.0
Annualize prior year merit pay	(299,867)	(11,268)	(269,082)	(18,848)	(669)	0.0
Technical changes	0	(27,140)	3,070	24,070	0	0.0
TOTAL	\$101,160,516	\$1,948,102	\$92,762,994	\$5,208,784	\$1,240,636	573.1
INCREASE/(DECREASE)	\$1,962,279	\$103,475	\$1,738,412	\$148,401	(\$28,009)	0.0
Percentage Change	2.0%	5.6%	1.9%	2.9%	(2.2%)	0.0%

R1 PUC STATE SAFETY VEHICLE LEASE: The request includes an increase of \$3,207 cash funds for FY 2018-19 for vehicle leases. These vehicles will be used for field inspections as required by the Federal Map-21 program in order for the state to be eligible for federal funds in this program.

R2 BASE REDUCTION: The request includes a decrease of \$483,885 cash funds, of which \$189,944 is from a reduction in the Public Utilities Commission and \$293,941 is from a reduction in the Division of Professions and Occupations. The Department was able to realize these savings without reducing the quality or services it provides.

NON-PRIORITIZED DECISION ITEMS: The request includes \$91,461 total funds, which consists of \$220 General Fund, \$90,878 cash funds, \$293 reappropriated funds, and \$70 federal funds for changes to annual fleet vehicle, Cybersecurity liability insurance policy, and Operating system suite.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; leased space; payments to OIT; and CORE.

INDIRECT COST ASSESSMENTS: The request includes an increase of \$8,742 total funds for adjustments to departmental indirect cost assessments included in the Statewide Indirect Cost Plan.

ANNUALIZE PRIOR YEAR SALARY SURVEY: The request includes an increase of \$287,022 total funds, including \$10,794 General Fund, \$257,536 cash funds, \$18,069 reappropriated funds, and \$623 federal funds for the annualization of prior year salary survey.

ANNUALIZE PRIOR YEAR MERIT PAY: The request includes a decrease of \$299,867 total funds, which consists of a decrease of \$11,268 General Fund, \$269,082 cash funds, \$18,848 reappropriated funds, and \$669 federal funds for the annualization of prior year merit pay.

TECHNICAL CHANGES: The request includes a net zero total funds change, which consists of a decrease of \$27,140 General Fund, an increase of \$3,070 cash funds, and a decrease of \$24,070 reappropriated funds for the sunset split adjustment.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

RURAL BROADBAND: The addition of the Rural Broadband line item in the FY 2017-18 Long Bill added a one-time infusion of spending authority for rural broadband grants. Senate Bill 17-306 updated the process for how the grant payments were processed to awardees. Two glaring issues of concern remain in the program; the program has no dedicated funding streams and a component of the appeals process, while well intentioned, creates unintended consequences.

VEHICLES AND SAVINGS: The Department of Regulatory Agencies (DORA) submitted two decision item requests for the FY 2018-19 budget. The first request is for vehicle lease payments for two vehicles and the second request is for efficiency savings from two divisions within the Department.

Department of Revenue

The Department has three functional groups: the Taxation Business Group collects revenue for the state and for many local governments and assists taxpayers in tax related matters; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Enforcement Business Group regulates alcohol, tobacco, marijuana, horse racing and off-track betting, limited gaming, and automobile dealers and sales persons. The three functional groups are supported by the Executive Director's Office and Information Technology Divisions. The Department also operates the Colorado Lottery. The Department's FY 2017-18 appropriation represents approximately 1.2 percent of statewide operating appropriations and 1.0 percent of statewide General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF REVENUE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	355,833,948	107,585,406	241,178,908	6,245,246	824,388	1,435.3
Other legislation	540,999	9,600	531,399	0	0	1.9
TOTAL	\$356,374,947	\$107,595,006	\$241,710,307	\$6,245,246	\$824,388	1,437.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$356,374,947	107,595,006	\$241,710,307	\$6,245,246	\$824,388	1,437.2
R1 DRIVES System Maintenance and Support	2,600,000	0	2,600,000	0	0	0.0
R2 Armored Car Appropriation Increase	63,551	1,177	62,374	0	0	0.0
R3 Lottery Vendor Fees and Retail Compensation	4,028,785	0	4,028,785	0	0	0.0
R4 Liquor Enforcement Division Operating Increase	43,734	0	43,734	0	0	0.0
R5 Enforcement Business Group Realignment	0	1,908	(80,432)	78,524	0	0.0
R6 GenTax Fraud Manager Reduction	(600,000)	(600,000)	0	0	0	0.0
R7 Gross Conservation Easement Reduction	(1,216,425)	(1,216,425)	0	0	0	0.0
Revenue forecast adjustments	5,451,636	5,512,656	(61,020)	0	0	0.0
Centrally appropriated line items	1,192,918	557,958	636,434	(1,474)	0	0.0
Non-prioritized request items	31,072	10,673	20,399	0	0	0.0
Annualize prior year budget actions	(961,179)	(14,723)	(946,414)	(42)	0	0.0
Annualize prior year legislation	(377,057)	(172,208)	(204,849)	0	0	1.6
Indirect cost adjustment	(3,344)	(5,268)	5,268	(3,344)	0	0.0
TOTAL	\$366,628,638	\$111,670,754	\$247,814,586	\$6,318,910	\$824,388	1,438.8
INCREASE/(DECREASE)	\$10,253,691	\$4,075,748	\$6,104,279	\$73,664	\$0	1.6
Percentage Change	2.9%	3.8%	2.5%	1.2%	0.0%	0.1%

