To the Joint Budget Committee, General Assembly, and the people of Colorado,

As we prepared this final Budget for Colorado, under strong financial conditions and with multiple opportunities for investments, I could not help but look back to 8 years ago and the deep cuts to our state budget from the Great Recession. Since that time, Colorado has worked hard to rebuild, and our economic recovery has surpassed the nation’s. Colorado’s giddy-up attitude has achieved this boom while keeping one of the lowest revenue per capita burdens in the country, with only 8 states that have a lower burden; keeping state growth below 2009 levels when adjusted for inflation and population; and strengthening our financial position by building reserves and paying down unfunded liabilities for our retirement system.

That’s why we present to you a budget proposal that harnesses our strong economic times to make strategic investments in our people and our reserves to protect Colorado’s prosperity through the next downturn.
The FY 2019-20 Budget request is for $33.4 billion or a 4.8% increase in total funds. This includes a General Fund request of $13.2 billion or a 4.7% increase over the FY 2018-19 budget. Of the requested increases for the General Fund, 41% is for strategic investments. This Budget also funds the important day-to-day operations to serve a growing Colorado population and economy. Highlights include the following:

- **Building opportunity** so all Colorado communities can expect a quality education and reliable infrastructure like roads, water, and internet;
- **Protecting families** from crime, health and environmental risks, and potential unforeseen financial crises;
- **Expanding the middle class** by making child care and college more affordable, while building a strong workforce for the economy of tomorrow.

## Building Opportunity

We believe that your zip code should not determine if you have access to a quality education. It should not be so easy to recruit Colorado teachers across state lines for higher pay.

This Budget makes a significant investment for our teachers and K-12 education more broadly. It pays back recession-era funding cuts, reducing the Budget Stabilization Factor by $77 million to $595 million. We have reduced the Budget Stabilization Factor by more than 40 percent since FY 2012-13. This Budget also includes $10 million to invest in key initiatives emerging from the bipartisan Education Leadership Council, such as investments to address teacher shortages, and incentives for students completing industry credentials, internships, and apprenticeships. This Budget makes these additional investments possible even when the required increase to public schools from the General Fund is $261 million, more than double the operating increase public schools received from the General Fund this year.
Building Opportunity, cont.

Teacher shortages are a critical problem facing Colorado, and we know teachers are a good investment. It is difficult to recruit teachers in the areas most in need. That’s why this Budget proposes another $6.5 million for scholarships to those college students committed to the profession and to teaching in rural and underserved school districts.

This year, when our economy is strong, we have the capacity to make significant investments in education, while also continuing to support our statewide infrastructure. Thanks to the bipartisan passage of SB18-001, this Budget will add $200 million to serve as a down payment on the $8.8 billion infrastructure needs of our growing population and business community.

Building opportunity for Colorado’s agricultural industry requires a new General Fund investment, particularly in an economic environment beset with the uncertainty of trade wars and tariffs that have harmed some agricultural businesses in Colorado. This Budget makes an investment to support international marketing efforts to promote Colorado’s agriculture industry, that will support new jobs and business growth in rural Colorado.
Protecting Families

This Budget requests the funding necessary to preserve services that protect our families -- services that would be eroded given the growth and shift of our state’s population. For example, with more drivers on the road, Colorado needs an additional $2 million for more state troopers. With more homes built near wildlands and our forests drier than ever due to climate change, our costs to prevent, mitigate, and fight forest fires are growing. This Budget requests $40 million to the controlled maintenance fund for the fires that devastated our rural communities this season.

Colorado is an innovator in ways to improve quality and reduce costs in the area of health, including with the State Innovation Model that has become a national model for the integration of physical and behavioral health. This Budget continues funding for the State Innovation Model beyond the federal grant expiration.

But we cannot avoid the rising costs associated with demographic shifts as more of the population ages and prepares for retirement. This year, the budgetary impact on Medicaid due to this demographic shift is an increase of $292 million total funds, including $147 million General Fund. On the other end of the age spectrum, we have made significant strides in reducing teen pregnancy and teen abortion.

Thanks to our investment in access to long-acting reversible contraceptives like IUDs and implants, both teen pregnancy and teen abortion have fallen by nearly 60 percent. To further those efforts, and in response to restrictions on federal funding, this Budget proposes an additional $1 million investment in family planning.
While Colorado’s population is growing and our economy is strong, we recognize the need to prepare for the next economic downturn. We are currently in the second longest expansion period in history. That is why this Budget proposes to increase the General Fund reserve from 7.25% to 8%. Every dollar we neglect to save when times are good, means we come up a dollar short in the next economic downturn - a dollar short for state troopers, firefighting, and healthcare.

No discussion of protecting families in Colorado would be complete without including the increasing dangers of drought and water availability for our semi-arid, but growing state. Finding a long-term, sustainable funding source for implementation of our water plan presents unique challenges, a fact that reinforces the importance of pursuing a General Fund investment when times are good. For that reason, this Budget makes an unprecedented three-year $30 million General Fund investment towards implementation of Colorado's Water Plan. The proposed investment leverages local and federal dollars and will serve as a down payment for protecting against the economic devastation of drought while Colorado continues efforts to identify a long-term, sustainable funding source.
Expanding the Middle Class

One of the most crucial factors for creating a sustainable economy is to build a middle class that is thriving and expanding. Higher education needs to be accessible and affordable so Colorado can grow its own talent and ensure economic mobility for those that need it the most. That’s why this Budget invests $121 million General Fund to keep tuition flat - yes flat - at all public institutions of higher education for school year 2019-20.

Keeping government responsibly small is a priority, but refunding what amounts to $2.67 per month to every Coloradan misses an opportunity to use these dollars strategically. This Budget proposes to allocate the TABOR surplus to childcare, workforce development and working families via tax credits. These tax credits, in addition to the existing Senior Homestead Act, support and expand the middle class.

- **Child care**: This Budget proposes $24 million in tax credits to reduce childcare expenses for families making up to $150,000. For a family with two children making $60,000 per year, the savings could be as much as $100 a month, a significant impact as rents have risen to record levels. This proposal also includes $21 million in credits to be phased in to help providers increase their quality of care, especially for infants.

- **Workforce development**: In addition, this Budget proposes $22 million in tax credits for workforce development, to defray the cost of higher education and encourage lifelong learning and retraining for the economy of tomorrow.

- **Working families**: Last, this Budget proposes a phased-in expansion of $64-$99 million in tax credits for low-income families with jobs. Encouraging more work by expanding the earned income tax credit will help position more families to reach the middle class.

According to 2016 research from Nobel Laureate Dr. James Heckman, the return on investment from quality early care and education for disadvantaged children has been estimated to be as high as 13% per year.
Conclusion

In the pages following this letter, please find my Dashboard Budget Highlights, analysis about our Fiscal Condition and the Economy, detailed Budget Tables, proposed Tax Credits, and all Requests by Department.

Colorado is on the rise. General fund revenue has recovered from the Great Recession, and our economy is booming. This Budget request keeps Colorado moving forward. Giddy Up!

Sincerely,

[Signature]

John W. Hickenlooper
Governor

Copy:
Representative Millie Hamner, Joint Budget Committee Chair
Senator Kent D. Lambert, Joint Budget Committee Vice Chair
Senator Kevin Lundberg, Joint Budget Committee
Senator Dominick Moreno, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Senate President Kevin Grantham
Speaker of the House of Representatives Crisanta Duran
Mr. John Ziegler, Joint Budget Committee Staff Director

Attachments

1. Dashboard Budget Highlights
2. Fiscal Condition and the Economy
3. Budget Tables and Tax Credits
   A. Decision Items List by Department
   B. Placeholders (legislative, amendments, supplementals, other)
   C. Fund Sources by Department
   D. General Fund Overview
   E. Marijuana Revenue Overview
4. Requests by Department (Operating)
5. Requests for Capital
## FY20 Budget Highlights

**by dashboard priority area**

### ECONOMIC & INFRASTRUCTURE DEVELOPMENT

- Capital funds for higher education and state agencies
- Film industry incentives
- Agricultural marketing
- Transportation - SB18-001

### ENVIRONMENT AND ENERGY

- Water plan 3 year investment
- Oil and gas regulation to protect and improve service

### HEALTH

- Medicaid funding for our aging demographic shift
- Medicaid cost savings investments
- Lifelong Colorado Initiative grants
- Family planning expansion
- Colorado mental health crisis system enhancements
- County workers to fight child abuse and neglect
- Improve nutrition in rural and underserved communities
- Competency restorations, reduce jail backlog
- Employment opportunities for disabled
- Housing vouchers for elderly and disabled

### QUALITY GOVERNMENT

- Reserve increase to help weather a recession
- Customer service improvements (DOR, DNR, and HCPF)
- Corrections facilities swap to improve services and treatment
- State troopers to reduce highway deaths
- Fire fighting emergency funds
- Resiliency Office
- Staff retention and provider rates
- Census outreach so every person counts

### WORKFORCE AND EDUCATION

- Flat tuition for Higher Education
- Colorado Teacher Scholarships
- K-12 Education Leadership Council emerging initiatives
- K-12 Payback recession funding cuts (Budget Stabilization Factor)
- K-12 General Fund backfill other state funds
- Tax Credits: Child care, Education/Lifelong Learning, Earned Income

### Additional Funding Requests

- Gov (OEDIT): R-01
- CDA: R-02
- SB18-001
- DNR: Non-prioritized Informational Letter
- DNR: R-02
- DOL: R-06, R-07, R-08, R-09, R-15
- CDPHE: R-01
- DHS: R-11 IT Capital: CO Crisis System
- DHS: R-08
- DHS: R-05
- DHS: R-01 Capital: Restoration
- HCPF: R-16
- DOL: R-01
- HCPF: R-10
- DOR: R-05
- DOC: R-03A Capital: Population Swap
- DPS: R-02, R-06
- General Fund Overview: Transfer
- DOL: R-02
- HCPF: R-13 DOC: R-01, R-08
- DOLA R-04
- DHE: R-01, R-02
- DHE: R-04
- CDE: R-08, R-09
- CDE: R-01
- CDE: R-01
- Tax Credit Proposal
Dashboard Budget Highlights

Through the SMART Act and data-driven investments, the State has undertaken the hard work to align Colorado’s budget with performance outcomes. See below for highlights and accomplishments by priority area in the Governor’s Dashboard.

Economic and Infrastructure Development

“\textit{I think we have transformed the way we think about the state. We’ve transformed the culture to be more pro-business but with high standards that protect our values.}”

- Governor Hickenlooper to The Durango Herald

We have made it easier to do business in Colorado. We have cut or modified half of our 24,500 rules and regulations, making it easier to start or own a business. Last year alone, that effort delivered more than $7.9 million in cost avoidance and a reduction of 2.3 million hours saved for Colorado businesses.

One of the most important efforts is closing the gap on internet connectivity, especially in rural Colorado. In 2015, only 87% of all homes had access to high-speed broadband internet. In today’s economy, being connected can be just as crucial as having running water or electricity. As of 2017, 96% of all homes and nearly all Colorado schools have access to broadband internet. Although there is still work to do in rural Colorado, we have closed the gap significantly in the past two years thanks to bipartisan efforts. Where only 59% of rural households had broadband access in 2015, today that has increased to 81%.

In this Budget, we continue to support development in our rural communities. Our investment in the Water Plan, our increased marketing efforts for the agricultural industry, and new efforts to enroll more individuals in the Supplemental Nutrition Assistance Program (SNAP), will help spur growth and spending in rural Colorado. Colorado is attracting investments in our new Opportunity Zones.

\begin{center}
\begin{figure}
\centering
\includegraphics[width=\textwidth]{chart}
\caption{\textit{\% with access to basic broadband}}
\end{figure}
\end{center}

Federal Communications Commission (FCC) defined - 25/3Mbps
In 2015, the Governor unveiled the Colorado the Beautiful initiative, with the intent to build on existing efforts to grow, enhance and connect recreation resources so that in the next generation every Coloradan will live within 10 minutes of a park, trail, or vibrant green space. We have made significant progress, with $41.5 million in local, state and federal funds committed to achieving this goal last year.

And our work is paying off. We continue to be a national destination for outdoor recreation, with state park attendance of almost 15 million and 1.1 million hunting and fishing licenses last year. And since FY 2011-12, bipartisan efforts have yielded $36 million total funds for native species conservation projects, including the greenback cut throat trout.

We have made significant strides to improve and protect our environment in a number of ways. Carbon dioxide (CO2) emissions are down 12%, and volatile organic compound (VOC) emissions have also decreased over the last several years. Our work issuing the nation’s first methane regulations for the oil and gas sector, in combination with several Executive Orders, have us well on our way to achieving the goals laid out in the Colorado Climate Plan - including a 26% reduction in greenhouse gas emissions statewide by 2025, compared to 2005. For example, although still a small piece of the overall pie, our Electric Vehicle Plan has helped to double the market share of electric vehicles on our roads.

In this Budget request, we improve oil and gas regulation, both to protect Coloradans and to improve service to regulated businesses. We also make an unprecedented three-year General Fund investment in the Water Plan.
When we set our goal in 2013 of becoming the healthiest state in the nation, it was intended to be a comprehensive approach. We know that out-of-pocket medical expenses are one of the leading factors driving people into poverty, and that securing health insurance is one of the most important steps to preventing these financial burdens. With nearly 600,000 Coloradans covered under Connect for Health Colorado, our state’s uninsured rate is at an all time low of 6.5%.

And we are working to integrate the delivery of behavioral health and physical health in 400 primary care practices and four community health centers through the State Innovation Model. This, in addition to the work we have done through the Accountable Care Collaborative, will ensure that insurance payments are connected to health outcomes, preventing the problem of more medical tests with fewer answers.

But we still have a looming epidemic to face. Opioid Use Disorder has changed our communities and continues to take lives every single day. A new federal grant will create new access points for treatment, expand medication-assisted treatment through six new mobile health units in rural communities, purchase naloxone to treat overdoses, and help make payments to provide treatment for the uninsured. This Budget provides rate increases for providers of substance-abuse treatment, and sets aside funds for a related budget amendment.

Despite increased funding pressure from a demographic shift to an aging population, this Budget is able to advance improvements to make Colorado the healthiest state.
Quality Government Services

State government is more efficient and effective today. We have accomplished that by changing our approach to problem solving, measuring our efforts along the way, and instilling a data-driven culture that is focused on customer service.

For example, at the Division of Motor Vehicles (DMV), more than 96% of customers have an initial wait time of less than 15 minutes before being served. Thanks to process improvements and an investment in the new DRIVES system, more than 1,000,000 people (and counting) have renewed their licenses online, reducing those lines even further.

No group is more deserving of good customer service than Colorado’s veterans experiencing homelessness. We are reducing the time it takes to find housing placements for veterans. Also addressing homelessness is our innovative model for wrap-around services at Fort Lyon Supportive Residential Community. Serving over 1,400 Colorado residents to date, the majority of whom are chronically homeless with numerous health conditions, this program has reduced long-term health, housing, and justice system costs by one-third. And the Budget invests $15.3 million annually from the Marijuana Tax Cash Fund in housing and other services for persons who are chronically homeless -- last year with this funding, we moved over 1,300 people off the streets in a sustainable way.

Colorado is committed to reducing recidivism and improving treatment for offenders. We reduced the prison bed count by more than 2,000 beds since FY 2011-12, eliminated long-term solitary confinement, and increased funding for offender care and treatment as well as parole and community support services. This Budget requests a facilities swap designed to improve treatment and services to offenders not possible in an overcrowded prison environment.

This Budget addresses other demands of Colorado’s growth, including more funding for state troopers and fire fighting. Importantly for quality government, this Budget increases the State’s funding reserves to help preserve critical government services even in a fiscal downturn.
Colorado’s competitive advantage in economic development is its educated workforce, which is one of the highest in the nation. As business and industry across the country confront the challenge of finding a solid talent base, our continued investments in education, and partnerships with employers, strengthen how we support statewide job growth and improve Coloradans’ quality of life. Programs like Skillful, CareerWise, and the Advanced Industries Accelerator are increasing apprenticeships, skills-based hiring, and work-based learning.

This Budget makes a significant investment in K-12 education. It pays back recession-era funding cuts, reducing the Budget Stabilization Factor by $77 million to $595 million. We have reduced the budget stabilization factor by more than 40 percent since FY 2012-13. This Budget also requests an investment to fund key initiatives emerging from the bipartisan Education Leadership Council, and provides funding for teacher scholarships.

Our higher education system should be designed to meet the needs of the economy, while erasing existing equity gaps. Although Colorado is home to one of the most highly-educated populations in the country, it is also among the worst for educational disparities by race. For example, only 29% of Hispanics/Latinos (our fastest growing ethnic group) have earned a high quality certificate or degree, compared to 65% of white adults. Moreover, by 2020, nearly three out of four Colorado jobs will require a credential beyond a high school diploma. Our statewide plan for higher education, Colorado Rises, is designed to meet the economy’s demands, and sets a statewide goal of reaching 66% attainment by 2025. This Budget promotes that goal, requesting funding to hold tuition flat at our public institutions of higher education for school year 2019-20.

"By 2020, 3 out of 4 jobs will require post-secondary attainment."

Importantly, this Budget requests tax credits designed to expand the middle class by making child care, education, and training more affordable. See Attachment 3 for more information about targeting TABOR refunds to middle class families via these tax credits.
Our Fiscal Condition and the Economy

Colorado has been one of the best performing economies over the past eight years — Colorado’s economy recovered faster from the Great Recession than the nation overall. This economic growth has been fueled by the state’s high levels of new business activity, skilled workforce, and its diverse mix of growing industries, such as advanced manufacturing, energy, professional and business services, health care, information technology, and finance.

Colorado benefits from our culture of innovation and collaboration. We are well positioned for success as the economy has become increasingly knowledge-based, in which economic value is created through ideas, information, innovation, and relationships.

Growth in the state’s gross domestic product ranked 4th, tied with California. Our overall labor market recovered faster from the high unemployment of the Great Recession. Our job growth ranked third highest among states and our unemployment rate is now eighth lowest.

Job Growth Surpassing the Nation

Monthly Unemployment Rate, Seasonally Adjusted

Real Median Hourly Wages
Our Fiscal Condition and the Economy

One of the Governor's priorities has been to make Colorado the best place to start and grow a business. Colorado has a higher level of entrepreneurship and new business formation than the U.S. overall.

Because new businesses tend to create the most new jobs and produce the most innovation, Colorado’s new business activity has been a main reason for its stronger job growth and overall economic performance. Colorado has had the 8th highest growth rate in new business establishments since 2011.

Most of the state’s strongest economic growth has occurred in urban areas. Regional economies outside urban areas generally have a smaller number of industries. Further, many areas are dependent upon agriculture and energy extraction, which are prone to more booms and busts due to volatile commodity prices.

Despite these challenges, many of Colorado’s nonurban areas have unemployment rates below the national average. Further, the Colorado Blueprint 2.0 leverages state partnerships and specialized resources to address the unique economic development goals of rural communities.

Current Unemployment Rates by County

National average is 3.7% for September 2018. Source: Bureau of Labor Statistics

Job Growth by Region

(Jan 2011 - Aug 2018)

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greeley</td>
<td>4.2</td>
</tr>
<tr>
<td>Ft. Collins-Loveland</td>
<td>3.1</td>
</tr>
<tr>
<td>Denver</td>
<td>2.9</td>
</tr>
<tr>
<td>CO Springs</td>
<td>2.5</td>
</tr>
<tr>
<td>Boulder</td>
<td>2.3</td>
</tr>
<tr>
<td>Other CO</td>
<td>1.7</td>
</tr>
<tr>
<td>Gr Junction</td>
<td>1.1</td>
</tr>
<tr>
<td>Pueblo</td>
<td>1.1</td>
</tr>
<tr>
<td>CO</td>
<td>2.7</td>
</tr>
<tr>
<td>U.S.</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Compound Annual Growth Rate
Source: Bureau of Labor Statistics
Colorado’s strong economic expansion has helped us budget to recover from the Great Recession. The General Fund is the State’s main account for funding its core programs and services, such as education, health and human services, public safety, and courts. It also helps fund capital construction and maintenance needs for State facilities and, in some years, transportation projects. The largest revenue sources for the General Fund are income and sales taxes paid by households and businesses, that are heavily influenced by the performance of the economy. During the current economic expansion, General Fund revenue has grown as Coloradans earn and spend money, and businesses have increased sales.

This revenue growth has helped the State’s General Fund operating budget to recover from its recessionary levels, that has only recently exceeded its pre-recession peak, adjusted for population and inflation.
Our Fiscal Condition and the Economy

The budget’s recovery has helped meet the increased resource demands as our population grows. For instance, over the past eight years the State has funded K-12 public education above the growth in students and inflation. We have been able to increase contributions to colleges and universities to help minimize tuition increases for Coloradans. We have also used the General Fund to invest in infrastructure, both for State facilities and statewide transportation projects, and to help restore PERA to full funding.

Even with the funding increases for these priorities, we have been able to triple the reserves for the General Fund. To help further prepare the State for a future economic downturn, in this budget, the Governor proposes increasing the reserve another 0.75 percentage points, or by $90 million. This brings the reserve to 8% of General Fund appropriations, up from 2.3% at the start of the Administration.

"We are mindful of market forces that could quickly impact our success. That’s why it’s been critical for us to more than triple our reserves over the past seven years."
- Governor Hickenlooper
Tax Credit Proposal

One of the primary goals of this Budget is to expand the middle class. In order to accomplish this, we are proposing various tax credits to assist with the financial burdens facing middle class families. All of these credits would be structured as new TABOR refund mechanisms starting with the surplus that is collected in FY 2018-19 and distributed in FY 2019-20. This targeted approach allocates a portion of the TABOR refund to help those Colorado families that are struggling to make ends meet. The tax credits would be utilized as refund mechanisms after applying the TABOR refund for Homestead Exemption expenditures.

Child Care Tax Credits
Existing state policy provides a refundable state tax credit to individuals making $60,000 or less for child care expenses. The credit amount is a 50% match to the federal credit for the same purpose. This Budget proposes increasing that match to 100% of the federal amount, while expanding the income cap to those families earning $150,000 or less. Families making above $60,000 but less than $150,000, however, would only be eligible for a nonrefundable credit. Child care demand is naturally countercyclical. In times of economic hardship, fewer families seek help with child care costs as fewer families are working, so this tax credit expansion is particularly well suited to a TABOR refund. It is estimated that this refund mechanism would amount to approximately $23.5 million of the FY 2018-19 TABOR refund obligation, and a similar amount in future years.

According to 2016 research from Nobel Laureate Dr. James Heckman, the return on investment from quality early care and education for disadvantaged children has been estimated to be as high as 13% per year.

This Budget also recommends the creation of state tax credits available to childcare providers as part of the FY 2019-20 TABOR refund obligation. A credit of $7,300 would be available to providers whose care for children includes infants (age < 12 months) as certified by the Department of Human Services. This is due to a striking decrease over several years in the capacity for our system to care for this age group. A second credit of $2,500 would be available to providers who will accomplish a quality rating of 3 or higher, as measured by the Colorado Shines program. It is estimated that this TABOR refund mechanism would amount to $21 million of the FY 2019-20 TABOR refund obligation, and a similar amount in future years.
Workforce and Education Tax Credits
Existing federal policy provides two tax credits to those pursuing higher education and job training - the American Opportunity Tax Credit (AOTC) and the Lifelong Learning Tax Credit (LLC). This budget proposes creating a new refundable state tax credit matching 15% of each of the federal amounts. This assists individuals with expenses associated with pursuing a degree, as well as those who are retooling themselves for today's knowledge and technology intensive economy that increasingly demands more agile workers. It is estimated that this TABOR refund mechanism would amount to $22.8 million of the FY 2018-19 TABOR refund obligation, and a similar amount in future years.

Earned Income Tax Credit (EITC)
To have a truly thriving middle class, our economy must provide the social mobility for every Coloradan to achieve that status. The EITC is a well-supported and proven policy that reduces poverty, encourages work, and lifts people into the middle class. State law currently provides a refundable credit that matches the federal EITC at a level of 10%. This budget proposes to increase that match rate to 17% for the FY 2018-19 TABOR refund, and to 20% in FY 2019-20. In addition, this Budget recommends providing payments in quarterly installments. It is estimated that this TABOR refund mechanism would amount to $64 million of the FY 2018-19 TABOR refund obligation, and $99 million of the FY 2019-20 TABOR refund obligation.
## Decision Items List by Department

### FY 2019-20

<table>
<thead>
<tr>
<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
</tr>
</thead>
</table>

### Department of Agriculture

#### Decision Items (Operating Requests)

- **R-01 Biological Pest Control**
  - No
  - $77,429
  - 0.9
  - $77,429
  - $0
  - $0
  - $0

- **R-02 International Marketing for CO Agriculture**
  - No
  - $300,000
  - 0.0
  - $300,000
  - $0
  - $0
  - $0

**Subtotal Decision Items**
- $377,429
- 0.9
- $377,429
- $0
- $0
- $0

#### Non-Prioritized Requests

- **NP-01 Integrated Document Solutions Increased Input Costs**
  - No
  - $2,705
  - 0.0
  - $0
  - $0
  - $2,705
  - $0

**Subtotal Non-Prioritized Requests**
- $2,705
- 0.0
- $0
- $0
- $2,705
- $0

**Request Total for Department of Agriculture**
- $626,719
- 0.9
- $525,298
- $98,716
- $2,705
- $0

### Department of Corrections

#### Decision Items (Operating Requests)

- **R-01 Staff Retention**
  - No
  - $17,543,420
  - 0.0
  - $17,090,765
  - $43,586
  - $409,069
  - $0

- **R-02 DeCORuM Maintenance & Support**
  - No
  - $2,796,520
  - 0.0
  - $2,796,520
  - $0
  - $0
  - $0

**Subtotal Decision Items**
- $61,409,602
- 231.1
- $60,893,303
- $71,715
- $444,584
- $0

#### Non-Prioritized Requests

- **NP-01 Annual Fleet Vehicle Request**
  - No
  - ($90,076)
  - 0.0
  - ($83,873)
  - ($6,203)
  - $0
  - $0

**Subtotal Non-Prioritized Requests**
- $2,460,020
- 0.0
- $2,460,345
- $8,675
- $0
- $0

**Request Total for Department of Corrections**
- $63,878,622
- 231.1
- $63,353,648
- $80,390
- $444,584
- $0

### Department of Education

#### Decision Items (Operating Requests)

- **R-01 Total Program Increase**
  - Yes
  - $247,866,534
  - 0.0
  - $261,056,096
  - ($13,189,562)
  - $0
  - $0

- **R-02 Categorical Program Inflation Increases**
  - No
  - $9,232,242
  - 0.0
  - $4,252,964
  - $4,979,278
  - $0
  - $0

**Subtotal Decision Items**
- $280,617,650
- 4.4
- $273,417,934
- $2,199,716
- $5,000,000
- $0
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<th>Request Title</th>
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<th>Total Funds</th>
<th>FTE</th>
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<td>NP-02 OIT_DI2 Security IT Operations</td>
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| Request Total for Department of Education          |                      | **$280,856,580**| 4.4 | **$273,517,908**| **$2,235,959**| **$5,102,713**        | **$0**        |

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<tr>
<th>Decision Items (Operating Requests)</th>
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<td>R-02 (LG) State Innovation Model Office Extension</td>
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| Non-Prioritized Requests                          |                      |             |     |              |            |                     |               |
| NP-01 (GOV) Annual Fleet Vehicle Request          | No                   | $134        | 0.0 | $134         | $0         | $0                   | $0            |
| NP-01 (OIT) Taxation - GenTax Support Enhancements (DOR-R01) | No | $681,477    | 6.0 | $0           | $681,477   | $0                   | $0            |
| NP-02 (GOV) OIT_DI2 Essential Database Support    | No                   | $522        | 0.0 | $522         | $0         | $0                   | $0            |
| NP-02 (OIT) Local-Administration Transformation (HCPF R-6) | No | $821,240    | 0.0 | $0           | $821,240   | $0                   | $0            |
| NP-03 (GOV) OIT_DI2 Securing IT Operations        | No                   | $55,161     | 0.0 | $55,161      | $0         | $0                   | $0            |
| NP-03 (OIT) DeCDORuM Maintenance & Support (DOC R-02) | No | $2,796,520  | 0.0 | $0           | $2,796,520 | $0                   | $0            |
| NP-04 (GOV) OIT_DI4 Application Refresh and Consolidation | No | $10,999     | 0.0 | $10,999      | $0         | $0                   | $0            |
| NP-04 (OIT) Colorado Trails (CDHS R-13)           | No                   | $2,452,920  | 0.0 | $0           | $2,452,920 | $0                   | $0            |
| NP-05 (GOV) OIT_DI5 Optimize Self-Service Capabilities | No | $1,551      | 0.0 | $1,551       | $0         | $0                   | $0            |
| NP-05 (OIT) Transform Customer Experience (HCPF R-10) | No | $1,120,000  | 0.0 | $0           | $1,120,000 | $0                   | $0            |
| NP-06 (OIT) Annual Fleet Vehicle Request          | No                   | $3,789      | 0.0 | $0           | $3,789     | $0                   | $0            |
| NP-07 (OIT) UIM Operating (CDLE R-01)              | No                   | $601,509    | 4.5 | $0           | $601,509   | $0                   | $0            |
| NP-08 (OIT) Medicaid Enterprise Operations (HCPF R-12) | No | $1,189,470  | 3.0 | $0           | $1,189,470 | $0                   | $0            |
| NP-09 (OIT) Crisis Services (CDHS R-11)           | No                   | $351,075    | 2.7 | $0           | $351,075   | $0                   | $0            |
| **Subtotal Non-Prioritized Requests**              |                      | **$10,086,367**| 16.2| **$68,367**  | **$10,018,000**| **$0**               | **$0**        |

| Request Total for Office of the Governor           |                      | **$41,951,873**| 54.7| **$7,301,394**| **$748,204**| **$33,902,275**       | **$0**        |

| Office of the Governor                             |                      |             |     |              |            |                     |               |

**Decision Items List by Department**

**FY 2019-20**
### Decision Items List by Department

#### Department of Health Care Policy and Financing

<table>
<thead>
<tr>
<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision Items (Operating Requests)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>R-16 Employment First Initiatives &amp; State Programs for IDD</td>
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<td>$75,002</td>
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| Non-Prioritized Requests | | | | | | | |
| NP-01 Colorado Health IT Roadmap Operating (LG) | No | $1,759,468 | 0.0 | $981,831 | $0 | $0 | $777,637 |
| NP-02 OIT_DIC CBMS PEAK | No | $20,350,847 | 0.0 | $4,090,801 | $2,084,566 | ($93,565 | $14,269,045 |
| NP-03 Integrated Document Solutions Increased Input Costs | No | $7,072 | 0.0 | $3,536 | $0 | $0 | $3,536 |
| NP-04 Community Provider Rate w Medicaid (DHS) | No | $28,390 | 0.0 | $14,194 | $0 | $0 | $14,194 |
| NP-05 1% Provider Rate Increase (CDPHE) | No | $7,282 | 0.0 | $3,641 | $0 | $0 | $3,641 |
| NP-06 Transfer Home Modification Child Waiver Program DOLA | No | $57,800 | 0.0 | $28,900 | $0 | $0 | $28,900 |
| NP-07 OIT_D13 Essential Database Support | No | $10,353 | 0.0 | $4,534 | $628 | $0 | $5,191 |
| NP-08 OIT_D12 Securing IT Operations | No | $360,936 | 0.0 | $164,364 | $16,104 | $0 | $180,468 |
| NP-09 OIT_D14 Application Refresh and Consolidation | No | $16,974 | 0.0 | $7,637 | $849 | $0 | $8,888 |
| NP-10 OIT_D15 Self-Service Capabilities | No | $10,149 | 0.0 | $4,621 | $453 | $0 | $5,075 |
| NP-11 OIT_D16 Enterprise Data Integration Services | No | $61,629 | 0.0 | $30,814 | $0 | $0 | $30,815 |
| NP-12 Salesforce (DHS) | No | $44,548 | 0.0 | $22,274 | $0 | $0 | $22,274 |
| NP-13 Annual Fleet Vehicle Request (DHS) | No | ($2,858) | 0.0 | ($1,434) | $0 | $0 | ($1,434) |
| **Subtotal Non-Prioritized Requests** | | $22,712,580 | 0.0 | $5,355,713 | $2,102,600 | ($93,565 | $15,347,832 |

#### Request Total for Department of Health Care Policy and Financing

| | | | | | | | |
| **Request Total for Health Care Policy and Financing** | | $542,708,596 | 17.9 | $222,412,933 | $120,004,763 | ($18,563 | $200,309,463 |

#### Department of Higher Education

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<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
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<tr>
<td><strong>Decision Items (Operating Requests)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>R-01 Investing in College Affordability and Outcomes</td>
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</table>

| Non-Prioritized Requests | | | | | | | |
| NP-01 Integrated Document Solutions Increased Input Costs | No | $7,564 | 0.0 | $0 | $0 | $0 | $7,564 |
| NP-02 OIT_D11 Essential Database Support | No | $2,610 | 0.0 | $0 | $2,610 | $0 | $0 |
| NP-03 OIT_D12 Securing IT Operations | No | $54,369 | 0.0 | $0 | $35,528 | $18,841 | $0 |
| NP-04 OIT_D14 Application Refresh and Consolidation | No | $7,332 | 0.0 | $0 | $7,332 | $0 | $0 |
| NP-05 OIT_D15 Optimize Self-Service Capabilities | No | $1,529 | 0.0 | $0 | $1,529 | $0 | $0 |
| **Subtotal Non-Prioritized Requests** | | $73,404 | 0.0 | $0 | $46,999 | $26,405 | $0 |

#### Request Total for Department of Higher Education

| | | | | | | | |
| **Request Total for Department of Higher Education** | | $275,096,089 | 0.0 | $130,392,632 | $50,813,444 | $93,890,013 | $0 |
## Decision Items List by Department

**Department of Human Services**

### Decision Items (Operating Requests)

<table>
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<tr>
<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
</tr>
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<td>R-03 Youth Services Capacity and Behavioral Health</td>
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<td>($718,399)</td>
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<td>$0</td>
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<tr>
<td>R-04 Reducing Child Neglect via Employment</td>
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<tr>
<td>R-05 Improving Nutrition in Rural and Underserved Comm.</td>
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<td>$329,981</td>
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<td>$966,977</td>
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<tr>
<td>R-06 Child Support Employment</td>
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<tr>
<td>R-07 County Child Welfare Staff - Phase 5</td>
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<td>R-11 Colorado Crisis System Enhancements</td>
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<tr>
<td>R-12 Contracted Physician Salary Adjustment</td>
<td>No</td>
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<td>0.0</td>
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<td>$13,401</td>
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<td>No</td>
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<td>No</td>
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<td>R-18 Hotline for Child Abuse and Neglect</td>
<td>No</td>
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### Non-Prioritized Requests

<table>
<thead>
<tr>
<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
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<td>NP-05 Integrated Document Solutions Increased Input Costs</td>
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### Request Total for Department of Human Services

$45,232,005 | 0.0 | $20,388,497 | $11,156,482 | $2,371,005 | $11,316,021

### Judicial

#### Judicial 3% placeholder - OSPB only

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<th>General Fund</th>
<th>Cash Funds</th>
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### Request Total for Judicial

$18,603,801 | 0.0 | $18,603,801 | $0 | $0 | $0
## Decision Items List by Department

### FY 2019-20

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<tr>
<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
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<tr>
<td><strong>Department of Labor and Employment</strong></td>
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**Request Total for Department of Labor and Employment**

| | | $8,976,428 | 4.0 | $957,365 | $4,733,194 | $0 | $3,285,869 |

### Department of Law

| | | | | | | |
| **Non-Prioritized Requests** | | | | | | |
| Law 3% GF Placeholder | No | $498,331 | 0.0 | $498,331 | $0 | $0 | $0 |
| Law Fleet | No | $15,478 | 0.0 | $7,219 | $3,773 | $4,361 | $125 |
| NP-03 OIT_D12 Securing IT Operations | No | $186,947 | 0.0 | $186,947 | $0 | $0 | $0 |
| NP-04 OIT_D15 Optimize Self-Service Capabilities | No | $5,257 | 0.0 | $5,257 | $0 | $0 | $0 |
| **Subtotal Non-Prioritized Requests** | | $706,013 | 0.0 | $697,754 | $3,773 | $4,361 | $125 |

**Request Total for Department of Law**

| | | $706,013 | 0.0 | $697,754 | $3,773 | $4,361 | $125 |

### Legislature

| | | | | | | |
| **Non-Prioritized Requests** | | | | | | |
| Legislature 3% GF Placeholder | No | $1,508,637 | 0.0 | $1,508,637 | $0 | $0 | $0 |
| **Subtotal Non-Prioritized Requests** | | $1,508,637 | 0.0 | $1,508,637 | $0 | $0 | $0 |

**Request Total for Legislature**

| | | $1,508,637 | 0.0 | $1,508,637 | $0 | $0 | $0 |

### Department of Local Affairs

<table>
<thead>
<tr>
<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
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<tbody>
<tr>
<td><strong>Decision Items (Operating Requests)</strong></td>
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<td></td>
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<td>R-04 Census 2020 Communications and Outreach Support</td>
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## Decision Items List by Department

### FY 2019-20

<table>
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<th>Request Title</th>
<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
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<td><strong>Non-Prioritized Requests</strong></td>
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### Decision Items (Operating Requests)

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<th>Requires Legislation</th>
<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
<th>Reappropriated Funds</th>
<th>Federal Funds</th>
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<tr>
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### Decision Items (Operating Requests)

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<th>General Fund</th>
<th>Cash Funds</th>
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## Decision Items List by Department

### Department of Personnel and Administration

#### Decision Items (Operating Requests)

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<th>Total Funds</th>
<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
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#### Non-Prioritized Requests

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#### Request Total for Department of Personnel and Administration

$3,981,085 | 0 | $72,830 | $21,775 | $3,886,480 | 0

### Department of Public Health and Environment

#### Decision Items (Operating Requests)

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<th>FTE</th>
<th>General Fund</th>
<th>Cash Funds</th>
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#### Non-Prioritized Requests

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#### Request Total for Department of Public Health and Environment

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## Decision Items List by Department

### FY 2019-20

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<td>Decision Items (Operating Requests)</td>
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### Decision Items List by Department

#### FY 2019-20

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#### Department of State

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#### Department of Transportation

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#### Department of Treasury

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**Placeholders and Statewide Budget Items of Note**

There are several items not included as decision items in department budget requests, but we are setting aside funds for supplemental requests, budget amendments, and for legislation in the 2019 session of the General Assembly.

For FY 2018-19, we are aware of new expenses that will be forthcoming as supplemental requests. These include:

- $19.6 million General Fund for supplemental requests related to expected caseload in the Medicaid program in the Department of Health Care Policy and Financing.
- $8.0 million General Fund for an expected increase in external capacity for the Department of Corrections.
- $433,424 General Fund for a forthcoming supplemental request from the Department of Health Care Policy and Financing. This is related to the Department’s R-12 “Medicaid Enterprise Operations” FY 2019-20 request, which would certify the Medicaid Management Information System (MMIS) in order to maintain a favorable federal match rate and to continue to provide for staff to mitigate customer service and billing issues.
- $843,838 in capital construction funds/General Fund for bed expansion at the Colorado Mental Health Institute at Pueblo for the Department of Human Services.

For FY 2019-20, we are aware of new expenses that will be forthcoming as budget amendments. These include:

- $15.5 million in capital construction funds/General Fund for a secure treatment facility for restorations for the Department of Human Services.
- An executive-legislative work group called the Colorado Improving Outcomes for Youth Taskforce has been working with the Council of State Governments on innovative juvenile justice initiatives. There is $4.5 million General Fund set aside to implement recommendations that will be released later this year.
- $5 million General Fund for an initiative to help with opioid issues in our state.

For FY 2019-20, the budget request includes a $53,000 General Fund set-aside for departments’ legislative agendas that have a General Fund impact. These include:

- $8,000 General Fund to update state awards for the Department of Military and Veterans Affairs.
- $20,000 General Fund for the E-file program for the Department of Revenue.
- $25,000 General Fund for Community Corrections Performance Based Contracting for the Department of Public Safety.
Additionally, our budget request would require legislation to implement proposed tax credits. There is $185,000 General Fund set aside for resources for the Departments of Revenue and Human Services to implement the tax credits proposed in this budget request. With this, legislative placeholders total $238,000 General Fund.

**Elected Officials, Legislative Branch, and Judicial Branch**

We have allocated sufficient General Fund to accommodate anticipated growth in total compensation costs (see below), along with a 3.0 percent General Fund increase for statewide elected officials, the Legislative Branch, and the Judicial Branch.

**Total Compensation**

The request reflects sufficient resources to maintain a total compensation plan for State employees that is competitive with the marketplace. We are requesting an increase of $82.4 million total funds, $42.6 million General Fund for salary survey, merit pay, health/life/dental, short term disability insurance, shift differential and Public Employees’ Retirement Association (PERA) contributions. For FY 2019-20, we propose an average merit pay increase of 3.0 percent for most state employees beginning July 1, 2019.

By category the requested increases in total funds (TF) and from the General Fund (GF) are as follows:

- **Salary Survey**: $3.7 million TF, $2.2 million GF - this includes adjustments to the minimum of the salary range for any employees whose salaries fall below the range minimum, and a request to accelerate the minimum wage increase. (See below for additional detail.)
- **Health/Life/Dental**: $10.9 million TF, $4.2 million GF
- **Short-Term Disability**: $42,3137 TF, -$5,572 GF
- **PERA (AED)**: $3.3 million TF, $1.3 million GF
- **PERA (SAED)**: $3.3 million TF, $1.3 million GF
- **Shift Differential**: $456,836 million TF, $417,974 GF

The FY 2019-20 request for Salary Survey includes $2.4 million total funds ($0.2 million General Fund) to accelerate the increase to minimum wage for the State's lowest paid workers. Amendment 70, passed by voters in November 2016, increased the minimum wage for Colorado workers from $8.31 per hour to $9.30 per hour beginning in January 2017, with additional increases of $0.90 each January 1 until it reaches $12 per hour effective January 2020 (with annual adjustments made each year after to account for increases in the cost of living). The Governor's Office is requesting funding to enable the State to accelerate the increase for FY 2019-20 and begin paying workers a minimum wage of $12 per hour beginning July 1, 2019. The request includes two components: 1) funding to raise wages for anyone currently paid below $12 per hour to $12 per hour, and 2) additional funding to provide compression increases where necessary to maintain pay structures between various positions.
within departments. The Office of State Planning and Budgeting will work with the Department of Personnel and Administration to establish a plan on how to use the additional funding (requested at an additional $1 per hour for each impacted employee) for any necessary compression pay adjustments.

Finally, the FY 2019-20 total compensation request includes annualizations attributable to S.B. 18-200, including $5.8 million total funds ($3.4 million General Fund) for the increased employer contribution to PERA and a new common policy, PERA Direct Distribution, that offsets the General Fund obligation by $25.9 million by allocating the total distribution across all fund sources, including cash, reappropriated and federal sources.

Capital Construction

The request reflects a total capital construction budget of $247.2 million, with $224.4 million coming from the General Fund. A complete list of projects in the request can be found in our budget submission documents to the Capital Development Committee and Joint Technology Committee. In the General Fund for FY 2019-20, we are requesting a transfer of $224.4 million to the Capital Construction Fund which will support continuation projects totaling $92.2 million, and new projects of $132.2 million (including $54.6 million for controlled maintenance).

Statewide Provider Rate Increase

This budget includes a 1.0 percent across-the-board increase for community providers, totaling $45.9 million total funds and $19.8 million General Fund in FY 2019-20. The table below shows the department decision items that include the across-the-board adjustment and the total dollar amount of the 1.0 percent increase.

<table>
<thead>
<tr>
<th>Across-the-Board Provider Rate Request Titles</th>
<th>Total Funds</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOC R-08 Provider Rate Increase</td>
<td>$1,195,076</td>
<td>$1,159,561</td>
</tr>
<tr>
<td>HCPF R-13 Provider Rate Adjustments</td>
<td>$34,580,627</td>
<td>$12,449,219</td>
</tr>
<tr>
<td>DHS R-15 Community Provider Rate Increase</td>
<td>$9,253,301</td>
<td>$5,417,348</td>
</tr>
<tr>
<td>CDLE R-06 Independent Living Services Provider Rate Increase</td>
<td>$67,335</td>
<td>$67,335</td>
</tr>
<tr>
<td>CDPHE R-09 1% Provider Rate Increase</td>
<td>$93,714</td>
<td>$68,329</td>
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<tr>
<td>DPS R-09 Community Corrections Provider Rate Increase</td>
<td>$707,006</td>
<td>$680,588</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$45,897,059</strong></td>
<td><strong>$19,842,380</strong></td>
</tr>
</tbody>
</table>

The amount in the table for Department of Health Care Policy and Financing is reflective of a 0.75 percent across-the-board increase, as the remaining funds were targeted based largely on recommendations from the Medicaid Provider Rate Review Advisory Committee (MPRRAC) and the Department’s rate review process. Several
other targeted provider rate changes are proposed, and are included in decision items in the Departments of Human Services and Health Care Policy and Financing.

Law Changes Required to Facilitate the Request

The request requires several changes in the Colorado Revised Statutes. Where appropriate, the associated costs are included in our balancing plan (several have been described above). We respectfully leave the decision about the appropriate legislative sponsorship for these items to the Joint Budget Committee and the leadership of the General Assembly.

Items in the FY 2019-20 Request that Require Legislation:

- Legislation to increase the statutory reserve from 7.25 percent to 8.0 percent beginning in FY 2019-20.
- Legislation to implement the various tax credit proposals outlined in this request. The estimated cost of implementation is $185,000. (See “Tax Credit Proposals” section of the request.)
- Transfers from the General Fund to the following Cash Funds:
  - $40 million to the Controlled Maintenance Trust Fund to pay back money used from the Fund for wildfires during FY 2018-19;
  - $77 million to the State Education Fund to buy down the Budget Stabilization Factor;
  - $10 million to the State Education Fund to fund the recommendations by the Education Leadership Council, pursuant to the Department of Education’s decision items R-08 Education Leadership Council Priorities - Career Development and R-09 Education Leadership Council Priorities - Educator Talent; and
  - $30 million to the Severance Tax Perpetual Base Fund for the water plan investments.

Department Decision Items that Require Legislation:

- Corrections, R-03a “Prison Capacity” - Legislation is requested to allow the Department to begin housing offenders at Centennial Correctional Facility-South, with the goal to have two of the facility’s three towers open on July 1, 2020.
- Higher Education, R-04 “Colorado Teacher Scholarship” - Legislation is needed that would allow the Department to provide block grants for teacher scholarships.
- Human Services, R-03 “Youth Services Capacity and Behavioral Health” - Legislation is requested to reduce the statutory bed cap on Division of Youth Services (DYS) detention bed space.
- Human Services, R-05 “Improving Nutrition in Rural and Underserved Communities” - Legislation may be required to modify statute to allow General
Fund spending on Supplemental Nutrition Assistance Program (SNAP) outreach activities.

- Local Affairs, R-02 “Colorado Resiliency Office” - Legislation is needed to allow the General Fund to be used for the Colorado Resiliency Office.
- Revenue, R-07 “Marijuana Enforcement Division Operations” - To facilitate this request, there is a transfer of funds from the Marijuana Cash Fund to the Marijuana Tax Cash Fund, which supports the NP-07 request in the Department of Public Safety.
## Total Funds

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Initial Appropriation</th>
<th>2019-20 Governor's Request</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Agriculture</td>
<td>$51,592,874</td>
<td>$54,527,404</td>
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<tr>
<td>Department of Corrections</td>
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<tr>
<td>Department of Education</td>
<td>$5,991,583,120</td>
<td>$6,243,513,893</td>
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<td>Department of Higher Education</td>
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<tr>
<td>Department of Human Services</td>
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<td>Judicial Department</td>
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<tr>
<td>Department of Law</td>
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<tr>
<td>Legislative Department</td>
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</tr>
<tr>
<td>Department of Local Affairs</td>
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</tr>
<tr>
<td>Department of Military and Veterans Affairs</td>
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<td>$233,049,011</td>
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<tr>
<td>Department of Natural Resources</td>
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<td>$290,888,562</td>
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<td>(4.7%)</td>
</tr>
<tr>
<td>Department of Personnel</td>
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<td>$211,299,335</td>
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</tr>
<tr>
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<tr>
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<td>$504,813,152</td>
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<td>(1.6%)</td>
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<tr>
<td>Department of Regulatory Agencies</td>
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<tr>
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<td>$32,107,997</td>
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<tr>
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</tr>
<tr>
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<td>$818,710,833</td>
<td>$4,610,904</td>
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<tr>
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<td>$32,260,129,856</td>
<td>$1,631,306,757</td>
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<tr>
<td>1331 Approved Supplementals</td>
<td>$9,987,016</td>
<td>0</td>
<td>($9,987,016)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Placeholders for Legislation and Budget Adjustments</td>
<td>$28,074,223</td>
<td>$9,738,000</td>
<td>($18,336,223)</td>
<td>(65.3%)</td>
</tr>
<tr>
<td>Subtotal Operating Requests</td>
<td>$30,666,884,338</td>
<td>$32,269,867,856</td>
<td>$1,602,983,518</td>
<td>5.2%</td>
</tr>
</tbody>
</table>
## Total Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>2018-19 Initial Appropriation</th>
<th>2019-20 Nov 1 Governor’s Request</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TABOR Refund</td>
<td>$260,471,699</td>
<td>$383,648,801</td>
<td>$123,177,102</td>
<td>47.3%</td>
</tr>
<tr>
<td>Old Age Pension Fund / Older Coloradans Fund</td>
<td>$98,963,658</td>
<td>$103,359,582</td>
<td>$4,395,924</td>
<td>4.4%</td>
</tr>
<tr>
<td>Interest on School Loans</td>
<td>$4,400,000</td>
<td>$4,800,000</td>
<td>$400,000</td>
<td>9.1%</td>
</tr>
<tr>
<td>Transfer to Capital Construction Fund</td>
<td>$180,025,448</td>
<td>$224,386,785</td>
<td>$44,361,337</td>
<td>24.6%</td>
</tr>
<tr>
<td>Transfer to Transportation</td>
<td>$495,000,000</td>
<td>$200,000,000</td>
<td>($295,000,000)</td>
<td>(59.6%)</td>
</tr>
<tr>
<td>Transfers to State Education Fund (SB 13-234)</td>
<td>$24,991,739</td>
<td>$0</td>
<td>($24,991,739)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>$179,393,066</td>
<td>$186,650,419</td>
<td>$7,257,353</td>
<td>4.0%</td>
</tr>
<tr>
<td>Transfers to Controlled Maintenance Trust Fund</td>
<td>$0</td>
<td>$40,000,000</td>
<td>$40,000,000</td>
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</tr>
<tr>
<td>Requested Transfers for Investments</td>
<td>$0</td>
<td>$117,000,000</td>
<td>$117,000,000</td>
<td>NA</td>
</tr>
<tr>
<td>Forecast Adjustments</td>
<td>($55,574,979)</td>
<td>($156,310,738)</td>
<td>($100,735,760)</td>
<td>181.3%</td>
</tr>
<tr>
<td><strong>Total Other Obligations</strong></td>
<td>$1,187,670,631</td>
<td>$1,103,534,849</td>
<td>($84,135,782)</td>
<td>(7.1%)</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS Requests</strong></td>
<td>$31,854,554,969</td>
<td>$33,373,402,705</td>
<td>$1,518,847,736</td>
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</tbody>
</table>
## Total General Fund

<table>
<thead>
<tr>
<th>Department</th>
<th>2018-19 Current Appropriation</th>
<th>2019-20 Nov 1 Governor’s Request</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Agriculture</td>
<td>$11,107,420</td>
<td>$12,054,274</td>
<td>$946,854</td>
<td>8.5%</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>$810,881,347</td>
<td>$878,640,776</td>
<td>$67,759,429</td>
<td>8.4%</td>
</tr>
<tr>
<td>Department of Education</td>
<td>$4,180,288,239</td>
<td>$4,450,025,920</td>
<td>$269,737,681</td>
<td>6.5%</td>
</tr>
<tr>
<td>Governor - Lt. Governor - State Planning and Budgeting</td>
<td>$42,340,000</td>
<td>$49,806,049</td>
<td>$7,466,049</td>
<td>17.6%</td>
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<tr>
<td>Department of Health Care Policy and Financing</td>
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<tr>
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<tr>
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</tr>
<tr>
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<tr>
<td>Department of Law</td>
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<tr>
<td>Legislative Department</td>
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<tr>
<td>Department of Military and Veterans Affairs</td>
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<tr>
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<tr>
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<td>8.2%</td>
</tr>
<tr>
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<tr>
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<td>$6,300,000</td>
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<tr>
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<td>($6,688,791)</td>
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<td>$6,688,791</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Placeholders for Legislation and Budget Adjustments</td>
<td>$28,074,223</td>
<td>$9,738,000</td>
<td>($18,336,223)</td>
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</table>
## Total General Fund

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>2018-19 Initial Appropriation</th>
<th>2019-20 Nov 1 Governor's Request</th>
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</tr>
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<tbody>
<tr>
<td>TABOR Refund</td>
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<td>$383,648,801</td>
<td>$123,177,102</td>
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<tr>
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<td>$4,800,000</td>
<td>$400,000</td>
<td>9.1%</td>
</tr>
<tr>
<td>Transfer to Capital Construction Fund</td>
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<td>$44,361,337</td>
<td>24.64%</td>
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<tr>
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<td>$200,000,000</td>
<td>($295,000,000)</td>
<td>(59.6%)</td>
</tr>
<tr>
<td>Transfers to State Education Fund (SB 13-234)</td>
<td>$24,991,739</td>
<td>$0</td>
<td>($24,991,739)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
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<td>$186,650,419</td>
<td>$7,257,353</td>
<td>4.0%</td>
</tr>
<tr>
<td>Transfers to Controlled Maintenance Trust Fund</td>
<td>$0</td>
<td>$40,000,000</td>
<td>$40,000,000</td>
<td>NA</td>
</tr>
<tr>
<td>Requested Transfers for Investments</td>
<td>$0</td>
<td>$117,000,000</td>
<td>$117,000,000</td>
<td>NA</td>
</tr>
<tr>
<td>Forecast Adjustments</td>
<td>($55,574,979)</td>
<td>($156,310,738)</td>
<td>($100,735,760)</td>
<td>181.3%</td>
</tr>
<tr>
<td>Total Other Obligations</td>
<td>$1,187,670,631</td>
<td>$1,103,534,849</td>
<td>($84,135,782)</td>
<td>(7.1%)</td>
</tr>
</tbody>
</table>

TOTAL General Fund Requests                                         | $12,628,837,612               | $13,223,567,606                  | $594,729,994 | 4.7%     |
## General Fund Subject to Limit

<table>
<thead>
<tr>
<th>Department</th>
<th>2018-19 Initial Appropriation</th>
<th>2019-20 Nov 1 Governor’s</th>
<th>$ Change</th>
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</tr>
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<td>$4,450,025,920</td>
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</tr>
<tr>
<td>Governor - Lt. Governor - State Planning and Budgeting</td>
<td>$42,340,000</td>
<td>$49,806,049</td>
<td>$7,466,049</td>
<td>17.6%</td>
</tr>
<tr>
<td>Department of Health Care Policy and Financing</td>
<td>$2,904,149,093</td>
<td>$3,105,918,205</td>
<td>$201,769,112</td>
<td>6.9%</td>
</tr>
<tr>
<td>Department of Higher Education</td>
<td>$1,003,593,739</td>
<td>$1,115,339,000</td>
<td>$111,745,261</td>
<td>11.1%</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>$982,587,627</td>
<td>$1,017,303,893</td>
<td>$34,716,266</td>
<td>3.5%</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>$553,074,423</td>
<td>$596,016,626</td>
<td>$42,942,203</td>
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<tr>
<td>Department of Labor and Employment</td>
<td>$19,475,174</td>
<td>$24,235,106</td>
<td>$4,759,932</td>
<td>24.4%</td>
</tr>
<tr>
<td>Department of Law</td>
<td>$16,611,039</td>
<td>$18,227,039</td>
<td>$1,616,000</td>
<td>9.7%</td>
</tr>
<tr>
<td>Legislative Department</td>
<td>$50,287,893</td>
<td>$53,144,290</td>
<td>$2,856,397</td>
<td>5.7%</td>
</tr>
<tr>
<td>Department of Local Affairs</td>
<td>$32,786,367</td>
<td>$37,121,117</td>
<td>$4,334,750</td>
<td>13.2%</td>
</tr>
<tr>
<td>Department of Military and Veterans Affairs</td>
<td>$11,110,115</td>
<td>$11,819,508</td>
<td>$709,393</td>
<td>6.4%</td>
</tr>
<tr>
<td>Department of Natural Resources</td>
<td>$32,005,418</td>
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<td>$1,321,339</td>
<td>4.1%</td>
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<tr>
<td>Department of Personnel</td>
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<td>$14,909,085</td>
<td>$834,704</td>
<td>5.9%</td>
</tr>
<tr>
<td>Department of Public Health and Environment</td>
<td>$51,590,160</td>
<td>$55,900,226</td>
<td>$4,310,066</td>
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</tr>
<tr>
<td>Department of Public Safety</td>
<td>$183,106,198</td>
<td>$152,631,588</td>
<td>($30,474,610)</td>
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</tr>
<tr>
<td>Department of Regulatory Agencies</td>
<td>$1,951,431</td>
<td>$2,112,643</td>
<td>$161,212</td>
<td>8.3%</td>
</tr>
<tr>
<td>Department of Revenue</td>
<td>$79,159,194</td>
<td>$84,444,799</td>
<td>$5,285,605</td>
<td>6.7%</td>
</tr>
<tr>
<td>Department of State</td>
<td>$0</td>
<td>$6,300,000</td>
<td>$6,300,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>$237,523,356</td>
<td>$197,849,222</td>
<td>($39,674,134)</td>
<td>(16.7%)</td>
</tr>
<tr>
<td><strong>Subtotal Department Operating Requests</strong></td>
<td><strong>$11,217,702,614</strong></td>
<td><strong>$11,917,126,123</strong></td>
<td><strong>$699,423,509</strong></td>
<td><strong>6.2%</strong></td>
</tr>
<tr>
<td>Placeholders for Legislation and Budget Adjustments</td>
<td><strong>$28,074,223</strong></td>
<td><strong>$9,738,000</strong></td>
<td><strong>($18,336,223)</strong></td>
<td><strong>(65.3%)</strong></td>
</tr>
<tr>
<td>1331 Approved Supplementals</td>
<td><strong>($6,688,791)</strong></td>
<td><strong>$0</strong></td>
<td><strong>$6,688,791</strong></td>
<td><strong>(100.0%)</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,239,088,046</strong></td>
<td><strong>$11,926,864,123</strong></td>
<td><strong>$687,776,077</strong></td>
<td><strong>6.1%</strong></td>
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</table>
## General Fund not Subject to Limit

<table>
<thead>
<tr>
<th>Area</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Health Care Policy and Financing</td>
<td>$429,909</td>
<td>$386,540</td>
<td>($43,369)</td>
<td>(10.1%)</td>
</tr>
<tr>
<td>Department of Local Affairs</td>
<td>$4,300,000</td>
<td>$4,405,000</td>
<td>$105,000</td>
<td>2.4%</td>
</tr>
<tr>
<td>Department of Public Health and Environment</td>
<td>$429,909</td>
<td>$386,540</td>
<td>($43,369)</td>
<td>(10.1%)</td>
</tr>
<tr>
<td>Department of Revenue</td>
<td>$34,112,656</td>
<td>$31,679,816</td>
<td>($2,432,840)</td>
<td>(7.1%)</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>$162,806,461</td>
<td>$156,310,738</td>
<td>($6,495,723)</td>
<td>(4.0%)</td>
</tr>
<tr>
<td><strong>Subtotal Department Operating Requests</strong></td>
<td>$202,078,935</td>
<td>$193,168,634</td>
<td>($8,910,301)</td>
<td>(4.4%)</td>
</tr>
<tr>
<td><strong>TABOR Refund</strong></td>
<td>$260,471,699</td>
<td>$383,648,801</td>
<td>$123,177,102</td>
<td>47.3%</td>
</tr>
<tr>
<td><strong>Old Age Pension Fund / Older Coloradans Fund</strong></td>
<td>$98,963,658</td>
<td>$103,359,582</td>
<td>$4,395,924</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>Interest on School Loans</strong></td>
<td>$4,400,000</td>
<td>$4,800,000</td>
<td>$400,000</td>
<td>9.1%</td>
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<tr>
<td><strong>Transfer to Capital Construction Fund</strong></td>
<td>$180,025,448</td>
<td>$224,386,785</td>
<td>$44,361,337</td>
<td>24.6%</td>
</tr>
<tr>
<td><strong>Transfer to Transportation</strong></td>
<td>$495,000,000</td>
<td>$200,000,000</td>
<td>($295,000,000)</td>
<td>(59.6%)</td>
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<tr>
<td><strong>Transfers to State Education Fund (SB 13-234)</strong></td>
<td>$24,991,739</td>
<td>$0</td>
<td>($24,991,739)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td><strong>Transfers to Other Funds</strong></td>
<td>$179,393,066</td>
<td>$186,650,419</td>
<td>$7,257,353</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Transfers to Controlled Maintenance Trust Fund</strong></td>
<td>$0</td>
<td>$40,000,000</td>
<td>$40,000,000</td>
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<tr>
<td><strong>Requested Transfers for Investments</strong></td>
<td>$0</td>
<td>$117,000,000</td>
<td>$117,000,000</td>
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<td><strong>Forecast Adjustments</strong></td>
<td>($55,574,979)</td>
<td>($156,310,738)</td>
<td>($100,735,760)</td>
<td>181.3%</td>
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<tr>
<td><strong>Total Other Obligations</strong></td>
<td>$1,187,670,631</td>
<td>$1,103,534,849</td>
<td>($84,135,782)</td>
<td>(7.1%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$1,389,749,566</td>
<td>$1,296,703,483</td>
<td>($93,046,083)</td>
<td>(6.7%)</td>
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<tr>
<td></td>
<td>2018-19 Initial Appropriation</td>
<td>2019-20 Nov 1 Governor’s Request</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------------------</td>
<td>----------------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>$34,082,132</td>
<td>$36,067,103</td>
<td>$1,984,971</td>
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</tr>
<tr>
<td>Department of Corrections</td>
<td>$38,410,054</td>
<td>$45,402,542</td>
<td>$6,992,488</td>
<td>18.2%</td>
</tr>
<tr>
<td>Department of Education</td>
<td>$1,154,714,411</td>
<td>$1,130,253,612</td>
<td>($24,460,799)</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Governor - Lt. Governor - State Planning and Budgeting</td>
<td>$47,889,843</td>
<td>$50,096,103</td>
<td>$2,206,260</td>
<td>4.6%</td>
</tr>
<tr>
<td>Department of Health Care Policy and Financing</td>
<td>$1,292,022,699</td>
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<td>$121,349,365</td>
<td>9.4%</td>
</tr>
<tr>
<td>Department of Higher Education</td>
<td>$2,744,061,460</td>
<td>$2,829,148,709</td>
<td>$85,087,249</td>
<td>3.1%</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>$418,697,165</td>
<td>$435,822,328</td>
<td>$17,125,163</td>
<td>4.1%</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>$165,722,088</td>
<td>$161,736,170</td>
<td>($3,985,918)</td>
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</tr>
<tr>
<td>Department of Labor and Employment</td>
<td>$80,841,770</td>
<td>$83,949,075</td>
<td>$3,107,305</td>
<td>3.8%</td>
</tr>
<tr>
<td>Department of Law</td>
<td>$18,047,080</td>
<td>$18,397,660</td>
<td>$350,580</td>
<td>1.9%</td>
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<tr>
<td>Legislative Department</td>
<td>$470,869</td>
<td>$470,869</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Department of Local Affairs</td>
<td>$186,097,459</td>
<td>$181,878,909</td>
<td>($4,218,550)</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Department of Military and Veterans Affairs</td>
<td>$1,203,530</td>
<td>$1,257,084</td>
<td>$53,554</td>
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<tr>
<td>Department of Natural Resources</td>
<td>$238,857,665</td>
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<tr>
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<tr>
<td>Department of Public Health and Environment</td>
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<td>$193,141,900</td>
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<tr>
<td>Department of Public Safety</td>
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<td>6.2%</td>
</tr>
<tr>
<td>Department of Regulatory Agencies</td>
<td>$91,205,734</td>
<td>$93,808,391</td>
<td>$2,602,657</td>
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</tr>
<tr>
<td>Department of Revenue</td>
<td>$249,529,454</td>
<td>$270,841,658</td>
<td>$21,312,204</td>
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</tr>
<tr>
<td>Department of State</td>
<td>$25,375,937</td>
<td>$25,806,761</td>
<td>$430,824</td>
<td>1.7%</td>
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<tr>
<td>Department of Transportation</td>
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<td>$1,461,433,080</td>
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</tr>
<tr>
<td>Department of the Treasury</td>
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<td>$447,116,623</td>
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</tr>
<tr>
<td>Subtotal Department Operating Requests</td>
<td>$8,741,381,730</td>
<td>$9,350,102,759</td>
<td>$608,721,029</td>
<td>7.0%</td>
</tr>
<tr>
<td>1331 Approved Supplementals</td>
<td>$2,751,637</td>
<td>$0</td>
<td>($2,751,637)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$8,744,133,367</td>
<td>$9,350,102,759</td>
<td>$605,969,392</td>
<td>6.9%</td>
</tr>
</tbody>
</table>
## Total Reappropriated Funds