R1 DRIVES SYSTEM MAINTENANCE AND SUPPORT: The request includes \$2.6 million cash funds from several cash funds including the Licensing Services Cash Fund (LSCF) and the Colorado State Titling and Registration (CSTARS) account/Colorado DRIVES Vehicle Services account for FY 2018-19. This request will increase to \$6,240,000 in FY 2019-20 and will include annual contractual increases for inflation based on the Denver/Boulder Consumer Price Index (CPI) in out years. This request includes annual, operating funding for post-implementation hosting, maintenance, and support services provided by the vendor, FAST Enterprises, LLC, for the Driver License, Record, Identification, and Vehicle Enterprise Solution (DRIVES) system, previously funded as an information technology capital construction project.

R2 ARMORED CAR APPROPRIATION INCREASE: The request includes an increase of \$63,551 total funds including \$1,177 General Fund and \$62,374 cash funds from several cash funds, including the Licensing Services Cash Fund, the Limited Gaming Fund, and the Marijuana Cash Fund for FY 2018-19 and ongoing. The request will pay for increased rates for third-party armored car services purchased by the Department across several divisions. The increase comes as a result of the recent vendor solicitation process for this service.

R3 LOTTERY VENDOR FEES AND RETAIL COMPENSATION: The request includes an increase of \$4,028,785 cash funds from the Lottery Fund in FY 2018-19 and ongoing. Current projections identify a need of an additional \$1.7 million in vendor fees and \$2.3 million in retailer compensation to satisfy lottery contract provisions for vendors and retailers.

R4 LIQUOR ENFORCEMENT DIVISION OPERATING INCREASE: The request includes an increase of \$43,734 cash funds from the Liquor Enforcement Division and State Licensing Authority Cash Fund for FY 2018-19 and ongoing to support travel costs to improve compliance and enforcement operations statewide in remote areas.

R5 ENFORCEMENT BUSINESS GROUP REALIGNMENT: The request is for a realignment of 2.0 FTE from the Division of Gaming to the Administration section of the Enforcement Business Group (EBG) for FY 2018-19 and ongoing. The request is a net-neutral adjustment in total funds, including an increase of \$1,908 General Fund, a net increase of \$78,524 reappropriated funds, and a net decrease of \$80,432 cash funds. The positions will be financed through the indirect cost model for the purpose of allocating the costs proportionally across all EBG programs and funding sources.

R6 GENTAX FRAUD MANAGER REDUCTION: The request includes a decrease of \$600,000 General Fund in FY 2018-19 and ongoing. This item was appropriated in a FY 2015-16 supplemental (S2) and FY 2016-17 budget amendment (BA1) to implement a functional service in the GenTax system. The Department and vendor were unable to reach agreement so the service was not implemented.

R7 GROSS CONSERVATION EASEMENT REDUCTION: The request includes a decrease of \$1,216,425 General Fund for FY 2018-19 and ongoing. This appropriation was included in H.B. 11-1300 (Conservation Easement Tax Credit Dispute Resolution) for consultant work. The majority of the work has been completed and the appropriation for the consultant is no longer used.

REVENUE FORECAST ADJUSTMENTS: The request includes adjustments to reflect the September 2017 Revenue Forecast projected by the Governor's Office of State Planning and Budgeting for special purpose distribution line items including Cigarette Tax Rebate and Retail Marijuana Sales Tax Distribution to Local Governments.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$1,192,918 total funds including \$557,958 General Fund related to employee benefits and other centrally appropriated items. This total includes the following changes:

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Salary survey adjustment	\$2,582,782	\$1,083,134	\$1,496,461	\$3,187	0.0
Health, life, and dental adjustment	684,365	372,860	316,978	(5,473)	0.0
Leased space adjustment	287,275	42,978	244,297	0	0.0
AED adjustment	180,980	40,916	139,656	408	0.0
SAED adjustment	180,980	40,916	139,656	408	0.0
Legal services adjustment	172,533	99,722	72,811	0	0.0
Workers' compensation adjustment	100,139	32,664	67,475	0	0.0
CORE adjustment	85,881	28,911	56,970	0	0.0
Payments to OIT adjustment	(2,741,966)	(1,085,673)	(1,656,293)	0	0.0
Capitol Complex leased space adjustment	(225,464)	(52,308)	(173,156)	0	0.0
Payment to risk management / property funds adjustment	(94,352)	(39,767)	(54,585)	0	0.0
Short-term disability adjustment	(9,011)	(5,122)	(3,885)	(4)	0.0
ALJ adjustment	(7,096)	0	(7,096)	0	0.0
Shift differential adjustment	(4,128)	(1,273)	(2,855)	0	0.0
TOTAL	\$1,192,918	\$557,958	\$636,434	(\$1,474)	0.0

NON-PRIORITIZED REQUEST ITEMS: The request includes adjustments related to budget requests made by other departments that affect the Department of Revenue in FY 2018-19, which are summarized in the following table.

NON-PRIORITIZED REQUEST ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
NP2 Operating system suite	\$18,321	\$7,157	\$11,164	0.0
NP1 Cybersecurity liability insurance policy	8,880	3,516	5,364	0.0
NP3 Annual fleet vehicle request	3,871	0	3,871	0.0
TOTAL	\$31,072	\$10,673	\$20,399	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net decrease of \$961,179 total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Annualize FY18 R4 DMV Leased Space	(\$893,400)	\$0	(\$893,400)	\$0	0.0
Annualize FY18 R6 AID Regulatory Staff Increase	(33,182)	0	(33,182)	0	0.0
Annualize prior year salary survey	(25,637)	(10,992)	(14,615)	(30)	0.0
Annualize merit base pay	(8,960)	(3,731)	(5,217)	(12)	0.0
TOTAL	(\$961,179)	(\$14,723)	(\$946,414)	(\$42)	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net decrease of \$377,057 total funds to reflect the FY 2017-18 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Annualize SB16-197 Liquor-licensed Drugstore Multiple	\$72,189	\$0	\$72,189	1.5
Annualize HB17-1212 Colorado Aviation Special License	913	0	913	0.0
Annualize HB17-1012 Pueblo Chile License Plate	912	0	912	0.0
Annualize HB17-1162 Outstanding Judgments and Drivers	(108,000)	0	(108,000)	0.0
Annualize HB16-1467 First Time Homebuyer Savings Acct	(84,493)	(84,493)	0	0.0
Annualize HB17-1367 Authorize Marijuana Clinical Research	(45,801)	0	(45,801)	0.0
Annualize HB16-1142 Rural Care Preceptors Tax Credit	(45,038)	(45,038)	0	0.0
Annualize SB17-192 Marijuana Business Efficiency Meas	(39,709)	(9,600)	(30,109)	0.1
Annualize HB17-1027 Remove Fund Repeal and Clarify Orga	(33,750)	0	(33,750)	0.0
Annualize HB16-1194 First Time Farmer IT Deduction	(33,077)	(33,077)	0	0.0
Annualize SB17-240 Sunset Motor Vehicle Dealer Sales	(28,853)	0	(28,853)	0.0
Annualize HB17-1120 Alcohol Beverage License Higher Ed	(22,150)	0	(22,150)	0.0
Annualize HB17-1249 Penalties for Unlicensed MV Sales	(8,000)	0	(8,000)	0.0
Annualize HB17-1250 Renew and Expand Tax Checkoff	(2,200)	0	(2,200)	0.0
TOTAL	(\$377,057)	(172,208)	(\$204,849)	1.6

INDIRECT COST ADJUSTMENT: The request includes net adjustments to indirect costs across the Department.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

DEPARTMENT REQUEST ITEMS: This informational issue brief provides summaries of the Department's request items.

Department of State

The Department of State administers statutory provisions that pertain to elections; manages the statewide voter registration database; oversees campaign finance reporting; registers lobbyists and monitors the filing of required disclosures; collects, maintains, and provides public access to business filings; regulates charities and charitable gaming; and certifies notaries public. The Department's FY 2017-18 appropriation represents 0.1 percent of statewide operating appropriations and does not include any General Fund.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF STATE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
S.B. 17-254 (Long Bill)	\$22,711,371	\$0	\$22,711,371	\$0	\$0	137.4
Other legislation	192,404	0	192,404	0	0	0.0
TOTAL	\$22,903,775	\$0	\$22,903,775	\$0	\$0	137.4
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$22,903,775	\$0	\$22,903,775	\$0	\$0	137.4
R1 Increase to Local Election Reimbursement line item	500,000	0	500,000	0	0	0.0
R2 Increase to Initiative and Referendum line item	250,000	0	250,000	0	0	0.0
R3 DevOps Model to Modernize Biz System and SCORE	995,303	0	995,303	0	0	5.0
R4 Increased voter registration form costs	24,000	0	24,000	0	0	0.0
Centrally appropriated line items	715,870	0	715,870	0	0	0.0
Annualize prior year legislation	50,481	0	50,481	0	0	0.5
Nonprioritized request items	4,291	0	4,291	0	0	0.0
Annualize prior year budget action	(210,000)	0	(210,000)	0	0	0.0
TOTAL	\$25,233,720	\$0	\$25,233,720	\$0	\$0	142.9
INCREASE/(DECREASE)	\$2,329,945	\$0	\$2,329,945	\$0	\$0	5.5
Percentage Change	10.2%	n/a	10.2%	n/a	n/a	4.0%

R1 INCREASE TO LOCAL ELECTION REIMBURSEMENT LINE ITEM: The request includes an increase of \$500,000 cash funds to fund reimbursements to local governments for administering elections concerning a statewide ballot question or candidate, as required by statute.

R2 INCREASE TO INITIATIVE AND REFERENDUM LINE ITEM: The request includes an increase of \$250,000 cash funds to fund changes to how the Department of Personnel bills the Department of State for initiative and candidate petition review and to fund signature verification software implementation.

R3 DEVOPS MODEL TO MODERNIZE BUSINESS SYSTEM AND STATEWIDE ELECTION SYSTEM (SCORE): The request includes an increase of \$995,303 cash funds and 5.0 FTE to continue modernization of its information technology infrastructure, which is began after approval of a September 2017 emergency supplemental budget request approved by the Joint Budget Committee.