<table>
<thead>
<tr>
<th>Department</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Appropriation</td>
<td>Governor’s Request</td>
<td>$</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>$2,494,460</td>
<td>$2,497,165</td>
<td>$2,705</td>
<td>0.1%</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>$54,336,517</td>
<td>$51,529,339</td>
<td>($2,807,178)</td>
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</tr>
<tr>
<td>Department of Education</td>
<td>$39,385,509</td>
<td>$44,900,780</td>
<td>$5,515,271</td>
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</tr>
<tr>
<td>Governor - Lt. Governor - State Planning and Budgeting</td>
<td>$255,022,179</td>
<td>$299,719,994</td>
<td>$44,697,815</td>
<td>17.5%</td>
</tr>
<tr>
<td>Department of Health Care Policy and Financing</td>
<td>$84,557,891</td>
<td>$84,612,145</td>
<td>$54,254</td>
<td>0.1%</td>
</tr>
<tr>
<td>Department of Higher Education</td>
<td>$819,590,900</td>
<td>$901,359,404</td>
<td>$81,768,504</td>
<td>10.0%</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>$184,976,303</td>
<td>$190,706,212</td>
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<td>3.1%</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>$36,973,036</td>
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<td>$105,585</td>
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</tr>
<tr>
<td>Department of Labor and Employment</td>
<td>$7,521,018</td>
<td>$9,848,451</td>
<td>$2,327,433</td>
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<tr>
<td>Department of Law</td>
<td>$46,803,973</td>
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<tr>
<td>Legislative Department</td>
<td>$961,299</td>
<td>$961,299</td>
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<td>0%</td>
</tr>
<tr>
<td>Department of Local Affairs</td>
<td>$12,147,248</td>
<td>$12,756,276</td>
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<tr>
<td>Department of Natural Resources</td>
<td>$7,933,687</td>
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</tr>
<tr>
<td>Department of Personnel</td>
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<tr>
<td>Department of Public Health and Environment</td>
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<tr>
<td>Department of Public Safety</td>
<td>$43,430,450</td>
<td>$52,268,072</td>
<td>$8,837,622</td>
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</tr>
<tr>
<td>Department of Regulatory Agencies</td>
<td>$5,211,298</td>
<td>$5,466,179</td>
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<tr>
<td>Department of Revenue</td>
<td>$6,381,910</td>
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</tr>
<tr>
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<tr>
<td>Department of the Treasury</td>
<td>$17,685,263</td>
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<tr>
<td><strong>Subtotal Department Operating Requests</strong></td>
<td><strong>$1,857,532,859</strong></td>
<td><strong>$2,007,986,271</strong></td>
<td><strong>$150,453,412</strong></td>
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<tr>
<td><strong>1331 Approved Supplementals</strong></td>
<td><strong>($95,168)</strong></td>
<td><strong>$0</strong></td>
<td><strong>$95,168</strong></td>
<td><strong>(100.0%)</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,857,437,691</strong></td>
<td><strong>$2,007,986,271</strong></td>
<td><strong>$150,548,580</strong></td>
<td><strong>8.1%</strong></td>
</tr>
</tbody>
</table>
## Total Federal Funds

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2019-20</th>
<th>$ Change</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Initial</td>
<td>Nov 1</td>
<td>Governor’s Request</td>
<td>$</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>$3,908,862</td>
<td>$3,908,862</td>
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<td>0%</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>$3,516,067</td>
<td>$3,575,312</td>
<td>$59,245</td>
<td>1.7%</td>
</tr>
<tr>
<td>Department of Education</td>
<td>$617,194,961</td>
<td>$618,333,581</td>
<td>$1,138,620</td>
<td>0.2%</td>
</tr>
<tr>
<td>Governor - Lt. Governor - State Planning and Budgeting</td>
<td>$6,767,275</td>
<td>$6,891,187</td>
<td>$123,912</td>
<td>1.8%</td>
</tr>
<tr>
<td>Department of Health Care Policy and Financing</td>
<td>$5,875,377,043</td>
<td>$6,014,733,177</td>
<td>$139,356,134</td>
<td>2.4%</td>
</tr>
<tr>
<td>Department of Higher Education</td>
<td>$22,785,619</td>
<td>$23,273,842</td>
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</tr>
<tr>
<td>Department of Human Services</td>
<td>$612,492,915</td>
<td>$633,139,281</td>
<td>$20,646,366</td>
<td>3.4%</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>$4,425,000</td>
<td>$4,425,000</td>
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<td>0%</td>
</tr>
<tr>
<td>Department of Labor and Employment</td>
<td>$151,711,122</td>
<td>$158,204,286</td>
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<td>4.3%</td>
</tr>
<tr>
<td>Department of Law</td>
<td>$2,002,322</td>
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<td>2.1%</td>
</tr>
<tr>
<td>Department of Local Affairs</td>
<td>$80,813,401</td>
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<td>0.4%</td>
</tr>
<tr>
<td>Department of Military and Veterans Affairs</td>
<td>$219,710,038</td>
<td>$219,972,419</td>
<td>$262,381</td>
<td>0.1%</td>
</tr>
<tr>
<td>Department of Natural Resources</td>
<td>$26,568,474</td>
<td>$26,683,622</td>
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<td>0.4%</td>
</tr>
<tr>
<td>Department of Public Health and Environment</td>
<td>$299,022,334</td>
<td>$301,694,484</td>
<td>$2,672,150</td>
<td>0.9%</td>
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<tr>
<td>Department of Public Safety</td>
<td>$69,838,616</td>
<td>$69,995,938</td>
<td>$157,322</td>
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</tr>
<tr>
<td>Department of Regulatory Agencies</td>
<td>$1,249,820</td>
<td>$1,264,750</td>
<td>$14,930</td>
<td>1.2%</td>
</tr>
<tr>
<td>Department of Revenue</td>
<td>$824,388</td>
<td>$1,031,991</td>
<td>$207,603</td>
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<tr>
<td>Department of Transportation</td>
<td>$611,918,704</td>
<td>$621,466,824</td>
<td>$9,548,120</td>
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<tr>
<td>Subtotal Cabinet Operating Requests</td>
<td>$8,610,126,961</td>
<td>$8,791,746,069</td>
<td>$181,619,108</td>
<td>2.1%</td>
</tr>
<tr>
<td>1331 Approved Supplementals</td>
<td>$14,019,338</td>
<td>$0</td>
<td>($14,019,338)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$8,624,146,299</td>
<td>$8,791,746,069</td>
<td>$167,599,770</td>
<td>1.9%</td>
</tr>
<tr>
<td>Department</td>
<td>2018-19</td>
<td>2019-20</td>
<td>$ Change</td>
<td>% Change</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>289.9</td>
<td>290.8</td>
<td>0.9</td>
<td>0.3%</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>6,245.9</td>
<td>6,477.0</td>
<td>231.1</td>
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</tr>
<tr>
<td>Department of Education</td>
<td>602.5</td>
<td>609.0</td>
<td>6.5</td>
<td>1.1%</td>
</tr>
<tr>
<td>Governor - Lt. Governor - State Planning and Budgeting</td>
<td>1,101.5</td>
<td>1,157.1</td>
<td>55.6</td>
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</tr>
<tr>
<td>Department of Health Care Policy and Financing</td>
<td>506.3</td>
<td>528.7</td>
<td>22.4</td>
<td>4.4%</td>
</tr>
<tr>
<td>Department of Higher Education</td>
<td>26,150.0</td>
<td>26,150.1</td>
<td>0.1</td>
<td>0.0%</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>5,052.9</td>
<td>5,110.8</td>
<td>57.9</td>
<td>1.1%</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>4,745.3</td>
<td>4,745.6</td>
<td>0.3</td>
<td>0.0%</td>
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<td>Department of Labor and Employment</td>
<td>1,280.6</td>
<td>1,287.3</td>
<td>6.7</td>
<td>0.5%</td>
</tr>
<tr>
<td>Department of Law</td>
<td>477.2</td>
<td>477.2</td>
<td>0.0</td>
<td>0%</td>
</tr>
<tr>
<td>Legislative Department</td>
<td>289.5</td>
<td>289.5</td>
<td>0.0</td>
<td>0%</td>
</tr>
<tr>
<td>Department of Local Affairs</td>
<td>181.1</td>
<td>188.3</td>
<td>7.2</td>
<td>4.0%</td>
</tr>
<tr>
<td>Department of Military and Veterans Affairs</td>
<td>1,407.2</td>
<td>1,411.5</td>
<td>4.3</td>
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</tr>
<tr>
<td>Department of Natural Resources</td>
<td>1,464.5</td>
<td>1,475.5</td>
<td>11.0</td>
<td>0.8%</td>
</tr>
<tr>
<td>Department of Personnel</td>
<td>425.6</td>
<td>426.7</td>
<td>1.1</td>
<td>0.3%</td>
</tr>
<tr>
<td>Department of Public Health and Environment</td>
<td>1,345.8</td>
<td>1,362.1</td>
<td>16.3</td>
<td>1.2%</td>
</tr>
<tr>
<td>Department of Public Safety</td>
<td>1,854.3</td>
<td>1,892.7</td>
<td>38.4</td>
<td>2.1%</td>
</tr>
<tr>
<td>Department of Regulatory Agencies</td>
<td>574.7</td>
<td>574.9</td>
<td>0.2</td>
<td>0.0%</td>
</tr>
<tr>
<td>Department of Revenue</td>
<td>1,472.0</td>
<td>1,499.0</td>
<td>27.0</td>
<td>1.8%</td>
</tr>
<tr>
<td>Department of State</td>
<td>142.9</td>
<td>142.9</td>
<td>0.0</td>
<td>0%</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>3,326.8</td>
<td>3,327.4</td>
<td>0.6</td>
<td>0.0%</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>32.9</td>
<td>32.9</td>
<td>0.0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Department Operating Requests</strong></td>
<td>58,969.4</td>
<td>59,457.0</td>
<td>487.6</td>
<td>0.8%</td>
</tr>
</tbody>
</table>
Overview of the General Fund Budget Request

The following information discusses the main components that comprise the General Fund budget under the Governor’s November 1, 2018 budget request. Following this information is a discussion of the Office of State Planning and Budgeting’s September General Fund revenue forecast.

General Fund Overview

<table>
<thead>
<tr>
<th>Governor’s General Fund Request</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
<th>Change over FY 2018-19</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total General Fund Available</td>
<td>$13,675,143,383</td>
<td>$14,177,716,736</td>
<td>$502,573,353</td>
<td>3.7%</td>
</tr>
<tr>
<td>Total General Fund Expenditures</td>
<td>$12,628,837,612</td>
<td>$13,223,567,606</td>
<td>$594,729,994</td>
<td>4.7%</td>
</tr>
<tr>
<td>General Fund Expenditures Subject to Reserve</td>
<td>$11,239,088,046</td>
<td>$11,926,864,123</td>
<td>$687,776,077</td>
<td>6.1%</td>
</tr>
<tr>
<td>General Fund Expenditures Exempt from Reserve</td>
<td>$1,389,749,566</td>
<td>$1,296,703,483</td>
<td>-$93,046,083</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Ending General Fund</td>
<td>$1,046,305,771</td>
<td>$954,149,130</td>
<td>-$92,156,641</td>
<td>-8.8%</td>
</tr>
</tbody>
</table>

| Required/Requested Reserve      | 7.25% | 8.00% | 0.75% | 10.3% |
| Required/Requested Reserve Amount | $814,833,883 | $954,149,130 | $139,315,246 | 17.1% |
| Above/(Below) Reserve Level     | $231,471,888 | 0 | -$231,471,887 | N/A |

FY 2018-19 Current Year General Fund Overview

FY 2018-19 General Fund Revenue Available ($13,675.1 million)

Our budget uses the September 2018 revenue estimates from the Office of State Planning and Budgeting. Our FY 2018-19 budget begins with a $1,273.8 million beginning balance. We project revenue of $12,382.1 million plus revenue adjustments of $19.2 million as shown in the September OSPB revenue forecast. In total, the beginning balance, revenues, and adjustments amount to $13,675.1 million General Fund available.

FY 2018-19 General Fund Expenditures ($12,628.8 million)

General Fund expenditures total $12,628.8 million, including $11,239.1 million which is subject to the General Fund appropriations limit and reserve requirement and $1,389.7 million which is not subject to these requirements. The $11,239.1 million which is subject to the limit includes $11,217.7 million which was appropriated in the 2018 session plus other adjustments. These other adjustments include the following: JBC approved H.B. 98-1331 supplementals totaling a reduction of $6.7 million General Fund for the Departments of Corrections, Health Care Policy and Financing, Human Services, and Public Health and Environment; and a placeholder of $28.1 million General Fund for anticipated supplemental requests from the Departments of
Corrections and Health Care Policy and Financing. (See the placeholders section of the budget request for a list of these set-asides.)

Certifications of Participation (COP) payments were previously subject to the statutory appropriations limit but exempt from the reserve requirement, pursuant to Section 24-75-201.1 (2) (b), C.R.S. However, S.B. 18-276 amended this statute and effective July 1, 2018, COP payments are now appropriations subject to the limit and the reserve requirement, so they are included in the $11,239.1 million total discussed above.

The $1,389.7 million which is not subject to the appropriations limit and statutory reserve requirement includes a $180.0 million transfer for capital construction projects (including $179.2 million as approved in the 2018 legislative session, and a $843,838 placeholder for an anticipated capital supplemental for the Department of Human Services), the $495 million transfer for transportation projects pursuant to S.B. 18-001, a $25.0 million transfer to the State Education Fund, and $179.4 million in transfers to other funds included in the September forecast. The 1,389.7 million amount also includes the projected $260.5 million TABOR refund obligation in FY 2018-19. The remainder of the General Fund not subject to the limit and reserve requirement, totaling $249.9 million, reflects the General Fund rebates and expenditures projected in the September OSPB forecast.

**FY 2018-19 General Fund Ending Balance ($1,046.3 million)**

The ending FY 2018-19 balance of $1,046.3 million is above the 7.25 percent General Fund reserve requirement of $814.8 million by $231.5 million, equating to a reserve of 9.3 percent. This excess reserve for FY 2018-19 allows us to grow the reserve further in the FY 2019-20 budget plan, discussed next.

**FY 2019-20 Request Year General Fund Overview**

**FY 2019-20 General Fund Revenue Available ($14,177.7 million)**

Our FY 2019-20 General Fund budget assumes a beginning fund balance of $1,046.3 million which is the ending FY 2018-19 balance indicated above. Added to this amount are the General Fund revenue estimate of $13,111.3 million and adjustments of $20.1 million per the OSPB September 2018 forecast.

**FY 2019-20 General Fund Expenditures ($13,223.6 million)**

Our FY 2019-20 General Fund expenditure request includes $11,926.9 million subject to the appropriations limit and statutory General Fund reserve requirement and $1,296.7 million General Fund which is not subject to these requirements. The FY 2019-20 General Fund amount subject to the limit and reserve requirement of $11,926.9 million includes $11,917.1 million contained within department budget
requests and $9.7 million requested as set-asides. (See the placeholders section of the budget request for a list of these set-asides.)

Certifications of Participation (COP) payments were previously subject to the statutory appropriations limit but exempt from the reserve requirement, pursuant to Section 24-75-201.1 (2) (b), C.R.S. However, S.B. 18-276 amended this statute and effective July 1, 2018, COP payments are now appropriations subject to the limit and the reserve requirement, so they are included in the $11,926.9 million total discussed above.

Within the $1,296.7 million amount exempt from the limit and reserve requirement, $224.4 million is for a transfer for capital construction projects, $200 million is the transfer for transportation projects pursuant to S.B. 18-001, $166.7 million is transfers to other funds as reflected in the September forecast, and $20.0 million is transfers to the CSU National Western Center Fund for COP payments ($16.6 million) and the Capital Complex Fund ($3.4 million) pursuant to H.B. 15-1344. In addition, $40.0 million is a requested transfer to the Controlled Maintenance Trust Fund to pay back money used from the Fund for wildfires during FY 2018-19 and $117.0 million is requested transfers for strategic investments. (See the placeholders section of the budget request for a list of these investments.) The $1,296.7 million amount also includes the projected $383.6 million TABOR refund obligation in FY 2019-20, which includes the $382.3 million amount estimated in the OSPB September forecast and $2.3 million for the TABOR impact of cash fund changes associated with proposed legislation from departments known as of the November 1 budget request. The remainder of the General Fund not subject to the limit and the reserve requirement, totaling $145.0 million, reflects the General Fund rebates and expenditures projected in the September OSPB forecast.

*FY 2019-20 General Fund Ending Balance ($954.1 million)*

In addition to the budgeted amounts discussed above, the request increases the State’s General Fund reserve requirement to 8.0 percent starting in FY 2019-20. Of this 8.0 percent reserve, totaling $954.1 million, $89.5 million is associated with the increase in the General Fund reserve from 7.25 percent to 8.0 percent. The 8.0 percent General Fund reserve is calculated on a base of $11,926.9 million General Fund subject to the reserve requirement.
General Fund Revenue Forecast

Economic Conditions and General Fund and State Education Fund Revenue

The following section discusses economic conditions for Colorado as well as General Fund and State Education Fund revenue received by the State based on the OSPB September 2018 forecast. The General Fund is the State’s main account for funding its core programs and services, such as education, health and human services, public safety, and courts. It also helps fund capital construction and maintenance needs for State facilities and, in some years, transportation projects.

The largest revenue sources for the General Fund are income and sales taxes paid by households and businesses in the state, which are heavily influenced by the performance of the economy. General Fund revenue is expected to continue to increase in the current budget year and next with Colorado’s sustained economic growth.

In addition to the General Fund, some State programs and services are funded from the federal government and various “cash funds.” Cash funds receive revenue from certain taxes, user fees, and charges that are generally designated for specific programs. The State Education Fund is a cash fund that receives one-third of one percent of taxable income from Colorado taxpayers to help fund K-12 education. Therefore, the State Education Fund is more like a special account in the General Fund.

*Income and sales taxes are the largest sources of General Fund revenue* — The following pie chart shows the composition of the revenue sources that go to both the State General Fund and State Education Fund for FY 2019-20 based on the OSPB September forecast. Income, sales, and use taxes make up more than 96 percent of the total.
Figure 1. General Fund and State Education Fund Revenue in FY 2019-20

$ in Millions

- Individual Income, $8,481.2 (61.4%)
- Sales/Use Tax, $3,872.6 (28.0%)
- Corporate Income, $977.0 (7.1%)
- Other, $479.2 (3.5%)

Total: $13.8 Billion

Source: OSPB September 2018 forecast

**General Fund money diverted to the State Education Fund** — The State Education Fund (SEF) receives one-third of one-percent of total taxable income under the Colorado Constitution. Therefore, a portion of revenue from income taxes is diverted from the General Fund to the SEF every year. Because this revenue comes from taxable income, it follows the trends in the State’s individual income and corporate income tax revenue collections as shown below. The diversion is forecasted at $698.7 million in FY 2019-20, an expected increase of 6.1 percent from FY 2018-19. In addition to the diversion of income tax revenue, policies enacted over the past several years have transferred other General Fund money to the State Education Fund.
Economic conditions affect revenue to the General Fund and State Education Fund, and some revenue sources are highly volatile — Income and sales tax collections are heavily influenced by the performance of the economy. When more people earn and spend money, and businesses experience increased sales, tax revenue grows. Conversely, revenue declines during economic downturns, sometimes by large amounts as income and spending levels weaken.

Some General Fund revenue sources – notably corporate income taxes and individual income tax estimated payments — are highly volatile, which can cause larger fluctuations in revenue than is seen in overall economic conditions, as well as potentially large forecast errors. The following figure illustrates the volatility of these two revenue sources. The figure shows the year-over-year percent change in quarterly inflation-adjusted corporate income tax revenue and estimated individual income tax payments, along with total inflation-adjusted General Fund revenue, in relation to the performance of the state economy.

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1 Estimated income tax payments are taxes paid on taxable income that is not subject to withholding, such as earnings from self-employment, rents, and investments.
Figure 3. Corporate Income Tax and Individual Estimated Payments Revenue Volatility and State Economic Performance, Year-over-Year % Change*

* General Fund revenue in the figure excludes smaller miscellaneous revenue sources, such as pari-mutuel taxes, estate taxes, fines, fees, and interest earnings. The state’s economic conditions are measured by the Federal Reserve Bank of Philadelphia’s State Coincident Economic Activity Index for Colorado. Shading indicates recessionary periods.

Source: Federal Reserve Bank of Philadelphia, Office of the State Controller, and OSPB calculations

The time period in Figure 3 includes three national recessions. Colorado’s economy and General Fund revenue were only modestly impacted by the recession in the early 1990s. However, the state’s economy was much more adversely affected by the two recessions in the 2000s — one during the 2001 to 2002 period and the Great Recession in 2008 to 2009. During each of those recessions, General Fund revenue fell by over $1 billion, or around 16 percent. As illustrated in Figure 3, these revenue declines were larger than the downturn in overall economic conditions. This was largely due to the marked decline in the stock market and corporate profits during those periods that caused a drop in individual income tax estimated payments and corporate income tax collections.

Current economic conditions — Colorado’s economic growth accelerated in the first half of 2018. Colorado’s employment growth has been robust and widespread across all industries and most regions, while wage growth has risen above inflation in recent months. Oil and gas production has recovered from the mid-decade downturn, albeit at lower levels of employment, and business formation is strong. However, slower labor
force growth and tight housing market conditions are expected to limit growth in the later years of the forecast.

As seen in Figure 4, Pueblo, at 4.5 percent, is the only metro area in the state with an unemployment rate above the national average of 3.9 percent in July. The four metro areas of the northern Front Range all had unemployment rates below 3.0 percent.

**Figure 4. Unemployment Rate by Metro Area, July 2018**

Source: U.S. Bureau of Labor Statistics

Figure 5 shows Colorado's job growth in each industry over the period between July 2017 and July 2018. Overall job growth remains solid at 2.9 percent, led by the mining and logging industry as it recovers from the sharp drop in oil prices which began in late 2014. Notably, all Colorado industries gained jobs over this period.
Although there are no clear indications of an economic downturn currently in the United States or Colorado, recessions are difficult to foresee. A drop in employment and income levels, along with losses in the stock market and declining corporate profits that are associated with an economic downturn would have adverse effects on General Fund and State Education Fund revenue and the State budget. Material changes to revenue expectations may occur in future forecasts that incorporate new information on trends in actual collections and economic conditions.

**Forecast for General Fund revenue** — Colorado’s economy is expected to remain in expansion, and thus generate continued growth in General Fund revenue for the current budget year and next. Figure 6 illustrates revenue to the General Fund by fiscal year, including the OSPB September 2018 forecast for General Fund revenue in FY 2018-19 and FY 2019-20. After modest increases of just 1.7 percent in FY 2015-16 and 3.1 percent in FY 2016-17, General Fund revenue increased at a much stronger rate of 14.1 percent in FY 2017-18 due to an acceleration in economic growth and several one-time factors. Revenue growth will moderate to 5.6 percent in FY 2018-19 and 5.9 percent in FY 2019-20.
Individual Income Tax — Income tax paid by individuals is by far the largest source of tax revenue to the State. Representing 65 percent of total General Fund revenue, individual income tax collections grew at a robust rate of 11.5 percent in FY 2017-18. Growth is projected to moderate to 5.8 percent in both FY 2018-19 and FY 2019-20.

Individual income tax is paid on most sources of household income, such as wages, investments, and royalties. The income that individuals receive from their businesses, except businesses that are organized as C-corporations, is also generally subject to the individual income tax.

In a growing economy, income tax revenue increases at a relatively steady pace due to job growth and expanding business activity. As discussed above, however, investment income received by individuals from equities and other assets can fluctuate much more than the overall economy from year to year, contributing to volatility in income tax revenue. Changes to federal and State tax deductions and exemptions, as well as to State tax credits, can also contribute to volatility.

Figure 7 shows the trend in individual income tax revenue since FY 2000-01 and includes the OSPB September 2018 forecast through FY 2019-20. The strong growth in individual income tax collections in FY 2017-18 was due to a combination of factors, including stronger employment and wage growth following the 2015-2016 industrial slowdown, stronger capital gains and investment earnings, and an increase in taxable income resulting from federal tax changes. Individual income tax revenue is expected to grow
at a more moderate pace in FY 2018-19 and FY 2019-20 due to slower employment
growth in a tight labor market and a moderation in capital gains income

**Corporate Income Tax** — Certain corporations, called C-corporations, pay income tax
through the corporate income tax system if they are doing business in the state.
Corporate income tax collections are projected to increase 13.2 percent in FY 2018-19
after increasing 53.5 percent in FY 2017-18. Corporate income tax receipts are
expected to rise 10.3 percent to $977.0 million in FY 2019-20 due to continued
economic expansion and the effects of the federal Tax Cuts and Jobs Act.

Corporate income tax revenue fluctuates much more than overall General Fund revenue
and the state economy. It is among the most volatile General Fund revenue sources as
it is influenced by special economic factors and the structure of the corporate income
tax code. Trends in corporate profits are the main determinant of corporate income
tax collections. Similar to the individual income tax, changes in tax laws can make
corporate tax collections more volatile, especially during changes in broader economic
conditions.

As shown in Figure 7, corporate profits weakened starting in 2015, leading to a decline
in corporate income tax revenues. While corporate profits began to grow again in the
second half of 2016, corporate income tax revenue continued to decline as corporations
deferred tax liabilities in anticipation of favorable federal tax law changes.

With the passage of the Tax Cuts and Jobs Act in December 2017, state corporate
income tax payments rebounded and are expected to continue to grow with higher
corporate earnings and the ongoing economic expansion. Although renewed growth in
corporate income tax collections is expected, future increases will be constrained by
higher business costs, especially for employee compensation and borrowing, which will
reduce profit margins and lower tax liabilities.

**Sales and Use Taxes** — The State’s sales and use tax collections makes up about 30
percent of General Fund revenue. Most products and a small number of services are
subject to the tax; both households and businesses pay sales and use taxes. Sales tax
revenue increased 9.5 percent in FY 2017-18 and is expected to increase an additional
8.2 percent in FY 2018-19 and 5.3 percent in FY 2019-20.

As shown in Figure 7, sales and use tax revenue grows at a steady pace when the
economy is expanding and declines during recessions. Colorado’s strong economic
growth is providing consumers with more disposable income, which, combined with
more business spending, is causing sales and use tax revenue to grow. Auto sales, a
major source of sales tax revenue, have been slowing in recent months but remain at a
high level. In addition, the composition of auto sales is shifting from cars towards
higher-priced light trucks, SUVs, and minivans, which result in more sales tax revenue
to the State.

The sales and use tax growth rates in FY 2018-19 and FY 2019-20 are driven partially by
online sales tax collections that the U.S. Supreme Court allowed states to begin
collecting with its June 2018 ruling in South Dakota v. Wayfair, Inc. Colorado is expected to begin collecting online sales taxes in December 2018.

Other General Fund Revenue — Several smaller sources make up the rest of General Fund revenue. These include excise taxes on cigarette, tobacco, and liquor products; taxes paid by insurers on premiums; pari-mutuel wagering; interest income; and fines and fees. As shown in Figure 7, revenue from these sources is expected to grow modestly during the forecast period, and is projected to total $479.2 million in FY 2019-20.

Figure 7. General Fund Revenue Sources, $ in Millions

Source: Office of the State Controller and OSPB September 2018 forecast
Marijuana Revenue Overview

Total state marijuana tax revenue has continued to grow, although the rate of growth is expected to slow in FY 2018-19 when total tax revenue is expected to reach $249.8 million.

Marijuana Tax Revenue by Fiscal Year
(Dollar Amounts in Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical 2.9% Sales Tax</td>
<td>$10.4</td>
<td>$12.2</td>
<td>$12.4</td>
<td>$10.6</td>
<td>$9.1</td>
<td>$8.2</td>
</tr>
<tr>
<td>Retail 15% Excise Tax</td>
<td>$24.0</td>
<td>$42.6</td>
<td>$71.4</td>
<td>$68.0</td>
<td>$57.8</td>
<td>$56.6</td>
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<tr>
<td>Retail 2.9% State Sales Tax*</td>
<td>$11.8</td>
<td>$19.4</td>
<td>$28.1</td>
<td>$5.2</td>
<td>$0.7</td>
<td>$0.7</td>
</tr>
<tr>
<td>Retail 10% / 15% Special Sales Tax*</td>
<td>$41.9</td>
<td>$67.1</td>
<td>$98.4</td>
<td>$167.2</td>
<td>$182.2</td>
<td>$187.7</td>
</tr>
<tr>
<td>Total</td>
<td>$88.1</td>
<td>$141.3</td>
<td>$210.4</td>
<td>$251.0</td>
<td>$249.8</td>
<td>$253.3</td>
</tr>
</tbody>
</table>

*The new special sales tax rate (from 10% to 15%) became effective July 1, 2017. Retail marijuana is now exempt from the 2.9% sales tax; however, the taxes on goods that do not contain marijuana but are sold in marijuana businesses is still tracked and remitted and deposited into the Marijuana Tax Cash Fund.

Where Does All the Money Go?

The tax revenue from marijuana is allocated across state agencies from the Marijuana Tax Cash Fund, to the General Fund, and into various funds for schools. Marijuana revenue makes up less than 1 percent of the total state budget and large portions of the revenue are dedicated (by the constitution or state statute) to specific purposes, meaning there is not much discretion in how total revenue is spent. In FY 2017-18, approximately 46 percent of all marijuana taxes benefitted education. See the tables and flow charts on the next page for more information.

The four tax types are shown in the table above. Of the 15% special sales tax, 90 percent is kept by the state, and 10 percent is distributed directly to local governments. Of the 90 percent state share, 71.85 percent is directed to the Marijuana Tax Cash Fund. In FY 2017-18 only, the other 28.15 percent was split between the Public School Fund for rural schools ($30 million) and the General Fund, which was intended to offset the business personal property tax credit from S.B. 17-267. Beginning in FY 2018-19, the other 28.15 percent will again be distributed to the Public School Fund (12.59 percent) and to the General Fund (15.56 percent). Of the 15% excise tax, in FY 2017-18, the first $40 million went to the Building Excellent Schools Today (BEST) school capital construction fund, and anything more than $40 million annually was directed to the Public School Permanent Fund (trust fund), the interest of which is deposited into the Public
School Fund to pay for maintenance and operations of schools. Beginning in FY 2018-19, BEST will receive the first $40 million or 90 percent of the excise tax, whichever is greater, and the remainder to the Public School Permanent Fund.

**Marijuana Tax Revenue Distributions**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Revenue (2.9% Medical, 2.9% Retail, 15% Excise and 15% Sales)</th>
<th>Local Share</th>
<th>General Fund</th>
<th>BEST School Capital Construction</th>
<th>Public School Permanent Fund</th>
<th>Public School Fund</th>
<th>Marijuana Tax Cash Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FY 2017-18 Actual</td>
<td>$250.9</td>
<td>$16.7</td>
<td>$12.4</td>
<td>$40.0</td>
<td>$28.0</td>
<td>$30.0</td>
<td>$123.9</td>
</tr>
<tr>
<td>Total FY 2018-19 Projected</td>
<td>$249.8</td>
<td>$18.2</td>
<td>$25.5</td>
<td>$51.2</td>
<td>$5.8</td>
<td>$20.6</td>
<td>$127.6</td>
</tr>
<tr>
<td>Total FY 2019-20 Projected</td>
<td>$253.3</td>
<td>$18.8</td>
<td>$26.3</td>
<td>$50.9</td>
<td>$5.7</td>
<td>$21.3</td>
<td>$130.3</td>
</tr>
</tbody>
</table>
Marijuana Tax Cash Fund

In 2014, the General Assembly enacted S.B. 14-215, which states that marijuana tax revenue in the Marijuana Tax Cash Fund can be spent only in the fiscal year following the fiscal year in which it is collected, or in arrears. With the exception of funding for the Department of Revenue, marijuana tax revenue available to spend in the FY 2019-20 budget is limited to collections received in FY 2018-19. This fund is also required to maintain a reserve of 6.5 percent of its available revenue.

The Department of Revenue projects marijuana tax revenue to total $249.8 million in FY 2018-19, with $127.6 million being deposited into the Marijuana Tax Cash Fund. In FY 2017-18, the actual revenue to the Fund was $123.9 million, so this year we are expecting a very small increase in Marijuana Tax Cash Fund revenue of only $3.7 million from the previous year. This annual revenue would not be enough to fund the transfers and appropriations already set in the base for FY 2019-20, which now total more than $130.0 million. However, because actual expenses have been lower than appropriations in past years, there is a balance that can be carried forward to cover these appropriations.

Governor’s Request from Marijuana Tax Cash Fund

In FY 2019-20, we are requesting $130.5 million from the Marijuana Tax Cash Fund. This includes $3.1 million in new decision items, $125.6 million in the base from FY 2018-19, and $1.7 million in transfers from H.B. 18-1323. New items requested are the following:

- The Department of Transportation requests $500,000 Marijuana Tax Cash Funds (MTCF) for FY 2019-20, as well as a corresponding decrease in spending authority from the First Time Drunk Driver Fund (FTDD). This revenue neutral refinancing of spending authority for CDOT’s First Time Drunk Driver program, which supports local law enforcement for High Visibility Impaired Driving Enforcement, will ensure that critical impaired driving enforcement efforts continue unimpeded.

- The Department of Public Safety requests $1.7 million from the Marijuana Tax Cash Fund in FY 2019-20 and beyond to refinance Colorado Bureau of Investigation (CBI) toxicology laboratory funding. The financing structure would result in the elimination of toxicology testing fees, thereby making a full alcohol and drug panel a zero cost option for state and local law enforcement agencies.

- The Department of Revenue requests a transfer of $914,416 in FY 2019-20 from the Marijuana Cash Fund (business and licensing fees) to the Marijuana Tax Cash Fund to pay for an increase of 5.0 FTE for a full-time CBI Black Market Task Force. Accompanying this request is $2.2 million and 8.0 FTE from the Marijuana Cash Fund to add enforcement agents in the Marijuana Enforcement Division to support the state’s black market enforcement efforts.
The table below shows the total spending out of the fund (in arrears) and the remaining balance for FY 2019-20 after the Governor’s request.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning fund balance as of July 1, 2018</td>
<td>165,350,747</td>
</tr>
<tr>
<td>LESS: FY 2018-19 Appropriations for various departments from prior year revenues</td>
<td>(129,546,451)</td>
</tr>
<tr>
<td>LESS: FY 2018-19 Supplemental Requests</td>
<td>-</td>
</tr>
<tr>
<td>Transfers (to)/from the General Fund booked and requested in FY 2018-19</td>
<td>(989,470)</td>
</tr>
<tr>
<td>PLUS: Requested Transfer from Marijuana Cash Fund to MTCF in FY 2018-19</td>
<td>914,416</td>
</tr>
<tr>
<td>PLUS: Total projected revenue to be collected in FY 2018-19 per Sept 2018 forecast</td>
<td>127,656,103</td>
</tr>
<tr>
<td>State share (MTCF portion) of special (15%) sales tax on retail marijuana</td>
<td>117,815,103</td>
</tr>
<tr>
<td>Regular (2.9%) sales tax on retail marijuana</td>
<td>719,000</td>
</tr>
<tr>
<td>Regular (2.9%) sales tax on medical marijuana</td>
<td>9,122,000</td>
</tr>
<tr>
<td>Interest and accounting adjustments</td>
<td>-</td>
</tr>
<tr>
<td>LESS: FY 2018-19 Appropriation to Department of Revenue for regulatory enforcement</td>
<td>(1,245,366)</td>
</tr>
<tr>
<td><strong>EQUALS: Total funds available in the fund for FY 2019-20</strong></td>
<td>162,139,979</td>
</tr>
<tr>
<td>LESS: Statutorily required reserve (6.5 percent)</td>
<td>(10,539,099)</td>
</tr>
<tr>
<td><strong>EQUALS: Funds Available for Appropriation or Transfer for FY 2019-20</strong></td>
<td>151,600,881</td>
</tr>
<tr>
<td>LESS: Total FY 2019-20 Governor’s Request</td>
<td>(129,206,783)</td>
</tr>
<tr>
<td>LESS: Transfers (to)/from the General Fund booked or requested in FY 2019-20</td>
<td>(1,717,764)</td>
</tr>
<tr>
<td>LESS: FY 2019-20 Request</td>
<td>(127,489,019)</td>
</tr>
<tr>
<td><strong>EQUALS: Funds Remaining Available Above Statutorily Required Reserve</strong></td>
<td>22,394,098</td>
</tr>
</tbody>
</table>

The next table shows appropriations and actual expenditures for the two prior fiscal years, the appropriation for the current year, and the Governor’s request from the Marijuana Tax Cash Fund by department. On the following pages, there is a more detailed breakdown by department by line item.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>Agriculture</td>
<td>3,114,098</td>
<td>2,266,446</td>
<td>2,209,783</td>
<td>1,400,212</td>
<td>1,827,477</td>
<td>1,837,500</td>
</tr>
<tr>
<td>Education</td>
<td>8,478,160</td>
<td>8,423,844</td>
<td>20,419,330</td>
<td>20,308,352</td>
<td>21,398,827</td>
<td>21,402,319</td>
</tr>
<tr>
<td>Governor</td>
<td>216,944</td>
<td>216,944</td>
<td>1,726,824</td>
<td>1,019,670</td>
<td>1,205,479</td>
<td>1,253,640</td>
</tr>
<tr>
<td>Health Care Policy and Financing</td>
<td>750,000</td>
<td>721,699</td>
<td>750,000</td>
<td>750,000</td>
<td>1,675,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Higher Ed</td>
<td>900,000</td>
<td>899,256</td>
<td>3,300,000</td>
<td>3,010,732</td>
<td>3,050,000</td>
<td>1,800,000</td>
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<tr>
<td>Human Services</td>
<td>16,634,353</td>
<td>17,888,457</td>
<td>37,556,743</td>
<td>27,515,810</td>
<td>43,030,700</td>
<td>43,784,908</td>
</tr>
<tr>
<td>Judicial</td>
<td>1,550,000</td>
<td>1,550,000</td>
<td>1,571,728</td>
<td>1,571,728</td>
<td>1,587,445</td>
<td>1,587,445</td>
</tr>
<tr>
<td>Labor</td>
<td>500,000</td>
<td>279,733</td>
<td>165,296</td>
<td>384,752</td>
<td>1,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Law</td>
<td>1,036,766</td>
<td>696,304</td>
<td>1,036,766</td>
<td>531,714</td>
<td>1,201,686</td>
<td>1,202,263</td>
</tr>
<tr>
<td>Local Affairs</td>
<td>1,180,695</td>
<td>1,263,480</td>
<td>22,477,965</td>
<td>17,207,132</td>
<td>21,635,398</td>
<td>21,664,856</td>
</tr>
<tr>
<td>Public Health</td>
<td>18,098,462</td>
<td>17,066,152</td>
<td>20,730,746</td>
<td>20,375,765</td>
<td>27,597,600</td>
<td>23,656,928</td>
</tr>
<tr>
<td>Public Safety</td>
<td>722,809</td>
<td>726,488</td>
<td>1,550,794</td>
<td>1,463,659</td>
<td>3,386,839</td>
<td>6,349,160</td>
</tr>
<tr>
<td>Regulatory Agencies</td>
<td>-</td>
<td>-</td>
<td>304,225</td>
<td>31,040</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revenue</td>
<td>7,707,249</td>
<td>6,282,703</td>
<td>1,591,805</td>
<td>948,863</td>
<td>1,245,366</td>
<td>1,299,083</td>
</tr>
<tr>
<td>Transportation</td>
<td>950,000</td>
<td>937,706</td>
<td>950,000</td>
<td>947,505</td>
<td>950,000</td>
<td>1,450,000</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>26,277,661</td>
<td>26,277,661</td>
<td>37,500</td>
<td>37,500</td>
<td>989,470</td>
<td>1,717,764</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>88,117,197</td>
<td>83,396,874</td>
<td>116,379,505</td>
<td>97,504,433</td>
<td>131,781,287</td>
<td>130,505,866</td>
</tr>
</tbody>
</table>
--- | --- | --- | --- | --- | --- | ---
### Agriculture
Health, Life, and Dental | 39,635 | - | 130,299 | - | 130,697 | 96,687 |
Short-term Disability | 733 | - | 1,573 | - | 1,339 | 328 |
Amortization Equalization Disbursement | 9,468 | - | 33,081 | - | 36,417 | 36,417 |
Supplemental Amortization Equalization Disbursement | 9,369 | - | 33,081 | - | 36,417 | 36,417 |
Salary Survey | 187,352 | - | 9,536 | - | - | - |
Merit Pay | - | 83,536 | - | - | - | - |
Legal Services | 370,483 | 47,618 | 148,565 | 40,940 | 40,995 | 96,257 |
Vehicle Lease Payments | 61,417 | 17,084 | 11,140 | 26,370 | 26,988 | |
Plant Industry Division | 1,387,276 | 958,352 | 1,116,843 | 861,260 | 977,873 | 977,873 |
Inspection and Consumer Services Division | 64,643 | 76,643 | 64,643 | 71,643 | 109,512 | 109,512 |
Indirect Cost Assessment | 21,691 | 21,691 | 100,000 | 100,000 | 158,000 | 158,000 |
IPA and 4H Funding | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
Capital Construction Projects | 844,958 | 844,958 | - | - | - | - |
**Agriculture Total** | 3,114,098 | 2,366,446 | 2,209,783 | 1,400,212 | 1,827,477 | 1,837,500 |
### Education
Health, Life, and Dental | 7,829 | - | 30,269 | - | 35,466 | 26,453 |
Short-term Disability | 141 | - | 518 | - | 507 | 358 |
Amortization Equalization Disbursement | 3,716 | - | 14,686 | - | 15,711 | 10,451 |
Supplemental Amortization Equalization Disbursement | 3,677 | - | 14,686 | - | 15,711 | 10,451 |
PEIA Direct Distribution | - | - | - | - | - | - |
Salary Survey for Classified Employees | 275 | - | - | - | 1,279 | - |
Salary Survey for Exempt Employees | 5,325 | - | - | 8,934 | - | - |
Merit Pay | - | - | - | - | - | 8,641 |
Merit Pay for Classified | - | - | - | - | - | 118 |
Merit Pay for Exempt Employees | - | - | - | - | - | 2,182 |
Workers' Compensation | 236 | 296 | 242 | 242 | 248 | 148 |
Leased Space | 2,990 | - | 758 | - | - | - |
Capitol Complex Leased Space | - | - | - | 810 | 810 | 11,446 |
Payments to OIT | - | - | - | - | - | 8173 |
CCOR elk Operations | 1,429 | - | - | - | - | - |
School Health Professionals Grant Program (Marijuana) | 4,280,833 | 2,247,151 | 11,970,783 | 11,921,833 | 11,930,434 | 11,967,000 |
Early Literacy Competitive Grant Program | 4,378,978 | 4,378,678 | 4,378,678 | 4,378,678 | 4,378,678 | 4,378,678 |
School of Medicine Professional Building | 900,000 | 900,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
Office of Dropout Prevention and Student Reengagement | 900,000 | 899,700 | 2,000,000 | 2,006,788 | 2,000,419 | 2,004,279 |
**Education Total** | 8,478,160 | 8,423,944 | 20,419,398 | 20,308,352 | 21,296,927 | 21,402,318 |
### Governor's Office, including OIT
Administration of Governor's Office and Residence | 12,024 | - | 9,027 | - | 9,127 | - |
Short-term Disability | - | 939 | - | - | - | - |
Amortization Equalization Disbursement | 6,612 | 4,403 | - | - | - | 4,428 |
Supplemental Amortization Equalization Disbursement | 6,387 | 4,403 | - | - | - | 4,428 |
Salary Survey | 1,823 | - | - | - | - | 1,865 |
Indirect Cost Assessments | - | - | - | - | - | 7,978 |
Office of Marijuana Coordination | 191,580 | 216,944 | - | - | - | - |
Evidence-based Polymaking Evaluation and Support | - | - | - | 500,000 | 500,000 | 533,579 |
Office of Information Technology, Apparatus Administration | - | - | - | 1,119,625 | 578,892 | 638,750 |
**Governor's Office Total** | 216,944 | 216,944 | 1,726,824 | 1,019,670 | 1,205,479 | 1,253,640 |
### Health Care Policy and Financing
SBIRT Training Grant Program | 750,000 | 721,699 | 750,000 | 750,000 | 1,675,000 | 1,500,000 |
**Health Care Policy and Financing Total** | 750,000 | 721,699 | 750,000 | 750,000 | 1,675,000 | 1,500,000 |
### Higher Education
Office of Cannabis Research at CSU-Pueblo | 500,000 | 899,256 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 |
Medication Treatment Pilot Program | 500,000 | 745,648 | 500,000 | 500,000 | 500,000 | 500,000 |
Research Center Prevention Substance Abuse Addiction | - | - | - | - | - | - |
**Higher Education Total** | 500,000 | 899,256 | 3,380,830 | 3,070,332 | 3,090,680 | 3,000,000 |
### Human Services
Health, Life, and Dental | - | - | 51,875 | - | 16,820 | 339,307 |
Short-term Disability | - | - | 767 | - | 997 | 1,009 |
Amortization Equalization Disbursement | - | - | 394 | - | - | - |
S.B. 06-235 Supplemental Equalization Disbursement | - | - | - | - | - | - |
Salary Survey | - | - | - | - | - | - |
Merit Pay | - | - | - | - | - | - |
Worker's Compensation | - | - | 1,292 | - | - | - |
Payments to Risk Management | - | - | 679 | - | - | - |
Office of Operations Administration-Personal Services | 784,539 | - | - | - | - | - |
Food Grant Programs | - | - | - | - | - | - |
**Human Services Total** | 784,539 | 784,539 | 3,070,332 | 3,070,332 | 3,090,680 | 3,000,000 |
### Appropriations and Actual Expenditures
Statewide Marijuana Tax Cash Fund
November 1, 2018
Page of 3
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Judicial</td>
<td>Appropriation to the Correctional Treatment Cash Fund</td>
<td>1,550,000</td>
<td>1,550,000</td>
<td>1,571,728</td>
<td>1,571,728</td>
<td>1,587,445</td>
<td>1,587,445</td>
</tr>
<tr>
<td>Judicial Total</td>
<td>1,550,000</td>
<td>1,550,000</td>
<td>1,571,728</td>
<td>1,571,728</td>
<td>1,587,445</td>
<td>1,587,445</td>
<td></td>
</tr>
<tr>
<td>Labor and Employment</td>
<td>Colorado Veterans' Service-to-Career Pilot</td>
<td>500,000</td>
<td>279,733</td>
<td>165,296</td>
<td>384,752</td>
<td>1,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Labor and Employment Total</td>
<td>500,000</td>
<td>279,733</td>
<td>165,296</td>
<td>384,752</td>
<td>1,000,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Law (Attorney General's Office)</td>
<td>Sales/Tax</td>
<td>286,766</td>
<td>213,985</td>
<td>296,766</td>
<td>35,681</td>
<td>750,000</td>
<td>492,319</td>
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<tr>
<td>Law</td>
<td>Peace Officer Standards &amp; Training Board Support</td>
<td>1,036,766</td>
<td>696,304</td>
<td>1,036,766</td>
<td>531,714</td>
<td>1,201,886</td>
<td>1,202,263</td>
</tr>
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<td>Local Affairs</td>
<td>Health, Life, and Dental</td>
<td>19,551</td>
<td>-</td>
<td>24,377</td>
<td>-</td>
<td>25,277</td>
<td>30,481</td>
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<td>Short-term Disability</td>
<td>238</td>
<td>-</td>
<td>278</td>
<td>-</td>
<td>378</td>
<td>378</td>
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<td>Local Affairs</td>
<td>Amortization Equalization Disbursement</td>
<td>5,766</td>
<td>-</td>
<td>5,828</td>
<td>-</td>
<td>5,468</td>
<td>5,874</td>
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<td>Local Affairs</td>
<td>Supplemental Amortization Equalization Disbursement</td>
<td>5,706</td>
<td>-</td>
<td>5,838</td>
<td>-</td>
<td>5,468</td>
<td>5,874</td>
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<td>3,842</td>
<td>-</td>
<td>10,833</td>
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<td>Local Affairs</td>
<td>Merit Pay</td>
<td>-</td>
<td>-</td>
<td>1,570</td>
<td>-</td>
<td>-</td>
<td>9,451</td>
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<td>Local Affairs</td>
<td>Workers' Compensation</td>
<td>4,762</td>
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<td>9,059</td>
<td>4,753</td>
<td>8,095</td>
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<td>Legal Services</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>2,542</td>
<td>2,417</td>
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<td>Local Affairs</td>
<td>Payments to Risk Management and Property Funds</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Local Affairs</td>
<td>Capital/Lease Space</td>
<td>24,553</td>
<td>42,628</td>
<td>60,247</td>
<td>60,245</td>
<td>226,440</td>
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<td>Payments to OIT</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Local Affairs</td>
<td>Low Income Rental Subsidies</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Local Affairs</td>
<td>Affordable Housing Grants and Loans</td>
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<td>-</td>
<td>-</td>
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<td>Local Affairs</td>
<td>Indirect Cost Assessment</td>
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<td>-</td>
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<td>State Government Marijuana Impact Grant Program</td>
<td>1,117,540</td>
<td>1,220,852</td>
<td>1,233,415</td>
<td>1,220,852</td>
<td>1,240,000</td>
<td>1,240,000</td>
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<tr>
<td>Local Affairs</td>
<td>Gray and Black Market Marijuana Enforcement Grants</td>
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Statewide Marijuana Tax Cash Fund Appropriations and Actual Expenditures November 1, 2018 Page 2 of 3
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<td>97,504,433</td>
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"As we prepared this final budget for Colorado, under strong financial conditions and with multiple opportunities for investments, I could not help but look back to 8 years ago and the deep cuts to our state budget from the Great Recession. Since that time, Colorado has worked hard to rebuild, and our economic recovery has surpassed the nation’s. Colorado’s giddy-up attitude has achieved this boom while keeping one of the lowest revenue per capita burdens in the country, with only 8 states that have a lower burden; keeping state growth below 2009 levels when adjusted for inflation and population; and strengthening our financial position by building reserves and paying down unfunded liabilities for our retirement system."

-Governor John Hickenlooper

**FY 2019-20 Governor’s Request**

$13.2 billion General Fund

$33.4 billion Total Funds

**Total Funds and General Fund**

$31,854.6

**FY 2018-19**

$12,628.8

$33,373.4

**FY 2019-20**

+4.8% ($1,518.8M)

+4.7% ($594.7M)

**Breakdown of Total Funds, $s in Millions, FY 2019-20**

- General Fund, $13,223.6, 40%
- Federal Funds, $8,791.7, 26%
- Cash Funds, $9,350.1, 28%
- Reappropriated Funds, $2,008.0, 6%
Mission Statement
To strengthen and advance Colorado agriculture; promote a safe, high quality and sustainable food supply; and protect consumers, the environment, and natural resources.

Department Description
Colorado’s agriculture industry contributes significantly to the state’s overall economy, creates employment for more than 173,000 Coloradans, and generates an estimated $40 billion in economic activity annually. The Colorado Department of Agriculture (CDA) supports the industry and all of Colorado’s citizens through a wide range of regulatory and service related activities that are delivered through the Office of the Commissioner and CDA’s seven operating divisions. These divisions include the Animal Health Division, the Brands Division, the Colorado State Fair, the Conservation Services Division, the Inspection and Consumer Services Division, the Markets Division, and the Plant Industry Division.

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

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<th>FY 2018-19</th>
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<td>General Fund</td>
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Breakdown of Total Funds, $s in Millions,
FY 2019-20

- Cash Funds, $36.1, 66%
- General Fund, $12.1, 22%
- Reappropriated Funds, $2.5, 5%
- Federal Funds, $3.9, 7%

FY 2019-20 Governor's Budget Request

FY 2019-20 Governor’s Request
$12.1 million General Fund
Share of Statewide General Fund: 0.1%

$54.5 million Total Funds
Share of Statewide Total Funds: 0.2%
**STRATEGIC POLICY INITIATIVES**

1. **Enhance Coloradans’ Understanding of Agriculture**

The Department seeks to communicate information about Colorado agriculture and Department programs to the public and the media.

- The Department aims to inform Coloradans about food and agricultural products grown, raised, or processed in Colorado through state and local marketing including Colorado Proud, Farm Fresh, Colorado MarketMaker, and other listings.
- The Department tracks the percentage of consumers supportive of Colorado agriculture through the Public Attitudes about Agriculture in Colorado survey. Key findings from the 2016 survey suggest that Coloradans remain highly supportive of agriculture. For example, 90% of Coloradans believe that agriculture contributes to the quality of life in Colorado.

2. **Improve the Customer Service Experience for Department Stakeholders**

The Department aims to enhance customer service and drive operational efficiencies.

- The number of Department programs successfully completing renewal applications online using AgLicense, a program that enables customers to apply or renew and pay for their licenses, registrations, and inspections online, increased from 15 (2016) to 19 (2017).
- Another strategy to create efficiencies at the Department is through performing LEAN process improvement analyses. The number of LEAN analyses increased from 4 (2016) to 11 (2017) at the Department, surpassing the goal of 6 LEAN analyses.

3. **Increase Marketing and Sales Opportunities in Colorado’s Food & Ag Chain**

The Department seeks to increase annual cash receipts of Colorado farmers and ranchers from agricultural production and to outperform the broader U.S. benchmark.

- Maintaining regulatory disease-free status is central to the ability of Colorado’s livestock producers to continue to move livestock and products freely through interstate and international market channels. In 2017, the Department once again achieved disease-free status.
- Trade development and export promotion, another key strategy, focuses on connecting Colorado food and agricultural suppliers with international buyers. The Department reports that 80% of suppliers report an increase in existing business as a result of participating in promotion(s).
### R-01 Biological Pest Control

**$77,429 Total Funds, $77,429 General Fund**

- The Department of Agriculture (CDA) requests $77,429 General Fund to add 1.0 FTE on-going to implement a biological control agent for Canada Thistle, and to have staff capacity for developing additional control agents.
- Since 2013, CDA has worked with USDA to develop a highly specific fungus that is capable of killing Canada Thistle by infecting the root system. Following very successful field trials, this program is ready for implementation, and CDA currently has well over 400 requests for this biological control agent from farmers, ranchers, and weed managers throughout Colorado.
- This request will enable CDA to implement this biological control agent, and to develop additional biological control agents for invasive species.

### R-02 International Marketing for CO Agriculture

**$300,000 Total Funds, $300,000 General Fund**

- The Department of Agriculture requests $300,000 General Fund for international marketing programs.
- General Fund currently appropriated for the Markets Division primarily supports staff and general operating costs. All funding for marketing and promotion must be developed annually, through grants and partnerships.
- Consistent General Fund support will increase the marketing and promotions of Colorado agriculture products, and will result in significant return on investment. Surveys show that more than 80 percent of suppliers develop new business as a result of participating in the Department’s activities.
Cost and FTE

- Colorado Department of Agriculture (CDA) is requesting an ongoing appropriation of 1.0 FTE and $77,429 General Fund, to implement biological control agent for Canada Thistle, and to have staff capacity for developing additional control agents.

Current Program

- The CDA has long recognized the importance of controlling invasive species, and since 1945 has successfully used a biological agent to control an invasive and potentially devastating peach pest, the Oriental fruit moth, in western Colorado.
- In 2013, the CDA initiated work with the USDA Agricultural Research Service on a highly specific fungus that is capable of killing Canada Thistle by infecting the root system.
- Following successful field trials, this program has shown great promise, and CDA currently has well over 400 requests for Canada Thistle biological control from farmers, ranchers, and weed managers throughout Colorado.

Problem or Opportunity

- CDA was able to secure federal funds for the research and development phase for the Canada Thistle fungus control agent, but the USDA will not fund the implementation of the program.
- CDA is unable to fill requests for the fungus control agent based on the expiration of federal funding and staff.

Consequences of Problem

- If the request is not approved, the Department would lose the ability to implement the Canada Thistle fungus as a biocontrol agent throughout Colorado.
- The elimination of the program would have an impact for farmers, ranchers, and weed managers by reducing the ability to control Canada Thistle without the use of pesticides and other chemicals.

Proposed Solution

- Approval of this proposal will help CDA meet the weed and pest control needs of Colorado’s citizens. The first projects assigned to this position will be Canada Thistle and hoary cress control, both on the Western Governor Association’s top five invasive species list.
- The request is directly related to CDA’s Strategic Policy Initiative 2, Improve the Customer Service Experience for Department Stakeholders, in the Department’s Performance Plan. Additionally, this relates to the Vision 2018 Goal: Enhance stewardship through increased conservation.
Cost and FTE

- The Department of Agriculture requests an ongoing annual appropriation of $300,000 General Fund for the Markets Division to fund international programming.

Current Program

- General Fund currently appropriated for the Markets Division primarily supports staff and general operating costs. All funding for marketing and promotion must be developed annually, primarily through grants and partnerships.

Problem or Opportunity

- Funding uncertainty, from one year to another, makes it almost impossible to commit to long-term programming supporting Colorado food and agricultural product suppliers. Funding limitations restrict the opportunities that can be offered to Colorado food and agribusinesses to promote their products.
- Past activity has shown that more than 80 percent of the suppliers develop new business as a result of participating in the Department’s activities. A 2016 study of USDA’s Export Market Development Programs conducted by Informa Economics found the benefit cost ratio (BCR) related to international promotion to be about $25 for every dollar invested.

Consequences of Problem

- If the request is not approved, the workload of Division staff would continue to focus on obtaining funding for projects instead of devoting time to executing the best projects possible. This would result in a less effective and efficient use of staff time as well as less marketing promotion of Colorado agriculture products.

Proposed Solution

- This funding would allow the Division to offer greater opportunities to expand Colorado’s export markets through international marketing.
- International marketing is a key strategy supporting the Department’s initiative aimed at Increasing Marketing and Sales Opportunities, as well as Profitability, throughout Colorado’s Food and Agricultural Value Chain. In addition, these programs directly relate to the Governor’s Vision 2018 priority of Economic and Infrastructure Development.
Mission Statement
To protect the citizens of Colorado by holding offenders accountable and engaging them in opportunities to make positive behavioral changes and become law-abiding, productive citizens.

Department Description
The Colorado Department of Corrections (DOC) manages, supervises and operates 19 state-owned correctional facilities and contracts with private providers for additional bed space at four correctional facilities. As of September 30, 2017, the DOC is responsible for housing and supervising a total of 19,803 offenders in both state and private facilities and for supervising 8,929 parolees. The DOC staff includes correctional officers, teachers, maintenance staff, medical providers, food service staff, and administrators. The DOC also operates the Youthful Offender System which serves as a middle tier sentencing option for violent youthful offenders. In addition, the DOC operates treatment and education programs for offenders who are incarcerated and on parole to help reduce the likelihood that an offender returns to prison. The Department also operates the Colorado Correctional Industries (CCI), which is a self-funded enterprise agency within the DOC that employs offenders in various businesses.

FY 2019-20 Governor’s Request
$878.6 million General Fund
Share of Statewide General Fund: 6.6%

$979.1 million Total Funds
Share of Statewide Total Funds: 2.9%

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

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<tr>
<td>General Fund</td>
<td>$810.9</td>
<td>$878.6</td>
</tr>
<tr>
<td>Change</td>
<td>+7.9% ($72.0M)</td>
<td>+8.4% ($67.8M)</td>
</tr>
</tbody>
</table>

Breakdown of Total Funds, $s in Millions, FY 2019-20

- General Fund, $878.6, 90%
- Reappropriated Funds, $51.5, 5%
- Cash Funds, $45.4, 5%
- Federal Funds, $3.6, 0%
Establish an Offender Mentoring Program Through In-Reach Services

The Department will establish an offender mentoring program through in-reach services at all level III and above facilities by June 30, 2019, which will utilize mentors to assist offenders through their transition from prison to the community.

• To create the program, the Department will distribute surveys to offenders in the re-entry living units/ pods to gather ideas to help formulate the mentoring program. The intent of the survey will be to capture the pros and cons of the mentoring program before release from prison.

Decrease the Recidivism Rate

The DOC aims to reduce the rate of recidivism from 50% to 48% by June 30, 2019. Recidivism is defined as a return to prison or inmate status for a new crime or technical violation within three years of release.

• The Department seeks to establish partnerships with workforce centers and second chance employers. By July 1, 2019, the DOC aims to have 20 partnerships with workforce and second chance employers.

• The DOC will increase the use of permanent supportive housing and rapid rehousing funds through DOLA. By July 1, 2019, the Department aims to give 35 parolees permanent supportive housing vouchers through DOLA.

Increase the Use of the Women’s Risk Needs Assessment (WRNA)

The Department will increase the percentage of female offenders assessed with the Women’s Risk/ Needs Assessment (WRNA) from 44% to 100% by June 30, 2019, to address the gender responsive risks and needs of female offenders within a correctional setting for successful programming.

• The DOC will implement the WRNA tool at the Denver Reception and Diagnostic Center (DRDC) to capture 100% of new intake assessments.

• The Department will develop a plan with the Office of Information Technology, using the new DeCORuM system, to introduce an electronic version of the assessment tool.
The Department will increase the percentage of parolees who are employed from 81% to 84% by June 30, 2019, to support parolees in their preparation to gain independence and build a successful life in the community.

- The Department aims to track employment of parolees by creating employment designations in the Colorado Web-based Integrated Support Environment (CWISE). This tracking system will show those parolees who have jobs and those who do not. Adult Parole staff will collaborate with CWISE and DOC’s Office of Planning and Analysis to establish accurate reporting.
- The DOC will work with offenders to receive job interviews prior to release from prison. The offenders will be placed through a screening process that looks at their work history prior to and during incarceration, education level, work skills, certifications, behavior, and criminal history. It is the DOC’s goal to have employment in place for parolees to better equip offenders for a successful parole period.

The DOC will implement a mental health peer assistant program in all level III and above general population facilities that house offenders with mental health needs by June 30, 2019.