R4 INCREASED VOTER REGISTRATION FORM COSTS: The request includes an increase of \$24,000 cash funds to fund purchase of services from the Department of Personnel. The additional funds will go toward statutorily-required voter registration forms being inserted in all required mailings. In previous years, although neither Department can report for how long, some of these mailings have not included such required forms.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$715,870 cash funds for centrally appropriated line items summarized in the table below:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$318,351	\$0	\$318,351	\$0	\$0	0.0
Health, life, and dental adjustment	209,440	0	209,440	0	0	0.0
AED adjustment	68,702	0	68,702	0	0	0.0
SAED adjustment	68,702	0	68,702	0	0	0.0
ALJ adjustment	57,941	0	57,941	0	0	0.0
Leased space adjustment	19,951	0	19,951	0	0	0.0
Workers' compensation adjustment	10,850	0	10,850	0	0	0.0
CORE adjustment	2,214	0	2,214	0	0	0.0
Vehicle lease payments adjustment	270	0	270	0	0	0.0
Short-term disability adjustment	29	0	29	0	0	0.0
Payment to risk management / property funds adjustment	(19,761)	0	(19,761)	0	0	0.0
Legal services adjustment	(9,792)	0	(9,792)	0	0	0.0
Indirect cost assessment adjustment	(6,565)	0	(6,565)	0	0	0.0
Payments to OIT adjustment	(4,462)	0	(4,462)	0	0	0.0
TOTAL	\$715,870	\$0	\$715,870	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes an increase of \$50,481 cash funds for annualization of previous year legislation summarized in the table below:

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB17-305 (Primary Election Cleanup)	\$74,018	\$0	\$74,018	\$0	\$0	0.5
Annualize SB15-288 (Compensation of Public Officials)	11,071	0	11,071	0	0	0.0
Annualize HB17-1200 (Update Pub Benefit Corp)	(30,488)	0	(30,488)	0	0	0.0
Annualize SB17-152 (Implement Amendment 71)	(4,120)	0	(4,120)	0	0	0.0
TOTAL	\$50,481	\$0	\$50,481	\$0	\$0	0.5

NON-PRIORITIZED REQUESTED CHANGES: The request includes an increase of \$4,291 cash funds for the non-prioritized request related to cybersecurity insurance.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a reduction of \$210,000 cash to reflect one-time funding for the Water Cooling Loop Redundancy approved in FY 2017-18.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R3 DEVOPS MODEL TO MODERNIZE BUSINESS SYSTEM AND STATEWIDE ELECTION SYSTEM (SCORE): The request includes an increase of \$995,303 cash funds and 5.0 FTE to continue modernization of its information technology infrastructure, which is began after approval of a September 2017 emergency supplemental budget request approved by the Joint Budget Committee.

R1 INCREASE TO LOCAL ELECTION REIMBURSEMENT LINE ITEM: The request includes an increase of \$500,000 cash funds to fund reimbursements to local governments for administering elections concerning a statewide ballot question or candidate, as required by statute.

R2 INCREASE TO INITIATIVE AND REFERENDUM LINE ITEM: The request includes an increase of \$250,000 cash funds to fund changes to how the Department of Personnel bills the Department of State for initiative and candidate petition review and to fund signature verification software implementation.

Department of Transportation

The Department of Transportation is responsible for operating and maintaining Colorado's nine thousand mile state highway system under the policy direction of the eleven-member Transportation Commission, and maintaining the statewide aviation system plan. These responsibilities include managing highway construction projects, implementing the state's Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department's FY 2017-18 appropriation represents 5.5 percent of statewide operating appropriations. The Department does not receive General Fund appropriations, but it does receive periodic and variable General Fund Transfers. In FY 2016-17 it received a General Fund transfer of \$79 million and in FY 2017-18 it will receive another \$79 million General Fund transfer. In FY 2018-19 it is expected to receive \$280 million due to S.B. 17-267, with the money coming from the lease purchase of state facilities.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF TRANSPORTATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	1,578,506,823	0	851,844,882	8,552,189	718,109,752	3,326.8
TOTAL	\$1,578,506,823	\$0	\$851,844,882	\$8,552,189	\$718,109,752	3,326.8
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$1,578,506,823	0	\$851,844,882	\$8,552,189	\$718,109,752	3,326.8
Updated Revenue Projections	176,733,805	0	283,004,634	(79,781)	(106,191,048)	0.0
Centrally appropriated line items	2,474,612	0	2,584,586	(109,974)	0	0.0
Annualize Prior Budget Actions	287,602	0	277,391	10,211	0	0.0
NP2 Operating System and MS Office Suite	97,954	0	97,954	0	0	0.0
NP1 Cybersecurity Liability Insurance Policy	88,597	0	88,597	0	0	0.0
Statewide Indirect Cost Assessment	8,063	0	8,055	8	0	0.0
Reduced funding for Construction, Maintenance, and Operations to pay for Administration Division increases	(2,958,912)	0	(2,958,904)	(8)	0	0.0
Close in-house print shop	(1,700,000)	0	0	(1,700,000)	0	0.0
TOTAL	\$1,753,538,544	\$0	\$1,134,947,195	\$6,672,645	\$611,918,704	3,326.8
INCREASE/(DECREASE)	\$175,031,721	\$0	\$283,102,313	(\$1,879,544)	(\$106,191,048)	0.0
Percentage Change	11.1%	0.0%	33.2%	(22.0%)	(14.8%)	0.0%

UPDATED REVENUE PROJECTIONS: The appropriation includes updates to the Department's revenue projections, which are provided for informational purposes only. The largest is an additional \$380,000,000 cash funds that is expected from SB 17-267, with the money coming from the lease purchase of state facilities.

CENTRALLY APPROPRIATED LINE ITEMS: The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; shift differential; workers' compensation; legal services; payment to risk management and property funds; CORE operations; and payments to the Governor's Office of Information Technology (OIT).