- This program will utilize trained offenders as peer assistants to other offenders who may be struggling with thoughts of self-harm or stressors. A 32 hour, 4 day training will be required and will teach the skills that will needed to perform the role as a mental health peer assistant. By July 1, 2019, the Department seeks to have 10 assigned peer assistants and 13 facilities using the program.
- The Department will collect mental health data at facilities that will be implementing the mental health peer assistant program before it is implemented to have a baseline of data for future analysis. The Department will then regularly collect data to compare to the baseline with the anticipation that the program is making a positive impact.
### R-01 Staff Retention

**$17.5 million Total Funds, $17.1 million General Fund**

- The Department of Corrections (DOC) requests an increase of $17,543,420 total funds ($17,090,765 General Fund) in FY 2019-20 to provide a phase I salary progression for three key job classes that are experiencing high turnover.
- The Correctional Officer I, Correctional Officer II, and CSTS I classifications comprised 56.1% of DOC’s work force in FY 2017-18; however, these same classifications contributed to 63.7% of the Department’s total turnover.
- For phase I, in FY 2019-20, the request fills vacancies at the halfway point between the range minimum and the prevailing market rate and uses compression pay to increase base pay for existing staff. In FY 2020-21, the request moves staff from the halfway point to the prevailing market rate.

### R-02 DeCORuM Maintenance and Support

**$2.8 million Total Funds, $2.8 million General Fund**

- The Department requests a $2,796,520 General Fund increase in FY 2019-20 in the Payments to Office of Information Technology (OIT) operating common policy line item. Beginning in FY 2014-15, the Department has received multiple information technology (IT) capital construction appropriations for the purpose of replacing its legacy offender management system with the new DOC Offender Records Management (DeCORuM) system. The new DeCORuM system has been developed in three phases, and in the FY 2017-18 Phase III request, DOC identified that ongoing maintenance and support costs would be necessary as an operating expense once the initial capital construction appropriation was fully utilized.
-Approval of this request will provide OIT with the reappropriated funds spending authority necessary to fulfill the contractual agreement with the system vendor and continue the maintenance and support of DOC’s new DeCORuM system.

### R-03A Prison Capacity

**$27.9 million Total Funds, $27.9 million General Fund**

- The Department requests an increase of $27,895,074 total funds ($27,866,945 General Fund, $28,129 cash funds) and 222.2 FTE in FY 2019-20 and ongoing in order to address increasing prison population trends.
- The population projection from the July 2018 Colorado Division of Criminal Justice interim forecast indicates the prison population will increase through 2024. This increase results in a greater need for prison beds than what is currently funded.
- As of September 30, 2018, state male prison beds had a vacancy rate (not including specialized Residential Treatment Program [RTP] beds) of 0.8 percent, which is below the 2 percent vacancy rate recommend in the Prison Utilization Study.
- The Department has fewer prison beds than needed for housing male offenders based on the most recent population forecast for FY 2019-20. If approved, DOC will have increased funding to house the projected offender population in FY 2019-20.
**FY 2019-20 Change Requests**

**R-03B La Vista Staff Increase**

<table>
<thead>
<tr>
<th>$0.6 million Total Funds, $0.6 million General Fund</th>
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</table>
| • The Department requests a General Fund increase of $626,300 and 8.9 FTE in FY 2019-20, annualized to $668,706 and 9.8 FTE in FY 2020-21, in order to effectively manage an increase in the female offender population at La Vista Correctional Facility (LVCF).  
• LVCF is a level III facility and is one of two state prisons that house female offenders. Due to recent increases in the female prison population, the operational capacity of LVCF was increased from 560 beds to 707 beds, for a total increase of 147 beds.  
• When the capacity was increased at LVCF, the Department did not make any staffing adjustments because the increased population was believed to be temporary. Based on the steady increases during the last three fiscal years and the July 2018 prison population forecast from the Division of Criminal Justice, the Department now assumes that the capacity increase at LVCF is permanent. |

**R-03C Offender Dress Out**

<table>
<thead>
<tr>
<th>$0.27 million Total Funds, $0.27 million General Fund</th>
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</table>
| • The Department requests a funding increase of $270,847 General Fund in FY 2019-20 and ongoing for the costs associated with releasing offenders from prison.  
• The Department is required by C.R.S. 17-22.5-202 to provide suitable clothing and $100 in release funds to any offender that is entitled to be discharged or paroled (first release only). Additionally, the Department may furnish transportation to a releasing offender’s residence or any other place in Colorado. This transportation is usually in the form of a bus ticket.  
• Over the last three fiscal years, the Dress Out line appropriation has not been sufficient for the actual expenses and has been supplemented by operating funds.  
• Now that the Department has experienced a significant appropriation shortfall in two of the past three years and the estimated number of releases from prison is expected to increase, additional funds are requested to make this program whole. |

**R-04 Medical Caseload**

<table>
<thead>
<tr>
<th>$6.1 million Total Funds, $6.1 million General Fund</th>
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</table>
| • The Department requests a net General Fund increase of $6,101,406 in FY 2019-20 and ongoing in the Medical Services Subprogram appropriations, representing a 15.3 percent increase from the FY 2018-19 funding level.  
• The Department is statutorily mandated to provide medical care for offenders. The recipients of medical services are offenders housed in correctional facilities (both state and private), including those in the Youthful Offender System (YOS).  
• Due to changes in the existing offender population, projected POPM cost changes for purchased medical services, and an increase in pharmaceutical costs, the existing appropriation for the Medical Services Subprogram will no longer be sufficient for the Department’s needs.  
• This request will adjust funding to match medical POPM needs and will allow the Department to provide statutorily-mandated health care to the offender population with more accurate appropriations. |
FY 2019-20 Change Requests

<table>
<thead>
<tr>
<th>Change Request</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R-05 Parole Caseload</strong></td>
<td>The Department requests a $1,538,131 General Fund increase in FY 2019-20 and ongoing for the Parole Subprogram contract lines in line with the projected parole population increase. Funding for the Parole Subprogram is dependent upon the population of parolees and caseload is adjusted based upon population projections. The total projected parole population for FY 2019-20 is 9,503, and increase of 1,223 parolees over FY 2018-19 funded levels.</td>
</tr>
<tr>
<td><strong>R-06 Food Service Inflation</strong></td>
<td>The Department requests a $248,403 General Fund increase in FY 2019-20 and ongoing in the Food Service subprogram and the Youthful Offender System (YOS) subprogram for food inflation. The request reflects a 1.5 percent increase for the Food Service Operating appropriation as well as the Food Service Pueblo Campus and YOS Maintenance and Food Service appropriations for meals prepared by the Colorado Mental Health Institute at Pueblo (CMHIP). The funding request will allow DOC and CMHIP to keep pace with food cost increases so that both departments can provide quality meals to offenders.</td>
</tr>
<tr>
<td><strong>R-07 Re-entry Grant for Parolee Support</strong></td>
<td>The Department requests an increase of $3,194,425 General Fund in FY 2019-20 in the Parole Grants to Community-based Organizations for Parolee Support appropriation. The Department of Corrections received one-time reappropriated funds spending authority of $3,286,000 in FY 2018-19. The funding was appropriated from the Correctional Treatment Cash Fund in House Bill (HB) 18-1176, Sunset Offender Reentry Grant Program. If approved, the request will continue the expanded grant program that began with the one-time funding in the bill.</td>
</tr>
<tr>
<td><strong>R-08 Provider Rate Increase</strong></td>
<td>The Department requests an increase of $1,195,076 total funds ($1,159,561 General Fund) in FY 2019-20 to support a 1.0 percent provider rate increase. The Department receives funding in the Payments to House State Prisoners Subprogram to pay for the costs of housing offenders externally. The types of beds provided in this program include those found at county jails and private prison facilities. Should this request not be funded, external capacity providers will be forced to continue to absorb cost increases. This could potentially harm the collaborative partnership that currently exists between the Department and its private providers.</td>
</tr>
</tbody>
</table>
**CC-01 Sterling Correctional Facility Steam Condensate Line Replacement**

$6.6 million Total Funds, $6.6 million General Fund

- The Department requests $6,595,031 General Fund to replace the degraded and failing piping for the steam system that provides heating for the entire Sterling Correctional Facility (SCF) with new insulated condensate lines.
- The project scope includes associated fittings and control valves at each building in the facility, as well as isolation valves in other strategic locations.
- Without the replacement and upgrades detailed in this request, it is anticipated that the steam heating system will fail. This could result in the loss of use of the entire facility and relocation of up to 2,488 offenders of all custody levels, with emergency funds needing to be allocated to perform repair and replacement.

**CC-03 Arkansas Valley Correctional Facility Utility Water Lines Replacement**

$7.0 million Total Funds, $7.0 million General Fund

- The Department requests $7,038,924 General Fund to replace the existing water lines (hot water and chilled water line loops) due to continually failing couplings and numerous breaks and leaks.
- The project includes the replacement of the exterior water utility distribution system, hot water piping mains, interior hot water distribution piping systems, chilled water piping mains, and existing water softener system, inclusive of associated fittings, valves, hangers, and insulation.
- Loss of any of these water service lines could result in an emergency closure of the facility, requiring relocation of up to 1,056 medium custody offenders, with emergency funds needing to be allocated to perform repair and replacement.

**CC-05 Denver Reception and Diagnostic Center and Centennial Correctional Facility Population Swap**

$11.1 million Total Funds, $11.1 million General Fund

- The Department requests $11,122,534 General Fund to perform renovations and remodeling at Denver Reception and Diagnostic Center (DRDC) and Centennial Correctional Facility (CCF) for the purpose of swapping the offender populations and purposes of the two facilities.
- CCF consists of two prison facilities, CCF-North and CCF-South. CCF-North houses up to 336 offenders, but the 948 bed CCF-South is currently decommissioned pursuant to 17-1-104.3 – 1(V)b.5 C.R.S.
- This project includes the activation and re-purposing of CCF-South, through legislative action, for the transfer of the DOC reception and diagnostic functions currently performed at DRDC to CCF-South.
- When work is complete, CCF-S will utilize 442 beds as central reception and diagnostic review, while another 506 beds will be utilized for a centralized re-entry program. At DRDC, 340 beds will be utilized for Residential Treatment Program, while another 238 beds will be devoted to inmates with long-term care needs. Finally, at CCF-North, 192 beds will be devoted to a central transportation unit, while another 144 beds will provide a worker cadre to perform facility support functions.
- With approval of this request, Colorado will become the first state to re-purpose a maximum security prison facility (CCF-South) as a re-entry and diagnostic center, with services and treatment for offenders improved system wide.
**Cost and FTE**

- The Department of Corrections (DOC) requests a FY 2019-20 funding increase of $17,543,420 in order to provide a phase I salary progression for three key job classes that are experiencing high turnover. The requested increase is comprised of $17,090,765 General Fund, $43,586 cash funds spending authority, and $409,069 reappropriated funds spending authority.
- An additional funding increase request for $20,733,130 in FY 2020-21 comprised of $20,198,175 General Fund, $51,510 Cash Funds spending authority, and $483,445 Reappropriated Funds spending authority is needed for phase II.
- This is a two-year approach to increase salaries that aligns with the Department of Human Services (DHS) request for direct care staff. The DHS direct care staff includes Correctional Officers I & IIs.

**Current Program**

- DOC protects the citizens of Colorado by holding offenders accountable and engaging them in opportunities to make positive behavioral changes and become law-abiding, productive citizens.
- Correctional Officers (CO) are among the front line staff that interact with offenders and parolees on a daily basis and have the highest opportunity to assist these populations to successfully reintegrate into society. The Correctional Support Trades Supervisor I (CSTS I) class provides critical support for day-to-day prison operations.

**Problem or Opportunity**

- The CO I, CO II, and CSTS I classifications comprised 56.1% of DOC’s work force in FY 2017-18; however, these same classifications contributed to 63.7% of the Department’s total turnover.
- The vast majority of DOC’s workforce is in the first quartile of the compensation plan. There is little or no movement through the pay ranges.
- CO I and CO II average starting salaries are $7,000 to $11,000 less than other comparable law enforcement agencies in Colorado.
- In FY 2018-19, DHS is starting CO I & II’s at midpoint (prevailing market rate) for the Mental Health Institutes. These salaries are approximately 20% higher than starting salaries at the DOC.

**Consequences of Problem**

- There is little salary progression beyond the 1st quartile, resulting in high levels of staff turnover.
- An inability to recruit and retain front-line staff increases facility safety risks.
- Mandatory overtime for current staff is resulting in burnout and poor work-life balance.

**Proposed Solution**

- The Department proposes mirroring DHS’s two-year direct care proposal. For phase I, in FY 2019-20, the request fills vacancies at the halfway point between the range minimum and the prevailing market rate and uses compression pay to increase base pay for existing staff.
- In FY 2020-21, the request moves staff from the halfway point to the prevailing market rate.
Cost and FTE

- The Department of Corrections (DOC) requests a $2,796,520 General Fund increase in FY 2019-20 in the Payments to Office of Information Technology (OIT) operating common policy line item. Ongoing costs will decrease to $1,962,376 in FY 2020-21.

Current Program

- Beginning in FY 2014-15, the Department has received multiple information technology (IT) capital construction appropriations for the purpose of replacing its legacy offender management system with the new DOC Offender Records Management (DeCORuM) system. The new DeCORuM system has been developed in three phases, and in the FY 2017-18 Phase III request, DOC identified that ongoing maintenance and support costs would be necessary as an operating expense once the initial capital construction appropriation was fully utilized.
- In FY 2018-19, DOC began the process of transitioning costs for DeCORuM from IT capital construction to an operating expense. The FY 2018-19 Long Bill included a new appropriation of $90,723 General Fund for annual maintenance to the new system’s infrastructure.
- This request completes the process of transitioning DeCORuM costs from IT capital construction to operating and includes expenses for system support, licensing, data storage, and software upgrades.

Problem or Opportunity

- Funding for the DeCORuM system’s operating costs is not included in the Payments to OIT line item.
- OIT does not have the reappropriated funds spending authority to include operating expenses for the DeCORuM system.

Consequences of Problem

- The Department will experience a shortfall in funds to pay for the ongoing maintenance costs of DeCORuM. DOC will also continue to pay for legacy expenses until DeCORuM is fully developed.
- The Department will not be able to fulfill the ten year contractual agreement made with the system vendor in 2015.

Proposed Solution

- Approval of this request will provide OIT with the reappropriated funds spending authority necessary to fulfill the contractual agreement with the system vendor and continue the maintenance and support of DOC’s new DeCORuM system.
Cost and FTE

- The Department of Corrections (DOC) is requesting an increase of $27,895,074 total funds ($27,866,945 General Fund, $28,129 cash funds) and 222.2 FTE in FY 2019-20 and ongoing in order to address increasing prison population trends. This request represents a 3.1 percent increase in the overall DOC budget in FY 2019-20 from the current FY 2018-19 funding level.

Current Program

- DOC protects the citizens of Colorado with the effective management of criminal offenders in controlled environments that also provide meaningful work and self-improvement opportunities to assist offenders with community re-entry.
- Private prison providers are utilized for housing offenders in excess of DOC’s physical capacity. In addition, local jails hold offenders that are awaiting a prison bed.
- The Department’s current budget supports an operational capacity of 14,505 state prison beds, 3,371 private prison beds, and 669 jail beds.

Problem or Opportunity

- The population projection from the July 2018 Colorado Division of Criminal Justice interim forecast indicates the prison population will increase through 2024. This increase results in a greater need for prison beds than what is currently funded.
- The Department is currently funded for a total of 3,371 private prison beds in FY 2018-19. The three private prison partners with whom the Department contracts to house overflow male offenders have a combined capacity of 3,798 beds.
- As of September 30, 2018, state male prison beds had a vacancy rate (not including specialized Residential Treatment Program [RTP] beds) of 0.8 percent, which is below the 2 percent vacancy rate recommend in the Prison Utilization Study.

Consequences of Problem

- The Department has fewer prison beds than needed for housing male offenders based on the most recent population forecast for FY 2019-20.

Proposed Solution

- If approved, DOC will have increased funding to house the projected offender population in FY 2019-20.
### Cost and FTE
- The Department of Corrections (DOC) is requesting a General Fund increase of $626,300 and 8.9 FTE in FY 2019-20, annualized to $668,706 and 9.8 FTE in FY 2020-21, in order to effectively manage an increase in the female offender population at La Vista Correctional Facility (LVCF).

### Current Program
- LVCF is a level III facility and is one of two state prisons that house female offenders.
- Due to recent increases in the female prison population, the operational capacity of LVCF was increased from 560 beds to 707 beds, for a total increase of 147 beds.

### Problem or Opportunity
- When the capacity was increased at LVCF, the Department did not make any staffing adjustments because the increased population was believed to be temporary.
- Based on the steady increases during the last three fiscal years and the July 2018 prison population forecast from the Division of Criminal Justice, the Department now assumes that the capacity increase at LVCF is permanent.
- Current Correctional Officer (CO) staffing levels allow for only one staff member on the floor monitoring offenders in the two-story living units.

### Consequences of Problem
- Effective offender management of a two-level building with only one CO staff member has become less secure and more difficult with the increased number of offenders.
- The increase in offenders at LVCF has resulted in high caseload ratios in the Mental Health and Case Management subprograms, reduced opportunities in the Education subprogram, and a shortfall in the Inmate Pay subprogram, which provides work opportunities for the offenders.

### Proposed Solution
- The Department requests a General Fund increase of $626,300 and 8.9 FTE in FY 2019-20, annualized to $668,706 and 9.8 FTE in FY 2020-21, in order to effectively manage the increase in offender population at LVCF. This increase includes FTE, personal services, and operating in the Housing and Security, Mental Health, Case Management, and Education subprograms, as well as an increase in the Inmate Pay subprogram. The annualized cost per offender for the additional 147 beds is $12.46 per day.
**Cost and FTE**

- The Department of Corrections (DOC) requests a funding increase of $270,847 General Fund in FY 2019-20 and ongoing for the costs associated with releasing offenders from prison.

**Current Program**

- The Department is required by C.R.S. 17-22.5-202 to provide suitable clothing and $100 in release funds to any offender that is entitled to be discharged or paroled (first release only). Additionally, the Department may furnish transportation to a releasing offender’s residence or any other place in Colorado. This transportation is usually in the form of a bus ticket. These expenses are funded through the Superintendents Subprogram, Dress Out line.

**Problem or Opportunity**

- In addition, the Joint Budget Committee (JBC), based on the FY 2018-19 JBC staff figure setting recommendation, agreed to follow a utilization target methodology that would help reduce the need for prison beds. The parole utilization target is 800 offender releases per month. The expected efforts by the Parole Board and the Department to meet the parole utilization target will require an additional 900 parole releases in FY 2019-20.
- The target number of releases for FY 2019-20, including parole utilization targets, is 10,976.
- The estimated cost per release is $91.68 for FY 2019-20. This will necessitate funding of $1,006,280 with a shortfall of $270,847 based on the current appropriation of $735,433.

**Consequences of Problem**

- Other operating funding is being used as a stop-gap to fund the Dress Out line expenses.
- The current funding is not adequate to accommodate the expected increase in offender releases.
- Inadequate funding may result in DOC not being able to meet the requirements of C.R.S. 17-22.5-202.

**Proposed Solution**

- The Department of Corrections is requesting $270,847 General Fund in FY 2019-20 to address the additional expense of projected DCJ and parole utilization targets for offender releases.
**Cost and FTE**

- The Department requests a net General Fund increase of $6,101,406 in FY 2019-20 and ongoing in the Medical Services Subprogram appropriations, representing a 15.3 percent increase from the FY 2018-19 funding level. The request will address population increases and Per Offender Per Month (POPM) rate changes in the Purchase of Medical Services from Other Facilities and Purchase of Pharmaceuticals line items.

**Current Program**

- The Department is statutorily mandated to provide medical care for offenders. The recipients of medical services are offenders housed in correctional facilities (both state and private), including those in the Youthful Offender System (YOS). Private prison and pre-release parole revocation populations are excluded to calculate the eligible recipients of pharmaceuticals.
- For FY 2019-20, the Department projects an eligible population of 18,856 offenders for purchased medical services and 15,058 for pharmaceuticals.

**Problem or Opportunity**

- Due to changes in the existing offender population, projected POPM cost changes for purchased medical services, and an increase in pharmaceutical costs, the existing appropriation for the Medical Services Subprogram will no longer be sufficient for the Department’s needs.
- The proposed methodology would result in an increase in the Purchase of Medical Services rate from $118.61 POPM to $131.98 POPM in FY 2019-20.
- Due to a rise in prescription drug inflation, the Purchase of Pharmaceuticals rate is projected to increase from $86.45 POPM to $89.22 POPM.

**Consequences of Problem**

- If the requested funding changes are not implemented, the Department will be underfunded in both the Purchase of Medical Services and Purchase of Pharmaceuticals line items, resulting in appropriations that do not accurately reflect projected medical spending levels in the current fiscal year.
- The Department is mandated by Colorado State Statute to provide a full range of health care to offenders. Not providing medical coverage puts the Department at risk for litigation.

**Proposed Solution**

- This request will adjust funding to match medical POPM needs and will allow the Department to provide statutorily-mandated health care to the offender population with more accurate appropriations.
Cost and FTE

- The Department of Corrections (DOC) requests a $1,538,131 General Fund increase in FY 2019-20 and ongoing for the Parole Subprogram contract lines in line with the projected parole population increase.

Current Program

- In FY 2018-19, the funding level for the Parole Subprogram is $32,743,494 and supports a funded level of 8,280 parolees. This funding provides public safety through the structured supervision and accountability of offenders (parolees) released to the community by the Board of Parole.
- Parole population changes affect services to parolees and drive caseload requests.

Problem or Opportunity

- Funding for the Parole Subprogram is dependent upon the population of parolees and caseload is adjusted based upon population projections.
- The FY 2019-20 average daily parole population for the funding request is 8,603 when using the Division of Criminal Justice Summer 2018 parole population forecast. The Department is including an additional 900 parolees to the projected population due to the implementation of parole utilization targets. This results in a total projected parole population of 9,503.
- Since current funding supports a population of 8,280, the Department does not have sufficient funds to provide the required treatment and support services for the projected population increase of 1,223.

Consequences of Problem

- If not adjusted for population changes, the parole support and wrap-around services programs will not be adequately funded for the level of support required by the target population.

Proposed Solution

- The change of funding for services and programs reflects the appropriate need based upon the increased number of parolees.
The Department of Corrections (DOC) is requesting a $248,403 General Fund increase in FY 2019-20 and ongoing in the Food Service subprogram and the Youthful Offender System (YOS) subprogram for food inflation. The request reflects a 1.5 percent increase for the Food Service Operating appropriation as well as the Food Service Pueblo Campus and YOS Maintenance and Food Service appropriations for meals prepared by the Colorado Mental Health Institute at Pueblo (CMHIP).

The Food Service Subprogram provides three quality meals per day to over 14,343 offenders, 365 days per year. This equates to approximately 15,705,585 meals being prepared every year.

The food service program at CMHIP prepares meals for offenders housed at the San Carlos Correctional Facility, LaVista Correctional Facility, and the Youthful Offender System (YOS). The Department reimburses CMHIP for these costs under the Food Service Pueblo Campus in the Food Service subprogram and the Maintenance and Food Service line in the YOS subprogram.

The United States Department of Agriculture is projecting 1.0 to 2.0 percent food inflation in calendar year 2018. Current funding will not allow the Department to provide a nutritious and quality meal to offenders without a corresponding increase to offset rising food costs.

The request will also increase the funding to CMHIP for meals provided at the Pueblo facilities to keep pace with the rate of inflation.

Without additional operating funds, DOC and CMHIP will continue to absorb increasing food costs and restrict spending in other operating areas.

DOC is requesting an inflationary increase of $248,403 related to raw food prices split between DOC and CMHIP.

The funding request will allow DOC and CMHIP to keep pace with food cost increases so that both departments can provide quality meals to offenders.
Cost and FTE

- The Department of Corrections (DOC) is requesting an increase of $3,194,425 General Fund in FY 2019-20 in the Parole Grants to Community-based Organizations for Parolee Support appropriation.

Current Program

- The Department of Corrections received one-time reappropriated funds spending authority of $3,286,000 in FY 2018-19. The funding was appropriated from the Correctional Treatment Cash Fund in House Bill (HB) 18-1176, Sunset Offender Reentry Grant Program. The current grant program is known as the Work and Gain Education and Employment Skills (WAGEES) program.
- The grant intermediary, the Latino Coalition for Community Leadership, oversees the community partners that provide re-entry services. This organization oversees the use of grant funding and also provides technical, administrative, and financial guidance to its partner organizations.

Problem or Opportunity

- The grant program was initially created and funded in HB 14-1355. The FY 2018-19 Long Bill appropriation for this program is $1,733,971, giving the program total funding of $5,019,971 when the funding from HB 18-1176 is included. The Department has directed these funds to community partners that provide re-entry services to parolees with the goal of reducing recidivism, enhancing public safety, and increasing a parolee’s chance of achieving success in the community.
- The reappropriated funds are only available for FY 2018-19. The bill encouraged the Department to request an annual General Fund appropriation of $5,475,380. This funding request for $3,194,425 is the difference between the current Long Bill General Fund appropriation and the current FY 2018-19 contract.

Consequences of Problem

- If DOC does not receive the requested increase, the grant program will revert to FY 2017-18 funding levels and be unable to continue the expanded services for those most at risk, including the underserved communities and rural areas, and the specialized re-entry needs of female offenders.

Proposed Solution

- The Department is requesting an increase of $3,194,425 General Fund in the Parole Subprogram, Grants to Community-based Organizations for Parolee Support appropriation. If approved, the request will provide an annual appropriation of $4,928,396 as envisioned in HB 18-1176 and continue the expanded grant program that began with the one-time funding in the bill.
Provider Rate Increase
FY 2019-20 Change Request

Cost and FTE

- The Department of Corrections (DOC) is requesting $1,195,076: $1,159,561 General Fund and $35,515 reappropriated funds in FY 2019-20 to support a 1.0 percent provider rate increase. This ongoing request will support external providers that house offenders, provide clinical treatment, and conduct parole community service programs.

Current Program

- The Department receives funding in the Payments to House State Prisoners Subprogram to pay for the costs of housing offenders externally. The types of beds provided in this program include those found at county jails and private prison facilities.
- Contract services in the Clinical subprograms (Medical, Mental Health, and Drug and Alcohol) provide various types of staff who deliver treatment to offenders, including physician and nursing care, mental health assessments and treatment, and substance abuse treatment.
- Parole and Community Supervision currently have contracts with service providers that provide various services including, but not limited to, mental health treatment and drug and alcohol services.

Problem or Opportunity

- A 1.0 percent provider rate increase is requested for FY 2019-20 in order to keep pace with cost increases for providers.
- Recent increases of 2.0 percent in FY 2013-14 for external capacity providers, 2.5 percent in FY 2014-15, 1.7 percent in FY 2015-16, 1.4 percent in FY 2017-18, and 1.0 percent for FY 2018-19 for external capacity, clinical treatment, and parole community service providers are the first sustained increases for external providers since FY 2007-08.

Consequences of Problem

- Should this request not be funded, external capacity providers will be forced to continue to absorb cost increases. This could potentially harm the collaborative partnership that currently exists between the Department and its private providers.

Proposed Solution

- Increase various appropriations that support external providers by $1,195,076 to support a 1.0 percent increase in per diem rates for external capacity facilities and contracts that support clinical providers and parole community service programs.
Mission Statement
To ensure equity and opportunity for every student, every step of the way.

Department Description
The Colorado Department of Education (CDE) is the administrative arm of the Colorado State Board of Education. CDE provides leadership, resources, support, and monitoring for the state’s 178 school districts, 1,824 schools, and over 62,039 educators to meet the needs of the state’s 889,006 public school students. CDE also provides services and support to boards of cooperative educational services (BOCES), early learning centers, state correctional facility schools and libraries, the state’s library system, adult/family literacy centers, and General Education Diploma (GED) testing centers. In addition, CDE supports the Colorado School for the Deaf and the Blind and the Charter School Institute.

FY 2019-20 Governor’s Request
$4.450 billion General Fund
Share of Statewide General Fund: 33.7%

$6.243 billion Total Funds
Share of Statewide Total Funds: 18.7%

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$5,991.6</td>
<td>$6,243.5</td>
</tr>
<tr>
<td>General Fund</td>
<td>$4,180.3</td>
<td>$4,450.0</td>
</tr>
</tbody>
</table>

+4.2% ($251.9M)  
+6.5% ($269.7M)

Breakdown of Total Funds, $s in Millions, FY 2019-20

- **General Fund**, $4,450.0, 71%
- **Cash Funds**, $1,130.3, 18%
- **Federal Funds**, $618.3, 10%
- **Reappropriated Funds**, $44.9, 1%

FY 2019-20 Governor's Budget Request
STRATEGIC POLICY INITIATIVES

1. Strong Foundations

The Department seeks to support high quality early learning and literacy for all students.

- CDE aims to make sure students who struggle to read have every opportunity to strengthen and gain essential reading skills before entering fourth grade. By 2022, the Department projects a 3% annual reduction in the number of kindergarten through third-grade students who are identified as having a significant reading deficiency.
- By 2022, The Department projects a 10% increase annually in the number of early childhood settings rated as high quality by the Colorado Shines Quality Rating Improvement System.

2. All Means All

The Department seeks to expand access and opportunity for historically underserved students.

- To help accomplish this, the Department will establish a Strategic Equity Team to align data, projects, systems, practices, and programs to facilitate closing the opportunity and achievement gaps across Colorado.
- By 2022, CDE projects that 50% of underserved students will complete an AP course.

3. More Options

The Department seeks to expand high school options to ensure all students are ready for college or living-wage jobs.

- CDE will help school districts implement rigorous and useful graduation guidelines. By 2022, the Department projects that 95% of all students will be making progress toward a high school credential.
- The Department will promote individual Career and Academic Plans as a tool to help students complete high school and plan for their futures. By 2022, CDE projects that 100% of school districts will have at least three pathways or options for students.
**Educators Matter**

The Department seeks to develop a strong pipeline of high-quality teachers and principals and provide deeper support for school and district leaders.

- CDE will conduct a strategic analysis of educator preparation program rules, supports, and business practices involving educators in hard-to-fill content areas. By 2022, the Department projects a 2% decrease in the statewide teacher turnover rate.
- The Department will deepen the support for principals as they work to hire, develop, and retain high-quality teachers to provide the highest outcomes for students.

**Quality Schools**

The Department seeks to prioritize and maximize support for schools and districts identified for academic improvements

- CDE will evaluate the effectiveness of the support for schools and districts and make adjustments needed to increase students’ academic outcomes. By 2022, 80% of the schools with the two lowest ratings will improve to earn a satisfactory or higher rating and will sustain that rating for at least three years.
- The Department will develop processes and protocols for cross-department teams to coordinate support and increase coherence through the Support Coordinator role.
## FY 2019-20 Change Requests

### R-01 Total Program Increase

<table>
<thead>
<tr>
<th>$247.9 million Total Funds, $261.1 million General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Department requests $247.5 million total funds ($261.1 million General Fund) in FY 2019-20 for the state share portion of the Public School Finance Act and $387,731 million cash funds for the Hold Harmless Full-Day Kindergarten Program. The request is a 5.4% increase to state share payments from current FY 2018-19 appropriations.</td>
</tr>
<tr>
<td>- The request will fund a forecasted increase of 5,245 pupils (.6% increase) and an inflation rate of 3.0%. The request also reduces the Budget Stabilization Factor by $77 million and maintains a $108 million fund balance in the State Education Fund. The average per pupil funding amount will increase by $358 (4.4%) to a total of $8,498 in FY 2019-20.</td>
</tr>
</tbody>
</table>

### R-02 Categorical Program Inflation Increase

<table>
<thead>
<tr>
<th>$9.2 million Total Funds, $4.3 million General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Department requests a 3.0% inflationary increase of $9.2 million total funds in FY 2019-20 for categorical programs. This funding is $4.3 from the General Fund and $5.0 million from the State Education Fund.</td>
</tr>
<tr>
<td>- Specifically, the Department requests the following: (1) $5.0 million for special education for children with disabilities, (2) $1.6 million for English language proficiency programs; (3) $1.5 million for public school transportation; (4) $622,580 for career and technical education; (5) $186,915 for gifted and talented programs; and (6) $237,700 for small attendance center aid.</td>
</tr>
</tbody>
</table>

### R-03 Schools of Choice

<table>
<thead>
<tr>
<th>$360,374 Total Funds, $360,374 General Fund</th>
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<tbody>
<tr>
<td>- The Department requests $360,374 General Fund for the Schools of Choice unit. The Schools of Choice unit provides federal funding, technical support and other services to charter schools and districts in Colorado. The unit is also responsible for meeting the Department’s responsibilities under the Charter Schools Act. This request would allow the Department to focus on the increasing needs of more than 250 charter schools that serve approximately 120,000 Colorado students.</td>
</tr>
</tbody>
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### R-04 Funding for School Turnaround

<table>
<thead>
<tr>
<th>$2.4 Total Funds, $ 2.4 General Fund</th>
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</thead>
<tbody>
<tr>
<td>- The Department requests $2,352,193 General Fund and 2.0 FTE to provide funding and technical assistance to lowest performing schools that do not qualify for the Federal Turnaround program. This funding includes $1,995,000 in grants to schools, $100,000 for program evolution, and 257,193 for staff and operations.</td>
</tr>
</tbody>
</table>
## FY 2019-20 Change Requests

### R-05 Colorado Preschool Program Tax Check-off

**$410,000 Total Funds, $0 General Fund**

- The Department is requesting spending authority of $410,000 from the Public Education Fund to provide one-time funding for students in the Colorado Preschool Program.
- Senate Bill 11-109 created a check-off item on the Colorado State income tax return for the Colorado Preschool Program.
- The Department will provide funding to all Colorado Preschool Programs with a one-time allocation. Each preschool site will receive a minimum of $500, and the remaining funding will be awarded proportionally based on enrollment.

### R-06 Charter School Institute Mill Levy Equalization

**$10.0 million Total Funds, $5.0 million General Fund**

- The Charter School Institute (CSI) Board requests additional $5.0 million General Fund appropriation into the Mill Levy Equalization Fund for distribution to Colorado Charter School Institute schools. The total fund request is $10.0 million ($5.0 million General Fund and $5.0 million reappropriated funds from the Mill Levy Equalization Fund). This request is in addition to the $5,523,862 appropriated for FY 2018-19.
- HB 17-1375 provides, subject to appropriation, a mechanism to equalize funding for Institute Charter Schools that do not receive local mill override revenues from the local school districts where their schools are located.
- This funding will provide support to 37 CSI sponsored charter schools and approximately $569 per pupil revenue.

### R-07 CSDB Teacher Salary Increases

**$396,307 Total Funds, $396,307 General Fund**

- The Colorado School for the Deaf and the Blind (CSDB) requests an increase of $396,307 General Fund for salary increases. CSDB teachers are not subject to the state’s compensation policies. The request complies with statutory requirements that CSDB teachers are compensated based on the salary schedule for El Paso District 11.
### FY 2019-20 CHANGE REQUESTS

#### R-08 Educator Leadership Council Emerging Priorities – Career Development

<table>
<thead>
<tr>
<th>$6.0 million Total Funds, $0 General Fund</th>
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<tbody>
<tr>
<td>- The Governor’s Office requests $6.0 million, one-time, State Education Fund investments in programs that are aligned with the Governor’s priorities and emerging recommendations from the Education Leadership Council (ELC). The funding will be distributed for career development, concurrent enrollment, and career advising.</td>
</tr>
<tr>
<td>- Career development funding will provide incentives for 3,000 additional industry credentials in high-demand jobs across Colorado.</td>
</tr>
<tr>
<td>- Concurrent enrollment funding will provide innovation grants for 30 to 40 school districts.</td>
</tr>
<tr>
<td>- Career advising funding will be used for statewide expansion of highly trained career coaches for all sectors of the economy. This funding will generate capacity for more consistent career advising approach.</td>
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#### R-09 Educator Leadership Council Emerging Priorities – Educator Talent

<table>
<thead>
<tr>
<th>$4.0 million Total Funds, $0 General Fund</th>
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<tbody>
<tr>
<td>- The Governor’s Office requests $4.0 million, one-time, State Education Fund investments in programs that are aligned with the Governor’s priorities and emerging recommendations from the Education Leadership Council (ELC). The funding will be distributed for teacher shortage investments and principal training programs.</td>
</tr>
<tr>
<td>- Teacher shortage funding will be used to encourage new teachers entering the profession and for teacher retention. These one-time funds will be converted to grant programs in alignment with HB 18-1412 and HB 18-1332 to directly support districts, charter schools, and educator preparation programs.</td>
</tr>
<tr>
<td>- The funding will be used to develop a multi-year academy for school principals that will focus on the growth and development of multiple cohorts of Colorado principals with the intention of positively impacting student achievement, educator recruitment, and educator retention.</td>
</tr>
</tbody>
</table>
**Cost and FTE**

- The Department requests an increase of $247.5 million total funds, $261 million General Fund, in FY 2019-20 for the state share portion of the Public School Finance Act and $387,731 for the Hold Harmless Full-Day Kindergarten Program. The request is a 5.4 percent increase to state share payments from current FY 2018-19 appropriations.

**Current Program**

- Currently, Colorado’s 178 school districts are funded for 871,141 pupils statewide. Most of the revenues used to support public schools in Colorado are provided by the Public School Finance Act. Based on the formulas and requirements contained in this Act and the Governor’s statewide budget balancing proposals, public schools in Colorado will receive an increase of $356.3 million. This increase includes a $108.8 million increase in local share and a $247.5 million increase in state share.

**Problem or Opportunity**

- In FY 2019-20, the Department projects that total student enrollment will increase by 5,245 pupils (0.6 percent). The FY 2019-20 inflationary factor is 3.0 percent based on the Office of State Planning and Budgeting (OSPB’s) September 2018 Economic Forecast.
- Based on the formulas and requirements contained in the School Finance Act and State Constitution, the state share increase for the School Finance Act is calculated at $170.5 million. However, the Governor’s proposes changing the budget stabilization factor from $672.4 million to $595.4 million, thereby increasing funding for K-12 education by an additional $77 million. With the reduction to the budget stabilization factor included, the total increase to the state share for Total Program is $247.5 million.
- The request maintains a $108 million projected FY 2019-20 ending fund balance in the State Education Fund.

**Consequences of Problem**

- To be in compliance with the Colorado’s constitution and to provide additional resources to schools, this request proposes $247.5 million state share increase for public schools is financed as follows: (1) an increase of $261.1 million from the General Fund, (2) a decrease of $66.4 million from the State Public School Fund, and (3) an increase of $52.8 million from the State Education Fund.

**Proposed Solution**

- The request increases base funding for public schools by $203 per pupil based on the OSPB’s September 2018 inflation forecast of 3.0 percent. However, after all other adjustments from the Public School Finance Act and the Governor’s proposal to reduce the budget stabilization factor by $77 million are included, per pupil funding will actually increase by $358 (4.4 percent). The additional funding proposed by the Governor will allow local districts and charter schools to decide how to best improve the education opportunities of their students.
Priority: R-02
Categorical Programs Inflation Increases
FY 2019-20 Change Request

**Cost and FTE**
- The Department requests an inflationary increase of $9.2 million total funds for education programs commonly referred to as “categorical programs”. $4.2 million of this funding will be from the General Fund and $5 million will be from the State Education Fund.

**Current Program**
- In addition to funding provided to public schools from the School Finance Act formula, Colorado school districts may also receive funding to pay for specific categorical programs designed to serve particular groups of students or particular student needs. Total funding appropriated for these programs in FY 2018-19 is $475.3 million. Of this amount, $141.8 million is General Fund, $166.4 million is cash funds ($166 million from the State Education Fund and $450,000 from Public School Transportation Fund), $191,090 are funds transferred from other state agencies, and $167 million are from federal funds.
- The programs that receive this funding include special education programs for children with disabilities, English language proficiency education, public school transportation, career and technical education programs, special education for gifted and talented children, expelled and at-risk student grants, small attendance centers, and comprehensive health education.

**Problem or Opportunity**
- Section 17 of Article IX of the State Constitution requires that the General Assembly provide inflationary increases for categorical programs each year. The Office of State Planning and Budgeting’s September 2018 Economic Forecast indicates a 3.0% inflationary rate for FY 2019-20.

**Consequences of Problem**
- A 3.0% inflationary rate results in $9.2 million increase in State funding for categorical programs.

**Proposed Solution**
- The Department recommends the $9.2 million funding increase in FY 2019-20 be allocated to the categorical programs with the greatest needs and programs that have not received increases in recent years. Specifically, the Department requests $5 million for special education for children with disabilities, $1.6 million for English language proficiency programs, $1.5 million for public school transportation, $622,580 for career and technical education, $186,915 for gifted and talented students, and $237,700 for small attendance center aid.
Cost and FTE

- This is an ongoing request for $360,374 General Fund and 2.8 FTE to fund the Schools of Choice unit.

Current Program

- The Schools of Choice Unit provides federal funding, technical support and other services to charter schools and districts in Colorado.
- The Unit is also responsible for meeting the Department’s responsibilities under the Charter Schools Act - 22-30.5-101-22-30.5-704, C.R.S.

Problem or Opportunity

- There are over 250 charter schools operating in Colorado today. These schools serve approximately 13% of the total student population or roughly 120,000 students.
- The Schools of Choice Unit was established to manage the federal Charter School Program grant, which provides start-up funding to new and expanding charter schools. As the number of new and expanding charters opening in the state has decreased, so has the federal grant. The Department has reduced the staff in this unit by 3.0 FTE in the past two years.
- Most of the remaining staff must devote the majority of their time to meeting the requirements of the state Charter Schools Act, but the Department does not receive a state appropriation for these activities.

Consequences of Problem

- There are fewer new or expanding charter schools in the state. This has led to a reduction in federal funding and staff in the Schools of Choice Unit.
- At the same time, there are growing needs to provide technical assistance to existing charter schools, to ensure proper implementation of state statutes, and to support to the State Board of Education regarding charter schools. These needs cannot be met without state funding.

Proposed Solution

- The Department is requesting state funding for the staff and activities focused on meeting the requirements of the Charter Schools Act and the needs of charter schools across the State.
- The request for $360,374 and 2.8 FTE is for existing staff, which would allow the Schools of Choice Unit to reorganize their work away from the decreasing needs of the federal program and focus on the increasing needs of more than 250 charter schools in the state that serve approximately 120,000 Colorado students.
## Cost and FTE

- In order to improve the education outcomes for almost 80,000 students enrolled in the lowest performing schools in the state, the Department is requesting $2,352,193 General Fund and 2.0 FTE to supplement the federal and state Turnaround and Improvement programs.

## Current Program

- Currently, schools rated with a status Priority Improvement or Turnaround are eligible to receive state funding through the School Transformation Grant program.
- The Turnaround Network is funded with the School Transformation Grant and federal Title I-A School Improvement funds.
- The Turnaround Network provides state and federal grant funds and Department staff, known as Turnaround Managers, to support turnaround efforts across the state.

## Problem or Opportunity

- In 2017, the Department was only able to support 20 of the 101, or around 20% of the schools identified for support under the School Turnaround and Leadership Development Grant program.
- The Department has set a Performance Plan goal to ensure that at least 80% of state identified schools improve and maintain that improvement.

## Consequences of Problem

- The 101 schools identified as Priority Improvement or Turnaround are not eligible for federal funds. Therefore, schools that are eligible for the state Turnaround Leadership Grant program receive less support, both in grants and in direct assistance, than those that are eligible for the federal funding.
- While the Department has generally seen positive impacts of the current Turnaround Network and support structures, there has not been a formal evaluation performed of the Network.

## Proposed Solution

- Approval of this request would allow the Department to provide support to 80% of the schools identified as Priority Improvement or Turnaround that are not eligible for federal School Improvement funding. The Department will provide technical and financial assistance to improve outcomes of students.
- The request includes funding to establish a formal, annual evaluation process for the Turnaround Network to measure its effectiveness and identify areas for improvement and opportunities to provide better service.
Cost and FTE

- The Department is requesting spending authority of $410,000 from the Public Education Fund to provide one-time funding for students in the Colorado Preschool Program. There is no FTE associated with this request.

Current Program

- Senate Bill 11-109 created a check-off item on the Colorado State income tax return for the Colorado Preschool Program.
- The check-off was included for tax years 2012 – 2017 and raised approximately $450,000 that was deposited into the Public Education Fund.
- There is a remaining balance of $410,000 in the fund.

Problem or Opportunity

- With the remaining funding available from the tax check-off, the Department plans to provide all Colorado Preschool Programs with a one-time allocation.
- Each preschool site will receive a minimum of $500. The remainder will be awarded proportionally based on enrollment, which will ensure that all programs receive sufficient funding.

Consequences of Problem

- If this request is not approved, the Department will not able to provide the additional one-time funding in FY 2019-20.

Proposed Solution

- Literacy is integral to the Department’s annual Performance Plan, and a primary goal of all schools and districts. Specifically, it directly relates to the key initiative of Supporting High Quality Learning and Literacy for All Students.
- This additional funding will provide assistance for every Colorado Preschool Program classroom in the State.
### Cost and FTE

- The Board of the Charter School Institute requests an additional $5 million General Fund appropriation to the Mill Levy Equalization Fund for distribution to the Colorado Charter School Institute’s charter public schools.

### Current Program

- Charter schools have been part of Colorado’s public school system for over 25 years, serving over 115,000 students in over 245 schools.
- The Colorado Charter School Institute (CSI) was created by the Legislature in 2004 to address the growing number of charter schools, the desire for innovative models to better serve at-risk students, and the need for another mode of authorizing charter schools than school district authorizers.
- CSI authorizes 39 public charter schools across the state. Last year, CSI schools served over 17,500 students, or just over 14% of Colorado’s charter school population.
- CSI’s statutory mission is to foster high-quality charter schools that demonstrate high academic performance with a particular focus on service to at-risk students.

### Problem or Opportunity

- House Bill 17-1375 requires school districts to distribute funding received from local property taxes generated by Mill Levy Overrides (MLO) on an equal per pupil basis to district charter schools.
- Recognizing that CSI schools have no access to local tax revenue, HB 17-1375 created the Mill Levy Equalization Fund.
- Though the intention of HB 17-1375 was to provide equitable funding for all of Colorado’s public charter schools, this funding is subject to annual appropriation.
- Last year’s CSI Mill Levy Equalization funding request was approved for $5.5 million, thereby making a first step towards funding equity. This year’s funding request seeks to move CSI students closer to public funding equity with their district counterparts.

### Consequences of Problem

- The intent of HB 17-1375 will not be achieved until the students attending CSI public schools have the same access to public funding sources as their district peers.

### Proposed Solution

- CSI requests $5 million additional General Fund appropriation to the Mill Levy Equalization Fund for distribution to CSI schools in accordance with statute.
**Cost and FTE**

- Using the El Paso #11 School District salary scale, the Department is requesting $396,307 on-going General Fund for salary increases for the teachers at the Colorado School for the Deaf and the Blind (CSDB).

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**Current Program**

- By statute, 22-80-106.5, C.R.S., teacher salaries at CSDB are tied directly to the El Paso #11 school district teacher salaries. When the El Paso #11 school board votes to increase salaries for teachers in the district, CSDB implements the same salary schedule the following year.

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**Problem or Opportunity**

- For FY 2018-19, the El Paso #11 school board voted to increase salaries for teachers in the district; therefore, CSDB is requesting a FY 2019-20 increase for its teachers to match the new El Paso #11 salary scale.
- All other CSDB staff are paid according to the scale.
- The new schedule will have average teacher salary of $59,026 and a starting salary of $39,000.

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**Consequences of Problem**

- The Department is required by statute 22-80-106.5, C.R.S. to make this request, when the El Paso #11 school board makes changes to its teacher salary scale.

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**Proposed Solution**

- This request is a technical adjustment to comply with the statute that requires CSDB to implement the El Paso #11 salary schedule. The total cost of this request is $396,307 General Fund.
The Governor’s Office, in alignment with the emerging recommendations from the Education Leadership Council (ELC), requests $6 million from the State Education Fund for one-time funding for education programs. This request addresses the Governor’s priority to support student transitions into the workforce.

ELC is a nonpartisan, multi-stakeholder council, created through an Executive Order in June of 2017 by Governor John Hickenlooper. The ELC is made up of 25 leaders from government, business and the non-profit community with experience in early childhood, education, and economic development. Following extensive stakeholder outreach and feedback, ELC is developing recommendations that will be voted on in December 2018.

The funding will be used for career development, concurrent enrollment, and career advising.

The programs identified for funding address current pressing problems in education across the state.

The funding will be distributed as follows:
- Career development: $3 million. This funding will be used to address a funding gap between demand for these services and the available funding. This funding will provide incentives for 3,000 additional industry credentials in high-demand jobs across Colorado. Students earning credentials are prepared to immediately get a living wage job and enter the workforce following high school.
- Concurrent Enrollment: $1.5 million. This funding will provide innovation grants for 30 to 40 school districts. Currently, approximately 50 school districts have limited to no participation in concurrent enrollment.
- Career advising expansion: $1.5 million. The funding will be used for statewide expansion of highly trained career coaches for all sectors of the economy. This funding will generate capacity for more consistent career advising approach.
Cost and FTE

- The Governor’s Office, in alignment with the emerging recommendations from the Education Leadership Council (ELC), requests $4 million from the State Education fund for one-time funding for education programs. This request supports the Governor’s priority to elevate the teaching profession, support school leaders, and address educator shortages.

Current Program

- ELC is a nonpartisan, multi-stakeholder council, created through an Executive Order in June of 2017 by Governor John Hickenlooper. The ELC is made up of 25 leaders from government, business and the non-profit community with experience in early childhood, education, and economic development. Following extensive stakeholder outreach and feedback, ELC is developing recommendation that will be voted on in December 2018.

Problem or Opportunity

The funding will be distributed in priority areas such as teacher shortage investments and principal training programs.

Consequences of Problem

- The programs identified for funding address current pressing problems in education across the state.

Proposed Solution

The funding will be distributed as follows:

- Teacher shortage investments - $3 million. This funding will build on the investments made in FY 2018-19 to encourage new teachers entering the profession and for teacher retention. These one-time funds will be converted to grant programs in alignment with HB 18-1412 and HB 18-1332 to directly support districts, charter schools, and educator preparation programs.

- Principal Academy - $1 million. The funding will be used to develop a principal academy to provide for professional development and leadership training for principals.
Department Description

The Governor’s Office is the administrative head of the executive branch of Colorado State Government. As Chief Executive, the Governor works to deliver services to the citizens of Colorado and to ensure effective agency operations. Offices within the Governor’s Office include: the Colorado Energy Office (promoting market-based solutions for economic development in the energy industry), the Lieutenant Governor’s Office (who acts in the capacity of the Governor when the Governor is out of the state or is otherwise unable to perform his constitutional responsibilities, and also serves as the State’s Chief Operating Officer), the Office of State Planning and Budgeting (providing the Governor with information and recommendations to make sound budget policy decisions), the Office of Economic Development and International Trade (assisting in strengthening Colorado’s prospects for long-term economic growth by providing broad-based support to Colorado businesses), and the Office of Information Technology (overseeing technology initiatives throughout the state and implementing strategies to maximize efficiencies in information technology service delivery).

Mission Statement

The Governor’s Office works every day to promote collaboration, innovation and efficiency to serve the greatest good for the people of Colorado.

FY 2019-20 Governor’s Request

- $49.8 million General Fund
  - Share of Statewide General Fund: 0.4%
- $406.5 million Total Funds
  - Share of Statewide Total Funds: 1.2%

Breakdown of Total Funds, $s in Millions, FY 2019-20

- Federal Funds, $6.9, 2%
- Cash Funds, $50.1, 12%
- Reappropriated Funds, $299.7, 74%
- General Fund, $49.8, 12%

Total Funds and General Fund, $s in Millions, FY 2018-19 to FY 2019-20

- $352.0 Total Funds, FY 2018-19
  - +15.5% ($54.5M)
- $406.5 Total Funds, FY 2019-20
  - +17.6% ($7.5M)

- $42.3 General Fund, FY 2018-19
- $49.8 General Fund, FY 2019-20
# CEO Strategic Policy Initiatives

## 1. Launch Customer Service Feedback Surveys

The Colorado Energy Office (CEO) seeks to launch customer feedback surveys for 5 of the CEO’s programs and compile feedback results by June 30, 2019. These surveys will be incorporated into CEO’s annual strategic planning process.

- For the first half of FY 2018-19, CEO will develop baseline metrics and create common questions for each of the 5 program surveys.

## 2. Increase the Number of New Electric Vehicles (EV) Sold

The CEO seeks to increase the number of *new* electric vehicles (EV) sold on an annual basis from 4,156 in 2017 to 20,700 by 2021 and increase the total number of gasoline gallon equivalents of compressed national gas (CNG) sold on an annual basis from 9,664,149 in 2017 to 16,462,000 by 2021.

- To achieve this goal, the department will install community-based charging stations to improve electric vehicle charging access, perform fleet training to increase understanding and adoption of EVs and CNG vehicles, and install fast-charging stations to improve EV charging access for all Coloradans.

## 3. Increase Annual Savings for Weatherization Assisted Program Clients

The CEO seeks to increase average annual customer cost savings for Weatherization Assistance Program (WAP) clients from $330 to $400 by June 30, 2021.

- The Department will accomplish this goal by targeting homes with high energy cost savings potential, and increasing the percentage of homes where at least three major energy service measures are installed.

## 4. Create New Projects

Through the Colorado Agricultural Energy Efficiency Program (AgEE), the CEO will facilitate the implementation of 15 projects by June 30, 2019.

- The Department will accomplish this goal by providing financial resources, access to financing, and leverage utility and trade ally contacts to decrease barriers to energy efficient projects.

- The Department will also provide resources to producers to promote peer-to-peer education and networking.
### R-01 EV Grant Funding Spending Authority Increase

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<tr>
<th>$723,204 Total Funds, $0 General Fund</th>
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</table>

- The CEO requests a cash fund spending authority increase of $723,204 (to $1,036,204) for the Electric Vehicle Grant Fund (“EV” Grant Fund) to align with fee revenue projections through FY 2020-21. This is an increase of 231 percent.
- Current spending authority of $313,000 allows the CEO to spend revenue associated with 15,650 registrations annually. CEO anticipates meeting that level of vehicle registrations in the current year (FY 2018-19).
- Based on U.S. Energy Information Administration projections, the CEO estimates total registered EVs in Colorado will increase to 51,810 in FY 2019-20 resulting in revenue of $1,036,204.
Ensure Strong Rural Focus for Business Growth Initiatives

Drive/contribute to the creation of 5,271 rural jobs and 768 net rural business starts by June 2019.

- OEDIT aims to accomplish this by aligning agency divisions around rural programming and investment and leveraging website capabilities to better enable self service in rural communities.
- The Department will also explore facilitating Opportunity Zone investment through a coordinated program and develop 9 Blueprint 2.0 initiatives to serve as the foundation for business growth and attraction.

Define and Employ an Industry Focus

Drive/Contribute to the creation of 13,933 advanced industry jobs and 313 net business starts by June 2019.

- OEDIT aims to accomplish this by aligning and partnering with key business associations and stakeholder groups to nurture a vibrant business environment and promoting and supporting legislation in furtherance of business-friendly policy.

Facilitate the Automation of the Job Growth Incentive Tax Credit (JGITC)

Reduce contracting time for more than 12 months to 9 months on average by June 2019 measured against the cohort of approvals starting in late FY 2017-18 and early FY 2018-19.

- OEDIT aims to accomplish this by applying technology to automate contract workflow tracking including customer interactions/interface, annual reporting, and tax credit/cash incentive issuance to enhance customer experience with JGITC.

Implement Data Collection That Captures Core OEDIT Stakeholder Data

Redesign website to serve key audience segments rather than one collective message for all audience segments.

- OEDIT aims to accomplish this by increasing stakeholder engagement, creating audience personas that guide core message development and marketing resource allocation, collaborating with analytics team to craft a thorough data collection strategy, and demonstrating use of data-driven strategy in each unit’s decision-making process.
OEDIT FY 2019-20 Change Requests

R-01 Colorado Film Office Increase

$1.25 million Total Funds, $1.25 million General Fund

<table>
<thead>
<tr>
<th>Define and Employ Industry Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Colorado Office of Film, Television &amp; Media (COFTM) requests restoration of $1.25 million General Fund to allow Colorado to grow the emerging film industry, creating more opportunities for the expanding local workforce.</td>
</tr>
<tr>
<td>• The request is ongoing and represents an increase in funding of 100 percent. Currently the Film budget is $1,250,000 – including $750,000 General Fund and $500,000 cash funds.</td>
</tr>
<tr>
<td>• COFTM received $750,000 General Fund in FY 2017-18 and FY 2018-19, which was significantly lower than the $3.0 million General Fund it received in the previous two years. This resulted in Colorado production spend decreasing by 75 percent and 60 percent fewer jobs created.</td>
</tr>
<tr>
<td>• Additional funding for COFTM would reignite the momentum from previous years to grow and strengthen the film industry.</td>
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</tbody>
</table>

R-02 Minority Business Office Increase

$25,000 Total Funds, $0 General Fund

<table>
<thead>
<tr>
<th>Define and Employ Industry Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>• OEDIT is requesting an increase of $25,000 in ongoing cash fund spending authority for the Minority Business Office (MBO). This request represents a 100 percent increase in spending authority.</td>
</tr>
<tr>
<td>• The MBO is currently authorized to spend up to $25,000 from the Minority Business Fund. There is currently $31,000 in the fund and the MBO expects to collect additional funds from its annual Advance Colorado Procurement Expo. The cap on spending authority precludes the MBO from utilizing all the funds it collects.</td>
</tr>
<tr>
<td>• This request will increase spending authority for this program to $50,000 on an ongoing basis.</td>
</tr>
</tbody>
</table>
Achieve and sustain 75% customer satisfaction as measured by Customer Service Index Rating consistently through June 30, 2019.

• Delivering consistent, high quality services to our agency customers is our priority. As we improve our service ticket hand-offs, clarify expectations and processes, and equip our technology professionals with the tools they need to best serve the customer, we are creating a more seamless and positive end-to-end customer experience across all channels.

Increase the State of Colorado’s external security rating by 50 points for an increase from 530 to 580 by June 30, 2019.

• OIT is responsible for the State’s information security governance, architecture, risk and compliance, as well as overseeing day-to-day security operations. We strive to preserve the confidentiality, integrity, and availability of state and citizen data. Our effective security risk management process includes conducting security assessments for the critical and essential applications we manage on behalf of our agency customers.

Ensure that 92% of rural households have access to broadband by December 31, 2019.

• The Broadband Office was created to lead a statewide effort to expand broadband coverage and capacity in Colorado. Access to affordable and reliable broadband service is critical to advancing Colorado’s economic growth and competitiveness. By December 31, 2020, the objective is to achieve 100% rural access to broadband.

• High-speed broadband service helps create new jobs and attract new industries, expands markets for new and existing businesses, enables Coloradans to better access educational opportunities and resources, facilitates delivery of healthcare services, and helps protect the public’s safety. Greater deployment of broadband services will improve long-term quality of life for many Coloradans.

95% of critical projects submitted through OIT are reviewed as a potential use case for emerging technology to enhance the citizen digital experience.

• This goal focuses on driving the citizen experience by advancing the state’s adoption of emerging technology including Artificial Intelligence, Distributed Ledger Technology, Machine Learning and Mobile Accessibility. We also contribute to growing IT economic development by partnering with local communities to attract new tech companies to our community, developing young tech talent, and fostering relationships with local technology companies to strengthen their commitment to the State.
Advancing Culture of Employee Support and Collaboration

To foster a loyal, collaborative, and customer-centric culture, increase employee participation in the OIT+ digital community by 25% (from 253 to 316) by June 30, 2019.

• At OIT, we foster an environment where employees take pride in delivering critical services that impact our entire state. We believe that together we can create an engaged, empowered, and energized culture where all employees feel connected to each other and to our work, leading to better outcomes for our customers.

OIT FY 2019-20 Change Requests

R-01 Essential Database Support

$936,776 Total Funds, $0 General Fund

• The Governor’s Office of Information Technology (OIT) requests $936,776 in reappropriated funds and 8.0 FTE in FY 2019-20 and ongoing to augment the OIT Database Services Team. This represents a five percent increase to the program.
• Currently the OIT Database Services Team supports 3,300 databases at 15 state agencies using 17.0 FTE. This is a ratio of 177:1 and industry standard is 45:1.
• The Team only has resources to support databases that are mission critical to agencies. This results in a multitude of unsupported databases that increases the overall cybersecurity risk.

R-02 Securing IT Operations

$11.9 million Total Funds, $0 General Fund

• OIT requests an increase of $11,857,490 reappropriated funds and 9.0 FTE in FY 2019-20 and ongoing to accelerate the implementation of security solutioning and protect the State’s infrastructure operations from security related attacks like data loss/data breach, malware/ransomware, phishing, credential reuse, and other emerging vulnerabilities.
• This request represents the culmination of OIT security teams working directly with infrastructure teams to identify measures that harden the state from security threats, and reflects lessons learned from the Colorado Department of Transportation ransomware event.
• The pace at which the Secure Colorado program is progressing, while better than many other states, still leaves the State vulnerable to attack. In addition, because OIT is adopting emerging and maturing technologies, such as public cloud services, OIT must accelerate the pace of many projects underway, and ensure an appropriate investment into the security of these emerging technologies.
# OIT FY 2019-20 Change Requests

## R-03 Operations and Administration Center Relocation

- **$5.7 million Total Funds, $5.7 million General Fund**
- **Advancing Employee Culture**
- OIT requests $5.7 million General Fund to relocate its Operations and Central Administrative center from its current aging facility to a new leased location.
- The current Pearl Plaza building is aging and was never designed to house a modern IT organization. The layout of the building makes it difficult to optimize space distribution to meet the needs of the current functional groups within OIT.

## R-04 Application Refresh and Consolidation

- **$800,700 Total Funds, $0 General Fund**
- **Smart Solutions & Reliable Customer Service**
- OIT requests $800,700 in reappropriated funds to create a program that will continually consolidate, modernize, and maintain the State’s aging applications. This request represents a two percent increase in the Enterprise Applications budget.
- Over time, agencies have created a large number of disparate applications in response to evolving business needs. As those needs change and the underlying hardware and software become obsolete, many applications require modernization or consolidation.

## R-05 Optimize Self-service Capabilities

- **$333,426 Total Funds, $0 General Fund**
- **Smart Solutions & Reliable Customer Service**
- OIT requests $333,426 reappropriated funds for development, licensing, training, and professional services to improve and optimize the self-service customer experience and streamline business functionality.
- Demand (tickets opened) for the OIT Enterprise Service Desk (the customer service hotline for state employees) has increased nearly 80 percent since 2015 with no staff added.
- This solution would reduce incident resolution time, increase onboarding accuracy, and help reduce unforeseen outcomes.

## R-06 Enterprise Data Integration Services

- **$3.1 million Total Funds, $0 General Fund**
- **Strengthening Colorado’s Technology Landscape**
- OIT requests $3,139,756 reappropriated funds and 2.0 FTE to establish an enterprise licensing agreement (ELA) with the vendor Mulesoft.
- State agencies own hundreds of systems and databases that must interface with each other for daily business needs. These point-to-point interfaces are difficult and costly to maintain, and also present significant security and governance issues.
- The proposed solution will create an enterprise wide data integration service that provides access to data and systems through application programming interfaces (APIs). This approach maximizes reusability and supports a data strategy of maximizing sharing in a secure and well-governed framework.
### R-07 Agency IT Staff Technical Adjustment

**$144,342 Total Funds, $0 General Fund**

- OIT requests $144,342 reappropriated funds and 1.0 FTE in FY 2019-20 and ongoing to transition spending authority from the Colorado Department of Transportation (CDOT) to create a permanent IT budget for a Program Manager (PM) employee.
- Specifically, OIT will convert 1.0 term-limited FTE currently funded via inter-agency agreement (IA) to a full-time OIT employee working at CDOT on critical needs projects.

### R-08 CBMS PEAK

**$3.4 million Total Funds, $0 General Fund**

- In conjunction with the Departments of Health Care Policy and Financing (HCPF), Human Services (CDHS), and Public Health and Environment (CDPHE), OIT requests an increase of $3,410,566 reappropriated funds in FY 2019-20 (and $3.5 million reappropriated funds ongoing).
- The purpose of the request is to enhance client experience, improve operational effectiveness, reduce security risks for CBMS/PEAK and associated systems, and comply with federal mandates.
- The request includes a reduction of $1.3 million in client correspondence, and the impact of a change in the CBMS cost allocation model that increases the HCPF share, decreases the CDHS share, and significantly reduces General Fund support.

### R-09 Lottery IT Staff Consolidation

**$1.3 million Total Funds, $0 General Fund**

- OIT requests $1,253,065 reappropriated funds and 13.0 FTE in FY 2019-20 and beyond to transition the Colorado Department of Revenue’s (DOR) Lottery Division IT staff to OIT.
- Per 24-37.5-104 (2)(a), C.R.S., statewide IT staff should have been consolidated into the Governor’s Office of Information Technology at the time of consolidation in 2008. This transition did not occur at that time.
- This request is to bring the State into compliance with current law.
**Other FY 2019-20 Change Requests**

<table>
<thead>
<tr>
<th>R-01 Lt. Governor / Colorado Health IT Roadmap Operating</th>
<th>$2.0 million Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Office of eHealth Innovation (OeHI) requests $2,008,154 reappropriated funds and 2.7 FTE in FY 2019-20, and $6,465,845 and 3.0 FTE ongoing, to formally create the Office within the Lt. Governor’s Long Bill section, and to fund components of the Office’s capital construction request.</td>
<td></td>
</tr>
<tr>
<td>• Note that these funds are reappropriated from the Department of Health Care Policy and Financing and include $1.1 million General Fund in FY 2019-20, and $3.4 million General Fund ongoing.</td>
<td></td>
</tr>
<tr>
<td>• The OeHI is responsible for defining, maintaining, delivering on, and evolving Colorado’s Health IT strategy concerning care coordination, data access, healthcare integration, payment reform and care delivery. Of the requested amount, $458,154 and the 2.7 FTE are to formally create the OeHI office.</td>
<td></td>
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<tr>
<td>• The remaining funds, $1,550,000, are to support the operations and maintenance of the Office’s capital construction projects.</td>
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<table>
<thead>
<tr>
<th>R-02 Lt. Governor / State Innovation Model Office Extension</th>
<th>$202,434 Total Funds, $202,434 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Lt. Governor’s Office requests $202,434 General Fund and 1.5 FTE for FY 2019-20 to temporarily extend the Colorado State Innovation Model (SIM) Office to avoid disruption of multi-payer supported health reform efforts. This is a one-time request.</td>
<td></td>
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<tr>
<td>• SIM and the Transforming Clinical Practice Initiative (TCPi) are Governor’s Office initiatives to improve population health and value-based care.</td>
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<thead>
<tr>
<th>R-03 Lt. Governor / Administration Line Increase</th>
<th>$75,000 Total Funds, $75,000 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Lt. Governor’s Office requests $75,000 General Fund and 1.3 FTE in FY 2019-20 and ongoing to accurately represent the necessary level of funding and staffing needed to carry out the obligations of the Office.</td>
<td></td>
</tr>
<tr>
<td>• This funding will bolster funding for personal services ($50,000) and will add an operating budget of $25,000 to the line item.</td>
<td></td>
</tr>
<tr>
<td>• Inadequately funding the Lt. Governor’s Office leaves the next administration with an inaccurate budget.</td>
<td></td>
</tr>
</tbody>
</table>
### FY 2019-20 IT Capital Requests

<table>
<thead>
<tr>
<th>Lt. Governor CCIT-01 / eHealth Innovation Colorado Roadmap Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$11.5 million Total Funds, $1.2 million Capital Construction Funds</strong></td>
</tr>
<tr>
<td>- The Office of eHealth Innovation (OeHI), together with the Department of Health Care Policy and Financing, is requesting $11,508,333 in FY 2019-20 leveraging a temporary 90/10 federal match to support health delivery reform, payment reform, improve healthcare coordination, reduce costs, and ultimately improve the value Colorado and its citizens receive from health care investments and services. This is a continuation request and represents Phase 2 of 3 of the project.</td>
</tr>
<tr>
<td>- Funding for FY 2019-20 will be directed at pushing the needle on the 9 initiatives identified in the original request: (1) Ease quality reporting (eCQM) reporting tools and registry; (2) health IT portfolio management; (3) master data management; (4) data governance tools and processes; (5) automated and integrated consent; (6) Colorado consumer portal for health; (7) advancing Colorado’s state HIE infrastructure; (8) technology infrastructure for care coordination; and (9) a systems integrator.</td>
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<table>
<thead>
<tr>
<th>OIT CCIT-01 / Strategic Infrastructure Needs</th>
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<tbody>
<tr>
<td><strong>$5.3 million Total Funds, $5.3 million Capital Construction Funds</strong></td>
</tr>
<tr>
<td>- OIT requests $5,264,000 Capital Construction Funds for the continuation of system enhancements and reparation of the aging Lakewood Data Center (LDC) and to modernize OIT’s infrastructure operations service delivery. This is a continuation request and represents Phase 2 of 2 of the project.</td>
</tr>
<tr>
<td>- This second year of funding requested is to repair many critical electrical and cooling components of the data center, as well as to purchase tools to tie together elements of IT infrastructure (i.e., servers, networks and applications). The project will update and transform OIT’s infrastructure Operations to meet the needs of state agencies by providing IT infrastructure that can be procured right when it is needed and scaled quickly as needs change.</td>
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<table>
<thead>
<tr>
<th>OIT CCIT-02 / Microwave Infrastructure Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$10.3 million Total Funds, $10.3 million Capital Construction Funds</strong></td>
</tr>
<tr>
<td>- OIT requests $10,316,372 Capital Construction Funds in FY 2019-20 for the continuation of the upgrade and replacement to the State’s Public Safety Communications Network (PSCN) microwave system. This is a continuation request and Phase 5 of 5 of the project.</td>
</tr>
<tr>
<td>- This request addresses the immediate need to replace and upgrade the microwave transmitter system, which serves to connect each Digital Trunked Radio System (DTRS) communication transmitter site within the State of Colorado.</td>
</tr>
<tr>
<td>- Additionally this request addresses critical technological restrictions of the current system, namely redundancy, by initiating a “ring” technology. Note that all rings were estimated to be completed by June 2018. Given the size and increase in scope of this project, the revised final expected completion date is now December 2020.</td>
</tr>
</tbody>
</table>
The Colorado Energy Office (CEO) requests a cash fund spending authority increase of $723,204 for the Electric Vehicle Grant Fund (“EV Grant Fund”) to align with fee revenue projections through FY 2020-21. This request will allow the Office to spend funds that will be collected next year. This is an increase of 231 percent.

Current Program

- CEO uses the funding from the EV Fund for the Charge Ahead Colorado program which provides competitive grants for the installation of charging stations across the state.
- Electric Vehicle (EV) owners pay an additional $50 vehicle registration fee (42-3-304. C.R.S.), $30 of which goes to the Highway Users Trust Fund in lieu of gas taxes. The remaining $20 provides revenue for the EV Fund and fulfills CEO’s statutory requirements in 24-38.5-103 C.R.S. to provide grants for charging stations.
- A competitive grant process takes place three times per year and awards are made to successful public and private applicants. Grants are made for installation at workplaces, parking lots and garages, multi-family dwellings, and municipal facilities. Grants cover up to 80 percent of project costs up to a cap based on charging station type. To date, the EV Fund has provided 73 grants and demand for the program continues to grow. In the most recent funding round which closed in June of 2018, CEO received applications for 39 stations totaling $573,000 in funding requests.

Problem or Opportunity

- Current spending authority of $313,000 allows CEO to spend revenue associated with 15,650 registrations annually. CEO anticipates meeting that level of vehicle registrations in FY 2018-19.
- Demand for grants for charging infrastructure is growing. In FY 2017-2018, CEO received $793,455 in grant funding applications through Charge Ahead Colorado, and the EV Fund has provided 73 grants and demand for the program continues to grow each year.
- The lack of EV charging infrastructure is one of primary barriers to greater adoption of EVs. Increasing the number of charging stations in Colorado helps give consumers confidence in the decision to purchase an EV.

Consequences of Problem

- The lack of EV charging infrastructure is one of the primary barriers to greater adoption of EVs. Increasing the number of charging stations in Colorado helps give consumers confidence in the decision to purchase an EV.
- Providing CEO has sufficient spending authority for cash fund fee revenue ensures customers paying the fee receive the benefit of access to charging infrastructure. Leaving these dollars unspent does not provide a benefit to the drivers contributing annual registration fees.

Proposed Solution

- CEO proposes a cash fund spending authority increase of $723,204 (to $1,036,204) for the EV Fund.
Cost and FTE

- This request is for $1.25 million General Fund in FY 2019-20 and ongoing for the Colorado Office of Film, Television & Media (COFTM) to enable the continuation of the 20 percent rebate program for eligible film, television, and other creative production.

Current Program

- The COFTM rebate program includes a rebate for production-related expenses incurred in Colorado, subject to Economic Development Commission approval.
- While rebate recipients are production companies, this program impacts the broader community, supporting direct/indirect jobs and boosting economic and tourist activity, especially in rural areas.
- COFTM also provides location/permitting assistance, public relations, educational collaboration, and general support to the film industry.
- Data from Fiscal Years 2013-17 shows $14 million in incentives through the program, resulting in $96 million total production spend and $12 million estimated tax revenue.

Problem or Opportunity

- Additional funding would result in more jobs and increased expenditures across local communities in industries such as equipment and vehicle rentals, food, and hospitality.
- COFTM received $750,000 General Fund in FY 2017-18 and FY 2018-19, which was significantly lower than the $3.0 million General Fund it received in FY 2016-17 and FY 2015-16. This resulted in Colorado production spend decreasing by 75 percent and 60 percent fewer jobs created. Additional funding for COFTM incentives will reignite the momentum from previous fiscal years to grow and strengthen the local film industry. Since FY 2012-13, COFTM has incentivized over 70 projects, with 14 currently in production, and inquiries have increased.

Consequences of Problem

- Inconsistent funding discourages production in Colorado and adds risk to the local industry.
- Colorado will continue to lose productions to other states offering more incentive funding.
- Skilled workers in this industry will continue trend of moving to other states with more incentive funding.

Proposed Solution

- The proposed solution is to increase funding for COFTM for FY 2019-20 and ongoing with an additional $1.25 million General Fund to continue incentivizing production activities in Colorado.
### Cost and FTE
- The Office of Economic Development and International Trade (OEDIT) is requesting an additional $25,000 in ongoing cash fund spending authority for the Minority Business Office (MBO). This request represents a 100 percent increase in spending authority. The MBO resides within the Global Business Development line item in the Long Bill.

### Current Program
- The MBO is currently authorized to spend up to $25,000 from the minority business fund (Fund).
- There is currently approximately $31,000 in the Fund.
- The MBO cannot spend the full amount in the Fund because it lacks sufficient spending authority.

### Problem or Opportunity
- The MBO’s spending authority is capped at $25,000, but the program has received more than $25,000 in fees from the Advance Colorado Procurement Expo (Expo). This spending authority cap precludes the MBO from utilizing all the funds it has collected. As a result, the MBO must use General Fund dollars to cover costs associated with the Expo that go beyond $25,000.

### Consequences of Problem
- Without sufficient spending authority, the MBO will continue receiving and carrying forward funds that it cannot spend.
- Revenue generated by the MBO will continue to increase year over year. With spending authority capped at $25,000, these funds will continue to grow and MBO will continue to be unable to spend the full amount.

### Proposed Solution
- The proposed solution is to increase the MBO’s cash fund spending authority by $25,000, bringing the total spending authority up to $50,000.
### Cost and FTE

- The Governor’s Office of Information Technology (OIT) requests an increase of $936,776 reappropriated funds in FY 2019-20 and 8.0 FTE, and $899,152 reappropriated funds in FY 2020-21 and ongoing to augment the OIT Database Services Team.

### Current Program

- Currently, OIT Database Services Team supports databases at 15 different state agencies using 17.0 FTE. The State has 3,300 total databases that house a multitude of data that need to be supported and secured on a regular basis.
- State agencies rely on OIT to provide support services for their programs and databases are critical components of the applications that support these programs. The database framework of business needs are development, test, staging and production platforms. The current OIT database support model is a decentralized model where multiple teams are responsible for database support across the Executive Branch. Due to resource constraints, the Database Services Team supports only the production database environments. Staging, test and development environments are supported FTE within other teams as their availability allows.

### Problem or Opportunity

- Security of databases and state data is the first problem driving this request. The need to augment resources with non-database administrator staff causes problems with securing data effectively. It also prevents this team from enforcing database standards across the enterprise.
- Database workload has increased while resources have not. Over the past 10 years database software releases have become more complex with a higher learning curve for each new release. This complexity results in longer patch times and more in-depth tracking, taking more staff resource time to accomplish tasks. The number of databases has also increased statewide.
- Service capacity and overall availability is an issue, as OIT is unable to meet agency needs with current staffing, which has remained constant for 10 years. State agencies have recently embarked on very large and demanding projects, while the database resource pool remained the same causing support issues for database services.
- Adding 8.0 FTE to the database services team will enable all database environments to follow the same set of standards. These standards will improve data and database security across all environments, and enable faster response times for customer agencies.

### Consequences of Problem

- The current, decentralized, database support model and inability to enforce the Database Administration Standards presents a risk to enterprise database consolidation. It also poses a real cyber security threat by not appropriately securing State data. In addition, the ability for OIT to plan for customer agencies database needs will continue to be a challenge unless staff support is added.

### Proposed Solution

- This request will provide $936,776 Reappropriated Funds and 8.0 FTE in FY 2019-20, and $899,152 FY 2020-21 and beyond to expand the database services team. This will enable centralized management of state agency databases, increase service level support, and harden security risks associated with development, test, and staging databases.
## Cost and FTE

- The Governor’s Office of Information Technology (OIT) requests an increase of $11,857,490 in reappropriated funds and 9.0 FTE in FY 2019-20, plus $5,063,636 and 9.0 FTE in FY 2020-21 and beyond. This request includes the use of contractor hours, the hiring of new FTE, and one-time costs of items such as hardware and software.

## Current Program

- The State’s Secure Colorado and IT Operations’ programs have a robust roadmap in place to ensure security is an integral part of providing services to customers. The State Security Program aims to preserve the confidentiality, integrity, and availability of state of Coloradans’ data through the innovative use of the right people, processes, technology and services. It is through the acceleration of this program that these innovative practices will significantly reduce and mitigate attacks like the Colorado Department of Transportation (CDOT) cybersecurity incident. From this event, the State recognized risks and vulnerabilities that must be mitigated immediately through an “accelerated” Secure Colorado implementation timeline.

## Problem or Opportunity

- The current problem is that while the Secure Colorado program is very successful, the resources and pace at which the security solutions are implemented is not sufficient for effectively protecting and mitigating risks and vulnerabilities in a timely fashion - data is the number one business asset that perpetrators are after. OIT must accelerate the implementation and delivery of robust security solutions that are needed to meet the objectives of the Secure Colorado strategy and the evolving threats in governmental business today.

- The pace at which the Secure Colorado program is progressing, while better than many other states, still leaves the State vulnerable to attack. In addition, because OIT is adopting emerging and maturing technologies, such as public cloud services, OIT must accelerate the pace of many projects underway, and ensure an appropriate investment into the security of these emerging technologies. The CDOT attack came through one of these emerging technologies, and evidenced the fact that simply having a project plan in place, does little to protect the State from an attack meant to exploit existing vulnerabilities.

## Consequences of Problem

- Without an expedited approach and the necessary resources to achieve the appropriate level of security protection, OIT will not be able to effectively protect the State against the emerging threat technologies that impacted CDOT and other local institutions statewide.

## Proposed Solution

- The request will provide $11,857,490 in reappropriated funds and 9.0 FTE in FY 2019-20, and $5,063,636 in FY 2020-21 and 9.0 FTE ongoing, to expedite Secure Colorado activities and reduce cyber security threats across all state agencies.
**Cost and FTE**

- The Governor’s Office of Information Technology (OIT) requests $5,705,593 General Funds in FY 2019-20, and $1,999,605 Reappropriated Funds in FY 2020-21 and ongoing to relocate OIT’s Operations and Central Administrative center from its current aging facility to a new leased location in the downtown Denver area.

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**Current Program**

- OIT has been headquartered in the Pearl Plaza building at 601 E. 18th Ave. in Denver for 10 years. In 2008, statewide consolidation of IT functions had just begun. Space in the Pearl Plaza building was acquired in pieces over the course of several years as other tenants left the building and OIT could fit certain portions of staff that were being consolidated at that time. Current teams located at the Pearl Plaza location include Digital Trunked Radio System, Colorado Benefits Management System, Deskside Support, Service Desk, Applications, Leadership, Finance and Human Resources staff.

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**Problem or Opportunity**

- The current Pearl Plaza building is aging and was never designed to house a modern IT organization. Due to the timeline of consolidation and the evolution of IT over the past decade, it was difficult to optimize space distribution to fit the needs of the current functional groups within OIT. The building location and condition inhibit the ability to attract and retain highly qualified technical staff.
- Now that OIT has matured as an IT organization over the past 10 years, OIT faces several key challenges with the current space that drive the need to relocate: 1) It is very difficult to attract and retain qualified staff given the location of the building and the fact that it is aging and has not been renovated recently; 2) The building lacks meeting space. There are some areas where workspace is either short or excessive; 3) The current configuration of space does not align with the needs of each function group; and 4) The existing workspace furniture and design does not adequately support the functions of a modern IT organization.

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**Consequences of Problem**

- Without relocating to an office building with appropriate space and configuration in the downtown Denver area, OIT will not have the quality of space required to attract and retain qualified staff that allow existing teams to perform efficiently to support the IT needs of state agencies in 2020 and beyond.

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**Proposed Solution**

- This request is for funding to cover basic relocation costs in Downtown Denver, as well as the variance in lease costs for a new OIT Operations and Administration Center location. This new location will allow for the incorporation of technology and meeting space to assist in evolving IT job tasks, improve the ability to hire and retain qualified staff, and enhance employee productivity.
**Cost and FTE**

- The Office of Information Technology requests $800,700 in reappropriated funds in FY 2019-20 and ongoing to fund a program to continually consolidate, modernize, and maintain the State’s aging applications. This represents a 2.0 percent increase in the Enterprise Applications (EA) operating budget.

**Current Program**

- EA has a budget of $40,626,393 and 304.0 FTE in FY 2018-19 to maintain over 1,100 applications. EA supports the majority of operational functions for seventeen state agencies and also develops new applications that agencies request.

**Problem or Opportunity**

- Over time, agencies have created a large number of disparate applications in response to evolving business needs. As those needs change and the underlying hardware and software become obsolete, many applications require modernization or consolidation.
- As a result of the number, age and custom nature of many applications, 75 percent of EA labor is devoted to maintaining legacy applications and only a few staff members are familiar with each application.
- OIT’s Application Portfolio Management System (APMS) holds the inventory and detailed information on the State’s applications. There is no funding available to maintain this critical tool.

**Consequences of Problem**

- Once the vendor ends support for Server 2008 on January 14, 2020 it will not provide security patches and applications left on those servers will become increasingly vulnerable to security threats.
- Without intervention, the number of applications will continue to expand and maintenance costs will grow and crowd out spending on new application development.

**Proposed Solution**

- OIT will annually engage a team of contractors $420,700 (3,400 hours) and utilize platforms and licenses in the amount of $380,000 to consolidate and modernize applications. OIT will work with agencies to strategically retire, consolidate or modernize applications. As part of this effort, OIT will create new service offerings, enterprise applications that can each meet the needs of many processes in multiple Agencies. This will result in shrinking the application footprint and enable the shifting of EA resources from reactive application repair to providing proactive, value added services.
### Cost and FTE

- The Office of Information Technology (OIT) requests $333,426 in FY 2019-20 and $272,806 in FY 2020-21 and ongoing reappropriated funds for development, licensing, training, and professional services to improve and optimize the self-service customer experience and streamline business functionality.

### Current Program

- The increased demand upon the OIT Enterprise Service Desk has grown tremendously between FY 2014-15 and FY 2017-18, yet no staff have been added to the team.
- The Service Desk Team manages an average of 104 major incidents or system outages monthly that disrupt operations.

### Problem or Opportunity

- Implement a more customer relatable artificial intelligence and chatbot experience to allow a more connected world where OIT can reduce incident resolution time, increase onboarding accuracy, and help reduce unforeseen outcomes that can easily increase systematic issues for the citizens of Colorado.
- Increase customer empowerment through hands on, intuitive, mobile and transparent self-help channels.
- Expand the capacity of tools already in operation by connecting systems together and programming components to automate and mobilize tools for processing repetitive tasks.

### Consequences of Problem

- Without continued support and funding, the OIT Customer Office will struggle to deliver a world-class customer experience through the efficient delivery of IT services that reflect an understanding of its customer’s business goals, resources, and challenges.

### Proposed Solution

- OIT requests $333,426 in FY 2019-20 and $272,806 in FY 2020-21 and ongoing to continue delivering and enabling the effective cross-functional teamwork to deliver IT solutions that reflect the OIT mission to support customer success.
Cost and FTE

- The Governor’s Office of Information Technology (OIT) requests $3,139,756 in reappropriated funds and 2.0 FTE in FY 2019-20 and $3,410,350 ongoing to improve the support and build out of an Enterprise Service Bus (ESB) statewide.

Current Program

- OIT has been developing an enterprise wide data integration service that provides access to data and systems through application programming interfaces (APIs) based on a technology framework known as an enterprise service bus (ESB). The API centric approach to data integrations and sharing provides much more efficient, effective and secure means for interfacing data and systems. OIT has been building this service on a project-by-project basis using project funding from agency project budgets.

Problem or Opportunity

- The ESB is currently funded with project funds as new systems are built and implemented. This method creates variability and unpredictability in the statewide budget for the ESB. The contract term is one year so it is re-negotiated annually. This variability in the budget makes it difficult to procure the best deal for the State because the spend level is unknown during the time of the negotiation. Also, as Departments increase use of the ESB statewide, OIT has absorbed the workload increase for this new product. This has created a gap in support for data integrations and application programming interface (API) development and prevented OIT from fully enforcing adherence to standards and ensuring a robust, optimized platform for APIs.

Consequences of Problem

- Without a predictable funding source and appropriate staff support, purchases of ESB licenses will continue to be difficult, resource constraints will continue, and the uptake of the service will continue to sputter.
- Lack of appropriate staff support will result in delays in deployment of the enterprise service and will also encourage comparisons with other less robust options or one-off procurements of tools that disadvantage the enterprise service. This places the ESB across the state enterprise at risk.

Proposed Solution

- Obtain common policy funding to negotiate an enterprise license agreement (ELA) with the vendor for an ESB and augment the service delivery staff with 2.0 FTE to ensure optimal implementation.
Cost and FTE

- The Office of Information Technology (OIT) requests $144,342 reappropriated funds and 1.0 FTE in FY 2019-20 and ongoing to transition spending authority from the Colorado Department of Transportation (CDOT) to create a permanent IT budget for a Program Manager (PM) employee.
- Specifically, OIT will convert 1.0 term-limited FTE currently funded via inter-agency agreement (IA) to a full-time OIT employee working at CDOT on critical needs projects.

Current Program

- Currently, 56 percent of OIT’s PM staff are contingent workers, whether under contract or through term-limited, inter-agency agreements. The utilization of contingent staff directly impacts OIT’s ability to deliver consistent services and the amount of downtime spent on constant re-recruiting and training these positions has a significant impact on both OIT and agency costs and operations.

Problem or Opportunity

- The majority of OIT’s PM staff are term-limited. This creates high turnover, causes lost productivity due to time it takes to backfill and train, and restricts the work these positions can undertake.
- CDOT staff must master existing project methodology, state process, and the unique business that projects support, which creates a steep learning curve.

Consequences of Problem

- Projects at CDOT are critical and will require PM’s to be on-boarded quicker in order to complete new incoming efforts so that no projects experience delays from turnover and loss of institutional knowledge.
- Without this request OIT would lose an opportunity to provide effective, efficient and elegant solutions and customer service to CDOT.

Proposed Solution

- OIT requests $144,342 in FY 2019-20 in reappropriated funds and 1.0 FTE to address critical resource needs. The allocation of the 1.0 Project Manager FTE will provide PM support to CDOT.
- Currently, CDOT pays for this FTE within its own budget and supports transferring the funds to the OIT common policy line.
### Cost and FTE

- The Office of Information Technology in conjunction with the Departments of Health Care Policy and Financing (HCPF), Human Services (CDHS), and Public Health and the Environment (CDPHE), request an increase of $3,410,566 reappropriated funds in FY 2019-20 and $3,521,475 reappropriated funds in FY 2020-21 and ongoing. The purpose of the request is to enhance client experience, improve operational effectiveness, reduce security risks for CBMS/PEAK and associated systems, and comply with federal mandates. The request includes a reduction of $1.3 million in client correspondence, and the impact of a change in the CBMS cost allocation model that increases the HCPF share, decreases the CDHS share and significantly reduces required General fund support.

### Current Program

- The CBMS (Colorado Benefits Management System) is the statewide enrollment and eligibility system which provides eligibility determination, benefit calculation, ongoing case management, and historical tracking for all food, cash, and medical assistance benefits.
- PEAK (Program Eligibility and Application Kit) is a customer-facing application for public assistance benefit information that allows customers to self-manage accounts, check benefits, and screen for eligibility for public assistance programs.
- The CBMS/PEAK system is a cooperative effort between HCPF, OIT, CDHS, and all 64 Colorado counties. The system is operated by a third-party vendor and is supported by a combination of State and vendor staff. It is under the federal regulatory oversight of the Centers for Medicare and Medicaid Services (CMS).

### Problem or Opportunity

- CBMS has identified several data security issues and has open findings from CMS, but does not have sufficient funding within current resources to address them.
- The program has identified several process issues that harm or slow client service.
- All 838 existing forms requiring a client signature are provided to the client on paper, requiring paper, postage, ink and mailing costs for the state and no flexibility for clients. This has a direct impact on the annual client correspondence budget, which is one of the single largest operational costs in the budget.
- Program stakeholders require additional vendor pool hours to address a backlog of critical projects and ongoing project needs to remain in compliance with state statutes and federal compliance, and improve functionality for public assistance clients and workers at counties and medical assistance sites.

### Consequences of Problem

- The new and ongoing security problems increase the risk of operational issues and could result in federal penalties or other negative repercussions is left unaddressed.
- If not solved, the problems will harm provision of services to clients.
- HCPF and CDHS have insufficient development resources to address priorities and project backlog.

### Proposed Solution

- The proposed solution redistributes the CMBS/PEAK cost allocation to align with current operations, provides additional resources for mandated security assessments and use of new software. The request also segregates data access, broadens data analytics, fully assesses systems security and privacy and adds contractor pool hours to address state statute and federal requirements and critical project backlogs impacting service to clients.
**Cost and FTE**

- The Office of Information Technology (OIT) requests $1,253,065 in reappropriated funds and 13.0 FTE in FY 2019-20 and beyond in order to transition the Colorado Department of Revenue’s (DOR) Lottery Division IT Staff to OIT.

**Current Program**

- Currently DOR’s Lottery Division IT Staff work for and are funded under the purview of DOR.

**Problem or Opportunity**

- The Department of Revenue’s Lottery IT Staff were not transitioned to OIT at the time of consolidation per 24-37.5-104 (2)(a) C.R.S. As a result, both DOR and OIT are out of compliance with current state law.

**Consequences of Problem**

- If this consolidation is not completed both DOR and OIT will remain out of compliance with current state law.

**Proposed Solution**

- OIT requests $1,253,065 reappropriated funds and 13.0 FTE in FY 2019-20 and ongoing to transition 13.0 FTE from DOR’s Lottery Division into OIT.
Cost and FTE

- The Office of eHealth Innovation (OeHI) is requesting $2,008,154 reappropriated funds and 2.7 FTE in FY 2019-20, and $6,465,845 reappropriated funds and 3.0 FTE ongoing to formally create the Office and fund operational components of the Office’s capital construction request. Please note that all funds are reappropriated from the Department of Health Care Policy and Financing and include $1,011,017 General Fund in FY 2019-20, $3,372,367 General Fund in FY 2020-21, and $3,495,423 General Fund in FY 2021-22.

Current Program

- Executive Order B 2015-008 officially created the Governor’s Office of eHealth Innovation and the eHealth Commission.
- The OeHI is responsible for defining, maintaining, delivering on, and evolving Colorado’s Health IT strategy concerning care coordination, data access, healthcare integration, payment reform and care delivery.
- The Colorado Health IT Roadmap defines the strategic initiatives that will be used to lower costs, improve quality, and prepare the State for value-based payment models.

Problem or Opportunity

- Costly, disjointed, and poorly coordinated health care results in higher costs and less than optimal clinical outcomes.
- Sharing health information between providers, between service organizations, and with consumers is needed to help inform and coordinate care and services.

Consequences of Problem

- Without advancing Colorado’s health information infrastructure, health costs will continue to rise as duplicative treatments and tests, which could have been avoided, persist.
- Without addressing and integrating the social determinants of health (data), poor health outcomes and higher costs will persist.
- Without preparing and advancing the health information infrastructure in Colorado (i.e. the ability to measure, share and report quality to payers), the State will be ill-prepared for value-based care.

Proposed Solution

- This request formally creates the Office of eHealth Innovation and provides funding for FTE to further the mission of the Office, which is to promote the expanded use of Health IT in Colorado.
- OeHI also requests funding for the operating costs of the work on the Colorado Health IT Roadmap. OeHI submitted a corresponding capital construction request to implement phase two initiatives. The operating costs will fund contractor funding that will be dedicated to leading teams and implementing the various phases of the roadmap.
**Cost and FTE**

- The Colorado State Innovation Model (SIM) Office requests $202,434 General Fund and 1.5 FTE in FY 2019-20 to temporarily extend the Office and avoid disruption of multi-payer supported health reform efforts.
- A small SIM Office will lead health care transformation efforts and develop an all-payer model to ensure that health care reform successes started by SIM and other state initiatives continue.

**Current Program**

- SIM and the Transforming Clinical Practice Initiative (TCPi) are Governor’s Office initiatives funded by the Center for Medicare & Medicaid Services (CMS) with $76 million dollars to improve population health and value-based care.
- The initiatives provide financial incentives and technical assistance to primary and specialty care practices to better manage patients and succeed with value-based payment models. Addressing mental health and substance use disorders is essential to meeting the needs of Colorado communities, and data shows that this bipartisan approach is succeeding in hundreds of practices.
- SIM will help about 25% of the state’s primary care providers and four community mental health centers integrate physical and behavioral health and learn how to succeed with alternative payment models. The work benefits more than half a million Coloradans through investments in local public health and health information technology.
- TCPI helps providers improve health outcomes, avoid unnecessary costs and reduce admissions and emergency department visits. It supports more than 2,000 clinicians in more than 200 practices and 10 community mental health centers. The initiative has saved the Colorado health care system an estimated $42 million through June 2018.

**Problem or Opportunity**

- SIM and TCPi end in July and September 2019, respectively. By extending a small SIM Office, the State ensures uninterrupted momentum with the initiatives, avoids loss of intellectual capital and retains its standing as a national leader in health care reform efforts.

**Consequences of Problem**

- Interruption of this work could derail creation of an all-payer model known as the Colorado Model of Care, which affects the sustainability of health care reform. Without a coordinated approach to health system reform with multi-payer support, the State could lose momentum.
- SIM is the most appropriate entity to continue this work.
- Lack of dedicated funding to wrap up this effort could lead to unnecessary delays, audits, penalties and costs to state agencies.

**Proposed Solution**

- Support a 1.5 FTE SIM Office in FY 2019-20 to develop the Colorado Model of Care and effectively transfer work and knowledge to the next administration.
- This will demonstrate the State’s financial stewardship of federal funds (to complete the initiative) and national leadership in health care reform.
**Cost and FTE**

- This request is for $75,000 General Fund and 1.3 FTE in FY 2019-20 and ongoing to accurately represent the necessary level of funding and staffing in the Lt. Governor’s Office. This funding request will bolster funding for personal services ($50,000) and will add an operating budget ($25,000) to the line item. Please note that the FTE request is for authority only.

**Current Program**

- The Lt. Governor’s Office oversees Serve Colorado, the Colorado Commission of Indian Affairs, the Office of eHealth Innovation, the State Innovation Model and the Performance Management and Operations team. The Lt. Governor serves as Co-Chair of the Space Coalition, Co-Chair of the Early Childhood Leadership Commission and is on the Executive Committee of the Education Leadership Council. This is in addition to the Lt. Governor’s primary role as surrogate for the Governor, and is a key member of his executive team.
- The Lt. Governor’s staff also currently oversees the Governors Fellowship, and is on the steering committee for multiple technology related programs and services, including My Biz Colorado, the MyCO services app, and the Colorado Benefits Management System Steering Committee. This is in addition to executing the general functions which support the Lt. Governor.

**Problem or Opportunity**

- The Lt. Governor’s Administration line item budget does not accurately represent operational costs nor FTE required to run the Office. The administration budget of $271,000 covers 2.7 FTE and no operating expenses.
- The office is currently staffed at 4.0 FTE: Lt. Governor, Chief of Staff, Deputy Chief of Staff, and Executive Assistant, and the budget does not have adequate funding to cover their full salaries. The current budget includes no operating funds, which is estimated at $25,000.
- Inadequately funding the Lt. Governor’s Office leaves the next administration with an inaccurate budget and places the Office at risk of losing funding for critical roles already in place.

**Proposed Solution**

- The proposed solution is to ask for a $75,000 General Fund increase for the Lt. Governor’s Administration line item so the Long Bill accurately reflects the cost to run the Lt. Governor’s Office.
- Appropriating the correct amount of money for FTE and operations increases transparency of use of government funds, and adequately staffs the Lieutenant Governor’s Office to fully and properly perform the functions of the Office.
Mission Statement
Improving health care access and outcomes for the people we serve while demonstrating sound stewardship of financial resources.

Department Description
The Department of Health Care Policy and Financing (HCPF) receives federal funding as the single state agency responsible for administering the Medicaid program (Title XIX) and the State Child Health Insurance Program (Title XXI), known as the Children’s Basic Health Plan. In addition to these programs, the Department administers the Colorado Indigent Care Program, the Old Age Pension State Medical Program, as well as the Home and Community-Based Services Medicaid Waivers. The Department also provides health care policy leadership for the state’s Executive Branch. Most of the Department’s programs are funded in part by the federal Centers for Medicare and Medicaid Services (CMS). The Medicaid program receives approximately 50% of its funding from the federal government and the Children’s Basic Health Plan receives approximately 88% of its funding from the federal government.

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
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</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$10,156.5</td>
<td>$10,619.0</td>
</tr>
<tr>
<td>General Fund</td>
<td>$2,904.6</td>
<td>$3,106.3</td>
</tr>
<tr>
<td>+4.6% ($462.5M)</td>
<td>+6.9% ($201.7M)</td>
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</table>

Breakdown of Total Funds, $s in Millions, FY 2019-20

- Federal Funds, $6,014.7, 57%
- General Fund, $3,106.3, 29%
- Cash Funds, $1,413.4, 13%
- Reappropriated Funds, $84.6, 1%
STRATEGIC POLICY INITIATIVES

1. Delivery Systems Innovation

Medicaid members can easily access and navigate needed and appropriate services.

- The Department aims to increase the number of Colorado providers serving Medicaid clients from 48,841 to 49,571 by June 30, 2019.
- The Department aims to increase the number of Colorado primary care providers serving Medicaid clients from 22,838 to 23,177 by June 30, 2019.
- The Department aims to reach 80% of hospitals and 100% of Regional Accountable Entities (RAEs) by June 30, 2019 with messaging that makes them aware of the new HCPF Prometheus tool to measure potentially avoidable costs.

2. Tools of Transformation

The broader health care system is transformed by controlling costs in Medicaid.

- The Department estimates the average cost per-capita for Medicaid for FY 2018-19 will be less than $5,973.
- The Department hopes to increase total costs avoided from the Accountable Care Collaborative (ACC) and Medicaid from $133 million in FY 2017-2018 to $189 million in FY 2018-19.

3. Partnerships to Improve Population Health

The health of low-income and vulnerable Coloradans improves through a balance of health and social programs made possible by partnerships.

- The Department aims to decrease the number of opioid pills dispensed among members who use the Rx benefit from 10.09 to 9.59 by June 30, 2019.

4. Operational Excellence

We are a model for compliant, efficient and effective business practices that are person- and family-centered.

- The Department plans to maintain provider call average speed of answer at <61 seconds.
- The Department plans to increase the percentage of targeted Medicaid households using the PEAKHealth mobile app from 23% to 26.5% (15%) by June 30, 2019.
## FY 2019-20 Change Requests

### R-01 Medical Service Premiums

**$354.6 million Total Funds, $166.7 million General Fund**

- The Department requests funds to continue to provide services to 1.3 million Coloradans and respond to cost and caseload changes for services including: acute care, such as physicians services, hospitals, and pharmaceuticals; and long-term services and supports (LTSS) including community based long-term care, such as Home and Community Based Services (HCBS) waivers and home health services, and long-term care facilities such as alternative care facilities and nursing facilities.

### R-02 Behavioral Health Community Programs

**$26.9 million Total Funds, $12.7 million General Fund**

- The Department requests resources to continue to administer the State’s Behavioral Health Community Programs while accounting for changes to caseload and cost of service.
- Behavioral Health Community Programs are administered by the Department, primarily through managed care contracts with Regional Accountable Entities (RAEs) across the state.
- Services provided include but are not limited to: inpatient hospitalization, psychiatric care, rehabilitation, and outpatient care; clinic services, case management, medication management, physician care, substance use disorder; and non-hospitalized residential care as it pertains to behavioral health.

### R-03 Child Health Plan Plus

**$27.9 million Total Funds, $0 General Fund**

- The Department requests funds to continue to provide affordable health insurance to children under the age of 19 and pregnant women in low-income families (up to 260% of the federal poverty level) who do not qualify for Medicaid and do not have private insurance.
- The request is to account for caseload growth and increases in prepaid capitation rates.
- Federal Funding for the CHP+ program has been reauthorized for six years expiring September 30, 2023. Currently, the federal financial participation (FFP) rate is 88%. Beginning October 1, 2019 FFP falls to 76.5% and reduces to 65% FFP beginning October 1, 2020 and ongoing until the sunset date.
### R-04 Medicare Modernization Act State Contribution Payment

**$1.5 million General Fund**

- The Department requests funds to cover the State’s share of the costs of the Medicare Part D outpatient prescription drug benefit for dual-eligible clients.
- The State is required to reimburse the federal government for the amount the federal Centers for Medicare and Medicaid Services (CMS) determines is the State’s obligation for such prescription drug coverage. This reimbursement to CMS is called the “clawback” payment.
- The State’s obligation varies from year to year and is affected by changes in caseload and the per member per month (PMPM) rate, which is also determined by CMS.

### R-05 Office of Community Living Cost and Caseload Adjustments

**$6.3 million Total Funds, $2.5 million General Fund**

- The Department requests resources to fund Home and Community Based Services (HCBS) waiver program costs for individuals with intellectual and developmental disabilities (IDD).
- The Department requests to adjust existing expenditure and enrollment appropriations and designated full program equivalents (FPE) within three Medicaid waiver programs for people with IDD to maintain the current policy of having no waiting lists for the HCBS-SLS and HCBS-CES waivers and to accommodate emergency enrollments, foster care transitions, Colorado Choice Transitions (CCT), and youth transitions.

### R-06 Local Administration Transformation

**$3.2 million Total Funds, $2.0 million General Fund**

- The Department requests funds to implement changes to local administration of Department programs that would lead to efficiencies, improved member experience, and improved performance.
- The Department requests funding to implement three initiatives that would improve county performance and accountability, increase incentive funding and oversight, remove Non-Emergent Medical Transportation (NEMT) administration from county administration responsibilities, and consolidate returned mail processing.
- The Department expects that centralizing NEMT and consolidating returned mail administration would help to reduce county workload for these functions, allow counties to focus on improved case maintenance and customer service, and improve the Department’s ability to appropriately close inactive cases resulting in improved caseload management and costs avoided for the State.
## FY 2019-20 Change Requests

### R-07 Primary Care Alternative Payment Models

<table>
<thead>
<tr>
<th><strong>$2.5 million Total Funds, $535,928 General Fund</strong></th>
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<tbody>
<tr>
<td><strong>Tools of Transformation</strong></td>
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<tr>
<td><img src="image" alt="2" /></td>
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<tr>
<td>• The Department requests resources to continue work on value-based payment methodologies for primary care, and fund the health information technology (HIT) components necessary to make value-based payments.</td>
</tr>
<tr>
<td>• The Department requires additional funding to set up electronic clinical quality measures (eCQMs) leveraging existing health information exchange infrastructure. These eCQMs are to be used in new, performance-based payment methodologies.</td>
</tr>
<tr>
<td>• The Department also requests resources to provide publicly funded support for Medicaid's share of ongoing work under the multi-payer collaborative.</td>
</tr>
<tr>
<td>• The Department expects these programs would result in greater flexibility for practices, reduce unnecessary care, connect payment to quality of care, reduce reporting burden on primary care providers, and improve patient health outcomes.</td>
</tr>
<tr>
<td>• The request includes savings from costs avoided on more expensive medical care starting in FY 2021-22, once the value-based payment methodologies have been fully implemented.</td>
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### R-08 Benefits and Technology Advisory Committee

<table>
<thead>
<tr>
<th><strong>$342,248 Total Funds, $124,897 General Fund</strong></th>
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<tr>
<td><strong>Tools of Transformation</strong></td>
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<tr>
<td><img src="image" alt="2" /></td>
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<tr>
<td>• The Department requests resources to create a dedicated Benefits and Technology Advisory Committee and increase Department capacity to research technologies and benefits and assess their level of evidence.</td>
</tr>
<tr>
<td>• The Department does not currently have the resources necessary to conduct comprehensive reviews of recent research and evidence prior to publishing and implementing all benefit policies, which define the appropriate amount, scope, and duration of services provided to clients.</td>
</tr>
<tr>
<td>• This request would create a dedicated committee to review benefits research and determine what services, and how much, are cost effective for the State to manage differently in order to improve outcomes for Medicaid clients.</td>
</tr>
<tr>
<td>• The request would also provide funding for outside vendors to conduct more thorough research, as necessary, and for consultation with national experts to inform benefits design decisions. It would also provide funding for an outside vendor to produce an annual report on cost savings and outcomes associated with this program.</td>
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**FY 2019-20 Change Requests**

### R-09 Long Term Home Health and Private Duty Nursing Acuity Tool

<table>
<thead>
<tr>
<th>1</th>
<th>Delivery Systems Innovation</th>
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<tr>
<td>• The Department requests funding to hire a contractor to design, pilot, and validate a clinical assessment tool for adult Long-Term Home Health (LTHH) and all Private Duty Nursing (PDN) clients to accurately assess the appropriate level of services for their medical needs.</td>
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<tr>
<td>• The current assessment tools available to evaluate medical necessity and authorize clients for both adult LTHH and PDN are either severely outdated or do not exist, which does not allow for the accurate medical assessment of the needs of clients enrolling in the services.</td>
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<tr>
<td>• The implementation of this new tool is expected to better align clients with an appropriate level of care. This will generate significant savings from the clients who are currently enrolled and are receiving an improper amount of care for their medical needs or who were enrolled without demonstrating sufficient medical need for these services.</td>
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$358,583 Total Funds, $179,292 General Fund

### R-10 Transform Customer Experience

<table>
<thead>
<tr>
<th>4</th>
<th>Operational Excellence</th>
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<tr>
<td>• The Department requests funding to improve the customer experience for the 1.3 million Coloradans enrolled in its programs and the tens of thousands of stakeholders and providers who interact with the Department and its programs daily.</td>
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<tr>
<td>• The Department requests funding to implement initiatives to improve customer experience, including providing more readily available and consistent information and automation to call center representatives and members, funding for temporary call center staff, and for internal staffing who are focused on customer experience. This request also includes ongoing funding to continue the Member Experience Advisory Councils (MEAC).</td>
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<tr>
<td>• Implementation of these initiatives is expected to reduce call center hold times and call abandonment rates, ensure members get the information they need to access their benefits, and improve member satisfaction with Department customer service.</td>
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$2.2 million Total Funds, $753,356 General Fund

### R-11 All-Payer Claims Database Financing

<table>
<thead>
<tr>
<th>2</th>
<th>Tools of Transformation</th>
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<tr>
<td>• The Department requests additional funding to fully fund the costs of operating the All-Payer Claims Database (APCD) and fill a gap in funding created by a lower than expected level of federal financial participation with state-only funding.</td>
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<tr>
<td>• The increased state funding would take the form of a contract with the non-profit organization currently administering the database, the Center for Improving Value in Health Care (CIVHC). This will allow the organization to focus on increasing the quality and affordability of data in the APCD and related data releases, to drive insights and reduce the cost of health care in Colorado.</td>
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<tr>
<td>• The APCD collects claims data from over 21 commercial health insurance companies and builds a more comprehensive picture of health care in Colorado. The APCD takes claims data and turns it into actionable information that provides insights about Coloradans’ health, quality of care, utilization, outcomes and cost. It is a valuable state resource that can inform positive future health outcomes for the State.</td>
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$2.6 million Total Funds, $2.8 million General Fund
FY 2019-20 Change Requests

R-12 Medicaid Enterprise Operations

- The Department requests funding to address operational and compliance issues that impact the Department’s Medicaid Enterprise, including related contracted services.
- The Medicaid Enterprise includes four primary services provided through separate contractors. Efficient performance is critical for timely provider payments, pharmaceutical management services, client data protection and analytics, and Medicaid eligibility determinations.
- The request addresses three strategic components of the Medicaid Enterprise: obtaining CMS certification to enable the Department to continue claiming enhanced federal funding; maintaining adequate member and provider experience; and, developing and implementing new standards and conditions for procuring future services.

R-13 Provider Rate Adjustments

- The Department requests funding in order to implement targeted rate increases for certain Medicaid services and an across-the-board rate increase for all other eligible Medicaid services of 0.75%. The Department targeted rate adjustments that would secure adequate funding for imperative programs and services. These include increases to Home-and Community-Based Services, transportation services, maternity care, dental services, and other services that have been identified as significantly lower than benchmark rates.
- Additionally, a targeted rate increase requested for personal care and homemaker rates allows providers to keep pace with rising wages around the state and maintains a competent and quality workforce to deliver services to a growing aging population in their homes and communities rather than costly alternative care facilities.
- Providing adequate reimbursement to providers encourages participation in Medicaid and therefore increases client access, which aligns with the Department’s Strategic Plan.

R-14 Office of Community Living Governance

- The Department requests resources to implement several compliance and best practices initiatives throughout the Department’s Office of Community Living.
- These initiatives would allow the Department to: ensure the continuation of a federally mandated review program; fund dedicated staff to implement recommendations from the Cross-System Crisis Response Behavioral Health Pilot Program; bring the State into compliance with statute concerning conflict-free case management; increase oversight of host homes; and, increase spending for nursing home innovation projects.
- This request aligns with the Departments strategy of “operational excellence” by promoting rigorous compliance with state and federal laws, and by ensuring that business practices are person- and family- centered.
# FY 2019-20 Change Requests

## R-15 Operational Compliance and Program Oversight

<table>
<thead>
<tr>
<th>4 Operational Excellence</th>
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</thead>
<tbody>
<tr>
<td>-$780,722 Total Funds, $0 General Fund</td>
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<tr>
<td>• The Department has identified seven initiatives that would strengthen program oversight and its stewardship of state resources.</td>
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<tr>
<td>• These initiatives include a comprehensive review of eligibility determinations, additional operational and financial oversight of the Program for All-Inclusive Care for the Elderly, expanded scope of existing Managed Care Organization audits, validation of rate-setting data submissions from providers for the Hospital Back-up Program, dedicated FTE for subrecipient monitoring of case management agencies, dedicated FTE to support program integrity responsibilities, and dedicated FTE to review claims for people with intellectual and developmental disabilities (IDD).</td>
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## R-16 Employment First Initiatives and State Programs for People with Intellectual and Developmental Disabilities (IDD)

<table>
<thead>
<tr>
<th>3 Partnerships to Improve Population Health</th>
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<tbody>
<tr>
<td>$6.8 million Total Funds, $0 General Fund</td>
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<tr>
<td>• The Department, in conjunction with the Colorado Department of Labor and Employment, requests funds for Employment First initiatives and improving State programs for people with intellectual and developmental disabilities (IDD).</td>
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<tr>
<td>• The request addresses recommendations from the Employment First Advisory Partnership including creating a Colorado Office of Employment First; and conducting a supported employment pilot program to incentivize outcomes where people with IDD achieve and maintain employment.</td>
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<tr>
<td>• Additionally, this request provides additional supports to adults and families with children with IDD by eliminating the waitlist for the State-only Supported Living Service (SLS) program and enrolling 272 waitlist members onto the Family Support Services Program (FSSP).</td>
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Cost and FTE

- The Department requests an increase of $235,732,421 total funds, including $39,232,432 General Fund and $121,025,050 cash funds for FY 2018-19; an increase of $354,643,647 total funds, including $166,725,932 General Fund and $79,381,786 cash funds for FY 2019-20; and an increase of $577,056,406 total funds, including an increase of $268,827,369 General Fund and $132,869,385 cash funds for FY 2020-21 for the Medical and Long-Term Care Services for Medicaid Eligible Individuals.

Current Program

- The Medicaid program was enacted by Title XIX of the Social Security Act as an entitlement program to provide health care services to eligible elders, people with disabilities, adults, and children.
- The Department provides Medicaid services to 1.3 million eligible members; this represents the largest single health insurance program in the state.
- Medical Service Premiums include costs for acute care, such as physicians services, hospitals, and pharmaceuticals; and long-term services and supports (LTSS) including community based long-term care, such as Home and Community Based Services (HCBS) waivers and home health services, and long-term care facilities such as alternative care facilities and nursing facilities.

Problem or Opportunity

- Expenditures in this program are driven by caseload, per capita costs, and utilization changes.
- Due to strong economic conditions, Medicaid caseload fell by -2.3% in FY 2017-18. Caseload is expected to continue to fall for the remainder of FY 2018-19 by -0.9%, and return to growth for FY 2019-20 and FY 2020-21 due to increasing unemployment pressures and a rising state population.
- Caseload in populations sensitive to economic conditions (low-income parents and caretakers, pregnant women, and eligible children) has declined since FY 2015-16, but is expected to return to growth in FY 2019-20.
- Caseload for seniors and people with disabilities continues to rise steadily at a rate of 4.0%. Additionally, the number of people accessing LTSS is growing faster than overall caseload. As the state experiences a growing aging population, increased utilization and rising costs of LTSS drives expenditures in this program.

Consequences of Problem

- If this request is not approved, the Department would be at risk of not being able to provide services required under the Social Security Act.
- If the appropriations are not adjusted, the Department expects to over-spend its appropriation to continue to provide access to care required under federal law, necessitating a request to use over-expenditure authority at the end of the fiscal year.

Proposed Solution

- The Department requests adjustment to the appropriation in the Medical and Long-Term Care Services for Medicaid Eligible Individuals line item to meet the State’s obligation to the federal government for provision of the Medicaid program and to continue to improve health outcomes for eligible Coloradans.
Cost and FTE

- The Department requests a reduction of $16,862,088 total funds, including a reduction of $208,296 General Fund and $1,526,548 cash funds for FY 2018-19; an increase of $26,909,077 total funds, including an increase of $12,743,445 General Fund and $6,764,296 cash funds for FY 2019-20; and an increase of $70,020,733 total funds, including an increase of $26,018,458 General Fund and $14,642,808 cash funds for FY 2020-21 for the provision of the State’s Behavioral Health Community Programs.

Current Program

- Behavioral Health Community Programs are administered by the Department, primarily through managed care contracts with Regional Accountable Entities (RAEs) across the state. These organizations receive a prepaid capitation payment based on an actuarially determined rate informed by provider costs and utilization.
- Each RAE is responsible for providing or arranging medically necessary health services to Medicaid-eligible adults age 65 and older, individuals with disabilities through age 64, Medicaid expansion adults, eligible children, foster care children and breast and cervical cancer program adults enrolled with a RAE.
- Services provided include but are not limited to: inpatient hospitalization, psychiatric care, rehabilitation, and outpatient care; clinic services, case management, medication management, physician care, substance use disorder; and non-hospitalized residential care as it pertains to behavioral health.

Problem or Opportunity

- Expenditures in this program are driven by caseload growth and increases in prepaid capitation rates.
- Caseload is expected to be relatively flat in FY 2018-19, but return to growth in FY 2019-20.
- Rates for RAEs are required to be actuarially determined. Across all populations rates are growing approximately 5.0% per year.
- H.B. 18-1136 instructed the Department to apply for a federal 1115 demonstration waiver to add residential and inpatient substance use disorder (SUD) treatment as a Medicaid benefit. The Department is seeking federal authorization and anticipates that it will begin to implement a comprehensive SUD benefit in FY 2020-21. This bill adds $173 million total funds, including $34 million General Fund to the program in the out-year.

Consequences of Problem

- If this request is not approved, the Department would be at risk of not being able to provide services required by State statute, and in compliance with State Plan and waiver agreements with the federal Centers for Medicare and Medicaid Services (CMS).
- If the appropriations are not adjusted, the Department expects to over-spend its appropriation to continue to provide access to care, necessitating a request to use over-expenditure authority at the end of the Fiscal Year.

Proposed Solution

- The Department requests adjustment to the appropriation in the Behavioral Health Capitation Payments and Behavioral Health Fee-for-Service Payments line items to meet the State’s obligation to the federal government for provision of Behavioral Health Community Programs and to continue providing needed services and improved behavioral health outcomes for eligible Coloradans.
### Cost and FTE

- The Department requests an increase of $7,306,529 total funds, including $0 General Fund and $513,646 cash funds for FY 2018-19; an increase of $27,968,602 total funds, including $0 General Fund and $22,506,477 cash funds for FY 2019-20; and an increase of $43,322,601 total funds, including $37,414,767 General Fund, and $16,149,074 cash funds for FY 2020-21 for the continued provision of the Child Health Plan Plus program.

### Current Program

- The Child Health Plan Plus (CHP+) program provides affordable health insurance to children under the age of 19 and pregnant women in low-income families (up to 260% of the federal poverty level) who do not qualify for Medicaid and do not have private insurance.
- CHP+ children are served by either a health maintenance organization (HMO) at a fixed monthly cost, or by the State’s managed care network (SMCN), which is administered by a no-risk provider. Actual and estimated caseload ratios between HMOs and the self-funded network are used to develop blended capitation rates and per capita costs.
- The program is funded in part by the Tobacco Master Settlement Agreement, through the Children’s Basic Health Plan Trust cash fund, and the Healthcare Affordability and Sustainability Fee cash fund. Volatility in the Children’s Basic Health Plan Trust requires annual adjustments in the appropriation.

### Problem or Opportunity

- The CHP+ program is experiencing strong caseload growth at a forecasted rate of 5.5% for FY 2019-20. CHP+ covers higher income children than Medicaid, and therefore improving State economic conditions are driving increased caseload growth in this program.
- The program is experiencing increases in prepaid capitation rates. On average, annual cost growth is 2.0%
- Federal funding for the CHP+ program has been reauthorized for ten years expiring September 30, 2027. Currently, the federal financial participation (FFP) rate is 88%. Beginning October 1, 2019 FFP falls to 76.5% and reduces to 65% FFP beginning October 1, 2020 and ongoing until the sunset date.
- Caseload increases can be absorbed by federal funds and the Children’s Basic Health Plan Trust (cash funds) through FY 2019-20. Beginning in FY 2020-21 a combination of caseload increases, reduction in FFP, and the depletion of the balance in the Children’s Basic Health Plan Trust will drive need for significant General Fund dollars in FY 2020-21 to support the program.

### Consequences of Problem

- If the appropriations are not adjusted, the Department expects to over-spend its appropriation to continue to provide services to children and pregnant women, necessitating a request to use over-expenditure authority at the end of the fiscal year.

### Proposed Solution

- The Department requests adjustment to the appropriation in the Children’s Basic Health Plan Medical and Dental Costs and Children’s Basic Health Plan Administration line items to continue providing services and improved outcomes to children and pregnant women in low-income families in Colorado.
<table>
<thead>
<tr>
<th>Cost and FTE</th>
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<tbody>
<tr>
<td>• The Department requests an additional reduction of $4,453,533 General Fund for FY 2018-19; an increase of $1,520,436 General Fund for FY 2019-20; and an increase of $11,295,004 General Fund for FY 2020-21 to the Medicare Modernization Act State Contribution Payment line item. This request does not require any additional FTE.</td>
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<thead>
<tr>
<th>Current Program</th>
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<tbody>
<tr>
<td>• The Department serves clients who are eligible for both Medicaid and Medicare.</td>
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<tr>
<td>• Dual-eligible clients are provided prescription drug coverage through the federal Medicare program.</td>
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<tr>
<td>• The State is required to reimburse the federal government for the amount the federal Centers for Medicare and Medicaid Services (CMS) determines is the State’s obligation for such prescription drug coverage, which is also called the “clawback” payment.</td>
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<thead>
<tr>
<th>Problem or Opportunity</th>
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<tr>
<td>• The State’s obligation varies from year to year and is affected by changes in caseload and the per member per month (PMPM) rate, which is also determined by CMS.</td>
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<tr>
<td>• The Department must annually forecast both anticipated caseload and PMPM rate to ensure the State is adequately funded to meet its reimbursement obligation to the federal government.</td>
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<thead>
<tr>
<th>Consequences of Problem</th>
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<tr>
<td>• If this request is not approved and the State is unable to meet its reimbursement obligation to the federal government, the Department would be at risk of having the amount due for the clawback payment – plus interest – deducted from the federal funds received for the Medicaid program, generating overexpenditures on other line items.</td>
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<thead>
<tr>
<th>Proposed Solution</th>
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<tbody>
<tr>
<td>• The Department requests adjustment to the appropriation in the Medicare Modernization Act State Contribution Payment line item to meet the State’s obligation to the federal government for prescription drug coverage for dual-eligible clients while reducing the risk of reverting funds that could be used for other purposes.</td>
</tr>
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</table>
Cost and FTE

- In FY 2018-19, the Department requests a decrease of $29,039,991 total funds, including a decrease of $14,929,804 General Fund, and an increase of $414,411 Healthcare Affordability & Sustainability Fee Cash Fund. For FY 2019-20, the Department requests an increase of $6,298,371 total funds, including an increase of $2,526,890 General Fund, and an increase of $701,023 Healthcare Affordability & Sustainability Fee Cash Fund. For FY 2020-21, the Department requests an increase of $37,471,251 total funds, including an increase of $18,168,404 General Fund, and an increase of $552,201 Healthcare Affordability and Sustainability Fee Cash Fund. These funds would be used to fund Home and Community Based Services (HCBS) waiver program costs.

Current Program

- Effective July 2018, the Department manages four Medicaid HCBS waiver programs for people with developmental disabilities, Adult Comprehensive Services (HCBS-DD), Supported Living Services (HCBS-SLS), Children’s Extensive Services (HCBS-CES), and Children's Habilitation Residential Program (HCBS-CHRP).
- These programs provide services such as residential care, day habilitation services and behavioral services, as well as case management, and are delivered through a variety of approved providers.

Problem or Opportunity

- Appropriations do not accurately reflect the estimated number of enrollments, full program equivalents (FPE), or cost per FPE, based upon current enrollment and spending trends as well as program information.
- This issue poses the problem of under-expenditure in the current year and over-expenditure in future years without action because the assumptions around enrollment growth must be updated.
- In the current year, there is an adjustment to remove additional expenditure due to the interChange launch. Money was added into FY 2017-18 for billing issues related to increasing pay lags, delayed claim payments, and incorrect coding. The Department believes that these issues have been resolved and the added expenditure has been removed from the FY 2018-19 to avoid doubling counting the impact.

Consequences of Problem

- If the appropriations are not adjusted, the Department expects to under-spend its appropriation, necessitating a reversion of General Fund at the end of the year. Additionally, in the request and out years, over-expenditure is expected if additional funding is not appropriated through this request.
- Under-expendring funds in the current year would withhold funding needed for other state programs. Over-expendring funds in the request and out years would compromise the Department’s ability to provide services to the maximum number of people with intellectual and developmental disabilities.

Proposed Solution

- The Department requests to adjust existing expenditure and enrollment appropriations and designated full program equivalents (FPE) within four Medicaid waiver programs for people with intellectual and developmental disabilities to maintain the current policy of having no waiting lists for the HCBS-SLS, HCBS-CES, and HCBS-CHRP waivers and to accommodate emergency enrollments, foster care transitions, institutional transitions, and youth transitions.
- The outcomes of this proposed solution would be a more accurate budget that would be measured by comparing estimated expenditure to actual expenditure once the data is available.
**Cost and FTE**

- The Department requests $3,266,842 total funds, including $2,090,396 General Fund and 2.5 FTE in FY 2019-20 and a reduction of $1,434,589 total funds, including an increase of $683,420 General Fund and 3.0 FTE in FY 2020-21 and a reduction of $3,332,941 total funds, including an increase of $83,450 General Fund and 3.0 FTE in FY 2021-22 and ongoing to implement changes to local administration of Department programs that would lead to efficiencies, improved member experience and improved performance.

**Current Program**

- Colorado’s counties are reimbursed for administrative tasks for Department programs including eligibility determination and ongoing case maintenance based upon actual costs and are reimbursed below cost due to the contribution of local funds. The Department currently has a county incentive and grant program which have been successful in encouraging counties to improve timelines and processes for Department programs.
- 55 counties are responsible for administering Non-Emergent Medical Transportation (NEMT) while the state contracts with a broker to administer NEMT for the remaining nine counties.
- Counties are responsible for returned mail processing which is a manual and time intensive process for county staff.

**Problem or Opportunity**

- County costs continue to rise each year. Although federal and local funds appropriations have been increased, the state share of funding to cover increased costs and encourage process improvements and innovation has not increased.
- NEMT administration is currently fragmented across the state. This prevents the Department from providing necessary oversight and efficient, consistent administration of this important service which is necessary for some members to access care.
- Tens of thousands of member addresses are inaccurate in Colorado’s eligibility system which causes over three million pieces of returned mail to be sent back to Colorado’s counties and medical assistance sites each year. This mail must be processed in the eligibility system to update the case; however, the current process is manual and time intensive leading to an unmanageable level of work. Not prioritizing returned mail processing increases costs due to cases remaining open longer than they should.

**Consequences of Problem**

- If changes are not made to the funding and structure of local administration of Department programs, the Department will continue to see county costs higher than appropriations and workload that cannot be completed. This leads to backlogged work that needs to be fulfilled to ensure eligibility processing is accurate and that members can access benefits.
- When returned mail processing is not prioritized, case closure is delayed for clients who may have moved out of state or become otherwise ineligible. This leads to increased costs through additional monthly capitation payments for those clients that should have been disenrolled.

**Proposed Solution**

- The Department requests funding to implement three initiatives that would improve county performance and accountability, increasing incentive funding and oversight, removing NEMT administration from county administration responsibilities, and consolidating returned mail processing.
**Primary Care Alternative Payment Models**

**FY 2019-20 Change Request**

### Cost and FTE

- The Department requests $2,570,871 total funds, including $535,928 General Fund and 1.8 FTE in FY 2019-20, $2,171,713 total funds, including $557,897 General Fund and 2.0 FTE in FY 2020-21, and $853,734 total funds, including 0 General Fund and 2.0 FTE in FY 2021-22 to continue work on value-based payment methodologies for primary care and fund the health information technology (HIT) components necessary to make value-based payments. The request includes savings from costs avoided from more expensive medical care starting in FY 2021-22, once the value-based payment methodologies have been fully implemented.