ANNUALIZE PRIOR BUDGET ACTIONS: The request includes \$288 thousand to annualize prior year salary survey and merit pay.

NP2 OPERATING SYSTEM AND MS OFFICE SUITE: The request includes an increase of \$98 thousand cash funds to transition from non-consolidated, department-by-department, licensing for Microsoft's operating system and Office applications to centralized licensing managed by OIT.

NP1 CYBERSECURITY LIABILITY INSURANCE POLICY: The request includes \$89 thousand cash funds for an insurance policy to cover costs associated with cyber security breaches.

STATEWIDE INDIRECT COST ASSESSMENT: The request includes \$8 thousand cash funds for the Department's increased statewide indirect cost assessment.

REDUCED FUNDING FOR CONSTRUCTION, MAINTENANCE, AND OPERATIONS TO PAY FOR ADMINISTRATION DIVISION INCREASES: The increased costs for centrally appropriated items, annualizations of prior budget actions, and non-prioritized requests in the Administration Division translate into less available funding for Construction, Maintenance, and Operations, necessitating an offsetting reduction of the informational appropriation to that Division.

CLOSE IN-HOUSE PRINT SHOP: The request includes a reduction of \$1.7 million of reappropriated funds due to closure of the Department's in-house printing operation. CDOT expects to save money by sending print work to private-sector printers. Formerly, the print shop accepted jobs from other divisions of CDOT and those divisions paid the shop for the work performed. These payments were used to pay personal services and operating costs of the print shop, spending that was classified as expenditures of reappropriated funds and required a corresponding appropriation. With the closure of the print shop, payments that CDOT's divisions make for print work go to outside vendors and no longer require a reappropriation.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

REPEAL SECTION 43-1-112.5, C.R.S.: Section 43-1-112.5, C.R.S., directs the General Assembly, in the Long Bill or in a special bill, to prescribe the total amount of allowable revenues that may be collected and expended by the Colorado Department of Transportation (CDOT) for the fiscal year. The provision appears to conflict with the Colorado Constitution and with some other transportation statutes. Though it has been in statute since 1993, it appears to have never been used and would be difficult to implement. Staff believes it is unnecessary and recommends that it be repealed.

SENATE BILL 17-267 UPDATE: This is an informational issue on Senate Bill 17-067, which permits the State to enter into \$2 billion of lease-purchase agreements over the four years that begin in FY 2018-19. It is likely to provide the Colorado Department of Transportation (CDOT) with \$1.88 billion of transportation funding over that period. The bill requires the Department to make annual repayments of up to \$50 million annually for the 20-year life of the agreements. The Department's payments could be higher if the General Assembly decides to use additional transportation revenue for repayments. Reductions to other Department expenditures will probably be necessary to make these payments.

Department of Treasury

The Department of the Treasury is responsible for the following primary duties: (1) acts as the State's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program; (3) disburses Senior Citizen and Disabled Veteran Property Tax Exemption payments to local governments; (4) provides short-term interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; (7) distributes federal mineral leasing funds received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado; (8) manages certain state public financing transactions; and (9) reimburses certain property taxes owed or paid for real and business personal property destroyed in a natural disaster. The Department's funding for FY 2017-18 consists of 28.9 percent General Fund, 67.7 percent cash funds, and 3.4 percent reappropriated funds.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

DEPARTMENT OF THE TREASURY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	Federal Funds	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	524,067,755	151,447,545	354,847,185	17,773,025	0	32.9
TOTAL	\$524,067,755	\$151,447,545	\$354,847,185	\$17,773,025	\$0	32.9
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$524,067,755	151,447,545	\$354,847,185	\$17,773,025	\$0	32.9
Property tax exemption adjustment	14,806,461	14,806,461	0	0	0	0.0
HUTF county adjustment	7,147,119	0	7,147,119	0	0	0.0
HUTF municipality adjustment	5,548,502	0	5,548,502	0	0	0.0
Non-prioritized changes	36,931	36,931	0	0	0	0.0
Annualize prior year salary survey	16,124	9,083	7,041	0	0	0.0
Annualize prior year legislation	12,994	12,994	0	0	0	0.0
Centrally appropriated line items	5,733	61,646	31,849	(87,762)	0	0.0
Annualize prior year merit pay	(16,124)	(9,083)	(7,041)	0	0	0.0
TOTAL	\$551,625,495	\$166,365,577	\$367,574,655	\$17,685,263	\$0	32.9
INCREASE/(DECREASE)	\$27,557,740	\$14,918,032	\$12,727,470	(\$87,762)	\$0	0.0
Percentage Change	5.3%	9.9%	3.6%	(0.5%)	n/a	0.0%

SENIOR CITIZEN AND DISABLED VETERAN PROPERTY TAX EXEMPTION ADJUSTMENT: The request includes an increase of \$14.8 million General Fund for FY 2018-19 for reimbursement to local governments for lost property tax revenues.

HUTF COUNTY ADJUSTMENT: The request includes an increase of \$7.1 million cash funds for adjustments to the county HUTF disbursement.

HUTF MUNICIPALITY ADJUSTMENT: The request includes an increase of \$5.5 million cash funds for adjustments to the municipality HUTF disbursement.

NON-PRIORITIZED CHANGES: The request includes an increase of \$36,931 General Fund, which includes \$159 for the Cybersecurity liability insurance policy and \$36,772 is for an OSPB set-aside for elected officials.