### Current Program

- Starting in FY 2020-21, the Department intends to start paying over half of its enrolled primary care practices under an alternative payment model, as authorized through HB 17-1353.
- Through the Colorado State Innovation Model (SIM), substantial work has been completed related to building Health Data Colorado (HDCo), an integrated health information exchange (HIE), in partnership with the Colorado Regional Health Information Organization (CORHIO), Quality Health Network (QHN), and Colorado Community Managed Care Network (CCMCN). These organizations coordinate with Colorado health entities to develop data sharing policies, provide technical assistance, and build electronic infrastructure that allows data exchange between different health systems.
- The Department has also participated in the Colorado Multi-Payer Collaborative as part of SIM and the Comprehensive Primary Care Initiative. The collaborative works on payer alignment and has also set up a tool that aggregates claims data from different payers to support primary care transformation.

### Problem or Opportunity

- The Department needs additional staff and contractor resources to set up and implement the next phase of its primary care payment reform program. In this model, practices are paid a revenue-neutral combination of per member per month (PMPM) and traditional fee-for-service (FFS) payments.
- The Department requires additional funding to set up electronic clinical quality measures (eCQMs) leveraging existing health information exchange infrastructure to be used in new, performance based, payment methodologies, as well as to provide publicly funded support for Medicaid's fair share of ongoing work done under the multi-payer collaborative.

### Consequences of Problem

- If this request is not funded, the Department would miss an opportunity to better manage care and control costs in a manner that reflects best practices and is aligned with other public and private payers. The Department could not fully set up the eCQMs needed for implementing value-based payment methodologies and evaluating the quality of patient care. Without using eCQMs, the Department risks anchoring itself to obsolete and less impactful provider performance measurement, not leveraging the large SIM investment in data infrastructure, and pushing measure reporting burden onto primary care practices themselves.

### Proposed Solution

- The Department requests funding for staff and contractor resources to implement new payment methodologies, build necessary eCQM infrastructure, and continue participating in the Multi-Payer Collaborative. The Department expects these programs would result in greater flexibility for practices, reduce unnecessary care, connect payment to quality of care, reduce reporting burden on primary care providers, and improve patient health outcomes.
### Cost and FTE

- The Department requests an increase of $342,248 total funds, an increase of $124,897 General Fund, and 1.8 FTE in FY 2019-20, and a reduction of $4,389,915 total funds, a reduction of $1,220,305 General Fund, and 2.0 FTE in FY 2020-21 to implement a dedicated Benefits and Technology Advisory Committee with support from Department staff, including more resources for research.

### Current Program

- The Department’s Benefits Collaborative documents medical coverage for Medicaid clients, engages the public in policy design, and currently conducts limited reviews of research for services and benefits provided for Medicaid clients.
- Determinations of medically appropriate care and resource allocation are primarily based on generally accepted standards of medical practice, legislative mandates, court rulings, and medical director decisions.

### Problem or Opportunity

- The Department does not currently have the resources necessary to conduct comprehensive reviews of recent evidence-based research prior to publishing and implementing all benefit policies, which define the appropriate amount, scope, and duration of services provided to clients.
- The current Benefits Collaborative has limited scope due to limited capacity for evaluation of research and data. The Department has the opportunity to expand the Benefits Collaborative to include more intensive analysis and review of covered services and add additional reviews of potential new services.
- The current benefits evaluation process can appear arbitrary on the part of the Department and can promote bias through participation of only interested parties in benefits design.

### Consequences of Problem

- The current practices result in reduced timeliness for benefits design and implementation due to lack of research resources available to the Department.
- New benefit policies would be implemented with limited review, potentially leading to the approval of benefits with higher risks or lower cost effectiveness.
- Fewer benefits would be defined in terms of amount, scope, duration.

### Proposed Solution

- Create a dedicated committee to review benefits research and determine what services, and how much, would be cost effective for the State to manage differently in order to improve outcomes for Medicaid clients.
- Hire an FTE to manage the committee and provide administrative support.
- Hire an FTE to provide research assistance and coordinate outside vendors and national experts for consultation on benefits design.
- Provide funding for outside vendors to conduct more thorough research, as necessary, and for consultation with national experts to inform benefits design decisions.
- Provide funding for an outside vendor to produce an annual report on cost-savings associated with this program.
Cost and FTE

- The Department requests $358,583 total funds, including $179,292 General Fund in FY 2019-20, a reduction of $496,319 total funds, including a reduction of $242,042 General Fund in FY 2020-21, a reduction of $7,824,253 total funds, including a reduction of $3,844,124 General Fund in FY 2021-22 and additional reductions in the following years to hire a contractor to research, design and statistically validate a new assessment tools to replace existing tool and accurately assess the medical necessity of adult and pediatric members requesting Long-Term Home Health (LTHH) services and Private Duty Nursing (PDN) services.

Current Program

- The Department currently uses a clinical, statistically valid tool to assess pediatric home health services (Pediatric Assessment Tool), but does not have a clinical tool to assess the medical necessity for members ages 21 and older. While the Uniform Long-Term Care (ULTC 100.2) assessment is conducted to determine eligibility for Long-Term Home Health services, it is performed by non-clinical staff and does not determine the number or type of medically necessary services needed per day.
- PDN services are currently requested using an assessment tool that was created to be a temporary pilot tool in 2003 for both adults and pediatric members. This tool is outdated and has not been statistically or clinically validated.
- All LTHH and PDN services must have a prior authorization request (PAR) completed before services can be rendered.

Problem or Opportunity

- The current assessment tools available to evaluate medical necessity and authorize members in both LTHH and PDN are either severely outdated or do not exist, which does not allow for the accurate medical assessment of the needs of members enrolling in the services.
- The Department has limited ability to provide cost controls through its utilization management contractor as the contractor does not have reliable tools to analyze clinical need that would either agree or disagree with the requested authorization of services.

Consequences of Problem

- The lack of clinical assessment tools for adult LTHH and adult and pediatric PDN members results in the authorization of services for members who could otherwise partially or fully have their needs met by less costly service options such as personal care or Home and Community-Based waiver services. This unnecessarily increases the Department’s service costs.

Proposed Solution

- The Department requests funding to hire a contractor to design, pilot, and validate a clinical assessment tool for adult LTHH and all PDN members to accurately assess the appropriate level of services for their medical needs.
- The implementation of this new tool is expected to generate savings from the members who are currently enrolled and are receiving an improper amount of care for their medical needs or who were enrolled without demonstrating sufficient medical need for these services.
**Cost and FTE**

- The Department requests $2,215,752 total funds, including $753,356 General Fund and 1.8 FTE in FY 2019-20 and $1,123,092 total funds, including $381,851 General Fund and 2.0 FTE in FY 2020-21 and ongoing to improve the customer experience for the 1.3 million Coloradans enrolled in its programs and the tens of thousands of stakeholders and providers who interact with the Department and its programs daily.

**Current Program**

- The Department provides Medicaid services to 1.3 million eligible members; this represents the largest single health insurance program in the state. The Department operates an internal customer contact center and contracts for other customer service functions.

**Problem or Opportunity**

- The Department is struggling to provide accessible high-quality customer service to empower members with the information they need to access their benefits. With additional resources dedicated to customer experience, the Department could provide more useful and accurate information to members, which would lead to improved health outcomes because members would better understand their eligibility and benefits.
- The Department is struggling to answer calls in a timely manner in its internal member contact center, responsible for benefit and billing questions. This contact center receives calls for all aspects of its programs and ends up routing this information to the appropriate party, leading to increased call volumes and hold times. Call center representatives do not have the tools in quickly accessible formats to appropriately and expeditiously address the root cause of customer inquiries.

**Consequences of Problem**

- The lack of easily accessible information available to customers can create an unsatisfactory customer service experience and leads to increased call volume to contact centers, including long hold times and high call abandonment rates. Call center representatives do not have the information they need in an easily accessible and understandable format to answer customer inquiries at point of call.

**Proposed Solution**

- The Department requests funding to implement initiatives to improve customer experience, including providing more readily available and consistent information and automation to call center representatives and members, funding for temporary call center staff, and for internal staffing who are focused on customer experience. This request also includes ongoing funding to continue the Member Experience Advisory Councils (MEAC). Implementation of these initiatives is expected to reduce hold times and abandonment rates, and ensure members get the information they need to access their benefits.
Cost and FTE

- The Department requests $2,619,731 total funds, including $2,811,464 General Fund in FY 2019-20 and $2,755,153 total funds, including $2,946,886 General Fund in FY 2020-21 and ongoing in order to fully fund the All-Payer Claims Database (APCD) using a combination of Medicaid and state-only funding.

Current Program

- The APCD collects claims data from over 21 commercial health insurance companies and builds a more comprehensive picture of health care in Colorado. The APCD takes claims data and turns it into actionable information that provides insights about Coloradans’ health, quality of care, utilization, outcomes and cost.
- The Center for Improving Value in Health Care (CIVHC) administers the APCD on behalf of the Department and works closely with an advisory committee to make sure the APCD meets statutory milestones.
- The Department received $2,050,000 total funds, including $1,025,000 General Fund, in FY 2018-19 and ongoing through HB 18-1327 “All-Payer Health Claims Database” in order to allocate a portion of APCD costs associated with Medicaid claims in the database to the Department.

Problem or Opportunity

- The All-Payer Claims Database (APCD) remains at risk of discontinuing due to the lack of a consistent, long-term funding source. Grant funding previously used to support the APCD has expired, and Medicaid funding can only be used for a portion of the costs.
- The funding appropriated in HB 18-1327 was calculated using the assumption that the Department would be able to allocate costs based on a different methodology than the federal Centers for Medicare and Medicaid Services (CMS) is willing to approve. The revised percentage is much lower and creates a gap in funding between the appropriation and anticipated amount that can be matched with federal funds.

Consequences of Problem

- Since the State does not provide full funding for the APCD, CIVHC must focus most of its attention on funding the APCD by marketing the use of the database, selling data, and doing analytical projects that marginally benefit the State. This crowds out funding to improve the quality of the data and provide more robust insights based on analysis of the data.
- The price of the data is an obstacle for accessing it, which diminishes the value of maintaining it.
- If CIVHC and the State cannot generate enough revenue to sustain the APCD, the database would cease to be operational and the data would be destroyed or returned to its original source, per section 25.5-1-204(11), C.R.S.

Proposed Solution

- The Department requests additional funding to offset the costs of using a new, lower percentage to allocate costs to Medicaid and to fully fund the remaining costs of operating the APCD with state-only funding.
- Because the State would be making a significant investment in the APCD, it would have greater control over how those funds are used to ensure it is providing the most benefit to the State.
- The increased State funding would allow CIVHC to focus on increasing the quality of data in the APCD and related data releases, including the usability of the data by recipients and timelines standards for reports and data releases.
**Cost and FTE**

- This request is for $26,407,927 total funds, including $654,663 General Fund, $1,828,468 cash funds, $23,924,796 federal funds, and 1.8 FTE in FY 2019-20; $32,972,940 total funds, including $3,054,516 General Fund, $2,342,492 cash funds, $27,575,932 federal funds, and 2.0 FTE in FY 2020-21; and $29,916,864 total funds, including $2,833,455 General Fund, $2,237,398 cash funds, $24,846,011 federal funds, and 2.0 FTE in FY 2021-22, and ongoing, to address operational and compliance issues that impact the Department’s Medicaid Enterprise, including related contracted services.

**Current Program**

- The Medicaid Enterprise currently consists of four primary services provided through separate contractors. These services include the Medicaid Management Information System (MMIS), which is commonly known as the Colorado interChange, supporting the core MMIS functions (e.g., claims processing) and Fiscal Agent services; the Business Intelligence and Data Management (BIDM), which provides data analytics services; the Pharmacy Benefit Management System (PBMS), which provides pharmaceutical management services; and the Colorado Benefits Management System (CBMS), which provides eligibility determination services.

**Problem or Opportunity**

- The current funding is insufficient to maintain adequate Department and Fiscal Agent staffing levels; sustain necessary program and claims processing changes; provide additional contract and project management staff to work on the Centers for Medicare and Medicaid Services (CMS) required implementation of modular procurements; and improve the overall member and provider experience.

**Consequences of Problem**

- The Department risks the loss of enhanced federal financial participation (FFP) related to requirements on functionality if the services are unable to become fully certified which would result in a significant increase to the General Fund obligations to support the service. The enhanced funding is tied back to the implementation of the new services on March 1, 2017 of the Colorado interChange, Fiscal Agent, BIDM, and PBMS services (commonly referred to as the COMMIT Project).
- The Department contracted for additional resources to mitigate problems after implementation that impacted the ability to pay some providers timely. If this request is not approved, these resources cannot be continued and timely payment of providers is at risk, negatively impacting providers, and ultimately members.
- CMS requires States to procure their Medicaid Enterprise utilizing a modular procurement process. A modular approach allows a discrete service or vendor to fulfill the needs of the Medicaid business area without significantly impacting other services or other vendors. Without funding, the Department would not be able to implement the required modular procurements without difficulties, such as those experienced during the COMMIT Project launch. Staffing levels and vendor resources are insufficient to implement and support the new modular services; to provide necessary provider and member experience management to ensure Medicaid providers and the member community are not negatively impacted by changes; or to meet the stringent federal standards and conditions risking loss of federal funds.

**Proposed Solution**

- The request addresses three strategic components of the Medicaid Enterprise: obtaining CMS certification to enable the Department to claim enhanced federal funding; maintaining adequate member and provider experience; and, developing and implementing new standards and conditions for procuring future services.
### Cost and FTE

- The Department requests $61,064,820 total funds, including $26,768,039 General Fund in FY 2019-20 and $82,006,044 total funds, including $36,655,527 General Fund in FY 2020-21 in order to implement targeted rate increases for certain Medicaid services and an across-the-board rate increase for all other eligible Medicaid services of 0.75%.

### Current Program

- Colorado’s Medicaid program currently provides health care access to about 1.3 million people.
- The Department provides personal care and homemaker services within the home and community based services (HCBS) waivers. Attendants of these services are often paid at or near minimum wage.
- Pursuant to SB 15-228, the Department is required to periodically perform reviews of provider rates under the Colorado Medical Assistance Act. SB 15-228 also established the Medicaid Provider Rate Review Advisory Committee to assist in the review of provider reimbursement rates.

### Problem or Opportunity

- If rates for personal care and homemaker services do not keep pace with State wage growth, potential attendants delivering the services may choose other near-minimum wage jobs over direct support professional positions, creating an access-to-care issue.
- The senior population in Colorado (ages 65 and over) increased by 43% from 2010-2017, compared to 14% for the rest of the State population, and is projected to grow more than 60% by 2030. Supporting a workforce that can most efficiently care for this population is critical to managing the State budget in future years.
- The Department has an opportunity to address other inadequate provider rates in a variety of service categories as well as address provider rates which may be currently set above reasonable levels.

### Consequences of Problem

- Reduced provider participation reduces clients’ access to health care. Reduced access to health care can, in turn, result in poor client outcomes and subsequent higher costs for the State.
- Incentives for providers created by insufficient and/or inconsistent reimbursement can result in utilization of services that are inefficient, less effective, and more expensive. As with access issues, there are negative impacts for client outcomes and fiscal impacts for the State.

### Proposed Solution

- The Department proposes to increase the personal care and homemaker rates to keep pace with rising wages around the state.
- The Department proposes to implement other targeted rate increases and adjustments, based largely on recommendations developed through the rate review process. These include increases to other HCBS services, transportation services, maternity care, dental services, and other services that have been identified as being significantly lower than benchmark rates. The Department proposes to adjust rates for a net reduction within anesthesia services, laboratory and pathology services, and for diabetes test strips. The Department also proposes to rebalance rates for evaluation and management services and primary care, radiology services, and physical therapy and occupational therapy services in a budget neutral way.
- Lastly, the Department requests to provide an across-the-board rate increase of 0.75% for all services not targeted by the other components.
**Cost and FTE**

- The Department requests an increase of $1,561,165 total funds, including an increase of $422,482 General Fund in FY 2019-20 and an increase of $1,213,163 total funds, including an increase of $329,309 General Fund in FY 2020-21 and future years to implement several compliance and best practices initiatives throughout the Department’s Office of Community Living.

**Current Program**

- The Department has been appropriated over $10.1 billion in FY 2018-19 to provide services to 1.3 million eligible members; this represents the largest single agency budget for the State.
- Given the size of the Department’s budget, it is imperative that the Department follow all best practices related to compliance of its many programs. In order to ensure compliance, the Department must request additional monies to adequately fund essential services and several federal mandated or state statutorily required programs.

**Problem or Opportunity**

- The Department has identified several areas where increased funding would ensure that the Department remains compliant with federal regulation, state statute, or industry best practices. They range from the transfer of increased oversight of a waiver service to contractor funding for execution of a federally mandated program. Not addressing these issues hinders the ability of the Department to remain compliant with all levels of regulation.

**Consequences of Problem**

- If the Department does not have adequate funding for these programs, it risks being out of compliance with federal law and state statute and would not establish proper oversight over certain programs and benefits.

**Proposed Solution**

- The Department has identified five initiatives that would secure adequate funding for imperative programs and services.
- These initiatives would allow the Department to: ensure the continuation of a federally mandated review program; fund dedicated staff to implement pilot study recommendations; bring the State into compliance with statute concerning conflict-free case management; increase oversight of host homes; and, increase spending for nursing home innovation projects.
Cost and FTE

- The Department requests a reduction of $780,722 total funds, $0 General Fund and 5.5 FTE in FY 2019-20 and a reduction of $2,049,942 total funds, including a reduction of $324,839 General Fund and an increase of 6.0 FTE in FY 2020-21 and future years to provide increased stewardship of State resources through the implementation of operational compliance and program oversight measures.

Current Program

- As the administrator of Health First Colorado (Colorado’s Medicaid program), the Department is responsible for processing medical claims for eligible members, setting appropriate payment rates for services, working with stakeholders and providers to determine members benefit packages, improve member health outcomes, and ensuring that all payments are made in compliance with state and federal regulations.

- Utilizing contracted vendors and FTE, the Department provides program management and oversight measures to assure members receive appropriate services and payments go to the appropriate entities.

Problem or Opportunity

- The Department does not have a comprehensive review process in place for the mission-critical system of client eligibility verification nor proper oversight measures of the service delivery and fiscal policy of programs that serve elderly and vulnerable populations. The Department is also out of compliance with federal guidance on monitoring the practices of its subrecipients, which are non-federal recipients of federal dollars distributed through a pass-through entity such as the Department.

Consequences of Problem

- If the Department does not implement these measures it risks losing opportunities to reduce fraud, waste and abuse, ensure that mission-critical systems are functioning properly, and allow eligible members to receive appropriate services at the appropriate rates.

- Without improvement, the Department risks non-compliance with federal regulations, potentially jeopardizing federal financial participation.

Proposed Solution

- The Department has identified seven initiatives that would strengthen program oversight and its stewardship of State resources, including:

  - A comprehensive internal review of eligibility determinations, including dedicated FTE to manage and direct the end-to-end process of identification and assessment of system errors, and the implementation of corrective actions.

  - Dedicated FTE and one-time contract funding to provide operational and financial oversight of the Program for All-Inclusive Care for the Elderly (PACE).

  - An expanded scope of the existing Managed Care Organization audits that collect and review data used for rate setting and risk management.

  - Validation of critical rate-setting data submissions from providers within the Hospital Back-Up program.

  - Dedicated FTE for subrecipient monitoring of case management agencies including the Single-Entry Point entities.

  - Dedicated FTE to support and assist in the coordination and development of Department audit, compliance, and program integrity responsibilities.

  - Dedicated FTE to review claims for programs for people with Intellectual and Developmental Disabilities.
**Cost and FTE**

- The Department, in conjunction with the Colorado Department of Labor and Employment, requests $6,784,535 total funds, including $3,828,666 IDD Cash Fund, and 5.5 FTE in FY 2019-20 and $6,787,574 total funds, including $3,831,705 IDD Cash Fund and 6.0 FTE in FY 2020-21 and FY 2021-22 to fund Employment First initiatives and improve State programs for people with intellectual and developmental disabilities (IDD).

**Current Program**

- Employment First is a nationally recognized model for achieving increased, successful employment outcomes for people with disabilities. It is a state-level system change framework informed by best practices.
- Through SB 16-077 and SB 18-145, the General Assembly established the Employment First Advisory Partnership (EFAP) and provided some resources to address the EFAP’s recommendations.

**Problem or Opportunity**

- Coloradans with IDD often face low expectations, and their support services are not designed to achieve integrated employment and independent living.
- Eighty-five percent of adults with intellectual and developmental disabilities are either unemployed or underemployed due to employment barriers, despite their ability and desire to work in the community.
- The State has available funding in the Intellectual and Developmental Disabilities Services Cash Fund (IDD Cash Fund) that can be used to finance programs to address the EFAP recommendations.

**Consequences of Problem**

- If this request is not approved, Coloradans with IDD will continue to face low expectations, 85% of adults with IDD will remain unemployed or underemployed, and these individuals will not have the supports and services required to lead more independent and integrated lives in their communities.
- At a State unemployment rate of 2.7%, Colorado employers are facing a shortage of qualified labor and could benefit from the skill sets provided by individuals with IDD. Without the correct supports and framework, employer demands remain unmet and a skilled and willing workforce remains untapped.
- There are currently individuals and families of people with IDD who are unable to access services because State funding is unavailable.

**Proposed Solution**

- The Department, and the Department of Labor and Employment, are requesting funding to address recommendations from the Employment First Advisory Partnership (EFAP), including: creating a Colorado Office of Employment First, provide the Division of Vocational Rehabilitation resources to implement EFAP recommendations, conduct a supported employment pilot program to incentivize outcomes where people achieve and maintain employment, eliminate the current waitlist for the State-only Supported Living Service (SLS) program, and, enroll 272 waitlist members onto the Family Support Services Program (FSSP).
- The FTE requested would provide staffing for the Division of Vocational Rehabilitation and for the proposed supported employment pilot program.
- These resources would allow the departments to address key recommendations from the EFAP by providing dedicated support for these initiatives.
- These initiatives would benefit people with disabilities by providing critical support related to gaining and maintaining employment, promoting supported employment within Medicaid programs, and increasing the number of people receiving services through State-only programs for people with IDD.
Mission Statement:
The mission of the Department of Higher Education is to improve the quality of, ensure the affordability of, and promote access to, postsecondary education for the people of Colorado.

Department Description
The Department of Higher Education serves as the central administrative and coordinating agency for higher education (comprised of 29 public institutions, three area vocational schools, over 330 occupational schools, and over 100 private degree authorizing institutions). Over 160,000 resident full-time FTE attend Colorado public institutions, with 45 percent of the students attending two-year and certificate granting institutions. The Department oversees system-wide planning, financial aid allocations, degree and program authorizations; recommends state funding allocations to the institutions; and coordinates statewide tuition policies. The Department collects and analyzes data to help inform decision makers, colleges, students, and the public and collaborates with other state agencies including the Colorado Department of Education on P-20 alignment and the Department of Labor and Employment on workforce training.

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Funds</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018-19</td>
<td>$4,590.0</td>
<td>$1,003.6</td>
</tr>
<tr>
<td>FY 2019-20</td>
<td>$4,869.1</td>
<td>$1,115.3</td>
</tr>
</tbody>
</table>

- +6.1% ($279.1M)
- +11.1% ($111.7M)

Breakdown of Total Funds, $s in Millions, FY 2019-20

- Federal Funds, $23.3, 0%
- General Fund, $1,115.3, 23%
- Cash Funds, $2,829.1, 58%
- Reappropriated Funds, $901.4, 19%

FY 2019-20 Governor’s Request
$1,115.3 million General Fund
Share of Statewide General Fund: 8.4%

$4,869.1 million Total Funds
Share of Statewide Total Funds: 14.6%
The Department seeks to increase the number of credentials that students earn over an eight-year period and increase credential completion in high-demand areas such as STEM and teacher preparation.

- The Department projects a 5,000-9,200 increase in credential production for high-demand areas.

The Department seeks to erase equity gaps in the attainment of post-secondary education.

- Colorado’s gap between the educational attainment of the white population and the Hispanic population is the second largest in the nation (behind only California).
- The Department seeks to increase the age 25-34 credential attainment to 66 percent for the Hispanic population (currently 29 percent), for the African American population (currently 39 percent), and for the Native American population (currently 29 percent).

The Department seeks to increase persistence and retention in college and to reduce the time it takes to get a degree.

- 50% of students who enroll in a public institution take 150% longer to attain a degree than the traditional duration. This is six years for a four-year bachelor's degree or three years for a two-year associate's degree.
- Dual enrollment is a strategy that may help reduce the length of time to degree. In 2016, 38,519 high school students enrolled in a college course.

The Department seeks to increase public investment in student success, research and innovation.

- The average student debt is $25,877 for a bachelor’s degree and $13,374 for an associate degree.
- State-by-state comparisons and affordability studies suggest that Colorado is very close to pricing students out of a post-secondary education.
- CCHE recommends increased public investment as a means to maintain and increase affordability.
**FY 2019-20 Change Requests**

### R-01 Investing in College Affordability and Outcomes

**$214.7 million Total Funds, $120.9 million General Fund**

- The Department of Higher Education requests an increase of $120.9 million General Fund ($214.7 million total funds) to increase affordability for students and families and to improve outcomes for students.
- Over 210,000 Colorado residents are enrolled in 2 and 4-year public institutions. Over 62,000 post-secondary credentials were awarded by 2- and 4-year institutions in 2017. The 2017 Colorado Commission on Higher Education Master Plan seeks to respond to workforce demand for credentials, erase equity gaps, improve student success, and improve college affordability.
- Since FY 2011-12, tuition increases averaged 6.9 percent a year at four-year schools, increasing over 48.0 percent in total. In contrast, median income grew only 34.0 percent during this time, a 14.0 percentage point difference. Adding funding for inflation and health care costs for Colorado’s public colleges and universities will allow for tuition to be held constant. Base funding increases to offset tuition increases, and an increase of over 12.9 percent for student financial aid will increase affordability for resident undergraduate students and their families.
- Tuition increases have been outpacing income and tuition has grown by 48.0 percent since FY 2011-12. Continued increases could hinder affordability and discourage many students from attending college. Colorado needs to increase its post-secondary credentials in order to meet future workforce demand.
- The requested increase of $120.9 million General Fund increases affordability for Colorado students by holding tuition constant and increasing financial aid to low-income students. The request is calculated based on the goal of capping tuition increases at FY 2018-19 levels for Colorado resident undergraduate students.

### R-02 Tuition Spending Authority

**$50.8 million Total Funds, $0 General Fund**

- The Department of Higher Education requests an additional $50.8 million in cash funds spending authority to reflect public institutions’ tuition revenue for FY 2019-20. The resident tuition in this request is tied to flat tuition rates for resident, undergraduate students, so the increased spending authority is only tied to an increased rate for non-resident students. The goal of this request ties directly to the General Fund support in R-01 (Investing in College Affordability and Outcomes) and is focused on college affordability.
- Colorado public institutions’ tuition revenue for resident and non-resident students is appropriated by the General Assembly. Each 1.0 percent increase in tuition results in about $9.6 million in revenue across all institutions.
- Pursuant to Section 23-5-129 (6) (c), C.R.S. and Section 23-1-108 (12) (b), C.R.S., the Commission of Higher Education is required to provide its tuition recommendations for resident undergraduate students for each state institution of higher education in its budget request. Inflationary and health care costs, along with funding for other strategic initiatives, must be covered by one of two sources: state General Fund or student tuition revenue. Providing Colorado students and families with constant tuition rates relative to FY 2018-19 promotes affordability of higher education.
- Tuition cash fund spending authority for resident and non-resident students at Colorado public institutions must be appropriated by the General Assembly pursuant to statute. Funding in this request is necessary to implement the Department’s goals for college affordability outlined in its R-01 (Investing in College Affordability and Outcomes).
- An increase of $50.8 million cash fund spending authority for tuition revenue allows institutions to increase non-resident tuition up to 5.0 percent.
**R-03 Fort Lewis Native American Tuition Waiver**

$2.3 million Total Funds, $2.3 million General Fund

- The Department requests an increase of $2,293,590 General Fund for the Fort Lewis College Native American Tuition Waiver in FY 2019-20.
- Colorado is required via Federal treaty and State law to fund tuition for any qualified Native American student who attends Fort Lewis College. Federal treaty with Colorado applies to all Native American students throughout the United States. Therefore, the appropriation covers both resident and non-resident tuition for participating students.
- Fort Lewis College is forecasting an enrollment increase of 7.5 percent for resident students and 7.2 percent for non-resident students. These student enrollment changes are the result of tightening admissions requirements at Fort Lewis College. The enrollment changes coupled with tuition rate increases for resident and non-resident students are driving up the necessary funding for the program.
- If the funding for the Fort Lewis Native American Tuition Waiver is not increased, the line item will be underfunded.
- The Department requests that the Fort Lewis College Native American Tuition Waiver funding be increased to adjust for the impact of the forecasted Native American student enrollment and changes in tuition rates.

**R-04 Colorado Teacher Scholarship**

$6.5 million Total Funds, $6.5 million General Fund

- The Department requests $6,560,000 General Fund for the creation of a scholarship program for current students and recent graduates of teacher preparation programs at public institutions. The program would also create an online recruitment tool based on Teach.org and provide funding for an evidence-based evaluation.
- Like many other states, Colorado is facing a teacher shortage in specific subjects and in geographic areas, such as small rural districts and suburban districts. Between FY 2010-11 and FY 2015-16, enrollment in Colorado’s teacher preparation programs fell 24.0 percent and completions fell 16.0 percent. Most state funding in support of teachers addresses retention in the first few years of teaching or recruitment and support in high-demand classrooms after graduation rather than increasing the number of students starting teacher preparation programs.
- The average starting salary for a teacher in a Colorado public school is $32,126, and in the state’s smallest rural districts where 95.0 percent of teacher starting salaries are below the cost of living, the average starting salary is just $26,761. The turnover rate for Colorado teachers is approximately 17.0 percent, and the state’s estimated cost of filling those positions ranges from $21 million to $61 million. Approximately 50.0 percent of Colorado’s teachers are recruited from out-of-state due to a lack of applicants for hard-to-fill positions; out-of-state teachers are more challenging to retain.
- When districts cannot fill empty positions, they have no choice but to staff classrooms with teachers not yet qualified to teach those subjects. This is detrimental to students in those classrooms. The urban/rural divide will be exacerbated without a meaningful solution to attract teachers.
- The Department will allocate $6,180,000 to block grants, of up to $4,000 per student per year, to institutions for the purpose of recruiting and retaining students in teacher education programs and during their first two years of teaching. This solution is designed to substantively change the recruitment, retention, and success of teacher candidates. The request also includes $250,000 to fund the creation of a Colorado-specific Teach.org recruitment tool, and $130,000 for an evidence-based evaluation.
## FY 2019-20 Change Requests

### HC-01 Strengthen and Build Capacity for Historic Preservation Services

**$661,623 Total Funds, $661,623 General Fund**

- History Colorado requests $661,623 General Fund and ongoing to strengthen and build capacity for statutorily required core state historic preservation services.

- History Colorado is responsible for providing the State’s core historic preservation services by collecting and housing artifacts representative of the State’s history and preserving historic monuments. 5.0 FTE are responsible for over 15 million collections, 55 buildings, and over 425,400 total square feet.

- History Colorado is not receiving enough Limited Gaming funds to keep up with increasing operating costs and inflation. Limited Gaming funds are appropriated to multiple different agencies, and History Colorado’s share is determined by current statute.

- Without funding to strengthen and build capacity for core historic preservation services, the agency’s statutorily required core historic preservation services will deteriorate. History Colorado will have to make difficult choices about whether to build much needed capacity in core historic preservation services or continue to stabilize its finances through investments in earned revenue.

- To ensure the agency is able to maintain financial stability and provide the state with its required services, History Colorado is requesting to cover half of the costs for these services with General Fund. The agency will use the freed-up Limited Gaming cash funds to repurpose FTE to help with preservation services, and will invest in revenue-building activities, such as additional marketing to increase attendance, targeted direct mailing to increase donations and membership acquisitions. It will also add a new point-of-sale system for the History Colorado Center that integrates the member and donor database to sales data to better understand how members are using their membership benefits.

### IT CC-01 E-106 and Office of Archeology Preservation Database and Systems Modernization

**$518,026 Total Funds, $393,026 General Fund**

- History Colorado requests a one-time capital funding request of $518,026 total funds ($393,026 in IT Capital Construction Funds) to create a new customized web application system solution supporting the needs of Office of Archeology and Historic Preservation (OAHP) programs. On-going costs are estimated at $93,570 annually and will be paid for using OAHP fees.

- The OAHP is provided ten to thirty calendar days to evaluate and respond to Section 106 projects submitted by Federal agencies. The agency is charged as the state enforcer of Federal historic preservation regulations. The division has 4.0 FTE and reviews over 2,500 consultations annually.

- Much of the business of the OAHP is still confined to paper. Hard-copy information can be difficult to manage with a single copy of materials in the office and potentially multiple hard-copy submissions being made for the same project as well as staff keeping track of multiple project responses, review times, and mitigation stipulations. In addition, many other states have moved to a fully electronic system that offers payment options online. Colorado is behind the times in its Section 106 review while its partners are experiencing better customer service through technology in other states.

- If this project is not funded, OAHP will continue to function under its current, outdated processes. As a result, Colorado may become a state which is unable to provide the expected level of customer service to its various archaeology and historic preservation partners, from federal agencies to contractors and oil and gas speculators. The agency will have to make do with disparate databases for various OAHP data.

- Based on a cost-benefit analysis, History Colorado will save about $1,459,171 in 2018 dollars with the implementation of the comprehensive OAHP web application.
## FY 2019-20 Change Requests

### FY 2019-20 Institution Capital Construction Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Capital Construction Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSU Shepardson Building Renovation and Addition</td>
<td>$13,482,700</td>
</tr>
<tr>
<td>Fort Lewis Whalen Gymnasium Expansion and Renovation</td>
<td>$25,252,103</td>
</tr>
<tr>
<td>FRCC Larimer Campus Health Care Career Center</td>
<td>$11,927,424</td>
</tr>
<tr>
<td>UC at Denver &amp; Anschutz Health Sciences Center</td>
<td>$19,846,986</td>
</tr>
<tr>
<td>UNC Heat Plant Boiler Replacement</td>
<td>$3,679,012</td>
</tr>
</tbody>
</table>

**Total Funds:** $74.2 million

**General Fund:** $74.2 million
Cost and FTE

- The Department of Higher Education requests an increase of $120.9 million General Fund ($214.7 million total funds) to increase affordability for students and families and to improve outcomes for students.

Current Program

- Over 210,000 Colorado residents are enrolled in 2 and 4-year public institutions. Over 62,000 post-secondary credentials were awarded by 2- and 4-year institutions in 2017.
- Past studies have shown Colorado public higher education institutions to be among the most productive and efficient in the nation.
- In 2014 the General Assembly passed HB 14-1319, a performance funding allocation system which funds institutions based on performance outcomes including degrees completed, student retention, STEM degrees, and number of low-income (Pell) students.
- Senate Bill 14-001 invested significant General Fund in Colorado public higher education and financial aid, capped resident tuition increases at 6.0 percent for FY 2014-15 and FY 2015-16. State funding did not increase in FY 2016-17. The FY 2017-18 appropriation provided a modest funding increase of $20.5 million, but the FY 2018-19 investment was a substantial $75.7 million.
- The 2017 Colorado Commission on Higher Education Master Plan seeks to respond to workforce demand for credentials, erase equity gaps, improve student success, and improve college affordability.

Problem or Opportunity

- Since FY 2011-12, tuition increases averaged 6.9 percent a year at four-year schools, increasing over 48.0 percent in total. In contrast, median income grew only 34.0 percent during this time, a 14.0 percentage point difference.
- Adding funding for inflation and health care costs for Colorado’s public colleges and universities will allow for tuition to be held constant. Base funding increases to offset tuition increases, and an increase of over 12.9 percent for student financial aid will increase affordability for resident undergraduate students and their families.

Consequences of Problem

- Tuition increases have been outpacing income and tuition has grown by 48.0 percent since FY 2011-12. Continued increases could hinder affordability and discourage many students from attending college. Colorado needs to increase its post-secondary credentials in order to meet future workforce demand.

Proposed Solution

- The requested increase of $120.9 million General Fund increases affordability for Colorado students by holding tuition constant and increasing financial aid to low-income students. The request is calculated based on the goal of capping tuition increases at FY 2018-19 levels for Colorado resident undergraduate students.
### Cost and FTE

- The Department of Higher Education requests an additional $50.8 million in cash funds spending authority to reflect public post-secondary institutions’ tuition revenue for FY 2019-20. The resident tuition in this request is tied to flat tuition rates for resident, undergraduate students, so the increased spending authority is only tied to an increased rate for non-resident students. This request goal ties directly to the General Fund support in R-01 (Investing in College Affordability and Outcomes) and is focused on college affordability.

### Current Program

- Colorado public institutions’ tuition revenue for resident and non-resident students is appropriated by the General Assembly.
- Each 1.0 percent increase in tuition results in about $9.6 million in revenue across all institutions.

### Problem or Opportunity

- Pursuant to Section 23-5-129 (6) (c), C.R.S. and Section 23-1-108 (12) (b), C.R.S., the Commission of Higher Education is required to provide its tuition recommendations for resident undergraduate students for each state institution of higher education in its budget request.
- Inflationary and health care costs, along with funding for other strategic initiatives, must be covered by one of two sources: state General Fund or student tuition revenue.
- Providing Colorado students and families with constant tuition rates relative to FY 2018-19 promotes affordability of higher education.

### Consequences of Problem

- Tuition cash fund spending authority for resident and non-resident students at Colorado public institutions must be appropriated by the General Assembly pursuant to statute.
- Funding in this request is necessary to implement the Department’s goals for college affordability outlined in its R-01 (Investing in College Affordability and Outcomes).

### Proposed Solution

- An increase of $50.8 million cash fund spending authority for tuition revenue allows institutions to increase non-resident tuition up to 5.0 percent.
- Flat tuition for resident, undergraduate tuition, bought down directly through a General Fund investment, will enhance affordability for Coloradans.
Cost and FTE

• The Department requests an increase of $2,293,590 General Fund for the Fort Lewis College Native American Tuition Waiver in FY 2019-20.

Current Program

• Colorado is required via Federal treaty and State law to fund tuition for any qualified Native American student who attends Fort Lewis College. Federal treaty with Colorado applies to all Native American students throughout the United States. Therefore, the appropriation covers both resident and non-resident tuition for participating students.

Problem or Opportunity

• Fort Lewis College is forecasting an enrollment increase of 7.5 percent for resident students and 7.2 percent for non-resident students. These student enrollment changes are the result of tightening admissions requirements at Fort Lewis College. The enrollment changes coupled with tuition rate increases for resident and non-resident students are driving up the necessary funding for the program.

Consequences of Problem

• If the funding for the Fort Lewis Native American Tuition Waiver is not increased, the line item will be underfunded.

Proposed Solution

• The Department requests that the Fort Lewis College Native American Tuition Waiver funding be increased to adjust for the impact of the forecasted Native American student enrollment and changes in tuition rates.
## Cost and FTE

- The Department requests $6,560,000 General Fund for the creation of a scholarship program for current students and recent graduates of teacher preparation programs at public institutions. The program would also create an online recruitment tool based on Teach.org and provide funding for an evidence-based evaluation.

## Current Program

- Like many other states, Colorado is facing a teacher shortage in specific subjects and in geographic areas, such as small rural districts and suburban districts.
- Between FY 2010-11 and FY 2015-16, enrollment in Colorado’s teacher preparation programs fell 24.0 percent and completions fell 16.0 percent.
- Most state funding in support of teachers addresses retention in the first few years of teaching or recruitment and support in high-demand classrooms after graduation rather than increasing the number of students starting teacher preparation programs.

## Problem or Opportunity

- The average starting salary for a teacher in a Colorado public school is $32,126, and in the state’s smallest rural districts where 95.0 percent of teacher starting salaries are below the cost of living, the average starting salary is just $26,761.
- The turnover rate for Colorado teachers is approximately 17.0 percent, and the state’s estimated cost of filling those positions ranges from $21 million to $61 million.
- Approximately 50.0 percent of Colorado’s teachers are recruited from out-of-state due to a lack of applicants for hard-to-fill positions; out-of-state teachers are more challenging to retain.

## Consequences of Problem

- When districts cannot fill empty positions, they have no choice but to staff classrooms with teachers not yet qualified to teach those subjects. This is detrimental to students in those classrooms.
- The urban/rural divide will be exacerbated without a meaningful solution to attract teachers.

## Proposed Solution

- The Department will allocate $6,180,000 to block grants, of up to $4,000 per student per year, to institutions for the purpose of recruiting and retaining students in teacher education programs and during their first two years of teaching. This solution is designed to substantively change the recruitment, retention, and success of teacher candidates.
- A $1,000 increase in grant aid is estimated to increase enrollment by 4.0 percent. This proposed solution could meaningfully change the calculus for students considering a career as a teacher.
- The request also includes $250,000 to fund the creation of a Colorado-specific Teach.org recruitment tool, and $130,000 for an evidence-based evaluation.
Cost and FTE

- History Colorado requests $661,623 General Fund and ongoing to strengthen and build capacity for statutorily required core state historic preservation services.

Current Program

- History Colorado is responsible for providing the State’s core historic preservation services by collecting and housing artifacts representative of the State’s history and preserving historic monuments.
- 5.0 FTE are responsible for over 15 million collections, 55 buildings, and over 425,400 total square feet.

Problem or Opportunity

- History Colorado is not receiving enough Limited Gaming funds to keep up with increasing operating costs and inflation.
- Limited Gaming funds are appropriated to multiple different agencies, and History Colorado’s share is determined by current statute.

Consequences of Problem

- Without funding to strengthen and build capacity for core historic preservation services, the agency’s statutorily required core historic preservation services will deteriorate.
- History Colorado will have to make difficult choices about whether to build much needed capacity in core historic preservation services or continue to stabilize its finances through investments in earned revenue.

Proposed Solution

- To ensure the agency is able to maintain financial stability and provide the state with its required services, History Colorado is requesting to cover half of the costs for these services with General Fund.
- The agency will use the freed-up Limited Gaming cash funds to repurpose FTE to help with preservation services, and will invest in revenue-building activities, such as additional marketing to increase attendance, targeted direct mailing to increase donations and membership acquisitions. It will also add a new point-of-sale system for the History Colorado Center that integrates the member and donor database to sales data to better understand how members are using their membership benefits.
Mission Statement

Collaborating with our partners, our mission is to design and deliver high-quality human services and health care that improve the safety, independence and well-being of the people of Colorado.

Department Description

The Colorado Department of Human Services serves Colorado’s most vulnerable populations. It assists struggling Colorado families who need food, cash, and energy assistance to provide for their families; families in need of safe and affordable child care; children at risk of abuse or neglect; families who struggle to provide care for their adult children with developmental disabilities; youth who have violated the law; Coloradans who need effective treatment for mental illness or substance use disorders; and families who need resources to care for their elderly parents or nursing home care for their veteran parents. The Department of Human Services has approximately 5,000 employees and a budget of $1.9 billion in FY 2016-17.
**Expand Living Options For All People Served by the Department**

The Department seeks to expand community living options for all people served using a person-centered approach.

- CDHS will achieve this goal by creating adult and aging services programs to help older adults remain safely in their homes. The programs will be focused on nutrition, money management, legal assistance, and senior community service.
- The Department will also timely process expedited food assistance applications in order to ensure that eligible Coloradans have access, as soon as possible, to needed financial assistance for food. In 2017, 97.7% of applications were expedited, exceeding the benchmark of 95%.

**Ensure Child Safety Through Improvised Prevention, Access, and Permanency**

The Department and counties have implemented a number of strategies to prevent child abuse and neglect, promote stability and establish permanency for children and youth.

- The Department aims to increase timely response to abuse and/or neglect. After consistently attaining the 90% goal, leadership increased the goal to 95% in June 2017. Thus far, performance reached the revised 95% goal one time in FY19.
- In order to achieve permanency, the Department aims to reduce congregate care. The percent of children and youth in congregate care has steadily declined from 7.8% in April 2017 to 7.6% in March 2018.

**Utilize Employment and Education to Provide Economic Security**

The Department will continue the programmatic and cultural shifts occurring in all of its employment programs.

- CDHS aims to connect Colorado Works participants with employment to increase the likelihood of long-term economic security.
- To increase the overall economic stability of the family and have a direct impact on the well-being of children in Colorado, the Department seeks to maximize the collection of current child support owed.
While the basic infrastructure is in place to improve Colorado’s child care system, the Department will continue to monitor, troubleshoot, and implement changes to the programs as necessary.

- The Office of Early Childhood continues to provide support for the Healthy Steps program, which seeks to increase families ability to provide safe and stable environments for their children. Healthy Steps currently serves 1,500 clients whose ages range from birth to age three.
- The Department is encouraging early childcare providers to work with Colorado Shines to increase the quality of child care they provide. In 2017, 51.3% of providers worked with this program and improved the quality of their service.

The Department gathers real-time data on youth in the Division of Youth Services (DYS) to make adjustments to programming or to explore problem areas as they are identified. In addition, DYS continues to expand vocational and educational opportunities for youth at DYS.

- DYS estimates that 25% of committed youth in state-operated facilities are participating directly in expanded Career Technical Education programming. This includes youth who have completed both secondary and postsecondary education and is approximately 125 youth per year.
- The Department aims to increase the percent of youth committed to DYS who are enrolled in educational programs. In 2017, 82.5% of youth were enrolled in a full or part time educational program. In 2016, 90.4% of youth were enrolled in a full or part time educational program.
FY 2019-20 CHANGE REQUESTS

<table>
<thead>
<tr>
<th>R-01 Mental Health Institute Pueblo Bed Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.1 million Total Funds, $5.1 million General Fund</td>
</tr>
<tr>
<td>• The requested funds and staff will allow the Department of Human Services to open 42 additional inpatient beds at the Colorado Mental Health Institute at Pueblo (CMHIP).</td>
</tr>
<tr>
<td>• The Department proposes utilizing the vacant F2 unit in High Security Forensic Institute (HSFI) which will provide the Department an additional 18 beds.</td>
</tr>
<tr>
<td>• Additionally, the Department aims to utilize the vacant unit in Building 115 which will provide the Department an additional 24 beds.</td>
</tr>
<tr>
<td>• The court referrals competency restoration services continues to outpace available capacity for treatment, and the Department continues to be challenged to comply with timeframe requirements mandated in a settlement agreement regarding wait times for connection to competency restoration. The requested beds will help the State improve wait times for treatment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R-02 Compensation for Direct Care Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13.9 million Total Funds, $10.3 million General Fund</td>
</tr>
<tr>
<td>• The requested funds will allow the Department to begin the first phase of a two-phase initiative to increase salaries for all direct care staff job classifications at four Veterans Community Living Centers and ten Division of Youth Services facilities.</td>
</tr>
<tr>
<td>• Direct care positions include job classifications: health care technician; client care aide; nurse; correctional/youth services officers; mental health clinicians; mid-level providers; social workers; and therapy assistants.</td>
</tr>
<tr>
<td>• The direct care staff at these facilities are currently paid 22 percent below the market, and the Department continues to experience increased difficulty in recruiting and retaining highly qualified individuals to fill direct care positions.</td>
</tr>
<tr>
<td>• The initiative aims to reduce staff turnover and vacancies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R-03 Youth Services Capacity and Behavioral Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>($718,399) Total Funds, ($718,399) General Fund</td>
</tr>
<tr>
<td>• The Department requests a reduction of funding in order to balance detention and commitment bed capacity and enhance Division of Youth Services treatment programming to meet recommendations made by the Development Services Group as part of an overall evaluation.</td>
</tr>
<tr>
<td>• Over the past five years, detention bed use has fallen below each year’s average daily maximum, resulting in unused capacity. Simultaneously, the Department has experienced an increasing need for secure beds for committed youth.</td>
</tr>
<tr>
<td>• Implementation of the Development Services Group recommendations will create a system that is right sized, provide effective treatment services near a youth’s home community, and reduce length of stay in residential care.</td>
</tr>
</tbody>
</table>
### R-04 Reducing Child Neglect via Employment

<table>
<thead>
<tr>
<th>$1.7 million Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests federal Temporary Assistance for Needy Families (TANF) funds to connect child welfare cases, with poverty as an identified issue, to employment strategies.</td>
</tr>
<tr>
<td>• Quality employment is a key factor in abating poverty. However, counties have few resources available to provide employment services to child welfare cases.</td>
</tr>
<tr>
<td>• The requested funds will be used to create a three-year pilot program to connect families to work-based learning and employment services with a goal to increase family income.</td>
</tr>
</tbody>
</table>

### R-05 Improving Nutrition in Rural and Underserved Communities

<table>
<thead>
<tr>
<th>$1.0 million Total Funds, $465,000 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests General Fund and Supplemental Nutrition Assistance Program (SNAP) funds to solidify SNAP outreach, access, and delivery for a three-year project.</td>
</tr>
<tr>
<td>• One out of every eight Coloradans, including one out of every five children, struggle with food insecurity. The majority of these underserved Coloradans live in rural communities within the State.</td>
</tr>
<tr>
<td>• The requested funds will improve Colorado’s food security and access, specifically aimed at improving nutrition in underserved rural/frontier communities.</td>
</tr>
</tbody>
</table>

### R-06 Child Support Employment

<table>
<thead>
<tr>
<th>$966,977 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests federal Temporary Assistance for Needy Families (TANF) funds to provide employment services to low-income non-custodial parents.</td>
</tr>
<tr>
<td>• On average, about 30,000 families receive none of the monthly child support they are owed each month. Families lacking this income source are more likely to live in poverty.</td>
</tr>
<tr>
<td>• The requested funds will support a four-year pilot program for non-custodial parents who owe child support.</td>
</tr>
</tbody>
</table>

### R-07 Employment Affairs Staffing

<table>
<thead>
<tr>
<th>$589,251 Total Funds, $329,981 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The requested funds add 6.0 FTE human resources staff to ensure the Department can hire and retain talent to design and deliver high quality human services that help individuals, families and communities to be safe and independent.</td>
</tr>
<tr>
<td>• Human resources provides consultation to the business regarding the attraction, motivation and retention of staff. Customers include all 5,146 FTE working in programs covering 80+ lines of business. The Department is currently resourced at 0.63 HR Professionals per 100 employees. This ratio is below national averages and below other State Executive Branch agencies.</td>
</tr>
<tr>
<td>• The requested funds will bring the ratio of HR employees closer to the national benchmark.</td>
</tr>
</tbody>
</table>
FY 2019-20 Change Requests

R-08 County Child Welfare Staff – Phase 5

$6.1 million Total Funds, $4.5 million General Fund

- The Department requests $6.1 million total funds to hire an additional 100 county child welfare caseworkers.
- A 2016 Division of Child Welfare Caseload Study determined that counties need 610 additional child welfare staff to promote the safety of children and youth within Child Welfare.
- This is the fifth phase of a multi-phased approach to support counties in hiring additional staff to ensure caseloads are manageable, and to expand the reach of recruitment of qualified child welfare candidates.

R-09 Colorado Works Basic Cash Assistance COLA

$1.2 million Total Funds, $0 General Fund

- The Department’s requested funding will be used to implement a Colorado Works Basic Cash Assistance (BCA) annual cost of living adjustment (COLA).
- The value of the cash assistance benefits has eroded over time, as it has not been adjusted for inflation or cost of living increases.
- Since the Colorado Works program was established in 1997, the purchasing power of Colorado’s BCA has decreased 35% because the grant amount has not kept pace with inflation.
- The Department has determined that the TANF Long Term Works Reserve (LTR) needs to contain a minimum of $33.9 million (one quarter of the annual federal block grant) to maintain program stability. Any year when the TANF LTR year-end balance is projected to dip below $33.9 million, the COLA increase would not be implemented.

R-10 Adult Protective Services Support

$0 Total Funds, $0 General Fund

- The Department proposes a net-zero transfer of $185,472 total funds/General Fund and 2.0 FTE from the Adult Protective Services (APS) line item to the State Administration line item for an Adult Protective Services program specialist and an administrator for the Colorado Adult Protective Services data system (CAPS).
- The APS program offers protective services to prevent, reduce, or eliminate the current or potential risk of mistreatment or self-neglect to at-risk adults in Colorado. The APS Unit is currently unable to conduct sufficient monitoring, training, and technical assistance of the county department APS programs. Without sufficient staffing levels the State APS Unit is not able to address compliance issues identified during the quality assurance reviews.
- The requested funds will add support and technical assistance to the APS program.
**R-11 Colorado Crisis Enhancements**

$2.5 million Total Funds, $2.5 million General Fund

- The Office of Behavioral Health proposes numerous enhancements to the current Colorado crisis system. Currently, the Department manages $32 million in state funds to operate the statewide crisis hotline, mobile response, walk-in centers, crisis stabilization units, respite, and marketing campaign.
- This request aims to integrate the electronic health records system across crisis service providers, increase crisis hotline capacity and functionality, and add co-responder pilot Emergency Medical System (EMS/911) to better coordinate emergency response information by funding local pilots to integrate EMS systems with a uniform electronic crisis record system.

**R-13 Colorado Trails Maintenance**

$2.5 million Total Funds, $1.1 million General Fund

- Trails is Colorado’s statewide child welfare case management system and is used by the State, counties, and other state agencies to meet the needs of children who must be placed, or at risk of placement outside of their homes for reasons of protection or community safety.
- Colorado Trails has not had an operations and maintenance increase in over nine years despite rising technology costs. There are several State and federal regulations that need to be implemented in Trails, and additional funding must be identified to cover the costs of contract services.
- The requested funding will pay for contracting developers, business analysts, data base administrators and service desk support to operate and maintain Trails.

**R-16 Old Age Pension Program Cost of Living Adjustment**

$3.2 million Total Funds, $0 General Fund

- The Department requests to fund a 2.8% Cost of Living Adjustment (COLA) to the grant award provided to Old Age Pension (OAP) Program participants.
- The OAP Program is established in the State constitution and is continuously appropriated. The program provides basic cash assistance to low-income adults, age 60 or older, who meet eligibility standards.
- Not passing along the COLA to OAP participants would result in the OAP grant standard not keeping pace with inflation and create a negative fiscal impact on a vulnerable population.
- The FY 2019-20 COLA monthly increase will be $22, setting the grant standard to $810 per month to support the Department’s priority of helping individuals thrive in their own community.
## FY 2018-19 Change Requests

### R-17 State Staff for 24-Hour Monitoring

<table>
<thead>
<tr>
<th>$164,519 Total Funds, $136,551 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The requested funds will be used to hire additional State child welfare staff needed for monitoring, technical assistance, and oversight of 24-hour child care facilities.</td>
</tr>
<tr>
<td>• There have been an increased number of complaints from constituents throughout the state with regards to 24-hour licensed facilities. Current State staff are overstretched and cannot meet the increasing needs of rising complaints.</td>
</tr>
<tr>
<td>• The Department’s ability to provide proactive inspections in an effort to avoid future complaints and exposure to liability of 24-hour child care facilities is limited.</td>
</tr>
<tr>
<td>• The additional positions will increase coordinated efforts of counties to protect children from harm and assist agencies and facilities in caring for and protecting children and youth residing with these providers.</td>
</tr>
</tbody>
</table>

### R-19 Covering Child Support Unfunded Disbursements

<table>
<thead>
<tr>
<th>$150,896 Total Funds, $150,896 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests funds in order to sufficiently cover unfunded child support disbursements, given shortfalls in the Family Support Registry (FSR) Fund.</td>
</tr>
<tr>
<td>• When the FSR Fund was created, interest earned on the account’s daily balance was large enough to cover unfunded disbursements. Declining interest rates and advances in financial transaction times have reduced interest earned on the Fund’s daily balance, effectively eliminating these funds’ ability to cover the State’s expense of the unfunded disbursements.</td>
</tr>
</tbody>
</table>

### Provider Rate Increases

<table>
<thead>
<tr>
<th>$20.9 million Total Funds, $11.7 million General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>R-12 Contracted Physician Salary Adjustment</strong>: Targeted increases for nurse practitioners, physician assistants, and physicians at the Colorado Mental Health Institutes.</td>
</tr>
<tr>
<td>• <strong>R-14 Child Welfare Provider Rate Implementation – Phase 2</strong>: Targeted increases for child placement providers as a result of a salary survey and actuarial analysis directed in House Bill 17-1292.</td>
</tr>
<tr>
<td>• <strong>R-15 Community Provider Rate Increases</strong>: One percent across the board provider rate increase to account for inflation.</td>
</tr>
<tr>
<td>• <strong>R-18 Hotline for Child Abuse and Neglect</strong>: Targeted provider rate increase for the Child Abuse and Neglect Hotline.</td>
</tr>
</tbody>
</table>
## FY 2018-19 Change Requests

### CC-03 CMHIFL F2 & F3 Cottage Renovation

- $18.6 million Total Funds, $18.6 million General Fund
- The requested funding will add 44 inpatient psychiatric beds at the Colorado Mental Health Institute at Fort Logan, completed by late 2021, by renovating the vacant F2 and F3 cottages on the campus.
- The additional capacity will help the Department serve civil commitment clients.

### CC-07 DYS Facility Refurbishment for Safety and Risk Mitigation, Modernization

- $2.6 million Total Funds, $2.6 million General Fund
- The requested funding will allow the Department to complete the sixth phase of a six phase project first funded in FY 2014-15 to address the highest risk safety and security deficiencies in the Division of Youth Services 12 State-owned secure facilities.
- The needs identified and included in this Phase 6 are the result of a comprehensive assessment that was completed on all 12 secure care youth centers.

### CR-11 CMHIP Campus Utility Infrastructure Upgrade

- $9.2 million Total Funds, $9.2 million General Fund
- The requested funding will allow the Department to begin the first phase of a Capital Renewal project to replace outdated infrastructure on the Colorado Mental Health Institute at Pueblo campus.
- The project will replace or upgrade the campus’ electrical service, roads, parking areas and walkways, storm and sanitary sewer systems, water lines, and utility tunnels. This project will provide functional utility systems for the next 50 years.

### IT-CAP Joint Agency Interoperability – Phase 5

- ($16.1 million) Total Funds, $2.3 million General Fund
- The requested funds are intended to align the Interoperability spending authority with the project costs submitted to the Centers for Medicare and Medicaid Services.
- Interoperability is defined as the ability of two or more systems or applications to exchange information and use the information to make better decisions to provide better coordinated services to improve the lives of children, youth, and families in Colorado.
- The Department proposes the implementation of a sustainable, strategic pathway to ‘connect’ all of the internal systems. This begins with development of an Enterprise Service Bus that allows systems to be joined and for caseworkers and other decision makers to view data across systems.
- This request represents the fifth phase of the Interoperability project for the Department.
**Cost and FTE**

- The Department requests $5,141,144 total funds/General Fund and 47.3 FTE in FY 2019-20 and $6,353,065 total funds/General Fund and 62.6 FTE in FY 2019-20 and beyond, in order to operate and staff an additional 42 inpatient beds at the Colorado Mental Health Institute at Pueblo (CMHIP).
- This FY 2019-20 request is a net 5.3% change over the FY 2018-19 appropriation of $95,933,647.

**Current Program**

- The Colorado Mental Health Institute at Pueblo (CMHIP) operates 449 inpatient psychiatric beds, and the Colorado Mental Health Institute at Fort Logan (CMHIFL) operates 94 inpatient psychiatric beds for adults. Referrals to the Mental Health Institutes (MHIs) come from the State’s community mental health centers, local hospitals, and the courts.

**Problem or Opportunity**

- The Department continues to be challenged to comply with timeframe requirements in the settlement agreement in the federal district court case *DLC v. Bicha and Marshall* (Settlement Agreement). The court referrals for competency restoration services continues to outpace available capacity for treatment.

**Consequences of Problem**

- The Department will continue to be challenged to meet the terms of the Settlement Agreement, which requires the Department to offer admission to pretrial detainees to CMHIP for restorative treatment or competency evaluations no later than 28 days after the pretrial detainee is ready for admission.

**Proposed Solution**

- The Department requests $5,141,144 total funds/General Fund and 47.3 FTE in FY 2019-20, and $6,353,065 and 62.6 FTE ongoing, in order to operate and staff an additional 42 inpatient beds at the Colorado Mental Health Institute at Pueblo (CMHIP).
- The Department proposes utilizing the vacant F2 unit in High Security Forensic Institute (HSFI) which will provide the Department an additional 18 beds.
- Also, the Department aims to utilize the vacant unit in Building 115 which will provide the Department an additional 24 beds.
## Cost and FTE

- The Department requests $13,942,885 total funds, including $10,339,235 General Fund and $3,603,650 cash funds in FY 2019-20, and $21,883,613 total funds, including $17,204,727 General Fund and $4,678,886 cash funds in FY 2020-21 and ongoing for Phase 1 of a two-phased initiative to increase salaries for all direct care staff job classifications at 14 of its 19 24-hour (24/7) care facilities.

## Current Program

- The Department operates 19 24/7 care facilities: four VCLCs serving elderly veterans; ten DYS facilities serving individuals ages 10 to 21; three Regional Centers serving adults with intellectual and developmental disabilities; and two Mental Health Institutes serving persons with severe mental illness.
- Following the FYs 2016-17, 2017-18, and 2018-19 budget cycles, the Regional Centers and both Mental Health Institutes were funded to address compensation concerns with direct care job classes.
- Direct care positions include the job classifications: health care technician; client care aide; nurse; correctional/youth services officers; mental health clinicians; mid-level providers; social workers; and therapy assistants. Administrative staff and management are not included in this request.

## Problem or Opportunity

- The Department continues to experience increased difficulty in recruiting and retaining highly qualified individuals to fill direct care positions at its 24/7 care facilities that have not already experienced an increase in compensation.
- Direct care staff at these 14 facilities are currently paid 22 percent below the market.

## Consequences of Problem

- If not addressed, DHS 24/7 care facilities will continue to experience high levels of staff turnover (22 percent compared to a national average of 16.2 percent) and vacancies (16 percent).
- Inadequate staffing results in deficiency citations from regulators, reduced quality of care, staff exhaustion, and increased spending on recruitment and training.

## Proposed Solution

- This is a two-year approach to increase salaries for all direct care staff job classifications at 16 of its 19 24-hour (24/7) care facilities. The 24/7 facilities impacted include the four Veterans Community Living Centers (VCLCs) and ten Division of Youth Services (DYS) facilities. Cash funds are from VCLC funds to support increases at those facilities.
Cost and FTE

- The Department requests a reduction of ($718,399) total funds/General Fund, and (12.0) FTE in FY 2019-20 and $0 total funds/General Fund, and a reduction of (3.5) FTE in FY 2020-21 and on-going in order to balance detention and commitment bed capacity and enhance Division of Youth Services treatment programming to meet recommendations made by Development Services Group (DSG) as part of an overall evaluation.

Current Program

- The Department’s Division of Youth Services (DYS) is responsible for providing commitment and detention capacity for the State’s 22 Judicial Districts and secure and non-secure treatment options for youth.
- The Department provides secure, residential services, in proportion to youth status as either detention or commitment.

Problem or Opportunity

- Over the past five years, detention bed use has fallen below each year’s average daily maximum, resulting in unused capacity. Simultaneously, the Department has experienced an increasing need for secure beds for committed youth.
- Committed youth continue to demonstrate higher levels of need based upon treatment issues, increased person crimes and limited success in DYS contract programs.
- The Department has focused on working with contract providers on strategies to improve youth outcomes. These efforts have resulted in limited success.

Consequences of Problem

- Youth do not start placement/treatment in a timely manner. Youth are often placed far from their families who are a key component to a youth’s successful rehabilitation. Youth are experiencing limited success in contract placements.
- Youth are experiencing gaps in types and quality of treatment services due to insufficient treatment staff.

Proposed Solution

- The Department requests a reduction of ($718,399) total funds and (12.0) FTE in FY 2019-20 in order to re-purpose detention capacity to new commitment capacity, and improve State-operated treatment services.
- Implementation of DSG recommendations will create a system that is right sized, provide effective treatment services near a youth’s home community, and reduce length of stay in residential care.
### Cost and FTE

- The Department requests $1,709,355 total funds/federal Temporary Assistance for Needy Families (TANF) funds and 2.0 FTE in FY 2019-20 and $3,244,218 total funds/ federal TANF funds and 2.0 FTE in FY 2020-21 through FY 2021-22 to connect child welfare cases, with poverty as a confounding issue, to employment strategies.
- This is a new request to the FY 2018-19 appropriation.

### Current Program

- In 2017, Colorado completed 19,139 assessments for allegations of neglect (defined as an injurious environment) and 5,356 of those allegations were substantiated.
- For the most part, case plans are geared toward establishing physical safety for children in the home.

### Problem or Opportunity

- More than 80% of Colorado’s child welfare caseload has been cited for issues of neglect (versus abuse). Approximately 70% of the caseload consists of in-home cases.
- While poverty, in itself, does not cause child abuse or neglect, poverty is often a confounding issue and is an underlying factor in many open child welfare cases.
- Families who struggle with poverty and have an open child welfare case are 40% less likely to have a positive outcome than those without poverty as a confounding factor.
- According to the Child Fatality Review Team (CFRT) annual report, families involved in abuse and neglect incidents resulting in a fatality, near fatality, or egregious incident had a reported average income of $14,742, which is below the poverty line even for a family of two.
- Quality employment is a key factor in abating poverty. However, counties have few resources available to provide employment services to child welfare cases.

### Consequences of Problem

- When poverty is not resolved, families’ cases are open for longer periods of time, leaving children in risky situations with potentially significant negative long-term effects.
- Children living in poverty may experience repeat maltreatment and/or be removed from their home.

### Proposed Solution

- The Department requests $1,709,355 total funds/federal TANF funds, and 2.0 FTE in FY 2019-20 and $3,244,218 total funds/federal TANF funds, and 2.0 FTE in FY 2020-21 through FY 2021-22 to create a child welfare employment program.
- The Department will procure vendors to provide targeted employment services for TANF eligible families with open child welfare cases and with poverty as an identified issue.
- This solution will meet the Department’s Strategic Policy Initiative to “Improve the lives of Colorado families in need by helping them to achieve economic security” and to “Enable individuals to thrive in their homes and community.”
Cost and FTE

- The Department requests $1,030,000 total funds, including $465,000 General Fund and $565,000 federal/Supplemental Nutrition Assistance Program (SNAP) funds in FY 2019-20 through FY 2021-22 to improve Colorado’s food security and access, specifically aimed at improving nutrition in underserved rural/frontier communities.
- This is new funding over the FY 2018-19 appropriation.

Current Program

- House Bill 10-1022 required the Department to create a policy, in compliance with federal law, to establish SNAP outreach in Colorado.
- SNAP provides nearly $60 million monthly in federal food benefits to nearly 465,000 Coloradans.
- The Department currently administers SNAP Outreach activities with one half-time, grant-funded FTE. That grant will end on September 30, 2019.

Problem or Opportunity

- Too many Coloradans struggle with poverty and food insecurity. One out of every eight Coloradans (12.1%), including one out of every five children, struggle with food insecurity. The majority of these underserved Coloradans live in rural communities within the State.
- Colorado has consistently ranked 44th – 46th in the program access index (PAI), the federal measure for SNAP access among eligible residents.
- Increasing access improves community and individual outcomes by reducing hunger and positions Colorado to receive federal incentive funds available to states that perform well in PAI and/or substantially improve access for citizens.

Consequences of Problem

- Failing to reduce hunger among the thousands of rural women, children, elderly, and disabled Coloradans who are eligible, but unenrolled in SNAP, will adversely affect health outcomes, school performance, and more.
- In terms of economic development, low SNAP enrollment translates into lost revenue for local communities who lose nearly $9 in revenue for every $5 of SNAP benefits (Center for Children’s Law and Policy).

Proposed Solution

- The Department requests $1,030,000 total funds, including $465,000 General Fund and $565,000 federal funds in FY 2019-20 through FY 2021-22 to solidify SNAP outreach, access, and delivery for a 3-year project.
- Of this amount, $900,000 will support programmatic activities to increase enrollment in SNAP among Coloradans in rural and underserved communities. The remaining $130,000 will support one contract position to administer current and develop future SNAP outreach contracts, monitor contractor performance, and process payments for eligible activities to increase SNAP enrollment.
### Cost and FTE

- The Department requests $966,977 total funds/federal Temporary Assistance for Needy Families (TANF) funds and 1.0 FTE in FY 2019-20 and $1,834,274 total/federal TANF funds and 1.0 FTE in FY 2020-21 through FY 2022-23 to provide employment services to low-income non-custodial parents.
- This is a new request over the FY 2018-19 appropriation.

### Current Program

- The Child Support Services (CSS) program ensures that children receive financial and medical support from both parents. Services include paternity establishment, location of non-custodial parent, establishment of a child support order, and enforcement of an order.
- The program is administered by county human and social services offices across Colorado.

### Problem or Opportunity

- On average about 30,000 families receive none of the monthly child support owed each month. Families lacking this income source are more likely to live in poverty.
- A disproportionate percentage of parents not paying child support have very low incomes and face employment barriers that hamper their ability to contribute. Meanwhile, traditional child support enforcement measures compound barriers to employment.
- Federal rules restrict using any of the federal funds for employment services, leaving counties with few resources to meet this need.
- In Arapahoe County, providing employment services and support to low-income non-custodial parents struggling to pay child support has resulted in an average wage of $14.69/hour.
- If an estimated 20% of parents facing barriers to paying their child support (e.g. economic, mental health, substance abuse) received more comprehensive services to become employed and reduce barriers, it would yield roughly $15 million in child support going to more than 5,200 families.

### Consequences of Problem

- Without addressing barriers preventing parents from paying child support, families will continue to lack the financial support they should be receiving, resulting in economic hardship.
- Children lacking two parents engaged in their lives are more likely to be involved in the juvenile justice system, drop out of school, and raise their own children in poverty.

### Proposed Solution

- The Department requests $966,977 total/federal TANF funds and 1.0 FTE in FY 2019-20 and $1,834,274 and 1.0 FTE in FY 2020-21 through FY 2022-23 to provide employment services to low-income non-custodial parents struggling to pay child support.
- The Department will provide funds to county offices to serve up to 5,200 parents at an average cost of $300/participant.
- Removing employment barriers will result in increased child support payments among participants.
Cost and FTE

- The Department requests $589,251 total funds, including $329,981 General Fund and $259,270 reappropriated funds and 5.4 FTE in FY 2019-20, and $618,084 total funds, including $346,127 General Fund and $271,957 in reappropriated funds and 6.0 FTE and in FY 2020-21 and ongoing.
- This request adds human resources staff to ensure the Department can hire and retain talent to design and deliver high quality human services that help individuals, families and communities to be safe and independent. At the out-year cost, this is an 11% increase to the current appropriation.

Current Program

- The Division of Employment Affairs (HR) was restructured effective October 2017 without adding additional resources. Service delivery evaluations show that more staff are needed to meet Departmental objectives.
- Human resources provides consultation to the business regarding the attraction, motivation and retention of staff. Customers include all 5,146 FTE working in programs covering 80+ lines of business.
- The Department is currently resourced at 0.63 HR Professionals per 100 employees. This ratio is below national averages and below other State Executive Branch agencies.

Problem or Opportunity

- The HR team has less than half of the FTE needed to meet national benchmarks for the delivery of human resource services for a department of its size and complexity.
- HR cannot effectively assist programs to ensure that performance management, staff discipline, and grievance issues are handled proactively and in accordance with State personnel rules.

Consequences of Problem

- HR team turnover is 28 percent, costing more than $400,000 per year; Department-wide turnover is 24 percent, the highest of all State agencies, costing $24.7 million per year.
- Employee discipline and grievance issues cannot be proactively addressed.

Proposed Solution

- The Department requests $589,251 total funds, including $329,981 General Fund and $259,270 reappropriated funds and 5.4 FTE in FY 2019-20, and $618,084 total funds, including $346,127 General Fund and $271,957 in reappropriated funds and 6.0 FTE in FY 2020-21 and ongoing to ensure the Department can hire and retain talent and deliver high quality human services. The requested funds will bring the ratio of HR employees closer to the suggested national benchmark.
Cost and FTE

- The Department requests $6,125,404 total funds, including $4,500,647 General Fund, $612,541 cash funds and $1,012,216 federal funds in FY 2019-20 and $5,725,405 total funds, including $4,205,928 General Fund, $572,541 cash funds and $946,936 federal funds in FY 2020-21 and ongoing in order to increase county child welfare staffing to promote children and youth safety.
- The cash funds are local funds. The federal funds are from Title IV-E of the Social Security Act.
- This is an increase of 22% over the FY 2018-19 appropriation.

Current Program

- The Department’s Division of Child Welfare provides services to protect children from harm and assists families in caring for and protecting their children. The Division’s programs comprise Colorado’s effort to meet the needs of children who must be placed or are at risk of placement outside of their homes for reasons of protection or community safety.

Problem or Opportunity

- The 2016 Division of Child Welfare Caseload Study, contracted through ICF International, determined that counties need 610 additional child welfare staff and provided a tool to quantify county level staffing needs.
- While 100 county positions were funded in FY 2015-16, 84.3 in FY 2016-17, 66.0 in FY 2017-18 and 85.3 in FY 2018-19 totaling 335.5 FTE positions, there are still 274.5 FTE needed in order to meet the recommended staffing level. The Department estimates it will take two more years of funding in addition to this request to meet the recommended staffing levels.
- Increased staffing allows county child welfare case workers more time to work with children, youth and families to provide quality case management services such as increased response times to initial reports of abuse/neglect, increase timeliness of assessment closure, more oversight of treatment plans, and more frequent family engagement.

Consequences of Problem

- High staff turnover and a lack of sufficient staff affect the ability of county staff to deliver quality services, or could lead to a degradation of services affecting safety measures, continuity, and quality.
- Increased volumes of work can negatively impact child safety, and the quality of work and services provided to children and families, as workers have inadequate time to perform all necessary tasks of case management.

Proposed Solution

- The Department requests $6,125,404 total funds as the fifth phase of a multi-phased approach to support counties in hiring 100 additional Child Welfare staff to ensure the number of cases are manageable and to expand the reach of recruitment of qualified child welfare candidates.
## Cost and FTE
- The Department requests $1,171,848 total funds, including $173,135 local cash funds and $998,713 federal Temporary Assistance for Needy Families (TANF) funds in FY 2019-20 and $1,189,426 total funds, including $175,732 local cash funds and $1,013,694 federal TANF funds in FY 2020-21 with an anticipated annual 1.5% increase ongoing.
- This request represents a 0.8% increase over the FY 2018-19 appropriation.

## Current Program
- The Colorado Works/TANF program provides cash assistance, education, training, and work assistance to low-income families to help them become self-sufficient.
- Program components are delivered by county departments of human/social services. Performance is measured by participant engagement in work activities and employment entry.
- The State Board of Human Services (SBHS) has authority to raise the Colorado Works Basic Cash Assistance grant standard, based on the appropriation.

## Problem or Opportunity
- On average, a single-parent family with two children receives a maximum Colorado Works Basic Cash Assistance (BCA) payment of $508/month.
- The value of the cash assistance benefits has eroded over time, as it has not been adjusted for inflation or cost of living increases.
- Since the Colorado Works program was established in 1997, the purchasing power of Colorado’s BCA has decreased 35% because the grant amount has not kept pace with inflation.

## Consequences of Problem
- Monthly income of $508 is inadequate for raising two children in Colorado today. Families with this level of income live at about 29.3% of the Federal Poverty Guideline and struggle to meet their basic needs.

## Proposed Solution
- The funding will be used to implement a Colorado Works Basic Cash Assistance (BCA) annual cost of living adjustment (COLA). A 1.5% COLA, or the Social Security Administration’s (SSA) announced COLA, whichever is lower, will be applied to Basic Cash Assistance benefits.
- The Department has determined that the TANF Long Term Works Reserve (LTR) needs to contain a minimum of $33.9 million (one quarter of the annual federal block grant) to maintain program stability. Any year when the TANF LTR year-end balance is projected to dip below $33.9 million, the COLA increase would not be implemented.
Cost and FTE

- The Department requests a transfer of $185,472 total funds/General Fund and 1.8 FTE in FY 2019-20 and $191,349 total funds/General Fund and 2.0 FTE in FY 2020-21 and beyond from the Adult Protective Services Line Item to the State Administration Line Item for an Adult Protective Services (APS) program specialist, an administrator for the Colorado Adult Protective Services data system (CAPS) and additional CAPS licenses.
- This is a net zero request in total, but a 22.5% increase over the FY 2018-19 appropriation of $823,637 for State Administration.

Current Program

- The APS program offers protective services to prevent, reduce, or eliminate the current or potential risk of mistreatment or self-neglect to at-risk adults in Colorado.

Problem or Opportunity

- Beginning in FY 2017-18, the General Assembly approved funding for four new FTE for the Department’s Administrative Review Division (ARD) to do quality assurance reviews of APS cases. At that time, funding was not provided for an additional FTE for the APS Unit to conduct training and technical assistance to county departments to address issues identified during the reviews.
- Initial findings from the reviews indicate that county departments are not in compliance with program regulations in some areas. The Department does not have sufficient staff in the APS Unit to perform the technical assistance necessary to follow up on compliance issues.
- The number of CAPS users increased from 275 to 404, or 47%, since July 2014. In addition, with the implementation of the ARD quality assurance reviews and HB17-1284, the workload of the current CAPS administrator has expanded to include the maintenance of two new areas in CAPS related to the quality assurance evaluation tools and CAPS check processes.

Consequences of Problem

- The APS Unit is currently unable to conduct sufficient monitoring, training, and technical assistance of the county department APS programs. Without sufficient staffing levels the State APS Unit is not able to address compliance issues identified during the quality assurance reviews.
- Without an additional CAPS administrator, users will see longer wait times to resolve help tickets, fewer opportunities for training and technical assistance, slower implementation of system changes necessary for program changes or to implement legislation, and the APS Unit will be unable to ensure data integrity resulting from user error.

Proposed Solution

- The Department requests $0 total funds, but a transfer of $185,472 total funds/General Fund and 1.8 FTE in FY 2019-20 and $191,349 in General Fund and 2.0 FTE in FY 2020-21 and beyond from the Adult Protective Services Line Item to the State Administration Line Item.
## Cost and FTE

- The Department requests $985,092 total funds/General Fund and 3.6 FTE in FY 2019-20 and $1,363,497 total funds/General Fund and 3.0 FTE in FY 2020-21 and ongoing in order to support the enhancement to the Colorado Crisis System. A corresponding capital IT request has been submitted to implement one Statewide Colorado Crisis Documentation System.
- This is an increase of 3.0% over the FY 2018-19 appropriations to $32,547,092.

## Current Program

- The Department currently manages $31,562,000 million in state funds to operate the statewide crisis hotline, mobile response, walk-in centers, crisis stabilization units, respite and marketing campaign.

## Problem or Opportunity

- The current crisis system has many administrative inefficiencies, limited access to target populations including youth, inability to identify overlap with other state funded services, and no coordinated system for reliable data collection or evaluation.

## Consequences of Problem

- If the Department does not improve data collection and reporting it will be unable to drive and measure the intended outcomes for the system including outreach to target populations, better allocate funds, and improve behavioral access.
- Additionally, the system is not currently targeting services to at risk populations in a meaningful way for children, adolescents and families which decreases the likelihood of impacting state suicide rates. In 2017, there were 192 youth suicides, which was the leading cause of death in Colorado for youth aged 10 to 24.

## Proposed Solution

- The Department requests $985,092 total funds/General Fund and 3.6 FTE in FY 2019-20 in order to support the enhancement of the Colorado Crisis System.
- The Department proposes the following crisis services system enhancements: add an electronic crisis record system for all services delivered by the hotline and mobile teams; increase crisis hotline capacity and functionality; and add Co-responder pilot Emergency Medical System (EMS/911) to better coordinate emergency response information by funding local community pilots to integrate EMS systems with a uniform electronic crisis record system.
### Cost and FTE

- The Department requests $1,127,667 total funds/General Fund in FY 2019-20 and $2,255,334 total funds/General Fund in 2020-21 and beyond in order to hire and retain physicians at the Colorado Mental Health Institutes. The requested market pay adjustment is phased in over two fiscal years.
- The total request is a net 2.5% change over the FY 2018-19 Personal Services appropriations at the Colorado Mental Health Institutes.

### Current Program

- The Colorado Mental Health Institute at Pueblo (CMHIP) operates 449 inpatient psychiatric beds, and the Colorado Mental Health Institute at Fort Logan (CMHIFL) operates 94 inpatient psychiatric beds for adults. Referrals to the MHIs come from the State’s community mental health centers, local hospitals and the courts.

### Problem or Opportunity

- The Mental Health Institutes at Fort Logan (CMHIFL) and Pueblo (CMHIP) utilize psychiatrist and internal medicine physicians. Physicians are responsible for evaluating and diagnosing patients, developing plans for treatment, prescribing medication, and assessing patient response to treatment.
- The national shortage of psychiatrists has impacted the Department’s ability to effectively recruit qualified physicians, especially given the competitive market rates outside of Institutes. The last salary adjustment was funded by the General Assembly in FY 2014-15, and physician salaries are also increased through any annual provider rate increase.
- In order to hire and retain staff, this request is to provide a market rate adjustment to physician salaries to $225,000 per year, the four supervisory physician positions to $250,000, the two Chief of Medicine positions to $275,000 per year, and Nurse Practitioner and Physician Assistant salaries to $120,000 per year.

### Consequences of Problem

- If not addressed, the Institutes could be unsuccessful in recruiting and retaining qualified physicians and may continue to operate with inadequate psychiatrist staffing.
- Continued open positions will further decrease the efficacy of care, lead to poorer treatment outcomes for patients and increase safety risk for patients and staff.
- Psychiatrist vacancies burden the remaining psychiatrists to provide treatment for an unacceptably high number of patients, which negatively impacts patient care, documentation requirements, and patient length of stay, which may impact the ability to meet the terms of an existing settlement agreement. These issues lead to poor job satisfaction and high rates of burnout.

### Proposed Solution

- The Department requests $1,127,667 total funds/General Fund in FY 2019-20 and $2,255,334 total funds/General Fund in 2020-21 and beyond in order to hire and retain physicians at the Colorado Mental Health Institutes. The requested market pay adjustment is phased in over two fiscal years.
Cost and FTE

- In FY 2019-20 and FY 2020-21, the Department requests $2,452,920 total funds, including $1,103,814 General Fund and $1,349,106 federal funds. In FY 2021-22, the Department requests $2,143,000 total funds consisting of $964,350 General Fund and $1,178,650 federal funds. In FY 2022-23 and on-going, the Department requests $1,833,080 total funds consisting of $824,886 General Fund and $1,008,194 federal funds. These funds are for contracting developers, business analysts, data base administrators and service desk support to operate and maintain Trails.
- Federal funding sources include Title IV-E, Title XX, and TANF.
- This request represents a 49% increase over the FY 2018-19 appropriation.

Current Program

- The Division of Child Welfare (DCW) provides technical assistance, oversight, and monitoring of counties and service providers in order to ensure children are protected from harm.
- Trails is Colorado’s statewide child welfare case management system and is used by the State, counties, and other state agencies to meet the needs of children who must be placed, or are at risk of placement outside of their homes for reasons of protection or community safety.

Problem or Opportunity

- Colorado Trails has not had an operations and maintenance increase in over nine years despite rising technology costs.
- DCW has used vacancy savings and capital development funds to pay for OIT to contract services. These are not sustainable resources of funding and will cause the child welfare system to be without an interface developer, mobile developer and data base administrator for the development, training and reporting servers if new funding is not obtained.
- Trails desk support is needed to address the volume increase in system access and support requests.
- State and federal regulations need to be implemented in Trails.
- Transitioning the business rules into a rules based engine module will allow Trails to be more flexible and less costly to upgrade with new technology and interface with other systems.

Consequences of Problem

- Colorado is at risk of losing the 50% federal Title IV-E match on all eligible Trails maintenance and operating expenditures if we continue to be in non-compliance with State and Federal statutes.

Proposed Solution

- The Department requests funds over the next three years and beyond to pay for contracting developers, business analysts, data base administrators and service desk support to operate and maintain Trails.
Cost and FTE

- The Department requests $10,350,000 total funds, including $4,968,000 General Fund, $2,070,000 cash funds, and $3,312,000 federal funds in FY 2019-20 and ongoing in order to implement the provider rate increase as the result of a salary survey and actuarial analysis directed in House Bill 17-1292.
- Cash funds are local county match and the federal funding source is Title IV-E.
- This is an increase of 2.7% over the FY 2018-19 appropriation.

Current Program

- The Department’s Division of Child Welfare (Division) provides services to protect children from harm and assists families in caring for and protecting their children.
- The Division’s programs comprise Colorado’s efforts to meet the needs of children who must be placed, or are at risk of placement outside of their homes for reasons of protection or community safety.

Problem or Opportunity

- Pursuant to HB 17-1292, the Department contracted with an independent vendor to perform a salary survey related to the delivery of child welfare services and an actuarial analysis of the costs necessary to provide services at a level required by statute, departmental rule, federal rules and regulations.
- The independent contractor, Public Consulting Group, submitted a report through the Department to the Joint Budget Committee on April 2, 2018 with a recommended rate methodology. The total fiscal impact of the analysis is estimated at approximately $52 million. In FY 2018-19, the Joint Budget Committee was appropriated partial funding of $14,583,334 total funds pursuant to SB 18-254.

Consequences of Problem

- If the final phases of the provider rate recommendation are not funded then the Department will not be able to implement the methodology recommended by PCG.

Proposed Solution

- The Department requests $10,350,000 total funds, including $4,968,000 General Fund, $2,070,000 cash funds, and $3,312,000 federal funds in FY 2019-20 to implement the provider rate increase as the result of a salary survey and actuarial analysis directed in House Bill 17-1292.
- The recommended rates better align to program goals and better outcomes for children.
The Department of Human Services requests an increase of $9,253,301 total funds, including $5,417,348 General Fund, $1,472,169 cash funds, $104,926 reappropriated funds, and $2,258,858 federal funds in FY 2019-20 and $9,203,279 total funds, including $5,389,910 General Fund, $1,462,937 cash funds, $104,689 reappropriated funds, and $2,245,743 federal funds in FY 2020-21 and beyond for a 1.0% rate increase for contracted community provider services.

Numerous agencies in the State of Colorado contract with community providers to provide services to eligible clients. The General Assembly has the authority to provide annual inflationary increases or decreases based on budget projections and constraints.

The programs in the Department of Human Services that typically receive community provider rate adjustments include County Administration, Child Welfare Services, County Child Welfare Staffing, community based Youth Services entities, community mental health centers, Child Care Licensing contracts, Child Care Assistance Program, and Early Childhood Mental Health Specialists.

Contracted providers and counties are facing increased labor and supply costs as a result of salary increases, cost of living adjustments and general inflation. For example, the Denver-Aurora-Lakewood Consumer Price Index (CPI) is projected to grow faster than the national average with growth projected at 3.0% in 2018 compared to the national projection of 2.5% based on the September OSPB Forecast. As a result, providers have less purchasing power to provide needed contractual services.

If the request is not approved, providers will have less purchasing power to provide needed contractual services and will continue to manage community programs and services within existing appropriations.

An across the board 1.0% increase for contracted community provider services resulting in an increase of $9,253,301 total funds, including $5,417,348 General Fund, $1,472,169 cash funds, $104,926 reappropriated funds, and $2,258,858 federal funds in FY 2019-20 will aid in addressing providers increased administrative and personnel costs.
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<th>Cost and FTE</th>
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| • The Department requests $3,219,665 total funds/Old Age Pension (OAP) cash funds in FY 2019-20 and $3,353,539 total funds/OAP cash funds in FY 2020-21 and ongoing in order to fund a 2.8% Cost of Living Adjustment (COLA) to the grant award provided to OAP program participants.  
• This is an increase of 3.2% over the FY 2018-19 appropriation. |

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<th>Current Program</th>
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| • The OAP Program is established in the State constitution and is continuously appropriated. The OAP program provides basic cash assistance to low-income adults, age 60 or older, who meet OAP program eligibility requirements.  
• Each year, the Social Security Administration (SSA) reviews the Consumer Price Index (CPI) to determine whether to increase benefits to Supplemental Security Income (SSI) recipients, through a COLA increase in order to keep pace with inflation.  
• OAP program participants typically receive a COLA increase that matches the COLA passed for SSI recipients.  
• The State Board of Human Services (SBHS) has constitutional authority to choose to raise or not raise the OAP grant standard effective on January 1 annually. |

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| • On October 11, 2018, the SSA announced a Supplemental Security Income COLA of 2.8%; the new COLA amount is subject to the Maintenance of Effort (MOE) requirement that requires a minimum State expenditure level of $27,438,187 on SSI recipients annually.  
• Not passing along the COLA to OAP participants would result in the OAP grant standard not keeping pace with inflation and creating a negative fiscal impact on a vulnerable population. |

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| • If the approved COLA is not passed along to OAP recipients, it will reduce the total amount of State expenditures applied towards SSI recipients as required by the SSA to meet the MOE spending requirement. This situation would require other programs to bear the cost of meeting the mandated spending, creating an inequitable distribution of benefit dollars.  
• Non-compliance with the MOE requirement could result in a loss of a quarter of the State’s annual federal Medicaid funds or $325 million quarterly. |

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| • The Department requests $3,219,665 total funds/OAP cash funds to pass along a 2.8% COLA to OAP eligible recipients, pending approval by the SBHS.  
• The FY 2019-20 COLA monthly increase will be $22, setting the grant standard to $810 per month to support the Department’s priority of helping individuals thrive in their own community. |
**Cost and FTE**

- The Department requests $164,519 total funds, including $136,551 General Fund and $27,968 Title IV-E federal funds and 1.8 FTE in FY 2019-20 and $170,588 total funds, including $141,588 General Fund and $29,000 federal funds and 2.0 FTE in FY 2020-21 and on-going in order to hire additional State child welfare staff needed for monitoring, technical assistance, and oversight of 24-hour child care facilities.
- This is an increase of 1.9% over the FY 2018-19 appropriation.

**Current Program**

- The Division of Child Welfare (Division) provides licensing, monitoring, technical assistance, and oversight of 24-hour child care facilities throughout the state in order to ensure children and youth are protected from harm and to assist placement providers in ensuring the safety, permanency, and well-being of children and youth placed within these facilities.

**Problem or Opportunity**

- There have been an increased number of complaints from constituents throughout the state with regards to 24-hour licensed facilities.
- There are no national standards for the monitoring aspect of 24-hour state licensed facilities related to licensing and monitoring caseload.
- The Family First Prevention Services Act will require regulatory changes to the 24-hour child care facilities providing congregate care placement services.
- A June 2016 workload assessment performed by Public Financial Management, Inc. (PFM) identified a need for additional State FTE in the Department’s Division of Child Welfare.

**Consequences of Problem**

- Current State staff are overstretched and cannot meet the increased needs of rising complaints.
- The Department’s ability to provide proactive inspections in an effort to avoid future complaints and exposure to liability of 24-hour child care facilities is limited.

**Proposed Solution**

- The Department requests $164,519 total funds, including $136,551 General Fund and $27,968 federal funds and 1.8 FTE in FY 2019-20 for monitoring, technical assistance, and oversight of 24-hour child care facilities.
- The proposed solution will decrease caseloads, leading to increased monitoring capacity and coordination in caring for and protecting children and youth residing in 24-hour child care facilities.
Cost and FTE

- The Department requests $228,999 total funds/General Fund in FY 2019-20, and $131,321 total funds/General Fund in FY 2020-21 and ongoing in order to cover the increased costs to support the Child Abuse and Neglect Hotline help desk and telephone operations and maintenance.
- This is an increase of 7.2% over the FY 2018-19 appropriation.

Current Program

- The Department’s Division of Child Welfare (Division) provides services to protect children from harm and assists families in caring for and protecting their children. The Division’s programs comprise Colorado’s effort to meet the needs of children who must be placed or are at risk of placement outside of their homes for reasons of protection or community safety.
- The Division’s Hotline County Connection Center (HCCC) is a help desk operating 24 hours a day, seven days a week to answer calls concerning suspected child abuse and neglect.

Problem or Opportunity

- The operating cost of the HCCC and additional costs for the CenturyLink HP Server (consisting of hardware, software, and network support) have steadily increased over the past four years.
- Call volume, reports, and referrals have all increased from when the hotline went live in January 2015 to the present.
- The contracts related to the HCCC and CenturyLink-related services expire on June 30, 2019. New requests for proposals will be issued in FY 2018-19.
- This line item has not received any provider rate adjustments to support increases in costs.

Consequences of Problem

- Insufficient funding jeopardizes the Department’s goals for its customers because vendors will either curtail the services or discontinue those services, causing increased risk to the safety of children.
- The HCCC will have to reduce FTE resulting in decreased capacity to answer calls, longer wait times, and callers abandoning their effort to make a report, resulting in an increased risk of missing critical calls. Reduced server support could result in platform outages and degraded performance levels.

Proposed Solution

- The Department requests $228,999 General Fund in FY 2019-20 and $131,321 General Fund in FY 2020-21 and ongoing in order to cover staff costs at the HCCC and ongoing server/auxiliary support.
**Cost and FTE**

- The Department requests $150,896 total funds/General Fund in FY 2019-20 in order to sufficiently cover unfunded disbursements, given shortfalls in the Family Support Registry (FSR) Fund.
- This request represents a 1.6% increase over the FY 2018-19 appropriation.

**Current Program**

- The Family Support Registry Fund (FSR Fund) was created by the Colorado General Assembly in 1998 (26-13-115.5 C.R.S.), to deposit interest earned from the daily balance of the account used for child support collected by the Department to offset unfunded disbursements.
- Federal regulations require that 66% of these earnings be sent to the federal Office of Child Support Enforcement (OCSE); the remaining 34% can be used by the State to offset program expenditures.
- Unfunded disbursements result in rare cases when obligors bounce checks or funds are misapplied. They account for 0.038% of the total funds disbursed during the past three years.

**Problem or Opportunity**

- When the FSR Fund was created, interest earned on the account’s daily balance was large enough that the 34% State share of these earnings covered unfunded disbursements. Any excess funds remained in the Fund for future years.
- Declining interest rates and advances in financial transaction times have reduced interest earned on the Fund’s daily balance, effectively eliminating these funds’ ability to cover the State’s expense of the unfunded disbursements.

**Consequences of Problem**

- Unfunded disbursements are not eligible to be paid with Federal Financial Participation (i.e. federal matching) dollars. Therefore, using currently appropriated General Fund reduces the program total funds by $443,813 (General Fund and federal funds), because the $292,917 federal match is not earned on the $150,896 General Fund.
- Shorting General Fund appropriated for system costs will hamper the Department’s ability to modernize the Automated Child Support Enforcement System (ACSES) and improve performance.

**Proposed Solution**

- The Department requests $150,896 total funds/General Fund in FY 2019-20 in order to allow the FSR Fund to cover the program’s unfunded disbursements.
- These funds will allow the Department to focus appropriate resources to meet the child support program’s goals, C-Stat measures, the Wildly Important Goal (WIG) to reduce zero payers, and Strategic Policy Initiative to improve families’ economic security.
**Cost and FTE**

- The Department of Human Services requests $150,910 total funds including $98,442 General Fund and $52,468 reappropriated funds in FY 2019-20 and ongoing to keep pace with an estimated 1.5 percent increase in food costs.

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**Current Program**

- The Department is mandated to provide nutritionally adequate meals to individuals in its care and custody at its various facilities.
- The Colorado Mental Health Institute at Pueblo (CMHIP) operates 449 inpatient psychiatric beds, and the Colorado Mental Health Institute at Fort Logan (CMHIFL) operates 94 inpatient psychiatric beds for adults. Referrals to the MHIs come from the State’s community mental health centers, local hospitals and the courts.
- The Division of Youth Services operates ten State-owned secure facilities for detention and commitment which include diagnostic, education, and program services for youth.
- This request does not include the Department’s Veteran Living Centers or the Regional Centers. Those facilities’ daily rate budgeting methodology accounts for changes to food costs.

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**Problem or Opportunity**

- This request represents a 1.5 percent increase to compensate for the rising costs of food products as projected by the U.S. Department of Agriculture (USDA).

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**Consequences of Problem**

- With insufficient funding, it becomes challenging for the Department to provide adequate and nutritious meals to its residents.
- Without an increase in funding for food costs, the Department will have to divert funding from other critical operating needs such as: medical/laboratory supplies, custodial and laundry supplies, telephone and IT expenses, and patient transportation.

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**Proposed Solution**

- The Department of Human Services requests $150,910 total funds, including $98,442 General Fund and $52,468 reappropriated funds in FY 2019-20 and ongoing to keep pace with an estimated 1.5 percent increase in food costs.
- The funding will allow the Mental Health Institutes and the Division of Youth Services facilities to keep pace with projected raw food inflation.
## Cost and FTE

- The Department requests $473,418 total funds, including $29,218 General Fund, $39,827 cash funds, $283,819 reappropriated funds and $120,554 federal funds in FY 2019-20 and $484,446 total funds, including $29,898 General Fund, $40,754 cash funds, $290,431 reappropriated funds and $123,363 federal funds in FY 2020-21 and beyond with an ongoing increase of 2.33 percent each fiscal year in order to support the secure encryption of client identifiable information stored on the Salesforce cloud.
- Of this amount, $222,100 reappropriated funds in FY 2019-20 and $227,274 reappropriated funds in FY 2020-21 is part of the Department’s indirect cost plan.

## Current Program

- The Department currently has Salesforce supporting 17 different applications, the majority of which contain client information.

## Problem or Opportunity

- The Governor’s Office of Information Technology (OIT) data security standards and industry best practice require encryption of client information in vendor-hosted systems.
- The Department’s Salesforce Applications do not currently encrypt stored client data (i.e., data-at-rest) consistent with OIT standards and industry best practice. Data encryption is an addressable technical safeguard under HIPAA (45 CFR 164.312) and is a feature available within Salesforce.

## Consequences of Problem

- Since Department applications hosted on the Salesforce cloud do not align with OIT and Health Insurance Portability and Accountability Act (HIPAA) encryption-at-rest security requirements, there is a risk for client information breach. If the data is accessed inappropriately by an unauthorized party, this is considered a breach under HIPAA, and the Department could be subject to financial penalties starting at $100 up to $10,000 per violation, including corrective action (45 CFR 160.404). However, if the data has been encrypted, this would not be considered a breach, and the Department would not be subject to financial penalties.
- Currently, existing data security does not meet the HIPAA standard to use reasonable and appropriate administrative, technical, and physical safeguards for protecting information.

## Proposed Solution

- The Department requests $473,418 total funds, including $29,218 General Fund, $39,827 cash funds, $283,819 reappropriated funds and $120,554 federal funds in FY 2019-20 for licensing an additional secure encryption of client identifiable information stored on the Salesforce cloud.
Cost and FTE

- This request seeks a technical adjustment to combine funding from two existing appropriations and create a new appropriation line for the Supplemental Nutrition Assistance Program Quality Assurance (SNAPQA) Unit.

Current Program

- SNAP (Supplemental Nutrition Assistance Program) provides nearly $60 million monthly in federal food benefits to nearly 465,000 Coloradans. In Colorado, 64 counties administer the program, while the Department is responsible for sound program oversight.
- The Supplemental Nutrition Assistance Program Quality Assurance (SNAPQA) Unit is responsible for meeting the federal requirements that ensure accuracy and timeliness of the eligibility, benefits, and noticing for the Supplemental Nutrition Assistance Program (SNAP) in Colorado.

Problem or Opportunity

- SNAPQA is currently funded in the Long Bill under two appropriations, Employment and Regulatory Affairs and SNAP Administration. These appropriations are shared by multiple entities.
- The current appropriation structure lacks transparency regarding the budget for SNAPQA.

Consequences of Problem

- The inability to identify the total annual allocation creates challenges in approving additional resources and supports such as travel, training, conferences, and equipment, as well as the ability to negotiate salaries with potential new hires in a timely manner.

Proposed Solution

- The Department requests to combine funding from two existing appropriations and create a new appropriation line for the Supplemental Nutrition Assistance Program Quality Assurance (SNAPQA) Unit.
Mission Statement
To protect and promote the integrity and vitality of Colorado’s employment environment. This statement encompasses every function of the Department as we serve Colorado’s employers and workers to help our state thrive.

Department Description
The Colorado Department of Labor and Employment (CDLE) provides information and tools to help Colorado businesses and workers remain competitive. CDLE is comprised of six main divisions. These include the Division of Labor, which administers Colorado employment and labor laws; the Division of Oil and Public Safety, which is responsible for a variety of regulatory functions related to public health and safety; the Division of Workers’ Compensation, which administers and enforces the provisions of the Workers’ Compensation Act; the Division of Employment and Training, which includes Workforce Development Programs, the Colorado Workforce Development Council and Labor Market Information; the Division of Unemployment Insurance; and the Division of Vocational Rehabilitation and Independent Living Services.
STRATEGIC POLICY INITIATIVES

1. Customer Service

CDLE fosters an agency-wide culture of service based on values, customer feedback and strategic initiatives to consistently deliver exceptional service.

- Customer satisfaction will be measured through the creation and implementation of an ongoing customer service survey and after a baseline is set will increase by 5% annually up to a threshold of 90%. The benchmark for 2017-18 was 90% and the actual was 87%.

2. Employee Engagement & Accountability

CDLE will establish a culture of engagement and accountability that affords employees the opportunity, structure, and tools to thrive and provide an exceptional customer experience.

- Employee engagement will be demonstrated through an increase in the number of employees stating they agree or strongly agree with items on the Statewide employee survey. The benchmark for 2017-18 was 68% and the actual was 78%.
- The Department has prioritized employee growth and development by filling 50% of open positions internally.

3. Process Improvement

CDLE will maximize the value we bring to our customers through streamlining and improving our work processes and developing a culture of continuous process improvement.

- The Department will implement six key process improvements annually that bring savings of cost, time, and/or create an exceptional experience for our customers or stakeholders. In 2017-18, the benchmark was 6 key process improvements and the actual was 13 key process improvements implemented.
CDLE will implement optimal technology solutions that helps streamline internal processes and creates an exceptional customer experience.

- The Department will have a timely resolution of technology issues identified by users of applications and infrastructure as reported in the service desk system. The benchmark for 2016-17 was 90% and the actual was 98.5%.
- The Department will also propose replacement of or enhancements to critical systems that are assessed at less than 80% overall health.

CDLE will build and strengthen relationships with partners and stakeholders.

- The Department will survey two stakeholder groups per year to assess how CDLE could provide better service and hold at least 15 stakeholder group meetings annually.
- The Department aims to incorporate feedback from all stakeholders during the creation of new rules.
**FY 2019-20 Change Requests**

### R-01 Unemployment Insurance Migrated System Operations

**$3.8 million Total Funds, $0 General Fund**

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<th>Technology</th>
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- The Colorado Department of Labor and Employment (CDLE), specifically the Unemployment Insurance Division (UI) in cooperation with the Governor’s Office of Information Technology (OIT) is requesting an operating increase of $3,801,509 cash funds spending authority to support production operations of the recently migrated UI claimants benefits processing system (also known as CUBS) and UI employer premiums system (also known as CATS). The request will not increase fees and will add 4.5 FTE to the OIT mid-year for FY 2019-20 to support the new system.

- The Unemployment Insurance Program provides temporary and partial wage replacements to workers who have become unemployed through no fault of their own and is funded by employer paid premiums. The program provides benefits to those who meet the eligibility requirements of the Colorado Employment Security Act. The program provides unemployment insurance benefits in a fair, timely, accurate, and efficient manner to the employers and citizens of Colorado, to stabilize the workforce, and to minimize the impact of unemployment on the state's economy. The 30-year old mainframe computer systems were successfully migrated from the mainframe environment to OIT’s Enterprise Hosting Environment. After the successful migration, a needs assessment was conducted to determine future support and software licensing costs.

- If the request is not approved, the system will not be fully supported. The benefits and tax systems produce and consume over 300 interfaces with varying requirements for delivery schedules, access control, and data classification. This support is either performed by OIT staff and/or software automation.

### R-02 Division of Workers’ Compensation Modernization Project

**$76,817 Total Funds, $0 General Fund**

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<th>Technology</th>
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- The Division of Workers’ Compensation (DOWC) requests $76,817 cash fund spending authority in FY 2019-20 and ongoing from the Workers’ Compensation Cash Fund for ongoing license costs with the new IT system.

- The DOWC requested funding to migrate its claim system off a 23-year old mainframe computer system and on to a modernized computer platform. The Division received capital construction funding in the amount of $5,932,500 in cash spending authority and zero FTE for this project. The project is a success and is currently in its fourth and final year of implementation, spanning July 1, 2014 through June 30, 2018.

- The Office of Information Technology (OIT) staff will continue to develop and customize the DOWC User-Interface Screens beyond the originating capital construction project scope of functionality through the use of these applications.

- The old system hindered the ability for staff to access the new claims system to assist the needs of the public. DOWC’s functional computer system updates, problem resolution, production changes and future customization depend upon OIT staff’s integration of service and support applications.
### FY 2019-20 Change Requests

#### R-03 Division of Labor Standards and Statistics Claims System

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<tr>
<th>$34,802 Total Funds, $0 General Fund</th>
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- The Division of Labor Standards and Statistics (DLSS) requests $34,802 cash fund spending authority in FY 2019-20 and beyond from the Employment Support Cash Fund for licensing costs of the new claims system.
- The DLSS’s purpose is to assist employees performing work in Colorado with the recovery of earned compensation, and labor law violations. The Wage Protection Act of 2014 requires the Division to conduct investigations and hold hearings for wage complaints received. Each year, the Division investigates approximately 3,500 complaints, responds to 2,000 emails, and answers 40,000 calls from the public. To meet this public need and efficiently administer a high work volume, the Division required replacement of a modern software platform that launched January 2018. The new system is a centralized database utilizing a Salesforce platform where investigators can review and create needed documents to conduct their investigations.
- There are 28 staff utilizing the modern system that each require a Salesforce and Conga license.
- Without funding for the software licenses, the Division’s goal to structure and implement an effective public outreach program would be impacted. The number of log-ins purchased for public users logging into the system would need to decrease for the Division to afford this added cost. Address verification and text messages would also need to decrease. The Division would be unable to financially support additional internal users such as other division staff and the Office of Information Technology.

#### R-04 Division of Oil and Public Safety - Petroleum Program

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<th>$50,000 Total Funds, $0 General Fund</th>
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- The Division of Oil and Public Safety (OPS) requests $50,000 cash fund spending authority in FY 2019-20 and ongoing from the Petroleum Storage Tank Fund to replace equipment and supplies.
- The Petroleum program provides quality control testing of petroleum products. Through a joint agreement with the Colorado Department of Public Health and Environment, OPS also conducts vapor monitoring to ensure that petroleum delivery carriers are capturing vapors when delivering fuel. Consumer complaints for fuel quality issues and dispenser measurements also go to OPS for records and processing. The OPS laboratory ensures equity in the marketplace by testing the accuracy of labels on fuel from competing gas stations for consistency, ethanol content, and accuracy.
- The machinery in the laboratory is aging and OPS has delayed replacements due to a limited operating budget. With the increase in demand of gas stations and petroleum storage tanks, more supplies are needed. Some of these supplies include containers to test the fuel samples and gloves to avoid contamination of the samples and waste disposal.
- Without approval of this request, OPS will be unable to continue to provide important consumer protections and The Division will not be able to provide air quality data to the Colorado Department of Public Health and Environment.
- OPS is requesting a $50,000 increase to the operating budget to replace worn out equipment and purchase more supplies in order to meet the increased demand of petroleum storage tanks and gas stations.
## FY 2019-20 Change Requests

### R-05 Replacement of the Legacy Field Audit System

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<th>$450,000 Total Funds, $0 General Fund</th>
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- The Division of Unemployment Insurance (UI) requests $450,000 Cash Fund spending authority in FY 2019-20 and ongoing from the Employment Support Fund to replace the legacy field audit system.
- The UI Field Audit program ensures employers comply with state and federal unemployment laws. The UI Field Audit Unit completes on average 2,500 audits annually, with each audit having Tax Performance System functions that must be met. Currently, the system in place for the UI Field Audit program is Chronicles.
- The existing system is an internally developed office automation tool that utilizes a combination of Microsoft Access databases and Excel spreadsheets, which was implemented in the late 1990’s. The current system has to be manually upgraded every time an Excel version is updated or security patch occurs, causing downtime and workaround issues.
- If the request is not approved, system downtime may require a rescheduling of an employer audit, and the Division may be unable to meet federal and state measures in the future if this system is not updated.
- The Department and the Office of Information Technology are recommending a replacement of the entire Chronicles system to a more current technology platform. The new system would be a sustainable solution that will enable the Field Audit Unit to comply with state and federal statutes.

### R-06 Independent Living Services Provider Rate Increase

| $67,335 Total Funds, $67,335 General Fund |

- The Department requests an increase of $67,335 General Fund in the Office of Independent Living Services to address continued inflationary increases experienced statewide by community service providers and to provide the same standard of services to the disabled.
- The Independent Living Services line provides funding to nine independent living centers statewide who contract with the Department of Labor and Employment (CDLE) to provide five core services, including advocacy, information and referral, peer support, independent living, and transition services for the disabled, pursuant to the statewide plan for independent living. For FY 2018-19, the Department was allocated $7,072,790, of which $6,733,512 was General Fund and $305,350 was federal funds. This request represents a 1.0 percent increase applied to General Fund.
- In FY 2019-20, the Governor’s November 1 Budget Request includes a 1.0 percent across-the-board increase for community providers. This includes the Independent Living Centers, who contract with the Department of Labor and Employment to provide five core services of advocacy, information and referral, peer support, independent living, and transition services for the disabled pursuant to the Statewide Plan for Independent Living. The Department requests an increase of $67,335, which represents a 1.0 percent increase for service provision.
- If the request is not funded, the Centers for Independent Living may be forced to absorb inflationary costs of service provision, thereby crowding out available funds for services.
IT CC-01 COSTIS System Replacement

$2.8 million Total Funds, $0 General Fund

- The Division of Oil and Public Safety (OPS) requests $2,172,516 cash fund spending authority in FY 2019-20 and ongoing from the Petroleum Storage Tank Fund (PSTF) and $612,761 from the Petroleum Clean-Up and Redevelopment Fund (PCRF) for a total request amount of $2,785,277.
- The COSTIS system houses the majority of the information related to regulating petroleum storage tank facilities sites within the State of Colorado. The current system is in need of modernization to eliminate potential disruptions in maintenance and security. Information contained within the database includes inspections, records review of release detection methods, and permitting of petroleum regulated facilities in the state.
- Recent security scans have identified numerous critical risks, which are deemed as irreparable by the Office of Information Technology (OIT), given that the software is no longer supported. The original vendor is no longer in business and the SQL software used to create the system is not supportable by any other vendors. These risk introduce potential vulnerabilities with the environments, such as access to the data from an outside source as well as access to other Department systems within the same server.
- If this request is not funded, the Division will have to work with OIT to determine how COSTIS will be operated given the current security, compliance and sustainability challenges. A potential loss of some or all of the system resulting in loss of data for 5,000 active facilities and approximately 15,000 active tanks.
### Cost and FTE

- The Colorado Department of Labor and Employment (CDLE), specifically the Unemployment Insurance Division (UI) in cooperation with the Governor’s Office of Information Technology (OIT) is requesting an operating increase of $3,801,509 cash funds spending authority to support production operations of the recently migrated UI claimants benefits processing system (also known as CUBS) and UI employer premiums system (also known as CATS).
- The request will not increase fees and will add 4.5 FTE to the OIT mid-year for FY 2019-20 to support the new system.

### Current Program

- The Unemployment Insurance Program provides temporary and partial wage replacements to workers who have become unemployed through no fault of their own and is funded by employer paid premiums. The program provides benefits to those who meet the eligibility requirements of the Colorado Employment Security Act.
- The program provides unemployment insurance benefits in a fair, timely, accurate, and efficient manner to the employers and citizens of Colorado, to stabilize the workforce, and to minimize the impact of unemployment on the state's economy.

### Problem or Opportunity

- The 30-year old mainframe computer systems were successfully migrated from the mainframe environment to OIT’s Enterprise Hosting Environment. After the successful migration, a needs assessment was conducted to determine future support and software licensing costs.

### Consequences of Problem

- If the request is not approved, the system will not be fully supported. The benefits and tax systems produce and consume over 300 interfaces with varying requirements for delivery schedules, access control, and data classification. This support is either performed by OIT staff and/or software automation.

### Proposed Solution

- The Department is requesting $3,801,509 cash funds spending authority from the Unemployment Insurance technology Fund for the ongoing operating costs of the Unemployment Insurance Migrated System.
- Customization of multiple computer systems will be sustainable through the Office of Information Technology’s (OIT) Common Policy Resources.
The Division of Workers’ Compensation (DOWC) requests $76,817 cash fund spending authority in FY 2019-20 and ongoing for the operating costs of the claims management system.

The Department is not requesting any additional FTE.

The DOWC requested funding to migrate its claim system off a 23-year old mainframe computer system and on to a modernized computer platform.

The Division received capital construction funding in the amount of $5,932,500 in cash spending authority and zero FTE for this project. The project is a success and is currently in its fourth and final year of implementation, spanning July 1, 2014 through June 30, 2018.

The DOWC Modernization project is in its closeout stage with final development scheduled for mid-June 2018 completion.

The Division is requesting spending authority for its annual software maintenance licenses.

The Office of Information Technology (OIT) staff will continue to develop and customize the DOWC User-Interface Screens beyond the originating capital construction project scope of functionality through the use of these applications.

The old system hindered the ability for staff to access the new claims system to assist the needs of the public.

DOWC’s functional computer system updates, problem resolution, production changes and future customization depend upon OIT staff’s integration of service and support applications.

The Department requests $76,817 cash fund spending authority in FY 2019-20 and ongoing from the Workers’ Compensation Cash Fund for ongoing license costs with the new IT system.

Current fees will not be increased to implement this request.
Cost and FTE

- The Division of Labor Standards and Statistics (DLSS) requests $34,802 cash fund spending authority in FY 2019-20 and beyond from the Employment Support Cash Fund for licensing costs of the new claims system.

Current Program

- The DLSS’s purpose is to assist employees performing work in Colorado with the recovery of earned compensation, and labor law violations.
- The Wage Protection Act of 2014 requires the Division to conduct investigations and hold hearings for wage complaints received.
- Each year, the Division investigates approximately 3,500 complaints, responds to 2,000 emails, and answers 40,000 calls from the public.
- To meet this public need and efficiently administer a high work volume, the Division required replacement of a modern software platform that launched January 2018.
- The new system is a centralized database utilizing a Salesforce platform where investigators can review and create needed documents to conduct their investigations.

Problem or Opportunity

- There are 28 staff utilizing the modern system that each require a Salesforce and Conga license.
- Each month, public users (employees and employers) log into the online community; there is a cost with each login. In addition, there are costs associated with each address verification and text message sent and received.

Consequences of Problem

- Without funding for the software licenses, the Division’s goal to structure and implement an effective public outreach program would be impacted.
- The number of log-ins purchased for public users logging into the system would need to decrease for the Division to afford this added cost. Address verification and text messages would also need to decrease.
- The Division would be unable to financially support additional internal users such as other division staff and the Office of Information Technology.

Proposed Solution

- The Department requests $34,802 cash fund spending authority in FY 2019-20 and beyond from the Employment Support Cash Fund for ongoing license costs with the new Labor Standards Claim system.
- Current fees will not be increased to implement this request.
The Division of Oil and Public Safety (OPS) requests $50,000 cash fund spending authority in FY 2019-20 and ongoing from the Petroleum Storage Tank Fund to replace equipment and supplies.

The Petroleum program provides quality control testing of petroleum products. Through a joint agreement with the Colorado Department of Public Health and Environment, OPS also conducts vapor monitoring to ensure that petroleum delivery carriers are capturing vapors when delivering fuel. Consumer complaints for fuel quality issues and dispenser measurements also go to OPS for records and processing. The OPS laboratory ensures equity in the marketplace by testing the accuracy of labels on fuel from competing gas stations for consistency, ethanol content, and accuracy.

The machinery in the laboratory is aging and OPS has delayed replacements due to a limited operating budget. With the increase in demand of gas stations and petroleum storage tanks, more supplies are needed. Some of these supplies include containers to test the fuel samples and gloves to avoid contamination of the samples and waste disposal.

OPS will be unable to continue to provide important consumer protections. The Division will not be able to provide air quality data to the Colorado Department of Public Health and Environment.

The Department requests $50,000 cash fund spending authority in FY 2019-20 and ongoing from the Petroleum Storage Tank Fund for replacement and service of lab equipment and the purchase of supplies needed for on-going testing. OPS is requesting a $50,000 increase to the operating budget to replace worn out equipment and purchase more supplies in order to meet the increased demand of petroleum storage tanks and gas stations. Current fees will not be increased to implement this request.
**Cost and FTE**

- The Division of Unemployment Insurance (UI) requests $450,000 Cash Fund spending authority in FY 2019-20 and ongoing from the Employment Support Fund to replace the legacy field audit system.

**Current Program**

- The UI Field Audit program ensures employers comply with state and federal unemployment laws.
- The UI Field Audit Unit completes on average 2,500 audits annually, with each audit having Tax Performance System functions that must be met.
- Currently, the system in place for the UI Field Audit program is Chronicles.

**Problem or Opportunity**

- The existing system is an internally developed office automation tool that utilizes a combination of Microsoft Access databases and Excel spreadsheets, which was implemented in the late 1990’s.
- The current system has to be manually upgraded every time an Excel version is updated or security patch occurs, causing downtime and workaround issues.

**Consequences of Problem**

- System downtime may require a rescheduling of an employer audit.
- The Division may be unable to meet federal and state measures in the future if this system is not updated.

**Proposed Solution**

- The Department and the Office of Information Technology are recommending a replacement of the entire Chronicles system to a more current technology platform at a cost of $450,000 using cash fund spending authority from the Employment Support Fund.
- The new system would be a sustainable solution that will enable the Field Audit Unit to comply with state and federal statutes.
Independent Living Services Provider Rate Increase
FY 2019-20 Change Request

**Cost and FTE**
- The Department requests $67,335 General Fund in FY 2019-20 and ongoing to account for a community provider rate increase of 1.0 percent.

**Current Program**
- The Independent Living Services line provides funding to nine independent living centers statewide who contract with the Department of Labor and Employment (CDLE) to provide five core services, including advocacy, information and referral, peer support, independent living, and transition services for the disabled, pursuant to the statewide plan for independent living.
- For FY 2018-19, the Department was allocated $7,072,790, of which $6,733,512 was General Fund and $305,350 was federal funds. This request represents a 1.0 percent increase applied to General Fund.

**Problem or Opportunity**
- In FY 2019-20, the Governor’s November 1 Budget Request includes a 1.0 percent across-the-board increase for community providers. This includes the Independent Living Centers, who contract with the Department of Labor and Employment to provide five core services of advocacy, information and referral, peer support, independent living, and transition services for the disabled pursuant to the Statewide Plan for Independent Living. The Department requests an increase of $67,335, which represents a 1.0 percent increase for service provision.

**Consequences of Problem**
- If not funded, the Centers for Independent Living may be forced to absorb inflationary costs of service provision, thereby crowding out available funds for services.

**Proposed Solution**
- The Department requests an increase of $67,335 General Fund in the Office of Independent Living Services to address continued inflationary increases experienced statewide by community service providers and to provide the same standard of services to the disabled.
Mission Statement
The Department of Local Affairs empowers Colorado’s communities to be fiscally stable and meet community development and housing needs by providing training, research, technical expertise, advice and funding.

Department Description
The Department of Local Affairs (DOLA) serves as the primary interface between the State and local communities. DOLA provides financial support to local communities and professional and technical services to community leaders in the areas of governance, affordable housing, and property tax administration. DOLA makes financial resources available to support community infrastructure and services either through statutory formula distributions of state and federal funds or through state and federal grants. In addition to providing assistance and services to local governments and communities, DOLA provides technical assistance and services for individual citizens as well, such as by assisting property owners with their property taxes, helping with rental assistance, and through channeling federal aid for disaster recovery.

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19</th>
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<tbody>
<tr>
<td>Total Funds</td>
<td>$316.1</td>
<td>$317.3</td>
</tr>
<tr>
<td>General Fund</td>
<td>$37.1</td>
<td>$41.5</td>
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<td>+0.4% ($1.1M)</td>
<td>+12.0% ($4.4M)</td>
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Breakdown of Total Funds, $s in Millions, FY 2019-20

- General Fund, $41.5, 13%
- Federal Funds, $81.1, 26%
- Reappropriated Funds, $12.8, 4%
- Cash Funds, $181.9, 57%

FY 2019-20 Governor’s Request

- $41.5 million General Fund
- Share of Statewide General Fund: 0.3%
- $317.3 million Total Funds
- Share of Statewide Total Funds: 1.0%
**STRATEGIC POLICY INITIATIVES**

1. **Increase Affordable Housing Opportunities**

   Increase decent, affordable housing supply across Colorado in order to decrease the number of individuals and families experiencing homelessness and housing insecurity.

   - The Department measures success through the annual increase in affordable housing opportunities created by both development and voucher awards. The FY 2019-20 goals are to provide 3,300 new affordable housing opportunities and to provide 1,200 formerly homeless individuals or families with stable housing. Additionally, homeless veterans will be housed within 35 days after receiving a voucher.

   - Special focus will be to use newly appropriated resources for targeted homeless populations to include recently released mental health patients, state prison system parolees, veterans, and homeless youth.

2. **Local Government Transparency and Sustainability**

   Promote local government transparency and sustainability by providing sound fiscal management practices and operational training for communities annually.

   - The Department is providing additional live streaming of property valuation protest hearings and developing video educational classes for county property assessment staff.

   - The Division of Local Government is also working with 8 selected communities to adopt 15 best applicable management practices to promote fiscal health.

3. **Rural Economic Development**

   Lead Rural Response, Recovery, and Resilience in eight selected counties reliant on extractive industries.

   - The Department is helping local governments implement economic and community development objectives. It is also funding broadband infrastructure “middle-mile” projects.

   - These efforts assist communities in diversifying their economies, improve infrastructure, and build community institutions for 21st Century success.

4. **Community Development Block Grant-Disaster Recovery**

   Effectively and efficiently invest all remaining CDBG-DR dollars prior to September 2021.

   - The Department intends to invest the remaining $48 million in CDBG-DR funds in FY 2019-20 in order to foster long-term recovery of disaster-impacted communities.
### R-01 Colorado Choice Transitions Funding Deficit

**$1.6 million General Fund**

- The Department requests $1,693,126 General Fund in FY 2019-20 and ongoing to maintain funding for housing vouchers that enable clients to transition from living in institutions or nursing facilities back into the community, which is supported by the Colorado Choice Transitions (CCT) program.
- The cost of funding CCT vouchers has grown significantly since FY 2014-15 due to an unprecedented increase in rents. In FY 2014-15, the cost to fund one CCT voucher was $6,005 per client. By the end of FY 2017-18, the cost to fund one CCT voucher increased to $9,024 and the estimated cost per voucher for FY 2019-20 is $11,840.
- Additionally, H.B. 18-1326 established the CCT program permanently in the Department of Health Care Policy and Financing (HCPF) and expanded it by increasing the number of transition coordination services providers. This will increase referrals to the CCT program by an additional 138 for FY 2019-20.
- The request is critical for compliance with the State’s Olmstead Plan and it will take advantage of HCPF’s improved transition coordination. The program also results in significant savings to the State because the cost to provide a voucher is less than the cost of institutionalization.

### R-02 Colorado Resiliency Office

**$249,454 General Fund and 2.7 FTE**

- In FY 2019-20, the Department requests an appropriation of $249,454 General Fund and 3.0 FTE (prorated to 2.7 FTE in FY 2019-20 due to the pay date shift) for the Colorado Resiliency Office. The request would annualize to $268,361 General Fund and 3.0 FTE beginning in FY 2020-21.
- House Bill 18-1394, “Update Colorado Disaster Emergency Act”, established the Colorado Resiliency Office (CRO) in the Department to lead long-term recovery efforts from disasters and create, maintain, and implement resiliency and community recovery programs. However, H.B. 18-1394 stipulates that the CRO exist contingent upon the availability of grant funding. There is not a stable source of funding for this core function.
- Current funding for the CRO from the Disaster Emergency Fund will expire on June 30, 2019 and result in closure of the CRO. The use of grant funds as a method for funding this core statewide function means there are limited dollars available for recovery and resilience work to support communities.
- The Department proposes to fully fund Colorado’s core long-term disaster recovery and resiliency planning services beginning July 1, 2019, and remove the requirement that the CRO exist solely on the basis of grant funding as stipulated in Sections 24-32-121 and 24-32-122 (4), C.R.S.
FY 2019-20 Change Requests

R-03 Transfer of Home Modification Waiver Program

$57,800 reappropriated funds and 0.7 FTE

- The Department requests $57,800 in reappropriated funds for 0.7 FTE in FY 2019-20 and $73,636 in reappropriated funds for 1.0 FTE in FY 2020-21 and beyond to assume oversight of all Medicaid-funded home modifications over $2,500 on behalf of the Department of Health Care Policy and Financing (HC Pf).
- HCPF and the Department partner to oversee the Home Modification Program for four distinct waiver populations: the Elderly, Blind, & Disabled; Community Mental Health Supports; Brain Injury and Spinal Cord Injury. The Department’s Division of Housing (DOH) currently receives funding from HCPF to support 2.0 FTE that approve all projects over $2,500 for these populations.
- Community-Centered Boards (CCBs) currently approve home modifications up to $10,000 for Child Extensive Support (CES) and Supported Living Services (SLS) waiver clients. Determinations regarding compliance vary according to internal processes managed by each CCB.
- Overseeing home modifications requires a specialized skill set that is typically outside of that of a CCB case manager. Rather than undertake a challenging and inefficient training process for CCB staff across the state, HCPF has requested to transfer oversight of home modifications for CES and SLS clients to the Department since the DOH has the expertise and experience to ensure compliance with rules, project quality standards, and person-centered service planning.
- Full oversight of this benefits program by the Department would improve the consistency and quality of approved home modifications, promote transparency, increase client satisfaction, and lower the risk of improper authorizations and inappropriate spending.

R-04 Census 2020 Communications and Outreach Support

$300,000 General Fund (one-time)

- The Department requests $300,000 General Fund in FY 2019-20 for temporary resources to promote participation in Census 2020.
- The federal Census is the largest peacetime mobilization that the country conducts each decade with all levels of government and citizenry needed to count every person living in the United States. The complete count is critical for reapportionment, redistricting, federal per capita funding to Colorado, and the statewide planning efforts of almost every department in the State.
- Approximately $400 billion in federal funding is distributed to communities nationwide each year based on population data established through the federal census. Of this, Colorado receives roughly $8 billion which is estimated at $1,400 per person. Every person not counted in Colorado could mean a loss of per capita funding.
- It is estimated that the State’s population grew by 578,000 people from 2010 to 2017. Funding efforts to promote participation in Census 2020 and to support local communities will greatly increase the likelihood that the State’s population is accurately collected.
- Of the total requested, $52,000 will fund a full-time program assistant for nine months to provide operational support. The remaining $248,000 will fund marketing and communications to educate, engage, and encourage people to respond to the Census questionnaire.
**R-05 Housing Assistance for Reentry Population**

$408,052 cash funds (one-time)

- The Department requests $408,052 in spending authority from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund (“Cash Fund”). This request is made pursuant to the provisions of S.B. 18-016.
- Pursuant to S.B. 18-016, the Cash Fund is funded through ongoing transfers of unexpended General Fund dollars appropriated to the Division of Criminal Justice in the Department of Public Safety (DPS) for community corrections programs and services. Funds are used to provide housing vouchers to persons with mental illness transitioning from the criminal or juvenile justice systems, pursuant to S.B. 17-021.
- While S.B. 18-016 allows the Cash Fund to receive the ongoing transfers, the legislation requires the Department to request spending authority from the Cash Fund through the annual legislative budget process. As such, the Department is submitting this request as part of its FY 2019-20 budget submission.
- Failure to approve this request will prevent the State from utilizing the funds transferred from DPS to the Cash Fund and the original policy objectives of S.B. 17-021 will not be implemented. This will hamper the State’s ability to address mental illness in the homeless population throughout Colorado.