ANNUALIZE PRIOR YEAR SALARY SURVEY: The request includes an increase of \$16,124 total funds, of which \$9,083 is General Fund and \$7,041 are cash funds for annualization of the prior year salary survey.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes an increase of \$12,994 General Fund to annualize prior year legislation.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items including the following: health, life, and dental; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; workers' compensation and payments to risk management; legal services; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

ANNUALIZE PRIOR YEAR MERIT PAY: The request includes a decrease of \$16,124 total funds, of which \$9,083 is General Fund and \$7,041 are cash funds for annualization of prior year merit pay.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

UNCLAIMED PROPERTY TRUST FUND: Unclaimed property is reportable in all 50 states and in some Canadian provinces, and includes but is not limited to: savings/checking accounts, uncashed checks, stocks/other securities, mutual funds, utility deposits, overpayments, unused airline tickets, and money orders. The mission of the Unclaimed Property Division is to reunite all owners or their heirs with their unclaimed property. The competing pressures on the fund raises concerns on the long-term sustainability of using the fund for appropriations outside of returning the value of property to its rightful owner/heir.

INFORMATIONAL ISSUE OF STATE INVESTMENTS: The Department of the Treasury is responsible for ensuring the safekeeping and management of public funds by depositing all funds received by state agencies. These funds are invested in statutorily authorized investments with the objectives of (in order of importance) legality, safety, liquidity, and yield. The interest made on these investments augments the state's revenues and decreases the tax burden on Colorado's citizens. In addition, the Department ensures that sufficient funds are maintained in cash accounts to meet the state's daily cash needs.

Capital Construction

The capital construction section of the Long Bill includes funding appropriated to state departments and institutions of higher education for capital construction and controlled maintenance. Capital construction appropriations are primarily supported by General Fund transferred to the Capital Construction Fund. The FY 2017-18 General Fund transfers to the Capital Construction Fund (\$90.2 million) represents 1.0 percent of FY 2017-18 General Fund revenues, based on the September 2017 Legislative Council Staff forecast.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

		Capital Construction				
		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2017-18 APPROPRIATION:						
		124,591,439	72,056,813	42,069,361	10,000,000	465,265
TOTAL		\$124,591,439	\$72,056,813	\$42,069,361	\$10,000,000	\$465,265
Priority	OSP ^B	CCHE	FY 2018-19 PRIORITIZED REQUESTS (STATE-FUNDED) REQUESTED APPROPRIATION:			
1			15,130,478	15,130,478	0	0
2			15,499,760	15,499,760	0	0
3			5,904,772	5,904,772	0	0
4			10,316,372	10,316,372	0	0
5			7,184,143	7,184,143	0	0
6	1		13,183,586	6,591,793	6,591,793	0
7			2,543,505	2,543,505	0	0
8			6,673,932	5,499,182	1,174,750	0
9		2	18,841,895	14,118,684	4,723,211	0
10		2	156,659,999	12,346,906	144,313,093	0
11		3	5,183,238	4,302,087	881,151	0
12		n/a	0	0	0	0
SUBTOTAL - Prioritized Requests			\$257,121,680	\$99,437,682	\$157,683,998	\$0
FY 2018-19 NON-PRIORITIZED REQUESTS (100% CASH-FUNDED) REQUESTED APPROPRIATION:						
		781,900	0	781,900	0	0
		728,271	0	728,271	0	0

Capital Construction					
	TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
DHS: VCLC Fitzsimons Infrastructure Upgrades	343,812	0	343,812	0	0
DHS: VCLC Rifle Infrastructure Upgrades	269,189	0	269,189	0	0
DOC: CCI Small Projects	660,000	0	660,000	0	0
HistCO: Regional Property Preservation Projects	700,000	0	700,000	0	0
DNR: Wildlife Infrastructure	6,859,315	0	6,859,315	0	0
DNR: Parks - Land and Water Acquisitions	1,400,000	0	1,400,000	0	0
DNR: Parks Infrastructure and Facilities	16,805,025	0	16,805,025	0	0
SUBTOTAL - Non-prioritized Requests	\$28,547,512	\$0	\$28,547,512	\$0	\$0
TOTAL	\$285,669,192	\$99,437,682	\$186,231,510	\$0	\$0
INCREASE/(DECREASE)	\$161,077,753	\$27,380,869	\$144,162,149	(\$10,000,000)	(\$465,265)
Percentage Change	129.3%	38.0%	342.7%	n/a	(100.0%)

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

S.B. 17-267 COLLATERALIZATION OF STATE BUILDINGS REQUIREMENTS AND PROCESS UPDATE: Part 13 of Article 82 of Title 24, C.R.S., enacted in S.B. 17-267, specifies steps for the collateralization of state buildings and repayment for the purpose of funding deferred maintenance of state capital assets and to accelerate the completion of high-priority state highway projects. Statute requires that up to \$2.0 billion in state buildings be collateralized through lease-purchase agreements over four years with 20 years of annual repayments of up to \$150.0 million. The first \$120.0 million in proceeds is intended for controlled maintenance and capital construction and the balance of \$1.88 billion for highway projects.

REPEAL DEPRECIATION PAYMENTS TO THE CMTF: Section 24-30-1310, C.R.S., enacted in S.B. 15-211, requires depreciation-lease equivalent payments from the General Fund to the Capital Construction Fund and the Controlled Maintenance Trust Fund for state-funded capital construction projects. The Controlled Maintenance Trust Fund was established to provide a consistent source of revenues to fund controlled maintenance from interest earnings. However, the Controlled Maintenance Trust Fund is also a designated state emergency reserve which allows the Governor to draw from the principal for emergency declarations. Primarily due to draws for emergencies and due to the low interest rate environment since 2008, the reduced principal in the Controlled Maintenance Trust Fund has not generated interest earnings to significantly or consistently fund controlled maintenance.