**R-06 Lifelong Colorado Initiative**

$485,959 General Fund and 0.9 FTE

- To help achieve the objectives of the Lifelong Colorado Initiative, the Department requests $485,959 General Fund and 1.0 FTE (prorated to 0.9 FTE in FY 2019-20 due to the pay date shift) to increase the State’s age-friendly strategic planning and implementation resources for local communities. The request annualizes to $486,386 and 1.0 FTE beginning in FY 2020-21.
- Colorado’s aging population is projected to grow at a rapid pace through 2030 – an increase of 77%. With this trend, communities are struggling to plan for and mitigate the impacts to transportation, health care, housing, local government revenues, and increased demand for services.
- There seems to be a strong and growing consensus among aging experts and researchers that policies and strategies associated with age-friendly communities often increase overall quality of life while extending the lives and reducing health care costs for many residents.
- The request includes $216,000 for technical consultants, $200,000 for a grant program to help participant communities with planning and implementing community improvement efforts, and $69,959 for 1.0 FTE to administer the program. With these resources, the Department will leverage existing efforts in other agencies to assist communities statewide on these issues.
## Cost and FTE

- The Department requests $1,693,126 General Fund in FY 2019-20 and ongoing to maintain funding for housing vouchers that enable clients to transition from living in institutions or nursing facilities back into the community, which is supported by the Colorado Choice Transitions (CCT) program. This request represents a 65% increase in funding for CCT vouchers.

## Current Program

- The Department of Health Care Policy and Financing (HCPF) and the Department have partnered since FY 2014-15 to provide housing vouchers for 225 persons with disabilities that require long-term services to transition out of nursing facilities.
- House Bill 18-1326 established the CCT program permanently in HCPF and expanded it by increasing the number of transition coordination service providers.
- The CCT program supports Colorado’s Community Living Plan (‘Olmstead Plan’) and is aligned with the tenets of HCPF’s Triple Aim Program which states, in part, that living in the community is a less costly alternative to institutionalization.

## Problem or Opportunity

- The cost of funding CCT vouchers has grown significantly since FY 2014-15 due to an unprecedented increase in rents. In FY 2014-15, the cost to fund one CCT voucher was $6,005 per client. By the end of FY 2017-18, the cost to fund one CCT voucher increased to $9,024 and the estimated cost per voucher for FY 2019-20 is $11,840.
- Additionally, with the passage of H.B. 18-1326, the Department estimates that HCPF will increase referrals to the CCT program by an additional 138 for FY 2019-20.
- The Department’s FY 2019-20 budget request includes $2,604,765 for CCT vouchers, which includes $1,705,125 intended for the initial 225 vouchers (but due to rent increases falls short), plus an additional $899,640 appropriated for the program by H.B. 18-1326. Even with the funding from H.B.18-1326, the Department can fund only 220 vouchers instead of the estimated 363 needed.

## Consequences of Problem

- Without additional funding for CCT vouchers that allow individuals with disabilities to live in their own home, many program clients face a significant risk of extended stays or permanent placement in a nursing facility.
- Failure to fund this request could also result in non-compliance with the State’s Olmstead Plan and could potentially lead to litigation.

## Proposed Solution

- The Department requests $1,693,126 General Fund to continue funding vouchers for CCT program clients, which is critical for compliance with the State’s Olmstead Plan and to take advantage of HCPF’s improved transition coordination. The request is ongoing.
- According to the fiscal analysis for H.B. 18-1326, HCPF estimates that the cost of providing services to aid in clients’ transition and to keep them living a stable life in the community will be roughly $17,000 less per person than the cost to keep them in a nursing home for one year. These savings will compound over time as more people are able to transition into community living.
Cost and FTE

- To fulfill the requirements of the Colorado Disaster Emergency Act (H.B. 18-1394), the Colorado Resiliency Office (CRO) requires an appropriation in FY 2019-20 of $249,454 General Fund for a program manager and two community and economic development specialists.

Current Program

- In response to the 2013 floods, the Governor’s Office created the Colorado Resiliency and Recovery Office under Executive Order D 2013-027 to coordinate long-term recovery efforts on behalf of the Governor’s Office, to connect communities with state and federal resources, and to support communities to reduce the impacts of future disasters. In late 2017, the Office was transferred to the Department through an Interagency Agreement with the Governor’s Office utilizing the Disaster Emergency Fund (DEF) under Executive Order D 2013-026.
- House Bill 18-1394 permanently established the CRO in the Department to lead long-term recovery efforts from disasters and create, maintain, and implement resiliency and community recovery programs.

Problem or Opportunity

- House Bill 18-1394 codified a core function of Colorado’s disaster response activities: long-term disaster recovery and rebuilding with focus on resilience in preparation for future disasters. Today, the CRO is relied on during every disaster to coordinate statewide interagency long-term recovery efforts. However, the Colorado Disaster Emergency Act stipulates that the CRO exist contingent upon the availability of grant funding – no stable financial commitment to this core function has been made by the State.
- Funding from the DEF will expire on June 30, 2019 and result in closure of the CRO. The use of grant funds as a method for funding this core statewide function means there are limited dollars available for recovery and resilience work to support communities.

Consequences of Problem

- As Colorado’s population continues to grow, local exposure to losses from natural disasters will also continue to increase. The State’s population with a wildland-urban interface is projected to triple by 2030. The CRO creates, maintains, and implements the State’s resiliency and community disaster recovery program. This includes coordinating community and economic recovery efforts across multiple agencies following disaster events and supporting risk and vulnerability reduction efforts across Colorado before and after disasters occur. These core functions will no longer exist after June 30, 2019, when funding for the CRO expires under an Interagency Agreement.

Proposed Solution

- The Department proposes to fully fund Colorado’s core long-term disaster recovery and resiliency planning services beginning July 1, 2019, and remove the requirement that the CRO exist solely on the basis of grant funding as stipulated in Sections 24-32-121 and 24-32-122 (4), C.R.S.
- The National Institute for Building Sciences estimates that every $1 invested in risk reduction results in $6 saved in future disaster costs. The greatest success of the Office will be quantified when a future disaster occurs and thoughtful resilience measures implemented after a previous disaster recovery have reduced impacts in a community.
Cost and FTE

- The Department requests $57,800 in reappropriated funds for 0.7 FTE in FY 2019-20 and $73,636 in reappropriated funds for 1.0 FTE in FY 2020-21 and beyond to assume oversight of all Medicaid-funded home modifications over $2,500 on behalf of the Department of Health Care Policy and Financing (HCPF).

Current Program

- The Home Modification Program is a Health First Colorado (Colorado’s Medicaid Program) benefit that allows for specific modifications, adaptation, or improvements to an eligible client’s existing home setting to enable the member to function with greater independence in the home and prevent their institutionalization.
- HCPF and the Department partner to oversee the Home Modification Program for four distinct waiver populations: the Elderly, Blind, & Disabled; Community Mental Health Supports; Brain Injury and Spinal Cord Injury. The Department’s Division of Housing (DOH) currently receives funding from HCPF to support 2.0 FTE that approve all projects over $2,500 for these populations.
- Community-Centered Boards (CCBs) currently approve home modifications up to $10,000 for Child Extensive Support (CES) and Supported Living Services (SLS) waiver clients. Determinations regarding compliance vary according to internal processes managed by each CCB.

Problem or Opportunity

- Overseeing home modifications requires a specialized skill set that is typically outside of that of a CCB case manager. Rather than undertake a challenging and inefficient training process for CCB staff across the state, HCPF has requested to transfer oversight of home modifications for CES and SLS clients to the Department since the DOH has the expertise and experience to ensure compliance with rules, project quality standards, and person-centered service planning.
- HCPF has less oversight of the approval process for CCBs, which increases the risk of unauthorized purchases. If improper authorizations provided by CCBs were uncovered through an audit, this would be grounds for a federal disallowance by the Centers for Medicare and Medicaid Services (CMS). This would be disruptive to both the State and service population.

Consequences of Problem

- If this request is not approved, HCPF would continue to have less oversight and transparency related to approvals for CES and SLS waiver home modifications due to the differences in the expertise and compliance policies of the CCBs. Such inconsistencies could result in federal disallowances by CMS.

Proposed Solution

- The Department requests $57,800 in reappropriated funds for 0.7 FTE in FY 2019-20 ($73,636 and 1.0 FTE ongoing) to enable DOH to oversee and approve home modifications for CES and SLS waiver clients.
- Full oversight of this benefits program by the Department would improve the consistency and quality of approved home modifications, promote transparency, increase client satisfaction, and lower the risk of improper authorizations and inappropriate spending.
The Department requests $300,000 General Fund in FY 2019-20 for temporary resources to promote participation in Census 2020.

The federal Census is the largest peacetime mobilization that the country conducts each decade with all levels of government and citizenry needed to count every person living in the United States. The complete count is critical for reapportionment, redistricting, federal per capita funding to Colorado, and the statewide planning efforts of almost every department in the State.

There is no State program established to promote participation in Census 2020; however, the Department’s State Demography Office is traditionally the primary State office that collaborates with the Census Bureau and has been actively preparing Colorado for Census 2020.

The importance of Census 2020 necessitates that Colorado develop and implement a temporary communication and outreach program that includes engagement of 335 local governments and other agencies to support the completion of an accurate count.

Approximately $400 billion in federal funding is distributed to communities nationwide each year based on population data established through the federal census. Of this, Colorado receives roughly $8 billion which is estimated at $1,400 per person. Every person not counted in Colorado could mean a loss of per capita funding.

It is estimated that the State’s population grew by 578,000 people from 2010 to 2017. Funding efforts to promote participation in Census 2020 and to support local communities will greatly increase the likelihood that the State’s population is accurately collected.

Census data is utilized to bring federal resources to Colorado for those most in need. To ensure adequate federal funding of programs such as Women, Infants and Children (WIC), Community Development Block Grants, and Community Service Block Grants, it is critical that people living in Colorado are aware of the value of participating in Census 2020.

Census data is the basis for funding public infrastructure including road rehabilitation and construction. Emergency food and shelter programs often use Census data to ensure availability of resources for public safety. Population data is also used for apportionment and Colorado could gain another Congressional seat with an accurate count.

The Department requests a one-time appropriation of $300,000 General Fund for FY 2019-20. Of this amount, $52,000 will fund a full-time program assistant for nine months to provide operational support. The remaining $248,000 will fund marketing and communications to educate, engage, and encourage people to respond to the Census questionnaire.

A coordinated statewide communications and outreach effort will give Colorado the opportunity to develop and leverage material to educate its population about the importance of the Census and drive participation.
Cost and FTE

- In FY 2019-20, the Department is requesting $408,052 in spending authority from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund ("Cash Fund"). This request is made pursuant to the provisions of S.B. 18-016.

Current Program

- The Cash Fund and the associated Long Bill line item were established by S.B. 17-021. This legislation instituted a housing services program for persons with mental illness transitioning from the criminal or juvenile justice systems.
- Pursuant to S.B. 18-016, the Cash Fund is funded through ongoing transfers of unexpended General Fund dollars appropriated to the Division of Criminal Justice in the Department of Public Safety (DPS) for community corrections programs and services.

Problem or Opportunity

- While S.B. 18-016 allows the Cash Fund to receive the ongoing transfers, the legislation requires the Department to request spending authority from the Cash Fund through the annual legislative budget process. As such, the Department is submitting this request as part of its FY 2019-20 budget submission.
- Both pieces of legislation were the result of work by the members of the Legislative Oversight Committee Concerning the Treatment of Persons with Mental Illness in the Criminal and Juvenile Justice Systems during the summers of 2016 and 2017.

Consequences of Problem

- Failure to approve this request will prevent the State from utilizing the funds transferred from DPS to the Cash Fund and the original policy objectives of S.B. 17-021 will not be implemented. This will hamper the State’s ability to address mental illness in the homeless population throughout Colorado.

Proposed Solution

- The Department requests that the $408,052 deposited into the Cash Fund at the end of FY 2017-18 is appropriated to the line item in the Division of Housing entitled ‘Housing Assistance for Persons Transitioning from Criminal or Juvenile Justice Systems’ for the purposes of implementing the objectives of S.B. 17-021.
**Cost and FTE**

- To help achieve the objectives of the Lifelong Colorado Initiative, the Department is requesting $485,959 General Fund and 0.9 FTE in FY 2019-20 to increase the State’s age-friendly strategic planning and implementation resources for local communities. The request annualizes to $486,386 and 1.0 FTE beginning in FY 2020-21.

**Current Program**

- The objective of the Lifelong Colorado Initiative is to educate, encourage, and support communities as they develop and implement their own age-friendly strategies. This initiative will partner with many agencies including the American Association of Retired Persons (AARP) in order to leverage additional support through their Age-Friendly Communities program.

**Problem or Opportunity**

- Colorado’s aging population is projected to grow at a rapid pace through 2030 – an increase of 77%. With this trend, communities are struggling to plan for and mitigate the impacts to transportation, health care, housing, local government revenues, and increased demand for services.
- The opportunity exists to make Colorado a more age-friendly state; however, the Department currently lacks the capacity to provide assistance to communities who are trying to find creative solutions to address these issues.
- There seems to be a strong and growing consensus among aging experts and researchers that policies and strategies associated with age-friendly communities often increase overall quality of life while extending the lives and reducing health care costs for many residents.

**Consequences of Problem**

- Older Coloradans leave their native communities when barriers like homes, transportation systems, business districts, social engagement networks, and walkable neighborhoods become too great. Without a focus on aging in place, Colorado’s aging population will experience a decline in health, decreased mobility, increased isolation, increased health care costs, and an overall diminished quality of life. These negative impacts will result in increased costs to Colorado.

**Proposed Solution**

- The request includes $216,000 for technical consultants, $200,000 for a grant program to help participant communities with planning and implementing community improvement efforts, and $69,959 for 1.0 FTE to administer the program. With these resources, the Department will leverage existing efforts in other agencies to assist communities statewide on these issues.
- This initiative will also provide a statewide umbrella of resources for communities to develop and implement strategies. With consultant support, the Department and the Governor’s Senior Advisor on Aging will work with partners to identify and promote best-practices, empower, and facilitate local and regional efforts, and coordinate public information strategies.
**Mission Statement**

Colorado’s Department of Military and Veterans Affairs supports the Division of the Colorado National Guard (CONG) in delivering land, air, space, and cyber power in support of state and federal operations; enables the Division of Veterans Affairs (DVA) to deliver high quality service to the State’s Veterans and their families; and oversees the operations of the Colorado Wing of the Civil Air Patrol (CAP) in delivering aerospace education and emergency services.

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**Department Description**

The Department of Military and Veterans Affairs provides assistance and protection in the event of emergencies and disasters for the citizens of Colorado, provides assistance for Colorado veterans, and houses the state’s Civil Air Patrol. The National Guard maintains a ready military force that can augment the active duty military, and is available to the State for assistance during emergencies and disasters.

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**FY 2019-20 Governor’s Request**

- **$11.8 million General Fund**
  - Share of Statewide General Fund: 0.1%
- **$233 million Total Funds**
  - Share of Statewide Total Funds: 0.7%

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**Total Funds and General Fund, $s in Millions**

<table>
<thead>
<tr>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$232.0</td>
</tr>
<tr>
<td>General Fund</td>
<td>$11.1</td>
</tr>
<tr>
<td>+0.4% ($1.0M)</td>
<td>$233.0</td>
</tr>
<tr>
<td>+6.4% ($0.7M)</td>
<td>$11.8</td>
</tr>
</tbody>
</table>

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**Breakdown of Total Funds, $s in Millions, FY 2019-20**

- Federal Funds, $220.0, 94%
- General Fund, $11.8, 5%
- Cash Funds, $1.3, 1%
STRATEGIC POLICY INITIATIVES

1. Improve the Resilience of Service Members

Improve the resilience of service members and their families to face and cope with adversity, change, and setbacks.

- The Department aims to reduce stigma of seeking mental health assistance which is reflected by a 15% increase over three years for those seeking mental health assistance. The baseline is 358 (2017) total mental health referrals.
- The Department aims to decrease the number of high risk/high interest mental health cases by 15% over three years. The baseline is 106 (2017) total mental health cases.

2. Improve Veterans Satisfaction with Services

Increase understanding of veteran’s needs and their customer experience with Veteran Services Officers across all 64 counties by 2020.

- The Department will implement an online customer service feedback program and achieve a 50 percent response rate by June 2020.
- The Department will implement and analyze VSO information across all 64 counties by 2020 and achieve state VSO participation in at least 120 community outreach events.
- The Western Region One Source will be fully operational no later than June 2019.

3. Increase Total Annual Infrastructure Investment

Enhance the Department’s capacity to support the Colorado National Guard and Division of Veteran’s Affairs by investing $95 million dollars in infrastructure development by 2020.

- The Department will invest at least $57 million in 2018, $22 million in 2019, and $16 million in 2020, totaling $95 million in infrastructure development and improvements by 2020.
## FY 2019-20 Change Requests

### R-01 Facilities Maintenance Staff and Vehicles

<table>
<thead>
<tr>
<th>Increase Total Annual Infrastructure Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department is requesting $141,521 General Fund in FY 2019-20 for 1.5 state-funded FTE (prorated to 1.4 in FY 2019-20 due to the pay date shift) and four fleet vehicles for the Construction and Facilities Management Office (CFMO) within the Department’s Army National Guard Unit (COARNG). The requested General Fund will leverage $607,056 in federal funding for a total of 9.0 FTE and eight vehicles to fully support the CFMO. The request will annualize to $141,458 General Fund beginning in FY 2020-21.</td>
</tr>
<tr>
<td>• The CFMO requires additional FTE and vehicles to address the maintenance needs of both legacy/aging facilities and new facilities that have complex systems related to environmental design. The current backlog of work orders is equivalent to nine months of work.</td>
</tr>
<tr>
<td>• The total addition of 9.0 FTE and eight maintenance vehicles will allow the CFMO to provide full coverage support to all COARNG facilities dispersed throughout the state. This would enable the Department to eliminate the backlog of work orders and reduce the deferred maintenance cost for COARNG facilities.</td>
</tr>
</tbody>
</table>

### R-02 Western Region Director and One Source Utilities

<table>
<thead>
<tr>
<th>Improve Veterans Satisfaction with Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department is requesting $251,919 total funds and 1.0 FTE (prorated to 0.9 FTE for FY 2019-20 due to the pay date shift), which includes $217,464 General Fund and $34,455 in cash fund spending authority from the Veterans One-Stop Center Cash Fund, to hire a Western Region Division Director and to pay for operating and utilities at the Western Region One Source (WROS) in Grand Junction, CO. The request will annualize to $255,857 total funds and 1.0 FTE, including $186,947 General Fund and $68,910 cash fund spending authority, beginning in FY 2020-21.</td>
</tr>
<tr>
<td>• Funding a regional division director gives the Department the opportunity to appropriately manage the full portfolio of veterans resources on the Western Slope that includes the WROS, the Veterans Memorial Cemetery of Western Colorado, and the training and assistance provided to 24 County Veterans Service Officers on the Western Slope.</td>
</tr>
<tr>
<td>• The current budget for the WROS, which is scheduled to be fully open and operational in May 2019, does not include funding for operating and utilities. Funding these costs will allow for a bridge until true operating cost, capacity, and rental revenue is established. The Department intends to maximize its use of rental revenue to offset its reliance on General Fund in the long term.</td>
</tr>
</tbody>
</table>
## FY 2019-20 Change Requests

### R-03 Staff Development & Education Program

<table>
<thead>
<tr>
<th>$59,675 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department is requesting an annual appropriation of $59,675 General Fund beginning in FY 2019-20 for a staff development and education program.</td>
</tr>
<tr>
<td>• Employee growth and development has been identified as a priority area in need of improvement as indicated by the 2017 employee engagement survey results in which only 29% of the employees had a favorable view of the Department’s growth and development program, down 13% from the 2015 employee engagement survey.</td>
</tr>
<tr>
<td>• The request for $59,675 will fund participation for approximately 25 employees per year in the State’s Center for Organizational Effectiveness customer service and leadership certification programs. Under this proposal, the Department’s 150 State employees will receive training every six years.</td>
</tr>
<tr>
<td>• Providing a staff development and education program will have a positive impact on employee development, growth, and retention, and improve customer service to the Department’s customers.</td>
</tr>
</tbody>
</table>

### R-04 Veterans Memorial Cemetery Construct Columbarium and Upgrade Stream Filter System

<table>
<thead>
<tr>
<th>$2,667,390 Capital Construction Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department is requesting $2,667,390 in Capital Construction Funds for the design and construction of eight new columbaria and infrastructure upgrades at the Veterans Memorial Cemetery located in Grand Junction, Colorado.</td>
</tr>
<tr>
<td>• Based on historical records, the Cemetery will fill up all available niches and be out of columbaria space around April 1, 2021. Constructing eight new columbaria is anticipated to provide nice capacity for an additional 12 years, until 2033.</td>
</tr>
<tr>
<td>• Large amounts of silt accumulation within the pond and stream system have created an enormous amount of maintenance upkeep for cemetery staff to maintain operation of the irrigation system. Plastic liners have failed in numerous locations and silt is now seeping up through the liners. The request includes funding to remove silt from the upper and lower ponds, replace liners, and expand the silt trap.</td>
</tr>
<tr>
<td>• The request includes a one-time purchase of new equipment essential for the ongoing maintenance of the Cemetery grounds.</td>
</tr>
<tr>
<td>• Ensuring that the cemetery is prepared to serve future generations of veterans is a high priority for the Department.</td>
</tr>
</tbody>
</table>
Cost and FTE

- The Department is requesting $141,521 General Fund in FY 2019-20 for 1.5 state-funded FTE (prorated to 1.4 in FY 2019-20 due to the pay date shift) and four fleet vehicles for the Construction and Facilities Management Office (CFMO) within the Department’s Army National Guard Unit (COARNG). The requested General Fund will leverage $607,056 in federal funding for a total of 9.0 FTE and eight vehicles to fully support the CFMO. The request will annualize to $141,458 General Fund beginning in FY 2020-21.

Current Program

- In support of federal and State missions, the CFMO provides building preventative maintenance, timely response to repair and service requests, emergency after-hours response, minor renovations, and periodic facilities inspections for all Department-owned facilities statewide.
- The CFMO supports 23 COARNG sites across five regions, with a total of 1.7 million square feet in 89 buildings.

Problem or Opportunity

- The CFMO requires additional FTE and vehicles to address the maintenance needs of both legacy/aging facilities and new facilities that have complex systems related to environmental design.
- In FY 2016-17 and FY 2017-18, an average of 1,463 work orders were completed. In the first month of FY 2018-19, the Department had a backlog of 1,083 work orders, equivalent to nine months of work. A backlog of this size will lead to critical disrepair of the Department’s infrastructure and will likely result in extensive renovation and replacement cost.
- The DMVA maintenance staffing level is not in parity with the rest of the State. On average, the DMVA maintenance technicians are responsible for 78,000 square feet per person in geographically dispersed locations. Maintenance technicians at the Department of Transportation (CDOT) and institutions of higher education are responsible for 30,000 square feet and 50,000 square feet per technician, respectively, with higher education technicians working in centralized campuses.
- Maintenance personnel require the necessary vehicles in order to travel and complete their assignments. They are currently sharing vehicles, which directly adds to the backlog increase when there is not an available vehicle to complete a work order in a timely manner. The alternative has been for maintenance technicians to utilize their personal vehicles.

Consequences of Problem

- If this problem is not addressed, the Department will continue to respond to facilities maintenance operations in a degraded capacity.

Proposed Solution

- The Department is requesting funding to hire an additional 1.5 FTE and lease four fleet vehicles, which will leverage an additional 7.5 FTE and four vehicles that are federally funded.
- The total addition of 9.0 FTE and eight maintenance vehicles will allow the CFMO to provide full coverage support to all COARNG facilities dispersed throughout the state. This would enable the Department to eliminate the backlog of work orders and reduce the deferred maintenance cost for COARNG facilities.
Cost and FTE

- The Department is requesting $251,919 total funds, which includes $217,464 General Fund and $34,455 in cash fund spending authority from the Veterans One-Stop Center Cash Fund, to hire a Western Region Division Director and to pay for operating and utilities at the Western Region One Source in Grand Junction, CO. The request will annualize to $255,857 total funds, including $186,947 General Fund and $68,910 cash fund spending authority, beginning in FY 2020-21.

Current Program

- The Western Region One Source (WROS) facility renovation was funded with capital construction funds in FY 2017-18 and is scheduled to be fully open and operational in May 2019.
- The program is designed to address a gap in services for Western Slope military members, veterans and their families due to geographical barriers and the lack of a clear or centralized location to access services.

Problem or Opportunity

- The overall management and utility costs for this new facility were unknown when the previous request (FY 2018-19, R-01 Grand Junction Veterans One Stop) was being considered and so the current budget for the WROS does not include funding for these costs.
- Additionally, the operational design for administering Western Slope veterans’ resources within the Department had not been conceived at the time of the previous request. The Department has since realized an opportunity exists to further enhance customer service to military members and veterans living on the Western Slope.

Consequences of Problem

- The Department is not adequately funded or staffed to succeed with Western Slope veterans programs in the current construct.

Proposed Solution

- The request includes $114,099 General Fund for 1.0 FTE to oversee the newly developed Colorado Western Region Division of Veterans Affairs, and $137,820 ($103,365 General Fund and $34,455 cash funds) for maintenance and utility costs for the WROS.
- Funding a regional division director gives the Department the opportunity to appropriately manage the full portfolio of veterans resources on the Western Slope that includes the WROS, the Veterans Memorial Cemetery of Western Colorado, and the training and assistance provided to 24 County Veterans Service Officers on the Western Slope.
- Funding utility costs for the new facility will allow for a bridge until true operating cost, capacity, and rental revenue is established. The Department intends to maximize its use of rental revenue to offset its reliance on General Fund in the long term.
## Cost and FTE

- The Department is requesting an annual appropriation of $59,675 General Fund beginning in FY 2019-20 for a staff development and education program. This request represents a 2% increase to the Operating Expenses line item in the Executive Director’s Office (EDO).

## Current Program

- The Department’s EDO provides the Department with operational management direction, policy formulation and core internal functions in the areas of financial services, human resources, communications and legislative relations. For FY 2018-19, the EDO Operating Expenses line item is appropriated $2,420,030 total funds (including $1,532,325 General Fund).

## Problem or Opportunity

- Employee growth and development has been identified as a priority area in need of improvement as indicated by the 2017 employee engagement survey results in which only 29% of the employees had a favorable view of the Department’s growth and development program, down 13% from the 2015 employee engagement survey.
- Employee focus groups also unanimously validated the dissatisfaction with the Department’s opportunities for growth, development, and advancement. A needs assessment, in conjunction with the State’s Center for Organizational Effectiveness, further validated significant shortcomings in the Department’s employee growth and development programs.
- Training and development resources are very limited within the Department, and less than 10% of the Department’s employees currently participate in career enhancement and development opportunities.

## Consequences of Problem

- Lack of career growth and advancement within the Department has a direct effect on employee morale and is a significant factor in retention. A continued decrease in employee satisfaction with opportunities for career growth and advancement could result in increased turnover, thus affecting the quality of services provided to the Department’s customers, and increased costs associated with the onboarding of new employees.

## Proposed Solution

- The request for $59,675 will fund participation for approximately 25 employees per year in the State’s Center for Organizational Effectiveness customer service and leadership certification programs. Under this proposal, the Department’s 150 State employees will receive training every six years.
- Providing a staff development and education program will have a positive impact on employee development, growth, and retention, and improve customer service to the Department’s customers.
Mission Statement
The Colorado Department of Natural Resources acts as a leader in coordinating the protection of natural resources with the federal government, other state agencies, local governments, businesses, the General Assembly, and private citizens. By soundly managing Colorado’s natural resources, future generations of Coloradans will enjoy the same high standard of living enjoyed today. The Department’s mission also includes the promotion of outdoor recreation as well as natural resources education.

Department Description
The Colorado Department of Natural Resources (DNR) is responsible for the management of the water, land, wildlife, minerals and energy, oil & gas, state trust lands, and outdoor recreation resources of the State. Its mission is to develop, preserve, and enhance Colorado’s natural resources for the benefit and enjoyment of citizens and visitors. This includes use or access to some resources, promotion of the responsible development of select resources, and the protection or preservation of other resources.

FY 2019-20 Governor’s Request
$33.3 million General Fund
Share of Statewide General Fund: 0.3%
$290.9 million Total Funds
Share of Statewide Total Funds: 0.9%

Breakdown of Total Funds, $s in Millions, FY 2019-20
- Cash Funds, $223.4, 77%
- Federal Funds, $26.7, 9%
- Reappropriated Funds, $7.5, 3%
- General Fund, $33.3, 11%

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20
- FY 2018-19: $305.4, Total Funds, $32.0, General Fund
- FY 2019-20: $290.9, Total Funds, $33.3, General Fund

-4.7% (-$14.5M) for Total Funds
+4.1% ($1.3M) for General Fund
STRATEGIC POLICY INITIATIVES

1. Improve Safety for High Priority Sites

Implement regulatory changes to improve safety through inspections and emergency action plans for high priority sites.

- The Department aims to increase the number of high priority hardrock mine and wells inspections completed.
- The Department aims to increase the percentage of dams with Emergency Action Plans (EAP). By 2021, the Department expects that 99% of dams will have an EAP.

2. Improve Accessibility

Implement programs to improve habitat and public access

- The Department aims to increase the number of priority land habitat conserved statewide. By 2021, DNR expects to have 855,706 acres conserved.
- The Department expects to increase acreage enrolled in the Public Access Program. By 2020, DNR projects that 535,000 acres will be enrolled in the program.

3. Promote Water Conservation

Implement Colorado’s Water Plan through increasing water storage and water conservation.

- The Department aims to increase the number of acre-feet created which has state financial support (based on % of completion). By 2021, DNR expects to have 27,000 acre feet with state financial support.
- The Department expects to increase the number of acre-feet conserved as reported through approved conservation plans and the 1051 database. By 2021, DNR aims to have 54,000 acre feet conserved.

4. Improve Customer Service

Increase customer service through increasing public engagement and formal feedback mechanisms.

- The Department will increase customer service by increasing the number of customer surveys completed, the number of public meetings, and the number of participants in outdoor recreation programs. By 2021, DNR expects to have 175,600 participants in outdoor recreation programs.
FY 2018-19 Change Requests

R-01 Increased Spending Authority for State Park Operations

$3,661,298 Total Funds, $0 General Fund

- Colorado Parks and Wildlife (CPW) requests an increase to the State Park Operations line item consisting of $3,661,298 in new cash spending authority and $1,375,000 in spending authority reallocated from the Wildlife Operations line item. The total amount of the increase is $5,036,298.
- CPW has not received increased spending authority to reflect significant increases in visitation compounded by inflationary increases for the cost of goods. The funding level for the State Park Operations line item has been largely unchanged for the last ten years. Over this time period, annual visitation has grown from 12.3 million to 14.6 million, an 18.7 percent increase.
- These adjustments will bring the line item’s cash spending authority closer to the level necessary to support the true cost of park operations.

R-02 Additional Staffing to Address Backlogs at the OGCC

$648,304 Total Funds, $0 General Fund

- The Oil and Gas Conservation Commission (OGCC) requests an increase of $648,304 from the Oil and Gas Conservation and Environmental Response Fund for 5.0 FTE to address workload increases and severe backlogs in permitting, engineering, field inspections, reclamation, and data analysis.
- Higher, more stable oil prices led to an increase in oil and gas activity to levels that, by some measures, made FY 2017-18 the busiest on record. The resulting uptick in workload quickly gave rise to large backlogs throughout its regulatory program despite assistance from state temporary employees.
- The workload increases and resulting backlogs add unnecessary risk to the public and environment due to delays in reviewing regulatory reports and addressing issues on the ground; it will likely cause major delays and additional costs for the industry by early FY 2019-20.
- Funding this request will address the OGCC’s most critical issues and slow the growth of backlogs while it continues to seek non-FTE solutions.

R-03 Spending Authority for Asset Maintenance and Repair

$2,043,120 Total Funds, $0 General Fund

- Colorado Parks and Wildlife (CPW) requests $2,043,120 in increased cash spending authority to fund a permanent Wildlife Small Capital Program.
- For more than 15 years, the State Parks branch of CPW has dedicated a portion of its overall budget to small construction projects, defined (via internal policy) as projects with a total cost of between $5,000 and $100,000 and located within state parks. These projects are primarily maintenance in nature and address fire/safety/health issues or repair minor problems before they become major.
- The Small Capital Program, as it has come to be known, is very successful and averages about 120 projects a year. The budget is $2.0 million annually and is supported with Lottery funding.
- CPW is very appreciative of GOCO and its support, but in approving the grant the GOCO Board indicated that this funding was intended to help initiate the program and should not be considered a long-term funding source. GOCO is unlikely to fund all or even most of a Wildlife Small Capital program in future years.
- These two changes, in conjunction with existing cash spending authority in the Asset Maintenance and Repair line item, will allow CPW to manage a Wildlife Small Capital program with an annual budget of $3.0 million.
### R-04 Capital Development Staff and Operating

**$401,653 Total Funds, $0 General Fund**

- Colorado Parks and Wildlife (CPW) requests $401,653 in cash fund spending authority for 3.0 FTE to support increased capacity for capital development, maintenance, and renovation of facilities and dams. This will annualize to $496,454 cash funds and 4.0 FTE in FY 2020-21 and beyond.
- The CPW Capital Development Program manages construction, renovation, rehabilitation, and other development projects around the state, ranging in size from small landscaping projects to the development of new state parks. The program manages construction that supports operations at facilities division-wide, including over 350 wildlife areas, 41 state parks, and 19 hatcheries.
- Despite significant investments of time, effort, and capital over the last several years, CPW’s capital assets are in need of increased maintenance, rehabilitation, and renovation, particularly those assets located on state wildlife areas.
- CPW estimates its dam maintenance and repair backlog at more than $44 million as of FY 2018-19.
- CPW requests 1.0 FTE for dam projects, 1.0 FTE for project engineering and design, and 2.0 FTE to function as regional project managers. These staff members would be hired in phases as new capital projects are undertaken, so the request is for 3.0 FTE in FY 2019-20 and 4.0 FTE in FY 2020-21.

### R-05 Staff and Operating for Cameo State Recreation Area

**$351,025 Total Funds, $0 General Fund**

- Colorado Parks and Wildlife (CPW) requests $351,025 in cash spending authority to support 3.0 FTE and operations at the new Cameo State Recreation Area in Mesa County.
- CPW is developing a major sport shooting and education complex in western Colorado, three miles east of Palisade. The Cameo Sport Shooting Complex (Cameo) will eventually include several varieties of indoor and outdoor ranges for archery, rifle, pistol, and shotgun shooting recreation, as well as facilities for hunting and environmental education. Cameo opened on a limited basis in August 2018, expanding to full scale operations later in FY 2018-19.
- As a new facility, Cameo has no dedicated FTE and is currently being operated with staff and budget reallocated from other cost centers in the CPW system. This will allow the facility to function at a relatively modest capacity for the first few months of FY 2018-19 but will not be sufficient for expanded operations in the longer term.
- The staff resources and operating budgets that have been temporarily reallocated to Cameo are badly needed at their original locations. These cost centers can operate temporarily with slightly reduced staffing but cannot sustain this for long periods of time.

### R-06 Increased Spending Authority for the Wildlife Council

**$1,100,000 Total Funds, $0 General Fund**

- Colorado Parks and Wildlife (CPW) requests $1,100,000 in increased cash spending authority to expand opportunities to provide public education about the benefits of wildlife, wildlife management, and wildlife-related recreation opportunities in Colorado.
- The Wildlife Management Public Education Advisory Council (Wildlife Council) was conceived by a coalition of hunters, anglers, and conservationists and created in statute (33-4-120 C.R.S.) in 1998. The Council’s general goal is to educate the public about the role that hunting and fishing plays in preserving and enhancing many aspects of Colorado’s outdoor recreation opportunities.
- Council activities are funded by a $0.75 surcharge on all hunting and fishing licenses sold in Colorado. This increase will be supported by an increase of the license surcharge to $1.50.
- The increased spending authority will allow the Wildlife Council to expand education programs and increase awareness about the importance of hunting and fishing in Colorado.
**Increased Spending Authority for State Park Operations**

**FY 2019-20 Change Request**

**Cost and FTE**
- Colorado Parks and Wildlife (CPW) requests an increase to the State Park Operations line item consisting of $3,661,298 in new cash spending authority and $1,375,000 in spending authority reallocated from the Wildlife Operations line item. The total amount of the increase is $5,036,298.

**Current Program**
- CPW manages 41 state parks, park-based recreation programs, educational programs, and volunteer programs statewide. In FY 2016-17 Colorado’s state parks hosted more than 14.6 million visitor days (figures for FY 2017-18 are still being finalized). The State Park Operations line item funds ongoing operations and staff at all state parks and administrative offices. For FY 2018-19 the State Park Operations line item includes $30,314,114 in spending authority (all funding sources).

**Problem or Opportunity**
- CPW has not received increased spending authority to reflect significant increases in visitation compounded by inflationary increases for the cost of goods. The funding level for the State Park Operations line item has been largely unchanged for the last ten years. The FY 2018-19 appropriation is only 6.7 percent higher than the FY 2009-10 amount ($28,398,248).
- Over this time period, annual visitation has grown from 12.3 million to 14.6 million, an 18.7 percent increase. Compounding this increase in visitation is an increase in the cost of the goods and services necessary to safely operate state parks. Compounded inflation since 2010 is 14.3 percent.
- CPW must also “true-up” a cost allocation methodology used to attribute common costs to Wildlife or State Parks funding. The current allocation level is not correct.

**Consequences of Problem**
- CPW’s Long Bill spending authority for the State Park Operations line item is no longer aligned with the cost of running the parks. CPW has had to rely on non-appropriated funding sources, changed business practices, reduced services, and made other adjustments to continue operations.
- CPW has transferred centrally appropriated spending authority to bolster Long Bill appropriations to the line item, but this is only a short term solution that requires the availability of extra spending authority in the Department's common policy line items.

**Proposed Solution**
- CPW requests an increase to the State Park Operations line item of $3,661,298 in cash spending authority to account for visitation and inflationary operating increases, and $1,375,000 in cash spending authority to adjust for cost allocation. CPW proposes reducing the Wildlife Operations line item by $1,375,000 as the second component of the cost allocation true up. These adjustments will bring the line item’s cash spending authority closer to the level necessary to support the true cost of park operations.
**Cost and FTE**

- The Oil and Gas Conservation Commission (OGCC) requests an increase of $648,304 from the Oil and Gas Conservation and Environmental Response Fund for 5.0 FTE, two state temporary employees, and two state vehicles to address workload increases and severe backlogs in permitting, engineering, field inspections, reclamation, and data analysis. Ongoing costs are $628,113.

**Current Program**

- The OGCC ensures that the state’s oil and gas resources are produced in an economically efficient manner that protects the rights of mineral owners and which holds operators to the highest standards in the nation for protecting public health, safety, welfare, the environment, and wildlife.

**Problem or Opportunity**

- Higher, more stable oil prices led to an increase in oil and gas activity to levels that, by some measures, made FY 2017-18 the busiest on record. The resulting uptick in workload for the OGCC quickly gave rise to large backlogs throughout its regulatory program despite assistance from state temporary employees.
- A 10-year high in Applications for Permit to Drill (APDs) contributed to a record backlog of 4,890 APDs by the end of FY 2017-18 and an increase in the median permit processing time to 89 days.
- Activity on the ground has led to large volumes of notices and regulatory forms related to active drilling and completion activities, thus increasing workload for engineers, field inspectors, and reclamation specialists, who must ensure adherence to state rules designed to protect public health, the environment, and wildlife.
- The adoption of new flowline rules, the expansion of the orphaned well program, and the ongoing development and updating of eForms, has driven the workload associated with receiving, archiving, and retrieving the state’s oil and gas-related data to a level far exceeding staff’s capacity. This has slowed overall workflow and OGCC’s response to incidents and stakeholder requests for data.

**Consequences of Problem**

- The workload increases and resulting backlogs add unnecessary risk to the public and environment due to delays in reviewing regulatory reports and addressing issues on the ground; it will likely cause major delays and additional costs for the industry by early FY 2019-20.

**Proposed Solution**

- Funding an additional permit technician, an engineer, a field inspector, a reclamation specialist, a data analyst, 2 state vehicles, and 2 state temps will address the OGCC’s most critical issues and slow the growth of backlogs while it continues to seek non-FTE solutions, such as developing new and improving existing eForms and other process improvements. No statutory change is required.
- The additional resources would affect most performance plan measures.
**Cost and FTE**
- Colorado Parks and Wildlife (CPW) requests $2,043,120 in increased cash spending authority to fund a permanent Wildlife Small Capital Program.

**Current Program**
- For more than 15 years, the State Parks branch of CPW has dedicated a portion of its overall budget to small construction projects, defined (via internal policy) as projects with a total cost of between $5,000 and $100,000 and located within state parks. These projects are primarily maintenance in nature and address fire/safety/health issues or repair minor problems before they become major. The Small Capital Program, as it has come to be known, is very successful and averages about 120 projects a year. The budget is $2.0 million annually and is supported with Lottery funding.

**Problem or Opportunity**
- CPW manages 574 wildlife facilities statewide, and the maintenance needs for these facilities are significant.
- Prior to Fiscal Year 2018-19 CPW did not have a corresponding Small Capital Program for maintaining assets located in wildlife areas or hatcheries. In FY 2018-19 CPW has initiated a trial run of a Wildlife Small Capital program, using a combination of funding sources. Among these is a $2.0 million grant from Great Outdoors Colorado (GOCO). CPW is also using existing cash spending authority and an assortment of federal funding for a total budget of almost $3.2 million.
- CPW is very appreciative of GOCO and its support, but in approving the grant the GOCO Board indicated that this funding was intended to help initiate the program and should not be considered a long-term funding source. GOCO is unlikely to fund all or even most of a Wildlife Small Capital program in future years. Federal funds may not consistently be available to fund the program.

**Consequences of Problem**
- Without a dedicated, reliable funding source, CPW cannot efficiently manage a Wildlife Small Capital program on an annual basis. CPW’s maintenance needs are extensive, and the agency is requesting additional FTE resources in another decision item to help address this.

**Proposed Solution**
- CPW requests $2,043,120 in increased spending authority, supported from the Wildlife Cash Fund and allocated to the agency’s existing Asset Maintenance and Repair line item. CPW is also requesting a net-zero reallocation of $350,000 in cash spending authority from the Wildlife Operations line item to the Asset Maintenance and Repair line item. These two changes, in conjunction with existing cash spending authority in the AMR line, will allow CPW to manage a Wildlife Small Capital program with an annual budget of $3.0 million.
Colorado Parks and Wildlife (CPW) requests $401,653 in cash fund spending authority for 3.0 FTE to support increased capacity for capital development, maintenance, and renovation of facilities and dams. This will annualize to $496,454 cash funds and 4.0 FTE in FY 2020-21 and beyond.

The CPW Capital Development Program manages construction, renovation, rehabilitation, and other development projects around the state, ranging in size from small landscaping projects to the development of new state parks. The program manages construction that supports operations at facilities division-wide, including over 350 wildlife areas, 41 state parks, and 19 hatcheries.

Despite significant investments of time, effort, and capital over the last several years, CPW’s capital assets are in need of increased maintenance, rehabilitation, and renovation, particularly those assets located on state wildlife areas. CPW maintains a list of more than 1,400 separate structures and amenities that must be maintained, ranging from small sheds to 30,000 square foot hatcheries.

With the passage of S.B. 18-143 in 2018, CPW will have new revenue and the flexibility to adjust fees for the first time in several years. CPW plans to invest increased fee revenue in capital projects statewide, but Capital Development Program staff are already operating at full capacity.

CPW manages 110 dams statewide. Most of these are least 50 years old and some are more than 100 years old. Nearly all of these require some level of annual maintenance and many require modernization and other improvements. CPW estimates its dam maintenance and repair backlog at more than $44 million in construction costs as of FY 2018-19.

CPW’s hatchery system is comprised of 19 hatcheries that breed, hatch, rear, and stock more than 90 million fish every year. The majority of these facilities are between 70 and 100 years old, with rapidly aging water collection systems, pipelines, raceways, pond, and wells.

Without increased Capital Development staff, CPW will be unable to increase the number and/or frequency of capital renovation and rehabilitation projects annually, regardless of new revenue from license fees.

CPW requests 4.0 new FTE at the Professional Engineer I job classification (plus associated operating) to expand the capacity of the Capital Development Program. CPW requests 1.0 FTE for dam projects, 1.0 FTE for project engineering and design, and 2.0 FTE to function as regional project managers. These staff members would be hired in phases as new capital projects are undertaken, so the request is for 3.0 FTE in FY 2019-20 and 4.0 FTE in FY 2020-21.
## Cost and FTE

- Colorado Parks and Wildlife (CPW) requests $351,025 in cash spending authority to support 3.0 FTE and operations at the new Cameo State Recreation Area in Mesa County.

## Current Program

- CPW is developing a major sport shooting and education complex in western Colorado, approximately three miles east of Palisade. The Cameo Sport Shooting Complex (Cameo) will eventually include several varieties of indoor and outdoor ranges for archery, rifle, pistol, and shotgun shooting recreation, as well as facilities for hunting and environmental education. Cameo opened on a limited basis in August 2018, expanding to full scale operations later in FY 2018-19.
- Phase 1A of construction at Cameo began in 2017 and is nearing completion. This phase includes 20 rifle and pistol bays, 16 archery lanes, shade shelters and toilets, and support infrastructure including electricity, gas, water, and communications. Phase 2A is scheduled to begin soon and is projected to be complete in 2019. This phase includes placement and installation of 54 clay target throwers, installation of 15 shooting benches, about 3,000 linear feet of fencing, and installation of a 40- by 80-foot structure to house equipment.

## Problem or Opportunity

- As a new facility, Cameo has no dedicated FTE and is currently being operated with staff and budget reallocated from other cost centers in the CPW system. This will allow the facility to function at a relatively modest capacity for the first few months of FY 2018-19 but will not be sufficient for expanded operations in the longer term.

## Consequences of Problem

- The staff resources and operating budgets that have been temporarily reallocated to Cameo are badly needed at their original locations. These cost centers can operate temporarily with slightly reduced staffing but cannot sustain this for long periods of time.
- As phase 1A and later 1B are completed and the facility opens full-time, at full capacity, Cameo will need its own dedicated FTE and operating budget to provide a safe environment.

## Proposed Solution

- CPW requests a Park Manager IV, a Technician IV, and an Administrative Assistant III as full-time positions dedicated to the Cameo facility. CPW also requests cash funding to support basic operations at the park, including temporary staff, vehicles, supplies, and safety equipment.
- CPW requests these FTE and funding be allocated to the State Park Operations line item. Costs will be supported by the State Parks Cash fund.
### Cost and FTE
- Colorado Parks and Wildlife (CPW) requests $1,100,000 in increased cash spending authority to expand opportunities to provide public education about the benefits of wildlife, wildlife management, and wildlife-related recreation opportunities in Colorado.

### Current Program
- The Wildlife Management Public Education Advisory Council (Wildlife Council) was conceived by a coalition of hunters, anglers, and conservationists and created in statute (33-4-120 C.R.S.) in 1998. The Council’s general goal is to educate the public about the role that hunting and fishing plays in preserving and enhancing many aspects of Colorado’s outdoor recreation opportunities.
- Since 2011, the Wildlife Council has achieved its goals primarily through the Hug a Hunter/Hug an Angler program, a comprehensive multi-media campaign.
- Council activities are funded by a $0.75 surcharge on all hunting and fishing licenses sold in Colorado. CPW currently has $1.1 million in cash spending authority in the State Park Operations line item for Wildlife Council expenditures.

### Problem or Opportunity
- Rising media costs are significantly impacting the program. For example, television advertising costs have risen 101% since 2014. Increasing advertising costs have resulted in a decline in the number of television advertisements that can be purchased with the fixed Wildlife Council appropriation. A reduction in purchased advertisements threatens the ability of the Wildlife Council to meet its goals.
- The passage of S.B. 18-143 in 2018 gives the Wildlife Council the authority to increase the license surcharge to $1.50. This would result in significant new revenue for the program.

### Consequences of Problem
- The ability to increase funding for Wildlife Council activities will not increase effectiveness without a corresponding increase in spending authority.
- Many hunters and anglers are strong supporters of the Wildlife Council. A decline in the program’s effectiveness and visibility could lead to a loss of support.

### Proposed Solution
- CPW requests increased cash spending authority of $1.1 million in the State Park Operations line item, bringing the total Wildlife Council spending authority in the line item to $2.2 million. This increase will be supported by an increase of the license surcharge to $1.50. The increased spending authority will allow the Wildlife Council to expand education programs and increase awareness about the importance of hunting and fishing in Colorado.
**Cost and FTE**

- Under this proposed legislation, $30 million GF will be provided to the Colorado Water Conservation Board (CWCB) to help implement Colorado’s Water Plan over the next three years. Examples of the types of projects to be funded include: (1) permanent radar systems in regions affected by forest fires; (2) water storage and infrastructure projects that provide additional storage as well as offering other benefits such as environmental protection or enhanced recreation; (3) upgrading agricultural river diversion or dam structures to provide multiple benefits, including efforts to improve river safety for boaters and support fish populations; (4) projects that promote conservation, watershed health, environmental health, and recreation including stream and watershed management, and; (5) efforts to secure the future of the Colorado River in the face of the current drought.

**Current Program**

- The CWCB has a grant program directly tied to making progress on the goals and objectives of the Water Plan. The Water Plan Implementation Grant Program aims to fund projects that have multiple benefits and have multiple uses. Projects must also have a 50% match.

**Problem or Opportunity**

- The State may not have enough money to provide for all of the water needs of a semi-arid and growing state. The Water Plan identified a $20 billion gap in funding for municipal and industrial water needs by 2050. The State has committed to investigate options for $100 million per year as a contribution towards closing this gap.
- Meeting legal obligations to deliver water to downstream states requires constant vigilance by the State of Colorado. Of particular concern at the moment is the Colorado River. In the face of a 19-year drought, there is concern about whether there is sufficient water supply in the Colorado River. In this regard, the realities of continued drought could negatively impact both agricultural families on the West Slope and suburban families on the East Slope.

**Proposed Solution**

- Finding a long term funding source to implement the Water Plan presents unique challenges, a fact that reinforces the importance of pursuing a General Fund investment when times are good. The proposed General Fund investment will leverage local and federal dollars and serve as a down payment for protecting against the economic devastation of drought. Further, proposed funding will allow for implementation of Colorado’s Water Plan while the State continues efforts to identify a sustainable funding source for this need.
- In addition to augmenting the Water Plan Implementation Grant Program, a portion of this funding will be used to address water compact issues. For example, in the Colorado River Basin, funding may be used to compensate water rights owners, both agricultural and municipal, for voluntarily foregoing use of their water rights in times of severe drought in a manner that makes sense for their businesses.
Mission Statement
The mission of the Department of Personnel & Administration (DPA) is to provide quality services to enhance State government success through improved customer service, modernized business operations, and investment in the workforce.

Department Description
The Department of Personnel & Administration (DPA) provides centralized services to State agencies that are necessary for the operation of Colorado State government. These services include: supporting and maintaining the integrity of the State personnel system; managing the State’s insurance pool; providing management, monitoring, and oversight of the State’s financial and purchasing operations; providing administrative law judge services statewide; developing statewide total compensation and operating expense policies common to all departments; and providing statewide central services such as mail, data entry, reprographics, facility maintenance and fleet. The Department also manages the State’s new Colorado Operations Resource Engine financial system, also known as CORE.

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
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</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$206.4</td>
<td>$211.3</td>
</tr>
<tr>
<td>General Fund</td>
<td>$14.1</td>
<td>$14.9</td>
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</table>

+2.3% ($4.8M) +5.9% ($0.8M)

Breakdown of Total Funds, $s in Millions, FY 2019-20

- Federal Funds, $0.0, 0%
- General Fund, $14.9, 7%
- Cash Funds, $16.8, 8%
- Reappropriated Funds, $179.6, 85%

FY 2019-20 Governor's Budget Request

FY 2019-20 Governor’s Request

$14.9 million General Fund
Share of Statewide General Fund: 0.1%

$211.3 million Total Funds
Share of Statewide Total Funds: 0.6%

0.6% State Total Funds
0.1% State General Fund
STRATEGIC POLICY INITIATIVES

Increase Employee Engagement

Provide an environment that fosters engaged and talented employees to thrive and grow.

- The Department aims to enhance branding the State of Colorado as an “employer of choice” by improving the employee engagement index score to greater than 80% by 4th quarter 2019.
- One-Year Outcome Goals for June 30, 2019: 1) Provide opportunities to enable employees’ engagement in agency improvements; 2) Encourage employees to take more control over their career planning; 4) Expand and enhance skills training to meet State and agency demographic needs; 5) Enable leadership to grow and thrive in their role elevating their organizations.

Improve Customer Service

Increase satisfaction among DPA customers across the State of Colorado.

- The Division of Central Services, Division of Capitol Assets and Office of Administrative Courts will lead system implementations and/or upgrades and process improvements for DPA customers.
- Top five One-Year Outcome Goals for June 30, 2019: 1) Gain deep knowledge and understanding of the customers’ outputs to address their needs and expectations 2) Offer the right services so that Agencies and State employees supported by DPA remain productive to meet mission deliverables 3) Overcome the challenges and barriers to responsiveness in meeting the customers’ or DPA’s changing needs.

Modernize Business Operations

Improve statewide business processes for managing personnel, assets, finances, and adjudication.

- Several divisions will lead system implementations and/or upgrades and process improvements for DPA customers, including State employees.
- Top four One-Year Outcome Goals for June 30, 2019: 1) Update systems and equipment to operate more efficiently 2) Simplify the interfaces and accessibility of DPA services to make it easier to work with DPA 3) Promote a continuous improvement mindset and use “LEAN Events” to remove the non-value added steps in the process.
## FY 2019-20 Change Requests

### R-01 Fleet Integrated Management Software Ongoing Costs

<table>
<thead>
<tr>
<th>$130,000 Total Funds, $0 General Fund</th>
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</thead>
<tbody>
<tr>
<td><strong>3</strong> Modernize Business Operations</td>
</tr>
<tr>
<td>• The Department requests $130,000 in reappropriated funds spending authority in FY 2019-20 and ongoing for the maintenance and support expenses of a Fleet Integrated Management Software (FIMS) solution. A corresponding IT capital construction request has been submitted for the initial purchase and installation of this software solution.</td>
</tr>
<tr>
<td>• Currently State Fleet Management (SFM) utilizes the Colorado Automotive Reporting System (CARS) as its FIMS. CARS is used to track all state fleet vehicles through their entire life cycle from acquisition to disposal. The system tracks data points such as depreciation, fuel consumption, maintenance required and completed, accidents, repairs and vehicle utilization. All of these data points are used by SFM to oversee the fleet.</td>
</tr>
<tr>
<td>• If this request is not funded, SFM will not be able to provide high level customer service to State agencies that use Fleet vehicles. In the event of a failure of the current system SFM will not be able to track the necessary data points to ensure that fleet vehicles are purchased, maintained, and effectively utilized throughout the state which will lead to increased expenses for all agencies.</td>
</tr>
<tr>
<td>• The anticipated vendor expense for implementation of this software is $1,300,000. The market research indicates that ongoing costs for maintenance and support are approximately 10 percent of the implementation expense</td>
</tr>
</tbody>
</table>

### R-02 Integrated Document Solutions Increased Input Costs

<table>
<thead>
<tr>
<th>$500,756 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2</strong> Improve Customer Service</td>
</tr>
<tr>
<td>• The Department’s Integrated Document Solutions (IDS) program requests additional reappropriated spending authority of $500,756 in FY 2019-20, and $971,847, including a five percent contingency, in FY 2020-21 and ongoing due to increased paper and postage expenses.</td>
</tr>
<tr>
<td>• IDS is Colorado’s State Printer, and is an end-to-end document management operation, serving all government entities across Colorado. IDS provides graphic design, printing, imaging, mail and delivery to state agencies, and the volume processed through the program allows the State to negotiate discounts for a number of products and services.</td>
</tr>
<tr>
<td>• As a result of several changes in the paper market, the prices for roll stock paper and envelopes have increased and are projected to continue increasing in FY 2019-20 by approximately eight percent. On December 1, 2017, the Postal Regulatory Commission (PRC) issued findings that the current postal rate system did not allow the USPS to achieve pricing efficiency or long-term financial stability measures. As a result, the PRC proposed new rules allowing the postage rates to be increased by up to three percent above the rate of inflation in the next five calendar years.</td>
</tr>
<tr>
<td>• Due to the increased paper and postage expenses in future fiscal years, if IDS does not receive additional spending authority, it will not be able to meet its customers’ demands. IDS may be at risk of turning down business if sufficient spending authority does not exist. Turning down business negatively affects all IDS customers who benefit from volume discounts.</td>
</tr>
<tr>
<td>• The Department requests an increase to spending authority which will allow IDS to continue to meet its customers’ demands for printing and processing mail, which will continue to generate bulk savings for all participating agencies.</td>
</tr>
</tbody>
</table>
## FY 2019-20 Change Requests

### R-03 Support for Colorado DRIVES

**$2,609,297 Total Funds, $0 General Fund**

<table>
<thead>
<tr>
<th>Modernize Business Operations</th>
</tr>
</thead>
</table>

- The Department of Personnel & Administration’s Integrated Document Solutions (IDS) Group is requesting $2,609,297 in reappropriated funds spending authority for FY 2019-20, annualizing to $3,516,038 in FY 2020-21 and ongoing to provide support for the Colorado Drive License, Record, Identification, and Vehicle Enterprise Solution (DRIVES) project. IDS anticipates initially supporting the 37 counties currently enrolled in Colorado DRIVES in FY 2019-20 and is requesting spending authority that would allow for the onboarding of the additional 27 counties in FY 2020-21, at which point all Colorado counties would be involved.
- Currently Colorado DRIVES creates 64 separate files of documents for printing are distributed to the respective counties, such as renewal notices and registrations. Once received, the counties must print the documents, insert them into envelopes, apply postage, and deliver them to USPS.
- IDS will be able to support Colorado DRIVES by providing centralized printing and mailing services. These centralized services will lead to cost savings via IDS’ pricing agreements with USPS for reduced postage, reduced material expenses due to large volume orders, reduced material spoilage, and less maintenance required on county printers. Staff at county offices throughout the state will be able to be more productive and focus their time and attention on customers rather than tedious tasks such as stuffing envelopes and applying postage.
- If IDS does not centralize these processes individual counties will continue to spend more than necessary on materials and postage, and their staff will need to focus more on these tedious tasks, taking them away from providing customer service.
- The proposed solution is to centralize printing, inserting, metering, and mailing of DRIVES documents within IDS. These processes are well within IDS’s current scope of work.

### R-04 Annual Fleet Vehicle Request

**$417,795 Total Funds, $0 General Fund**

- The Department of Personnel & Administration (DPA) is requesting to replace 709 fleet vehicles (371 of which are designated as potential Alternate Fuel Vehicles (AFV)), requiring an increase of $468,330 in appropriated funds for all state agencies’ vehicle lease payment appropriations, and an increase of $417,795 for the Department’s Vehicle Replacement Lease/Purchase line item for FY 2019-20.
- DPA is charged with the oversight of the State Fleet, including its maintenance, operation, and replacement as necessary. All departments that participate in the State Fleet program are impacted by this request.
- On an annual basis, DPA submits a fleet replacement request to address the needs of individual state agencies across the State. The Department’s Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year, 1,996 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2019-20 the Department included 709 replacement vehicles, in the most critical need of replacement.
- Replacement vehicles for the Colorado State Patrol represent 29.2 percent of the request. These vehicles routinely travel at a high rate of speed under various conditions. Failing to replace these vehicles in a timely fashion would significantly increase the likelihood of failure of key components, thereby increasing the probability of injury to patrolmen. For other agencies, replacement vehicles are typically requested because the cost to maintain the older vehicle meets or exceeds the cost of replacing the vehicle.
**FY 2019-20 Change Requests**

### IT CC-01 CARS Replacement

<table>
<thead>
<tr>
<th>Modernize Business Operations</th>
<th>$1.6 million Total Funds, $0 General Fund</th>
</tr>
</thead>
</table>

- The Department of Personnel & Administration's Fleet Management Program requests $1,625,610 in cash fund spending authority in FY 2019-20 for a System Replacement IT capital project to replace the Colorado Automotive Reporting System (CARS) which will no longer be supported by the Office of Information Technology (OIT). Ongoing costs of $130,000 in reappropriated funds spending authority will be addressed with an operating request through the regular Decision Item process. State Fleet Management (SFM) has been planning for this purchase and has sufficient fund balance to cover the initial purchase price and to offset continuing expenses. Once the fund balance has been spent down to its targeted amount the continuing expenses will then be included in the calculations used to determine management fees.

- Currently SFM utilizes CARS as its Fleet Information Management System (FIMS). CARS is used to track all state fleet vehicles through their entire life cycle from acquisition to disposal. The system tracks data points such as depreciation, fuel consumption, maintenance required and completed, accidents, repairs and vehicle utilization. All of these data points are used by SFM to oversee the fleet.

- CARS is a 21-year old custom product built exclusively for the State of Colorado that can no longer be supported. OIT has determined that it is no longer cost efficient to effectively support this software, and that no vendors are available to provide support to the antiquated system. OIT has recommended that SFM purchases a commercial-off-the-shelf (COTS) software solution that the vendor will support and continue to develop, and this funding request will allow SFM to follow OIT's recommendation.

- If this request is not funded SFM will not be able to provide high level customer service to State agencies that use Fleet vehicles. In the event of a failure of the current system SFM will not be able to track the necessary data points to ensure that fleet vehicles are purchased, maintained, and effectively utilized throughout the state which will lead to increased expenses for all agencies.

- The proposed project will replace this system with a COTS system that incorporates the transportation market's best practices in addition to enhanced tracking and reporting capabilities. Using a vendor sourced software of this nature will allow the State to respond to changes and expansion in the transportation market which is not possible with the current software. The ability to rapidly respond allows SFM to adapt to new vehicle technology and continue to provide excellent customer service to all state agencies that it serves.
Cost and FTE

- The Department of Personnel & Administration’s Fleet Management Program requests an additional $130,000 in reappropriated funds spending authority in FY 2019-20 and ongoing for the (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Operating Expenses line for the maintenance and support expenses of a Fleet Integrated Management Software (FIMS) solution. A corresponding IT capital construction request has been submitted for the initial purchase and installation of this software solution.

Current Program

- Currently State Fleet Management (SFM) utilizes the Colorado Automotive Reporting System (CARS) as its FIMS.
- CARS is used to track all state fleet vehicles through their entire life cycle from acquisition to disposal.
- The system tracks data points such as depreciation, fuel consumption, maintenance required and completed, accidents, repairs and vehicle utilization.
- All of these data points are used by SFM to oversee the fleet.

Problem or Opportunity

- CARS is a 21-year old custom product built exclusively for the State of Colorado that can no longer be supported.
- The Office of Information Technology has historically provided staffing for development of CARS but currently there is only one supporting developer with in-depth knowledge of the software.
- OIT has determined that it is no longer cost efficient to effectively support this software, and that no vendors are available to provide support to the antiquated system.
- OIT has recommended that SFM purchases a commercial-off-the-shelf (COTS) software solution that the vendor will support and continue to develop.

Consequences of Problem

- If this request is not funded, SFM will not be able to provide high level customer service to State agencies that use Fleet vehicles. In the event of a failure of the current system SFM will not be able to track the necessary data points to ensure that fleet vehicles are purchased, maintained, and effectively utilized throughout the state which will lead to increased expenses for all agencies.