REPEAL GENERAL FUND RESERVE EXEMPTION FOR COP PAYMENTS: The Governor has requested that the General Fund reserve be increased from 6.5 percent to 7.0 percent to better prepare for a future recession. Payments for COPs included in the operating budget are exempt from the calculation of the General Fund Reserve. This exemption was added in 2015 to move COP payments from the capital budget where transfers to the Capital Construction Fund are exempt from the General Fund reserve. It may be appropriate to reconsider the exemption at a time when the reserve percentage might be increased at a much greater cost.

S.B. 14-110 REQUIREMENT TO DEVELOP RECOMMENDATIONS FOR NEW METHODS OF FINANCING CAPITAL CONSTRUCTION: Section 2-3-203 (1)(g), C.R.S., enacted in S.B. 14-110, requires the JBC, in consultation with the Capital Development Committee (CDC), to develop and make recommendations concerning new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs.

PROPOSE A CAPITAL ASSET MANAGEMENT AND FINANCE AUTHORITY: The proposal for the creation of a capital asset management and finance authority for state agency buildings would satisfy the requirement that the JBC develop and make recommendations concerning new methods of financing the State's ongoing capital construction-related needs. The authority would be structured as an independent enterprise charged with a primary goal of maximizing the value of capital assets under management. The authority would be responsible for the lifecycle management of its portfolio of state buildings through the finance, construction, controlled maintenance, renovation, and demolition or sale of capital assets. The authority would lease buildings to state agencies for long-term (near-lifecycle) periods, hold ownership of capital assets in trust for the State, and return to the State, a majority of any realized profits on each building at the end of its lifecycle.

PROPOSE DISTINCT HIGHER EDUCATION CAPITAL CONSTRUCTION FUNDING: Institutions of higher education hold 73.2 percent of the state's building inventory. In comparison to state agencies, institutions of higher education, as enterprises, are treated with a substantial degree of independence and have access to multiple sources of revenue beyond state funding. Institution of higher education building projects follow a separate request and approval process as established through the Colorado Commission on Higher Education (CCHHE). In order to more effectively manage capital construction budgeting for state agency buildings, it may be appropriate to consider a separate and distinct system or model for capital construction funding and budgeting for institutions of higher education.

Tobacco Master Settlement Agreement

The Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream which is directed via a statutory formula to a wide variety of programs. Revenue from the Tobacco Master Settlement Agreement is the result of a 1998 legal settlement between tobacco manufacturers and the states who sued tobacco manufacturers to recover the Medicaid and other health-related costs incurred by the states as a result of treating smoking related illnesses. Colorado received \$91.1 million in Tobacco MSA revenue in April 2017. Programs receiving Tobacco MSA allocations in FY 2017-18 include the Nurse Home Visitor Program (26.7% of allocations), the Children's Basic Health Plan Trust (18% of allocations), and the University of Colorado Health Sciences Center (15.5% of allocations), among others.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

TOBACCO MASTER SETTLEMENT AGREEMENT OVERVIEW: The 1998 Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream from Participating Manufacturers as a result of legal action taken by Settling States to recover state expenses incurred for the treatment of illnesses resulting from tobacco use. Tobacco Master Settlement Agreement money is distributed to certain programs based on a statutory formula. This issue provides an overview of the Tobacco Master Settlement Agreement including what comprises the Tobacco Master Settlement Agreement annual payment to Colorado, disputed payments, and arbitration of disputed payments.

HOUSE BILL 16-1408 DISTRIBUTION CHANGES AND FY 2017-18 ALLOCATIONS: Tobacco Master Settlement Agreement (MSA) revenues are distributed according to statutory formula. In anticipation of the final Strategic Contribution Payment in April 2017, H.B. 16-1408 redesigned how MSA revenues would be distributed, refinancing some programs with cash funds from the Marijuana Tax Cash Fund. Fiscal Year 2016-17 and FY 2017-18 allocations are included in this issue briefing.

Statewide Compensation and PERA

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for amortization payments to improve PERA's funded status. The statewide FY 2017-18 appropriation for: the estimated salary base represents approximately 9.7 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 1.7 percent of statewide operating General Fund appropriations; and PERA amortization payments (AED and SAED) represents approximately 0.9 percent of statewide operating General Fund appropriations.

FY 2017-18 APPROPRIATION AND FY 2018-19 REQUEST

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA PAYROLL COMPONENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2017-18 Appropriation					
Base Salary Estimate	\$1,666,739,716	\$923,013,894	\$393,733,707	\$186,819,001	\$163,173,115
PERA	173,171,872	96,129,487	41,322,536	19,085,756	16,634,093
Medicare (FICA)	24,167,725	13,383,700	5,709,139	2,708,874	2,366,012
Shift Differential	14,562,299	11,354,074	612,530	2,539,327	56,368
Salary Survey	34,610,782	18,335,747	9,263,793	3,800,073	3,211,168
Merit Pay	13,936,629	8,014,451	3,053,180	1,539,295	1,329,703
Health, Life, Dental	238,188,184	139,574,100	52,866,903	25,017,629	20,729,552
Short-term Disability	3,082,103	1,677,953	735,205	360,166	308,779
AED	84,568,009	46,424,560	20,115,241	9,664,263	8,363,945
SAED	84,161,978	46,020,716	20,113,054	9,664,263	8,363,945
TOTAL	\$2,337,189,297	\$1,303,928,683	\$547,525,289	\$261,198,646	\$224,536,680
FY 2018-19 Request					
Base Salary Estimate	\$1,754,667,548	\$962,225,256	\$425,461,473	\$193,384,011	\$173,596,808
PERA	184,113,600	102,030,030	44,606,578	19,794,183	17,682,809
Medicare (FICA)	25,442,675	13,952,266	6,169,189	2,804,067	2,517,153
Shift Differential	15,843,834	11,983,905	800,399	2,081,236	978,294
Salary Survey	59,670,368	33,183,213	14,166,687	6,500,090	5,820,378
Merit Pay	0	0	0	0	0
Health, Life, Dental	261,319,463	149,636,817	60,736,546	26,549,539	24,396,561
Short-term Disability	2,928,068	1,573,923	720,945	335,181	298,019
AED	89,787,143	48,828,430	21,920,944	10,053,414	8,984,355
SAED	89,578,799	48,621,349	21,919,681	10,053,414	8,984,355
TOTAL	\$2,483,351,497	\$1,372,035,188	\$596,502,442	\$271,555,135	\$243,258,732
Increase/(Decrease)	\$146,162,200	\$68,106,505	\$48,977,154	\$10,356,489	\$18,722,052
Percent Change	6.3%	5.2%	8.9%	4.0%	8.3%

THE FY 2018-19 TOTAL COMPENSATION REQUEST

The FY 2018-19 request is estimated at \$2.48 billion total funds, an increase of \$146.2 million over the prior year appropriation, which represents a 6.3 percent increase in total compensation-related appropriations. The FY 2018-19 total compensation request includes the following elements:

SALARY SURVEY: The Salary Survey request includes:

- A 3.0 percent across-the-board or ATB salary increase for all occupational groups;
- A 3.0 percent increase for all State Patrol Trooper classes; and
- A 2.0 percent salary range adjustment for all occupational groups.

The Governor's request for Salary Survey totals \$59.6 million total funds, including \$33.1 million General Fund. JBC staff identifies a total salary survey request from all department compensation templates of \$59.7 million total funds, including \$33.2 million General Fund.

MERIT PAY: A Merit Pay increase is not requested.

SHIFT DIFFERENTIAL: Shift differential is requested at 100 percent of prior year actual expenditures. In FY 2018-19 shift differential increases by \$1.3 million total funds, including \$0.6 million General Fund; an 8.8 percent increase in total funds and a 5.5 percent increase in General Fund.

STD: Short Term Disability is requested at 0.17 percent of revised base salaries; a reduction from 0.19 percent in the prior fiscal year. The STD adjustment is estimated to decrease by \$154,000 total funds, including \$104,000 General Fund; a 5.0 percent decrease in total funds and a 6.2 percent decrease in General Fund.

HLD: Request amounts submitted for Health, Life, and Dental are based on employee health and dental elections as of July of the current year. Final adjustments may be included in a budget amendment based on actuarial recommendations received in December. The base adjustment request reflects an increase of \$23.1 million total funds, including \$10.1 million General Fund; a 9.7 percent increase in total funds and a 7.2 percent increase in General Fund.

AED: Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent in 2017 and future years, except for judges set at 2.2 percent for 2018 and 3.4 percent in 2019. The AED increase is estimated to be \$5.2 million total funds, including \$2.4 million General Fund; a 6.2 percent increase in total funds and a 5.2 percent increase in General Fund.

SAED: Supplemental Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent in 2017 and future years, except for judges set at 1.5 percent for 2018 and 3.4 percent in 2019. The SAED increase is estimated to be \$5.4 million total funds, including \$2.6 million General Fund; a 6.4 percent increase in total funds and a 5.7 percent increase in General Fund.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

TOTAL COMPENSATION REQUEST OVERVIEW AND STATEWIDE COMPENSATION CONCERNS: The FY 2018-19 total compensation request includes a 3.0 percent across-the-board (ATB) increase, no merit pay increase, and a 2.0 percent salary range adjustment for all occupational classes. The Governor's Office of State Planning and Budgeting (OSP) estimates the ATB increase will total \$59.6 million total funds, including \$33.1 million General Fund. In addition to the statewide compensation request, individual state agencies continue to submit budget requests to increase pay for select occupational classes. The Department of Personnel believes it is the proper response for state agencies to submit individual, ad hoc requests to address turnover and career ladder progression and compensation problems. However, the clustering of state employees at the bottom of the range appears to be consistent across all requests and appears to be a statewide problem.

PERA LEGISLATIVE RECOMMENDATIONS TO ADDRESS FUNDED STATUS: In 2017, the PERA Board adopted a 7.25 percent assumed rate of return (from 7.5 percent) as well as more conservative mortality assumptions. Due to these changes, most PERA divisions are now designated "orange" in PERA's signal light system, representing "solvent but longer than 50 years to reach 100% funded". In order to restore a 30-year full funding horizon, PERA's Board has adopted recommendations for legislation: to increase contributions from employers and current and future members; more fairly align contributions for future members; reduce cost-of-living adjustments for current retirees and all members; and modify benefits for future members. This briefing issue addresses PERA's recommendations.