Proposed Solution

- CARS is currently used to track all state fleet vehicles through their entire life cycle from acquisition to disposal. The proposed project will replace this system with a COTS system that incorporates the transportation market’s best practices in addition to enhanced tracking and reporting capabilities.
- Using a vendor sourced software of this nature will allow the State to respond to changes and expansion in the transportation market which is not possible with the current software. The ability to rapidly respond allows SFM to adapt to new vehicle technology and continue to provide excellent customer service to all state agencies that it serves.
- Through market research and the RFI process the Department has identified potential vendors and reviewed prospective solutions for a FIMS. The anticipated vendor expense for implementation of this software is $1,300,000. The market research indicates that ongoing costs for maintenance and support are approximately 10 percent of the implementation expense. A separate IT capital construction request has been submitted for the purchase and installation of a FIMS; this request is for the anticipated maintenance and support expenses.
**Cost and FTE**

- The Department of Personnel & Administration’s Integrated Document Solutions (IDS) program requests additional reappropriated spending authority of $500,756 in FY 2019-20, and $971,847, including a five percent contingency, in FY 2020-21 and ongoing due to increased paper and postage expenses. Of these amounts, $35,960 is for the increased paper expenses and will increase the (4) Division of Central Services, (B) Integrated Document Solutions, Operating Expenses line, while the remaining amounts will increase the (B) Integrated Document Solutions, IDS Postage line, as a result of increased projected postage expenses. This request represents a net increase of less than one percent in the Operating Expenses line item and a net increase of 23 percent in the IDS Postage line.
- Additionally, the Department requests corresponding funding for its top ten customer agencies of $121,209 in FY 2019-20, and $253,439, including a five percent contingency, in FY 2020-21 and ongoing to increase their operating budgets for the increased paper and postage expenses.

**Current Program**

- IDS is Colorado’s State Printer, and is an end-to-end document management operation, serving all government entities across Colorado. IDS provides graphic design, printing, imaging, mail and delivery to state agencies, and the volume processed through the program allows the State to negotiate discounts for a number of products and services.

**Problem or Opportunity**

- As a result of several changes in the paper market, the prices for roll stock paper and envelopes have increased and are projected to continue increasing in FY 2019-20 by approximately eight percent.
- On December 1, 2017, the Postal Regulatory Commission (PRC) issued findings that the current postal rate system did not allow the USPS to achieve pricing efficiency or long-term financial stability measures. As a result, the PRC proposed new rules allowing the postage rates to be increased by up to three percent above the rate of inflation in the next five calendar years.

**Consequences of Problem**

- Due to the increased paper and postage expenses in future fiscal years, if IDS does not receive additional spending authority, it will not be able to meet its customers’ demands.
- IDS may be at risk of turning down business if sufficient spending authority does not exist.
- Turning down business negatively affects all IDS customers who benefit from volume discounts.

**Proposed Solution**

- The Department requests an increase to spending authority which will allow IDS to continue to meet its customers’ demands for printing and processing mail, which will continue to generate bulk savings for all participating agencies.
- By increasing the operating budgets of the top ten customer agencies, these customers can continue to utilize IDS’ services for printing and mailing, without having to forgo other necessary items currently included in their operating budgets.
**Cost and FTE**

- The Department of Personnel & Administration’s Integrated Document Solutions (IDS) Group is requesting $2,609,297 in reappropriated funds spending authority for FY 2019-20, annualizing to $3,516,038 in FY 2020-21 and ongoing to provide support for the Colorado Drive License, Record, Identification, and Vehicle Enterprise Solution (DRIVES) project. IDS anticipates initially supporting the 37 counties currently enrolled in Colorado DRIVES in FY 2019-20 and is requesting spending authority that would allow for the onboarding of the additional 27 counties in FY 2020-21, at which point all Colorado counties would be involved. The Department is also requesting $28,903 cash funds on behalf of the Department of Revenue (DOR) in FY 2019-20 annualizing to $30,307 in FY 2020-21 and ongoing to cover the costs of printing by IDS. This function had previously been provided by the Division of Motor Vehicle’s Vehicle Services section.

**Current Program**

- Currently Colorado DRIVES creates 64 separate files of documents for printing are distributed to the respective counties, such as renewal notices and registrations. Once received, the counties must print the documents, insert them into envelopes, apply postage, and deliver them to USPS.

**Problem or Opportunity**

- IDS will be able to support Colorado DRIVES by providing centralized printing and mailing services.
- These centralized services will lead to cost savings via IDS’ pricing agreements with USPS for reduced postage, reduced material expenses due to large volume orders, reduced material spoilage, and less maintenance required on county printers.
- Staff at county offices throughout the state will be able to be more productive and focus their time and attention on customers rather than tedious tasks such as stuffing envelopes and applying postage.
- With a standardized process there will be less room for error and notices will be mailed on a consistent basis across the state. Counties have voiced interest for a centralized process that they believe will benefit them in the form of cost savings, staff efficiency, and enhanced customer service.

**Consequences of Problem**

- If IDS does not centralize these processes individual counties will continue to spend more than necessary on materials and postage, and their staff will need to focus more on these tedious tasks, taking them away from providing customer service.

**Proposed Solution**

- The proposed solution is to centralize printing, inserting, metering, and mailing of DRIVES documents within IDS. These processes are well within IDS’s current scope of work.
- In FY 2019-20 the Department is requesting $2,609,297 in reappropriated funds spending authority to support the 37 counties that are already enrolled in Colorado DRIVES. This is comprised of $160,091 in Personal Services spending authority, $167,177 in Operating Expenses spending authority, and $2,282,029 in IDS Postage spending authority.
- In FY 2020-21 and ongoing the Department is requesting $3,516,038 in reappropriated funds spending authority to have the ability to support a fully implemented Colorado DRIVES system that involves all 64 counties. This is comprised of $215,617 in Personal Services spending authority, $226,155 in Operating Expenses spending authority, and $3,074,266 in IDS Postage spending authority.
- The Department does not intend to hire additional FTE with the increased Personal Services spending authority, but rather earmark those dollars to be used to hire temporary employees if needed in peak times.
- Supporting Colorado DRIVES through centralizing the printing and mailing of Title Complete Notices, Special Mobile Machinery Registration Notices, Registration Renewal Notices, Registration Receipts, Declarations, and Combined Registration Receipts will reduce material and postage expenses. It will also enhance customer service experiences by allowing more time for face to face interactions, and ensuring a consistent and timely mailing of all documents.
### Cost and FTE

- The Department of Personnel & Administration (DPA) is requesting to replace 709 fleet vehicles (371 of which are designated as potential Alternate Fuel Vehicles (AFV)), requiring an increase of $468,330 for all state agencies’ vehicle lease payment appropriations, and an increase of $417,795 for the Department’s Vehicle Replacement Lease/Purchase line item for FY 2019-20.

### Current Program

- DPA is charged with the oversight of the State Fleet, including its maintenance, operation, and replacement as necessary. All departments that participate in the State Fleet program are impacted by this request.

### Problem or Opportunity

- On an annual basis, DPA submits a fleet replacement request to address the needs of individual state agencies across the State.
- The Department’s Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year, 1,996 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2019-20 the Department requests 709 replacement vehicles, in the most critical need of replacement.

### Consequences of Problem

- Replacement vehicles for the Colorado State Patrol represent 29.2 percent of the request. These vehicles routinely travel at a high rate of speed under various conditions. Failing to replace these vehicles in a timely fashion would significantly increase the likelihood of failure of key components, thereby increasing the probability of injury to patrolmen.
- For other agencies, replacement vehicles are typically requested because the cost to maintain the older vehicle meets or exceeds the cost of replacing the vehicle.

### Proposed Solution

- The Department proposes the replacement of 709 state fleet vehicles, 371 of which are AFV vehicles. The incremental cost to State agencies is estimated to be an increase of $468,330 in total funds, with a General Fund decrease of $45,317.
- The proposed solution is anticipated to save the State $2,881,072 between reduced maintenance costs and reduced fuel expense.
Mission Statement
The mission of the Colorado Department of Public Health and Environment is to protect and improve the health of Colorado's people and the quality of its environment.

Department Description
The Department of Public Health and Environment is comprised of 11 divisions. These divisions are organized into three groups: 1) Administration and Support; 2) Environmental Programs consisting of the Air Pollution Control Division, Water Quality Control Division, Hazardous Materials and Waste Management Division, and Environmental Health and Sustainability; and 3) Health Programs including the Center for Health and Environmental Information, Laboratory Services, Disease Control and Environmental Epidemiology, Prevention Services, Health Facilities and EMS, and the Office of Emergency Preparedness and Response.
Strategic Policy Initiatives

1. Implement Plans the Governor’s Vision for Colorado as the Healthiest State

CDPHE has established targets designed to implement the plans supporting health and environment priorities.
- CDPHE aims to target youth substance abuse, reduce opioid misuse, reduce the impact on daily life of mental illness, reduce the percentage of adults who are obese, reduce emissions from coal-fired power plants, increase the percentage of lakes and rivers meeting quality standards, reduce the amount of waterborne disease outbreaks at public drinking water systems, and increase the percentage of Coloradans served by drinking water systems that meet health standards, among other goals.

2. Increase CDPHE’s Efficiency, Effectiveness, and Elegance

The Department is dedicated to improving internal operations and external customer service while maintaining a high standard of professionalism.
- The Department aims to increase their efficiency index from 67% to 69%, their effectiveness index from 75% to 77%, and their elegance index from 62% to 64% by June 30, 2019.

3. Improve Employee Engagement

The Department is committed to improving the employee engagement index from 78% to 80% by June 30, 2019.
- The Department aims to develop and promote engagement using Career Development Plans, ensuring professional development information is readily available for employees, and improving employee satisfaction with the recognition they get for doing their work.

4. Promote Health Equity and Environmental Justice

The Department trains employees on a “health in all policies” approach and aims to incorporate understanding of the social determinants of health into policy decisions.
- The Department hosts Health Equity & Environmental Justice Trainings for employees, works with other state agencies to incorporate health equity into policy decisions, mobilizes community voices, and grants funds to health equity projects in the state.

5. Be Prepared and Respond to Emerging Issues

CDPHE aims to make sure its data systems and processes are up-to-date to deal with emerging issues.
- The Department aims to achieve a 7.9 Health Security Surveillance Score by 2018 and meet or exceed national average through 2021.
- The Department expects to prioritize emerging issues by developing a statewide threat and risk assessment.
## FY 2019-20 Change Requests

<table>
<thead>
<tr>
<th>Change Request</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R-01 Family Planning Purchase of Services Increase</strong></td>
<td>$1,025,000 Total Funds, $1,025,000 General Fund</td>
</tr>
</tbody>
</table>
| 1 Healthiest State | - The Department requests $1,025,000 General Fund to expand the Family Planning Program (FPP).  
- The primary focus of the FPP is to reduce unintended pregnancies. Such pregnancies can be associated with poor health, and poor economic and social outcomes.  
- The Department estimates that 48,457 Colorado women are still in need of subsidized contraceptive services, increasing the likelihood of unintended pregnancies. This funding would allow the department to serve up to 2,537 new clients in need of a reproductive health care safety net. |
| **R-02 Public Health Transformation** | $240,472 Total Funds, $240,472 General Fund |
| 1 Healthiest State | - The Department requests $240,472 General Fund to support efforts to identify the most efficient and effective model for delivering public health to urban, rural, and frontier communities across the State.  
- With a 14% increase in Colorado’s population over the past decade, increasing need for services, and rising costs, Colorado’s local public health agencies (LPHAs) (especially those in rural areas) struggle to provide necessary public health services to their communities.  
- The requested funding would allow the Department to assess the degree to which core public health services are delivered, identify gaps and/or inefficiencies in services, and make recommendations for more effective service delivery.  
- Ultimately, this will result in more Coloradans receiving the services and support they need to lead healthy, productive lives. |
| **R-03 Lab Spending Authority** | $59,628 Total Funds, $88,270 General Fund |
| 1 Healthiest State | - The Department requests $59,628, of which includes $88,270 General Fund, $81,452 cash funds, and an offsetting refinance of $110,094 reappropriated funds to support mission critical lab testing.  
- Current operating spending authority does not cover the costs of laboratory supplies and equipment and does not adequately support the costs to perform mission critical testing.  
- With limited spending authority, the State Laboratory must make difficult decisions on what supplies and equipment to purchase. This includes making the decision to turn non-critical tests away or reduce testing volumes  
- The requested funding will improve service delivery and ensure the State Laboratory performs necessary testing activities quickly and accurately. |
<table>
<thead>
<tr>
<th>R-04 Local Public Health Electronic Medical Records</th>
<th>$837,774 Total Funds, $837,774 General Fund</th>
</tr>
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<tbody>
<tr>
<td>• The Department requests $837,774 General Fund for maintenance and support of the newly launched Electronic Health Record (EHR) system developed for local public health agencies (LPHAs).</td>
<td></td>
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<tr>
<td>• While EHR adoption has been proven to increase population health outcomes and financial sustainability, most of Colorado’s 53 LPHAs have been unable to implement an EHR.</td>
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<tr>
<td>• Now that the LPHA EHR system has launched, the Department’s requested funds will be used to finalize expansion of the EHR system to additional LPHAs and to develop a long-term sustainability plan for use of the system.</td>
<td></td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>R-05 Tableau for Data Transparency</th>
<th>$85,000 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests $85,000 reappropriated funds to support annual license fees and training for Tableau, the Department’s data visualization software.</td>
<td></td>
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<tr>
<td>• The Department utilizes Tableau to create interactive dashboards, graphs, and charts for internal performance management and external data sharing with customers and citizens.</td>
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<tr>
<td>• By funding Tableau through indirect cost recoveries, all divisions will have the ability to utilize the software which enables Department customers to access data and information needed to help improve Colorado’s health and environment.</td>
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<tr>
<th>R-06 Equity Trainer</th>
<th>$104,348 Total Funds, $104,348 General Fund</th>
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<tbody>
<tr>
<td>• The Department requests $104,348 General Fund to implement a pilot program that would build capacity around advancing equity in State programs, policies, budgets, and services.</td>
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<tr>
<td>• Equity means that everyone in Colorado, regardless of who they are, has the ability to thrive.</td>
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<tr>
<td>• There is currently no formalized process that exists for state agencies to integrate equity into critical decision-making.</td>
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<tr>
<td>• The requested funding will support an equity trainer to function as an expert on integrating equity into State functions.</td>
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## FY 2019-20 Change Requests

### R-07 Tribal Liaison

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<th>Healthiest State</th>
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- The Department requests $82,211 General Fund to represent the Department and serve American Indians in Colorado.
- While the Department participates in the leadership council with the Colorado Commission of Indian Affairs, it does not have sufficient resources to address opportunities to strengthen the relationship and customer service to the tribes and urban Indians.
- This request would provide the tribes with a central point of contact for health and environmental concerns, needs, and opportunities.

**$82,211 Total Funds, $82,211 General Fund**

### R-08 Assisted Living Residence Spending Authority

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<th>Healthiest State</th>
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- The Department requests $648,296 cash fund spending authority to enhance the quality of life and safety of residents in assisted living residence (ALR) facilities.
- The Division has struggled to provide a comprehensive system of regulation to the ALR community.
- ALRs that do not have routine inspections are more likely to violate minimum standards and regulations, resulting in practices that can lead to resident harm including falls, injuries, and death.
- The requested funding will fund program-staffing needs to increase oversight of ALRs.

**$648,296 Total Funds, $0 General Fund**

### R-09 1% Provider Rate

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<th>Healthiest State</th>
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- The Department requests $93,714 total funds to account for a provider rate increase of 1.0 percent, which affects the local public health agencies in the State.
- Without an increase, local public health agencies will continue to absorb cost increases, potentially inhibiting the ability to offer programs that improve the health of people in their counties.

**$93,714 Total Funds, $68,329 General Fund**
**Cost and FTE**

- The Department requests $1,025,000 General Fund in FY 2019-20 and beyond to expand the Family Planning Program (FPP). This request represents an increase of 27 percent over the FY 2018-19 General Fund appropriation for the Family Planning Purchase of Services line.

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**Current Program**

- The Department has received Federal Title X funds since 1970 to provide comprehensive family planning services to all individuals who want and need them, with priority for low-income clients. A network of 75 family planning clinics across the state, operated and overseen by local public health agencies and the Department, provide these services. The program serves between 50,000-55,000 people annually.

---

**Problem or Opportunity**

- The primary focus of the FPP is to reduce unintended pregnancies. Such pregnancies can be associated with poor health, and poor economic and social outcomes.
- Private funding from 2008-2016 allowed CDPHE to leverage existing federal and state funding to train health care providers, support local clinics, and provide long-acting reversible contraceptives to women at low or no cost. In 2016, the Colorado General Assembly increased its allocation to the FPP to continue this successful practice; however, there are still thousands of people without insurance coverage in need of a reproductive health care safety net.

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**Consequences of Problem**

- CDPHE estimates that 48,457 Colorado women are still in need of subsidized contraceptive services, increasing the likelihood of unintended pregnancies.
- Unintended pregnancies can lead to social, economic and public health consequences.

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**Proposed Solution**

- The Department will leverage the requested $1,025,000 with the current FPP infrastructure (made up of private insurance, Medicaid, federal grants, local contributions, and other funding sources) to continue providing increased access to long-acting reversible contraception methods, thereby reducing the teen birth rate, the induced termination rate, second order births, and the rate of unintended pregnancies.
- Current estimates show state, local, federal, Medicaid, and private insurance funds allocated to the FPP avert approximately 9,480 unintended births per year. Using the Guttmacher cost calculator, CDPHE anticipates it will avert an additional 550 unintended births and serve 2,537 additional clients.
Priority: R-02
Public Health Transformation
FY 2019-20 Change Request

Cost and FTE

- The Department requests $240,472 General Fund and 0.9 FTE in FY 2019-20, $248,478 General Fund and 1.0 FTE in FY 2020-21 and $135,978 General Fund and 1.0 FTE in FY 2021-22 to a report identifying the most efficient and effective model for delivering public health to urban, rural, and frontier communities across the state. The FTE requested will be term-limited to end in FY 2021-22. This request represents an increase of 70 percent over the FY 2018-19 General Fund appropriation for the Assessment Planning and Support Program line.

Current Program

- The Office of Planning, Partnerships and Improvement (OPPI) serves local public health agencies (LPHAs) and works to improve the overall operation of the public health system in Colorado. Through providing technical assistance and training, OPPI helps local agencies and department programs more effectively and efficiently meet their goals.

Problem or Opportunity

- A 14% increase in Colorado’s population over the past decade has increased the need for services and increased costs, causing Colorado’s LPHAs (especially those in rural areas) to struggle to meet statutory obligations to provide necessary community public health services to residents.

Consequences of Problem

- LPHAs will continue to be unable to meet demand for services and to protect public health and the environment.
- The Department will fail to meet its goal of helping make Colorado the healthiest state in the nation.

Proposed Solution

- The Department requests $240,472 General Fund and 0.9 FTE in FY 2019-20, $248,478 General Fund and 1.0 FTE in FY 2020-21 and $135,978 General Fund and 1.0 FTE in FY 2021-22 to support the development of a report with recommendations identifying the most efficient and effective model for delivering public health to urban, rural, and frontier communities across the state.
- $225,000 of the requested funds will support a contractor. Over an 18-month period, the consultant will conduct a statewide survey and stakeholder interviews to assess the degree to which core public health services are delivered, where the gaps are and recommend the most effective and efficient delivery system for Colorado.
- The requested FTE will support the contractor; work to garner support from LPHAs and partner organizations (e.g. residents, hospitals, commissioners, other local government entities); assist the LPHAs in completing the assessment survey; and assist with implementation of the recommendations.
Cost and FTE

- The Department requests $59,628, of which includes $88,270 General Fund, $81,452 cash funds, and an offsetting refinance of $110,094 reappropriated funds for FY 2019-20 and beyond to support mission critical lab testing. This request represents a 26.5% increase in General Fund and a 2.8% increase in cash funds from the FY 2018-19 appropriation in the Chemistry and Microbiology Operating Expenses line.

Current Program

- The Laboratory Services Division conducts laboratory tests for various diseases such as rabies and environmental contaminants such as air pollution to protect public and environmental health in the State of Colorado.
- The Laboratory Services Division’s funding consists of General Fund, cash funds (from fee-for-service tests), reappropriated funds, and federal funds.
- Operating costs cover the purchase of testing instruments and equipment, instrument maintenance, software, supplies, reagents, and proficiency tests to perform laboratory testing.

Problem or Opportunity

- Operating spending authority does not currently cover the costs of laboratory supplies and equipment and does not adequately support the costs to perform mission critical testing.
- The lack of operating spending authority affects the Laboratory’s ability to purchase the supplies and equipment needed to perform the testing required by State and private sample submitters.

Consequences of Problem

- With limited operating spending authority, the Laboratory must make difficult decisions on what supplies and equipment to purchase. This includes making the decision to turn non-critical tests away or reduce testing volumes.
- Limiting testing impacts the ability to collect data on ongoing or emerging issues of public and environmental health significance.

Proposed Solution

- The Department requests $59,628, of which includes $88,270 General Fund, $81,452 cash funds, and an offsetting refinance of $110,094 reappropriated funds for FY 2019-20 and beyond to support mission critical lab testing.
- The proposed increase will enable the laboratory to support increasing costs to purchase testing instruments and equipment, instrument maintenance, software, supplies, reagents, and proficiency tests.
- The increased funding will improve service delivery and ensure the State Lab performs testing activities quickly and accurately.
**Cost and FTE**

- The Department requests $837,774 General Fund and 3.5 term-limited FTE in FY 2019-20 for maintenance and support for the newly launched Electronic Health Record (EHR) system developed for Local Public Health Agencies (LPHA).
- The FY 2018-19 appropriation has been annualized out for FY 2019-20 per the original request. This request represents a 28% decrease from the FY 2018-19 General Fund Appropriation in the Electronic Health Records for Local Public Health Agencies line.
- This includes $502,188 for vendor maintenance and support and $335,586 for 3.5 term-limited FTE.

**Current Program**

- In FY 2014-15, the Joint Budget Committee (JBC) appropriated five years of General Fund monies totaling $8,594,720 to build an EHR for the State’s LPHAs.
- In June of 2018, the EHR system was successfully implemented in two pilot LPHAs.
- EHR adoption streamlined and simplified processes providing accurate, up-to-date, and complete information about patients (making prescribing and dispensing medications safer and more reliable, and promoting legible, complete documentation) and integrating information exchange between local public health agencies and the state level.

**Problem or Opportunity**

- While EHR adoption has been proven to increase population health outcomes and financial sustainability, most of Colorado’s 53 LPHAs have been unable to implement an EHR.
- Now that the LPHA EHR system has launched, an additional year of funding for the maintenance and requested FTE for one year will allow the Department to finalize a plan to expand the EHR system to additional LPHAs and to develop a sustainability plan.

**Consequences of Problem**

- If not funded, the six LPHAs anticipated to be using the EHR as of June 2019 would have to fund the approximately $500,000 annual maintenance cost or revert to prior systems, losing the efficiencies gained by using an EHR system.
- Without the requested staff support, it would be difficult to bring additional agencies onto the system.

**Proposed Solution**

- The Department requests $837,774 General Fund and 3.5 term-limited FTE in FY 2019-20 to sustain the Electronic Health Record (EHR) system developed for and used by Local Public Health Agencies (LPHAs).
- The funding in this request will cover maintenance of the system and staff support for one year, while the Department works with stakeholders to finalize a plan to expand the EHR system to additional LPHAs and to develop a sustainability plan.
**Cost and FTE**

- The Department requests $85,000 reappropriated funds through indirect cost recovery to support the annual server license fees for Tableau, the Department’s data visualization software, and for training to support staff utilizing Tableau to create interactive online dashboards, graphs, and charts. This request represents a 3.5% increase in reappropriated funds over the FY 2018-19 appropriation in the Administration Operating Line.

**Current Program**

- The Department selected Tableau as the data visualization and reporting software in 2015.
- The Tableau Users Group includes over 40 Tableau developers across the Department; these reside within the 11 individual divisions and offices.

**Problem or Opportunity**

- This request seeks funding in order to meet industry standards regarding data sharing, performance management, and the intent of the SMART Act (State Measurement for Accountable, Responsive, and Transparent Government).
- The Department’s 11 divisions currently fund the annual Tableau server license through direct billing; however, it is more equitable and efficient to pay for it through indirect costs.

**Consequences of Problem**

- Without the Tableau Server license, the Department will lose the opportunity to standardize dashboards, enable best practices with data governance, and provide security at both the user and group level for projects and workbooks.
- The Department will have less security when connecting to external data sources and publishing and sharing data.

**Proposed Solution**

- The Department requests $85,000 in indirect cost recoveries to provide a stable funding source for the Tableau server renewal fee ($70,000 annually) and annual training ($15,000). The request will support staff development and continued education to develop internal talent to meet the Department’s data visualization and performance management needs.
- The Department requests indirect funds as all divisions utilize Tableau across the Department to support both internal performance management and external data sharing. The Department believes indirect funds are an appropriate source to support the Tableau server license due to the department-wide utilization of the platform.
**Cost and FTE**

- The Department requests $104,348 General Fund and 0.9 FTE for FY 2019-20 and $109,199 General Fund and 1.0 FTE for FY 2020-21 and beyond to for a three-year pilot program that would build capacity around advancing equity in state programs, policies, budgets, and services as currently supported by the Office of Health Equity (OHE). This request represents a 151% increase over the FY 2018-19 General Fund appropriation in the Office of Health Equity, Program Costs line.

**Current Program**

- The Department’s Office of Health Equity (OHE) provides training and consultation to Department staff about incorporating equity into daily work and have been receiving increasing requests from other state agencies as well. Equity means that everyone in Colorado, regardless of who they are, has the ability to thrive. OHE staff have developed a level of knowledge and skill in helping State government staff troubleshoot barriers to advancing equity. The goal of the office is to stay current with national best practices for advancing equity.

**Problem or Opportunity**

- When government entities enact equity-focused programs and policies, communities benefit in many ways, including stronger, sustained growth and cost-savings from reductions in health care spending; in essence, all citizens are healthier when a region has lower economic inequality.
- Decisions about housing, education, public safety, etc. are critical to ensuring all Coloradans have the ability to thrive, but state agencies often make decisions without using an equity lens.
- No formalized process currently exists for state agencies to integrate equity into critical decision-making.

**Consequences of Problem**

- Without additional resources, OHE cannot build broader relationships with other State agencies to advance equity in State government.

**Proposed Solution**

- The Department requests $104,348 General Fund and 0.9 FTE for FY 2019-20 and $109,199 General Fund and 1.0 FTE for FY 2020-21 and beyond to for a three-year pilot program that would build capacity around advancing equity in state programs, policies, budgets, and services.
- The requested FTE will create mechanisms to ensure that State employees are aware of potential capacity-building opportunities, develop curriculum, and provide training, coaching and other support.
- Health Equity and Environmental Justice is one of five Department goals. This proposal supports benefits to Vision 2018 as it aims to make Colorado the healthiest state in the nation and provide efficient, effective, and elegant government services by coordinating a cross-agency approach.
Cost and FTE

- The Department requests $82,211 General Fund and 0.5 FTE in FY 2019-20 and $82,487 General Fund and 0.5 FTE in FY 2020-21 and beyond to represent the Department and serve American Indians in Colorado. This request represents a 119% increase from the FY 2018-19 General Fund appropriation in the Office of Health Equity Program Costs line.

Current Program

- The Department spearheaded an interagency leadership council that included the Colorado Commission of Indian Affairs in 2000 from which came the tribal consultation process.
- The Department participates in quarterly meetings with the Colorado Commission of Indian Affairs and meets annually in-person with the tribes per the consultation agreement.
- Colorado has two federally recognized Indian tribes and approximately 104,464 individuals who identify as American Indian or Alaska Native alone or in combination with one or more races.

Problem or Opportunity

- The Department has 11 divisions with dozens of programs from emergency preparedness to solid waste management to women and infant health. Having such a wide variety of programs that affect the tribes and urban Indians can make it difficult for the tribes to interface effectively with the Department.
- While the Department participates in the leadership council with the Colorado Commission of Indian Affairs, it does not have sufficient resources to address opportunities to strengthen the relationship and customer service to the tribes and urban Indians.
- This request would ensure that the State Health Department has the resources to maintain a consistent presence in southwest Colorado, devoted to relationship building with the tribes, and serving as a central point of contact.

Consequences of Problem

- Without a dedicated Tribal Liaison, the Department will miss opportunities to improve relations with the tribes and urban Indians, and will thereby miss opportunities to work with the tribes to improve health outcomes and quality of life.

Proposed Solution

- The Department requests $82,211 General Funds and 0.5 FTE tribal liaison in FY 2019-20 and $82,487 General Funds and 0.5 FTE in FY 2020-21 and beyond to represent the Department and serve American Indians in Colorado.
- The Department expects to see improved trust, respect, inclusion, communication with, and services for the tribes and urban Indians.
Cost and FTE

- The Department requests $648,296 of cash fund spending authority and 7.0 FTE in FY 2019-20 and $615,375 of cash fund spending authority and 7.0 FTE in FY 2020-21 and beyond to enhance the quality of life and safety of residents in assisted living (ALR) facilities. This request represents a 50.4 percent increase in cash funds from the FY 2018-19 appropriation in the Home and Community Survey Line.

Current Program

- The Assisted Living Residence (ALR) program licenses and regulates ALRs in the state.
- ALRs provide housing and assistance with daily living tasks to seniors and people with disabilities; some facilities also provide a limited number of skilled medical services to residents.

Problem or Opportunity

- The Health Facilities and Emergency Medical Services Division (the Division) does not have the funding or staffing to provide a comprehensive system of regulation to the ALR community.
- The number of ALRs and the number of complaints have grown steadily over the past 10 years.
- The Board of Health worked with the Division and stakeholders to revise health and safety rules, and implemented a two-phase fee increase to generate revenue to fund program-staffing needs. The final rules became effective June 2018.

Consequences of Problem

- The division has struggled with conducting sufficient surveys/inspections and this puts ALR residents at an increased risk of egregious incidents.
- ALRs that do not have routine inspections are more likely to violate minimum standards and regulations, resulting in practices that lead to resident harm including falls, injuries, and death.
- ALRs without routine surveys are more likely to improperly administer medication or provide inadequate assistance to residents including overlooking important resident needs such as incontinence.

Proposed Solution

- The Department requests $648,296 of cash fund spending authority and 7.0 FTE in FY 2019-20 and $615,375 of cash fund spending authority and 7.0 FTE in FY 2020-21 and beyond to enhance the quality of life and safety of residents in ALR facilities.
- This proposal will add 5.0 surveyors (inspectors) to the field team to perform regular surveys of the facilities. In addition, it will add 2.0 FTE to do desk reviews (off-site reviews) of reports provided annually by the facilities.
- The additional FTE and spending authority will support the system of regulation provided by the Division.
The Department requests an increase of $93,714 total funds to the Distributions to Local Public Health Agencies line including $68,329 General Fund, $18,103 Marijuana Tax Cash Funds, and $7,282 reappropriated funds for FY 2019-20 and beyond to account for a provider rate increase of 1.0 percent, which affects the Local Public Health Agencies in the state.

The Department provides grant funding to Local Public Health Agencies in counties around Colorado. Counties use those funds to strengthen the state of their public health through various means such as hiring new nurses and facility inspectors.

For FY 2018-19, the Department was budgeted $9,371,369 in Distributions to Local Public Health Agencies (Long Bill line item) that is eligible for the provider rate increase.

The Department seeks to address continued inflationary increases and to provide a consistent level of support to Local Public Health Agencies.

Without an increase, Local Public Health Agencies will continue to absorb cost increases, potentially inhibiting the ability to offer programs that improve the health of people in their counties.

The Department requests an increase of $93,714 total funds for the Local Public Health Agencies to address a 1.0 percent provider rate increase.
### Cost and FTE

- The Department requests to restore $84,000 General Fund in FY 2019-20 and beyond in the Pesticides Sector line item. This request represents an 85% increase in General Fund from the total FY 2018-19 budget in the Pesticides Sector Line Item.
- This request will allow the Department to meet the FY 2018-19 and beyond Long Bill obligation of the General Funds transfer to reappropriated funds within the Department of Agriculture.

### Current Program

- The Long Bill directs the Department to transfer $84,000 General Fund from the Clean Water Programs costs line to reappropriated funds within the Department of Agriculture to support sample testing related to the detection of pesticides.

### Problem or Opportunity

- The Department does not have adequate General Fund resources to meet letternote requirements to transfer $84,000 to the Department of Agriculture for water sample testing for the detection of pesticides.
- During a funding analysis and refinancing of the Clean Water Program in FY 2015-16 and subsequent fee increase legislation in FY 2016-17, appropriations did not account for the $84,000 General Fund obligation to the Department of Agriculture.

### Consequences of Problem

- The Department will not have adequate General Fund appropriation to meet its requirements to the Department of Agriculture to complete necessary pesticides testing of state waters.

### Proposed Solution

- The Department requests $84,000 General Fund for FY 2019-20 and beyond in the Pesticides Sector line item to ensure that it can meet the Long Bill obligation of the General Funds transfer to reappropriated Funds within the Department of Agriculture.
- This solution will ensure that the Clean Water Program may continue to support sample testing related to the detection of pesticides in state waters.
**Cost and FTE**

- This is a net $0 request to transfer $65,000 cash spending authority from the Emergency Medical Services (EMS) Provider Grant line to the EMS program line to pay the annual maintenance costs for the State’s updated trauma registry system.
- This request represents a decrease of 0.77% from the FY 2018-19 in the Emergency Medical Services Provider Grants line appropriation.

**Current Program**

- The Department is required by statute to “oversee the operation of a statewide trauma registry” which requires the ability to “collect, compile, and maintain information for the statewide central registry” (C.R.S. 25-3.5-704).
- Colorado’s designated trauma centers are required to submit specific data elements to CDPHE as described in 6 CCR 1015-4, Chapter One.
- Historically, this has occurred through a trauma registry software vendor. This method required the Office of Information Technology (OIT) support to manage large file uploads to the Department’s Colorado Emergency Medical Services Information Systems (CEMSIS) website.

**Problem or Opportunity**

- The trauma registry, which was internally developed, was aged and failing.
- The division has chosen to upgrade the system using a commercial trauma registry product produced by the same vendor that houses the emergency medical system data.
- Integrating the two systems will enhance services and reduce training required for providers and in house staff.
- This request is to transfer spending authority for the annual maintenance costs of the system from the grants line to the program costs line.

**Consequences of Problem**

- Without approval of the transfer, the division will continue to pay the maintenance for the trauma module out of the grants line and will need to request authorization for the expenditure from the State Emergency Medical and Trauma Services Advisory Council (SEMTAC) on an annual basis through submitting a grant application.

**Proposed Solution**

- This is a net $0 request to transfer $65,000 cash spending authority from the Emergency Medical Services (EMS) Provider Grant line to the EMS program line to pay the annual maintenance costs for the State’s updated trauma registry system.
- Transferring the spending authority to the program line will be more efficient and transparent than funding an operating expense through a grants line.
Mission Statement
Engaged employees working together to provide diverse public safety services to local communities and safeguard lives.

Department Description
The Colorado Department of Public Safety (CDPS) promotes, maintains, and enhances public safety through law enforcement, criminal investigations, fire and crime prevention, emergency management, recidivism reduction, and victim advocacy. The Department also provides professional support of the criminal justice system, fire safety and emergency response communities, other governmental agencies, and private entities. The Department’s goal is to serve the public through an organization that emphasizes quality and integrity.

FY 2019-20 Governor’s Request
$152.6 million General Fund
Share of Statewide General Fund: 1.2%
$504.8 million Total Funds
Share of Statewide Total Funds: 1.5%

Total Funds and General Fund, $s in Millions
FY 2018-19 to FY 2019-20

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$512.9</td>
<td>$504.8</td>
</tr>
<tr>
<td>General Fund</td>
<td>$183.1</td>
<td>$152.6</td>
</tr>
</tbody>
</table>

-1.6% ($-8.1M)  -16.6% ($-
STRATEGIC POLICY INITIATIVES

1. Keep Colorado Communities Safe

The Department demonstrates its commitment to ensuring safe Colorado communities by aiming to reduce the number of fatal and injury crashes on Colorado roadways, and the impact or occurrence of large wildland fires.

- CDPS aims to reduce the number of fatal and injury crashes under CSP’s jurisdiction by 5% by June 30, 2019, and by 15% by June 30, 2021, for highway users.
- As of June 1, 2017, the actual number of large wildfires was 39. The Department has a goal of reducing the number to 37 by June 30, 2019, and 34 by June 30, 2021.

2. Provide Excellent Customer Service

In an effort to provide excellent customer service to local partners and stakeholders, the Department has identified two areas for continuous improvement. The Department aims to:

- Implement a division-made monitoring system for all sub-recipients of federal and/or state grants from DHSEM to increase the number of annual on-site monitoring visits from 45 to 50 by June 30, 2019, and to 55 by June 30, 2021, to better identify high-risk sub-recipients early and mitigate risk of local communities losing funding.
- Improve the efficiency and ease-of-use of the DCJ grants system for grantees to achieve a 75% customer satisfaction rate by June 30, 2019, and a 90% customer satisfaction rate by June 30, 2021.

3. Maintain an Engaged and Supported Workforce

CDPS realizes that its employees require a sense of belonging and clear organizational direction in order to provide excellent customer service to the public. Therefore, CDPS is committed to measuring and improving employees’ satisfaction and connection with the agency’s mission.

- Implement at least 1 process improvement per division and a total of 10 process improvements per year by June 30, 2019. By June 30, 2021, CDPS hopes to implement 30 process improvements.
- The Department aims to complete Governor’s Lean Academy and increase the awareness and use of LEAN and other process improvement tools.

FY 2019-20 Governor's Budget Request
### FY 2019-20 Change Requests

#### R-01 Sustain State Emergency Management Program

<table>
<thead>
<tr>
<th>$1.38 million Total Funds, $1.38 million General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests $1,384,773 General Fund and a net-zero transfer of 13.3 FTE in FY 2019-20 and beyond to sustain emergency management in Colorado, and reduce the dependence on federal grants for this critical function.</td>
</tr>
<tr>
<td>• Additional state resources will allow the Division of Homeland Security and Emergency Management (DHSEM) to maintain the current level of critical emergency management capabilities, and maintain funding for local emergency management programs.</td>
</tr>
</tbody>
</table>

#### R-02 Colorado State Patrol Civilian and Uniform Staff

<table>
<thead>
<tr>
<th>$2.34 million Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests $2,337,254 Highway Users Tax Funds (HUTF) and 20.0 FTE in FY 2019-20, annualizing to $2,364,982 HUTF and 22.0 FTE in FY 2020-21 and beyond, for uniformed and civilian staff to increase visibility, reach traffic safety goals, and ultimately save lives on Colorado’s highways.</td>
</tr>
<tr>
<td>• This request represents a 2.0 percent increase in total funds over FY 2018-19 funding. The additional 20.0 trooper and civilian FTE are necessary to increase visibility and proactive traffic enforcement across Colorado. The added resources will help the CSP meet departmental performance measures by decreasing traffic accidents and promoting public safety on Colorado roadways.</td>
</tr>
</tbody>
</table>

#### R-03 Increase Colorado State Patrol Overtime

<table>
<thead>
<tr>
<th>$832,456 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests an increase of $832,456 Highway Users Tax Funds “Off-the-Top” in FY 2019-20 and beyond to fully fund the Colorado State Patrol (CSP) overtime budget.</td>
</tr>
<tr>
<td>• Over the past 12 years, merit pay and cost of living (COLA) increases have increased trooper salaries nine times totaling 45.3 percent, yet the overtime budget has not increased at all.</td>
</tr>
<tr>
<td>• Fully funding CSP’s overtime budget will keep troopers on Colorado highways and further support the CSP mission to promote public safety.</td>
</tr>
</tbody>
</table>
## R-04 Additional Resources for Fire and Life Safety Section

<table>
<thead>
<tr>
<th>$618,185 Total Funds, $0 General Fund</th>
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</thead>
</table>

- The Department requests an increase of $618,185 cash funds and 5.0 FTE in FY 2019-20 and $620,782 cash funds spending authority and 5.0 FTE in FY 2020-21 and beyond from various cash funds to employ a permit technician and create a Professional Standards Unit, within the Division of Fire Prevention and Control.
- Creating the Professional Standards Unit will provide ongoing code training and mentorship for certified inspectors in cooperation with local government organizations and trade groups, ensuring consistency between State and local enforcement entities, leading to safer facilities and decreased costs to customers.

## R-05 Marijuana Tax Cash Funds for Toxicology Lab

<table>
<thead>
<tr>
<th>$520,000 Total Funds, $0 General Fund</th>
</tr>
</thead>
</table>

- The Department requests an increase of $520,000 cash fund spending authority in FY 2019-20, annualizing to $0 total funds in FY 2020-21 with a net zero refinance of the Colorado Bureau of Investigation (CBI) toxicology laboratory funding with $1.7 million from the Marijuana Tax Cash Fund.
- The CBI state toxicology laboratory provides toxicology testing services for law enforcement agencies in the enforcement of laws pertaining to driving under the influence of alcohol or drugs. This request intends to eliminate the fee for testing blood samples for drugs and alcohol in order to incentivize drug screening and bolster the State’s data collection effort on individuals driving under the influence of drugs.

## R-06 Increase E-470 Cash Fund Spending Authority

<table>
<thead>
<tr>
<th>$276,569 Total Funds, $0 General Fund</th>
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</table>

- The Department requests an increase of $276,569 cash funds spending authority and 2.0 FTE in FY 2019-20, and $254,524 cash funds spending authority and 2.0 FTE in FY 2020-21 and beyond to increase patrol hours on the E-470 corridor.
- Traffic on highway E-470 has grown 114.8 percent in the past ten years and requires additional patrol support from the Colorado State Patrol (CSP) to promote safe travel and respond to calls for service. The addition of 2.0 FTE E-470 troopers will fully staff the E-470 highway and meet the increased patrolling demand.
### FY 2019-20 Change Requests

**R-07 Fire Arson Investigator Funding Transfer**

<table>
<thead>
<tr>
<th>$0 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department is requesting a net-zero transfer of $115,256 General Fund and 1.0 FTE Fire Arson Investigator in FY 2019-20 from the Colorado Bureau of Investigation (CBI) to the Division of Fire Prevention and Control (DFPC).</td>
</tr>
<tr>
<td>• By aligning the existing personal services arson investigation resources with the fire investigations staffing structure under DFPC, the Department believes that it can better leverage limited funding resources and staff to provide better support to local governments in the investigation of fires.</td>
</tr>
</tbody>
</table>

**R-08 Increase Cash Fund Spending Authority**

<table>
<thead>
<tr>
<th>$110,429 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests an increase of $110,429 cash funds spending authority in FY 2019-20 and beyond for the Vehicle Identification Number (VIN) Inspection program to align spending authority with revenues collected. This request represents a 65 percent increase in total funds over FY 2018-19 funding.</td>
</tr>
<tr>
<td>• Since 2010, the number of VIN inspections provided by the CSP has increased by 181 percent, from 6,277 inspections in 2010 to 17,646 inspections in 2017. With the increased number of inspections, revenues collected are consistently surpassing the annual appropriated spending authority in the long bill. The CSP proposes increasing spending authority for the VIN program by $110,429 to align the spending authority with the increased revenues and allow the Patrol to spend the collected revenues in order to meet public demand for this critical public service.</td>
</tr>
</tbody>
</table>

**R-09 Community Corrections Provider Rate Increase**

<table>
<thead>
<tr>
<th>$707,006 Total Funds, $680,588 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests an increase of $707,006 total funds ($680,588 General Fund) for FY 2019-20 and beyond to account for a community provider rate increase of 1.0 percent, which includes the Community Corrections providers who contract with the Department of Public Safety.</td>
</tr>
<tr>
<td>• The Office of Community Corrections seeks to address continued inflationary increases and to provide the same standard of supervision, treatment, and housing for offenders placed in community corrections programs.</td>
</tr>
<tr>
<td>• The 1.0 percent community provider rate increase represents an increase of per diem rates paid to providers in both the standard and specialized community corrections line items.</td>
</tr>
</tbody>
</table>
Cost and FTE

- The Department requests $1,384,773 General Fund and a net-zero transfer of 13.3 FTE in FY 2019-20 and beyond to sustain emergency management in Colorado, and reduce the dependence on federal grants for this critical function. Additional state resources will allow the Division of Homeland Security and Emergency Management (DHSEM) to maintain the current level of critical emergency management capabilities, and maintain funding for local emergency management programs. This request reflects a 19 percent increase in total funds and a 52 percent increase in General Fund.

Current Program

- For over 10 years, the DHSEM leveraged federal grant funding to provide emergency management services at both the state and local level.
- Of the $6.9 million total personnel costs necessary to support the baseline mission critical functions, General Fund accounts for $1.8 million or 26 percent.
- The mission critical functions include the State Emergency Operations Center (SEOC), Field Services, Operations, Plans, Mitigation, Recovery, and Training and Exercise sections that provide emergency management capability to the state, and more importantly, provide necessary resources and technical assistance to local jurisdictions to assist in their ability to prepare for, respond to and recover from disasters.

Problem or Opportunity

- The supplemental federal funding can no longer sustain the State of Colorado Emergency Management Program in the DHSEM, due to a funding gap that is the result of increased costs and grants that are due to end.

Consequences of Problem

- There are no viable alternatives for this request and without additional State funding, the DHSEM will retain the total funding gap of $1.4 million or 45 percent of the funding provided to local jurisdictions to continue to support baseline critical emergency management functions. This will cripple the ability for local jurisdictions to prevent, protect against, mitigate, respond to and recover from threats and hazards to life and/or property. In turn, this will result in a larger dependency on the Disaster Emergency Fund for non-catastrophic events.

Proposed Solution

- The Department requests $1,384,773 General Fund and a net-zero transfer of 13.3 FTE from federal funds to General Fund in FY 2019-20 and beyond to maintain the current level of critical emergency management capabilities and essential personnel while also maintaining capacity at the local level.
- Maintaining capacity at the local level will allow jurisdictions to further enhance emergency operations plans, provide more robust disaster response and recovery efforts, conduct and take advantage of additional preparedness opportunities including trainings and exercises, and achieve mitigation goals identified in their local hazard mitigation plans.
### Cost and FTE
- The Department requests $2,337,254 Highway Users Tax Funds (HUTF) and 20.0 FTE in FY 2019-20, annualizing to $2,364,982 HUTF and 22.0 FTE in FY 2020-21 and beyond, for uniformed and civilian staff to increase visibility, reach traffic safety goals, and ultimately save lives on Colorado’s highways. This request represents a 2.0 percent increase in total funds over FY 2018-19 funding.

### Current Program
- The Colorado State Patrol (CSP) was created to “…promote safety, protect human life and preserve the highways of this state by the courteous and strict enforcement of the laws and regulations of this state relating to highways and the traffic on such highways.” (CRS 24-33.5-201)
- To increase visibility, improve performance measure outcome, and create safer highways, CSP implemented the 50/50 proactive/reactive best practice for law enforcement agencies.
- The CSP utilizes a Trooper Allocation Model to quantify how the increased traffic and public safety demands on Colorado’s highways direct the type of service troopers provide. The model indicates a need for 405 road troopers to achieve the 50/50 proactive/reactive goal.
- CSP has 387 road trooper FTE, which is 18 short of the projected need.

### Problem or Opportunity
- Increases in Colorado’s population, number of driver’s licenses, and vehicle miles traveled require additional road troopers to provide a safe and secure environment for all persons.
- Although progress has been made to promote safety, protect human life, and preserve Colorado’s highways, CSP still falls short in reaching its performance measures. Fatalities continue to increase, straining trooper resources, and limits opportunities to implement proactive policing strategies across the state effectively.
- Maximizing the specialized training and skills of its uniformed staff in the mission of saving lives, the CSP has identified job tasks currently performed by uniformed staff that would be more appropriately managed by civilians.

### Consequences of Problem
- If this request is not approved, the CSP will struggle to maintain standard operating levels with limited ability to address the increased demand for safe and secure highways. Without additional trooper and civilian support, the CSP will continue providing reactive policing with less time devoted to proactive services that prevent crashes, reduce injuries, and save lives.

### Proposed Solution
- The additional 20.0 trooper and civilian FTE are necessary to increase visibility and proactive traffic enforcement across Colorado. The added resources will help the CSP meet departmental performance measures by decreasing traffic accidents and promoting public safety on Colorado roadways.
**Cost and FTE**

- The Department requests an increase of $832,456 Highway Users Tax Funds “Off-the-Top” (HUTF) in FY 2019-20 and beyond, annualizing the appropriation for COLA, merit pay, PERA, and Medicare as well as including an adjustment in the annual common policy calculation and allocation, to fully fund the Colorado State Patrol (CSP) overtime budget. This request represents a 59 percent increase in total funds over FY 2018-19 base funding.

**Current Program**

- Troopers work to ensure both roads and motorists are safe. Many times, troopers work longer than their scheduled shift to finish covering a crash or traffic stop or come in on a scheduled day off when short staffed. These additional hours are paid as overtime.
- In FY 2000-01 the Joint Budget Committee approved a dedicated overtime budget to pay for trooper overtime hours.

**Problem or Opportunity**

- The CSP overtime budget is underfunded.
- Over the past 12 years, merit pay and cost of living (COLA) increases have increased trooper salaries nine times totaling 45.3 percent, yet the overtime budget has not increased at all.
- In FY 2017-18 and FY 2018-19, the CSP was granted funding to hire 30 additional troopers; however, the request did not include overtime pay.

**Consequences of Problem**

- If this request is not approved, the CSP will continue to award compensatory time off each year when overtime funds are exhausted, which compromises the safety of Colorado’s highways and is not a viable solution.
- In FY 2016-17, overtime pay was unavailable the last month of the year, and in FY 2017-18 it was unavailable the last two months. The funds will continue to run out earlier each year increasing the amount of time troopers are off the road.
- With an average of 3 hours of overtime paid out per trooper per month, compensatory time averages 4.5 hours per trooper per month in paid time off. CSP Troops average 30 troopers, which results in approximately 135 hours in compensatory time each month. These are hours troopers could be working to keep Colorado highways safe and save lives.

**Proposed Solution**

- Fully funding CSP’s overtime budget will keep troopers on Colorado highways and further support the CSP mission to promote public safety.
- Annualizing the overtime appropriation and including it in the annual common policy POTS calculation aligns the budget with the personal services appropriation and staffing needs.
Cost and FTE

- The Department requests an increase of $618,185 cash funds and 5.0 FTE in FY 2019-20 and $620,782 cash funds spending authority and 5.0 FTE in FY 2020-21 and beyond from various cash funds to employ a permit technician and create a Professional Standards Unit, within the Division of Fire Prevention and Control (DFPC). This represents 16 percent increase over the current base.

Current Program

- The DFPC establishes rules for the enforcement of nationally promulgated codes within a number of regulated facilities. The most demanding of these include: 8 CCR 1507-30 - public schools and junior colleges; 8 CCR 1507-31 - Department of Public Health and Environment licensed healthcare facilities; and 8 CCR 1507-11 - fire suppression systems.
- DFPC serves as the Authority Having Jurisdiction (AHJ) for each of these facility types, performing plan reviews and inspections, but delegates authority and responsibility to local qualified entities.

Problem or Opportunity

- Some AHJs – though properly certified or prequalified – have misapplied code requirements, enforced incorrect codes or standards, or enforced codes in excess of those allowed by statute.
- DFPC plan reviewers and administrative staff are completing work, traditionally completed by a permit technician, which extends project timelines, resulting in additional costs to customers.
- DFPC employs plan reviewers at wages substantially higher than the wages of a permit technician.

Consequences of Problem

- Misapplying code provisions or enforcing the wrong code or standard leads to unsafe conditions within regulated facilities and imposes significant financial burdens on customers.
- Enforcing codes in excess of statute adds costs to public school and junior college projects.
- Extending turnaround times for plan reviews adds additional unplanned costs to the overall project.
- DFPC incurs higher costs to fulfill the work traditionally reserved for a permit technician.

Proposed Solution

- Creating the Professional Standards Unit will:
  - Provide ongoing code training and mentorship for certified inspectors and prequalified AHJs in cooperation with local government organizations and trade groups, ensuring consistency between State and local enforcement entities, leading to safer facilities and decreased costs to customers.
  - Provide QA/QI services – such as validation inspections – for existing certified inspectors or prequalified AHJs, leading to increased efficiencies and consistencies throughout the State.
- Hiring a permit technician will:
  - Align skilled staff with the work that is most appropriate for their positions, decreasing unnecessary spending and increasing employee efficiency and effectiveness.
  - Decrease plan review times, expediting construction and reducing costs incurred by customers.
Cost and FTE

- The Department requests an increase of $520,000 cash fund spending authority in FY 2019-20, annualizing to $0 total funds in FY 2020-21 with a net zero refinance of the Colorado Bureau of Investigation (CBI) toxicology laboratory funding with $1.7 million from the Marijuana Tax Cash Fund in FY 2019-20 and beyond. The request is a 26 percent increase in cash fund spending authority for FY 2019-20 only and zero increase in General Fund.

Current Program

- The CBI state toxicology laboratory provides toxicology testing services for law enforcement agencies in the enforcement of laws pertaining to driving under the influence of alcohol or drugs. Since FY 2015-16, the CBI state toxicology laboratory has processed 14,380 DUI and DUID blood samples.
- The CBI strategic performance plan includes a Strategic Performance Initiative for decreasing the average turnaround time for the forensic analysis of evidence.

Problem or Opportunity

- Of the 14,380 total samples processed, only 40 percent were requested for testing for the presence of drugs.
- Senate Bill 13-283 required the Department to collect available data specific to marijuana and report the statewide results. In March 2016, the results indicated that up to 67 percent of blood samples tested by private laboratories indicated that drugs were present in the sample, which included cannabinoids.
- With the assistance of the Colorado State Patrol, the state toxicology laboratory undertook the effort to retest previously submitted alcohol-only samples for the presence of drugs. The results indicated that up to 70 percent of retested samples tested positive for the presence of cannabinoids.

Consequences of Problem

- Every year in Colorado there are up to 25,000 arrests for driving under the influence of alcohol or drugs, but less than half of all submitted samples are requested for testing of drugs, including cannabinoids.
- Due to the large cost difference between blood alcohol and drug analysis testing fees, many agencies are electing the lower cost alternative, i.e., blood alcohol testing.

Proposed Solution

- From the retesting of DUI blood samples that confirmed up to 70 percent tested positive for the presence of cannabinoids, the Department requests that the state toxicology laboratory’s operations be funded by Marijuana Tax and Law Enforcement Assistance cash funds.
- The financing structure would result in the elimination of toxicology testing fees thereby making it a zero cost option for state and local law enforcement agencies.
### Cost and FTE

- The Department requests an increase of $276,569 cash funds spending authority and 2.0 FTE in FY 2019-20, and $254,524 cash funds spending authority and 2.0 FTE in FY 2020-21 and beyond to increase patrol hours on the E-470 corridor. This request represents an 18 percent increase in total funds over FY 2018-19 funding.
- The E-470 Public Highway Authority (Authority) has sufficient funds to support the additional costs.

### Current Program

- As designated by the Patrol Act, 24-33.5-201, C.R.S. troopers are responsible for promoting safety, protecting human life and preserving highways of the state through strict enforcement of the laws and regulations of highway and traffic safety. Such duties include 24/7/365 traffic enforcement, accident mitigation, proactive policing to reduce fatal and injury crashes, and criminal interdiction.
- Since 1991, the Patrol has contracted with the Authority to provide 24/7/365 enforcement services on highway E-470 as defined in the Patrol Act.

### Problem or Opportunity

- Traffic on highway E-470 has grown 114.8 percent in the past ten years and requires additional patrol support from the Colorado State Patrol (CSP) to promote safe travel and respond to calls for service.
- The Authority requests increased patrol hours in FY 2019-20 to address the growth in highway usage; however, the current budget provided to CSP cannot accommodate an increase in patrol hours.

### Consequences of Problem

- If this request is not approved, the CSP will not have sufficient spending authority to address the growth in E-470 traffic volume and will be unable to fulfill the Authority’s request for additional patrolling hours.
- Continued growth will limit the Patrol’s ability to perform standard duties and accomplish the mission of saving lives and protecting the State’s highways.

### Proposed Solution

- The addition of 2.0 FTE E-470 troopers will fully staff the E-470 highway and meet the increased patrolling demand from the Authority.
- The additional resources will allow the Department to deliver the necessary services essential to accomplishing the Patrol’s mission of ensuring standard operating duties are met such as traffic mitigation, highway patrols, and crash response investigations.
### Cost and FTE

- The Department is requesting a net-zero transfer of $115,256 General Fund and 1.0 FTE Fire Arson Investigator in FY 2019-20 from the Colorado Bureau of Investigation (CBI) to the Division of Fire Prevention and Control (DFPC).

### Current Program

- Both the CBI and DFPC are charged with assisting local governments with fire investigations, including investigations related to arson.
- Over the past 19 years, a single CBI fire investigator has worked together with a certified arson K-9 to provide support to units of local government with fire investigations suspected of arson.

### Problem or Opportunity

- Both CBI and DFPC have the authority to assist local governments with the investigation of fire, including when there is the suspicion of arson.
- The DFPC currently has eight staff members who are certified to perform structure, wildland, or both types of fire cause investigations and plans to have five additional staff members certified in fire investigations within a year.
- The Department can provide a higher level of service to local government units by consolidating fire and arson investigations under the Division of Fire Prevention and Control. Effective March 30, 2018, the Department aligned fire investigations within DFPC.

### Consequences of Problem

- Currently, personal services funding for arson investigations does not reflect the organizational structure for fire investigations within the Department.

### Proposed Solution

- By aligning the existing personal services arson investigation resources with the fire investigations staffing structure under DFPC, the Department believes that it can better leverage limited funding resources and staff to provide better support to local governments in the investigation of fires.
Priority: R-08
VIN Inspection Program Cash Fund
Spending Authority
FY 2019-20 Change Request

Cost and FTE
- The Department requests an increase of $110,429 cash funds spending authority in FY 2019-20 and beyond for the Vehicle Identification Number (VIN) Inspection program to align spending authority with revenues collected. This request represents a 65 percent increase in total funds over FY 2018-19 funding.

Current Program
- In order to receive a Colorado certificate of title, certain vehicles (such as those that are homemade, rebuilt, reconstructed, assembled from a kit, or have a bonded title) need their VIN inspected and recorded by a certified inspector (42-5-202, C.R.S.). The Colorado State Patrol (CSP) provides these inspections along with other authorized local law enforcement agencies.
- The CSP is authorized to perform a VIN inspection on any motor vehicle subject to 42-5-202, C.R.S. and to charge and receive a $20.00 inspection fee pursuant to section 42-5-204, C.R.S. for such inspection.
- All inspection fees collected by the CSP are transmitted to the state treasurer, who credits the same to the VIN inspection fund (42-5-204(2) (a), C.R.S.). The moneys in the fund are subject to annual appropriation by the General Assembly to cover direct and indirect costs for the CSP to perform inspections. At the end of each fiscal year, any unexpended and unencumbered moneys remaining in the fund are credited to the General Fund.

Problem or Opportunity
- Since 2010, the number of VIN inspections provided by the CSP has increased by 181 percent, from 6,277 inspections in 2010 to 17,646 inspections in 2017.
- With the increased number of inspections, revenues collected are consistently surpassing the annual appropriated spending authority in the long bill.
- The current spending authority restricts the ability to charge expenditures to the program that could be covered by the revenues collected. Instead, CSP must leverage other funds to cover costs related to the VIN inspection program due to the restricted spending authority.

Consequences of Problem
- If this request is not approved, the VIN program will continue to provide necessary VIN services to the public and collect revenue without the ability to spend it, burdening other budgets to cover VIN expenditures that exceed the spending authority cap.

Proposed Solution
- The CSP proposes increasing spending authority for the VIN program by $110,429 to align the spending authority with the increased revenues and allow the Patrol to spend the collected revenues in order to meet public demand for this critical public service.
Cost and FTE

- The Department requests an increase of $707,006 total funds ($680,588 General Fund and $26,418 reappropriated funds) for FY 2019-20 and beyond to account for a community provider rate increase of 1.0 percent, which includes the Community Corrections providers who contract with the Department of Public Safety (DPS). This request reflects a 1.0 percent increase in total funds, and a 1.0 percent increase in General Fund.

Current Program

- The Community Corrections Program provides funding to 36 community corrections providers, 22 boards, 53 programs, and all referral agencies. The recipients of the services are offenders housed in correctional facilities that are transitioning out into the community, diversion programs, and specialized services such as substance abuse treatment, offender assessments, intensive residential treatments and outpatient therapeutic community programs.
- For FY 2018-19, the Department was budgeted $70,454,436 in Community Corrections Program that is eligible for the provider rate decrease.

Problem or Opportunity

- The Office of Community Corrections seeks to address continued inflationary increases and to provide the same standard of supervision, treatment, and housing for offenders placed in community corrections programs. The 1.0 percent community provider rate increase represents an increase of per diem rates paid to providers in both the standard and specialized community corrections line items.

Consequences of Problem

- Should this request not be funded, community corrections providers will be forced to continue to absorb cost increases, potentially inhibiting the ability to offer treatment and education programs that help offenders adjust in the community.

Proposed Solution

- Approval of this request will address continued inflationary pressures of basic necessities associated with community corrections provider services.
Mission Statement

The Department of Regulatory Agencies (DORA) is dedicated to preserving the integrity of the marketplace and promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

Department Description

The Colorado Department of Regulatory Agencies (DORA) protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating state-chartered financial institutions, public utilities, insurance providers, a host of professional occupations, and it enforces state civil rights laws. The Department is primarily cash funded by regulated entities and collects fees from professional licensing, registration, and public utilities, which are set based on legislative appropriations specific to operating and regulatory oversight expenses.

FY 2019-20 Governor’s Request

- $2.1 million General Fund
- Share of Statewide General Fund: 0.0%
- $102.7 million Total Funds
- Share of Statewide Total Funds: 0.3%

Total Funds and General Fund, $s in Millions

<table>
<thead>
<tr>
<th>FY 2018-19 to FY 2019-20</th>
<th>Total Funds</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018-19</td>
<td>$99.6</td>
<td>$2.0</td>
</tr>
<tr>
<td>FY 2019-20</td>
<td>$102.7</td>
<td>$2.1</td>
</tr>
</tbody>
</table>

Breakdown of Total Funds, $s in Millions, FY 2019-20

- Cash Funds, $93.8, 92%
- Reappropriated Funds, $5.5, 5%
- Federal Funds, $1.3, 1%
- General Fund, $2.1, 2%
**STRATEGIC POLICY INITIATIVES**

1. **Improve Public Protection Through Effective Enforcement & Regulatory Activities**

DORA is dedicated to ensuring that it provides the public with professional, accessible and reliable service. The Department strives to continually improve operations, streamline processes and improve interfaces with the public. Examples of metrics:

- 80% of civil rights cases resolved within 270 days by June 30, 2019.
- 95% of real estate complaints resolved within 60 days, sustained through June 30, 2021.
- 99% of public utilities complaints and inquiries resolved within 15 days, sustained through June 30, 2021.

2. **Enhance Education and Outreach**

DORA seeks to strengthen statewide and online opportunities for Coloradans to interact with the Department. Examples of metrics for this initiative include:

- Disseminating 55 consumer alerts Department-wide by June 30, 2019.
- 89% of Divisions to live-stream boards and commissions meetings, sustained through June 30, 2020.
- 25% increase in utilization of the Healthcare Professions Profile Program (HPPP), a database that helps consumers find health-care providers that meet their needs and expectations via the CO Health Professional Check website by June 30, 2018, followed by an additional increase by June 30, 2020.

3. **Improve Processes to Better Engage with Regulated Entities**

Though its primary responsibility is to protect the public, DORA also has a duty to treat the industries they regulate fairly and in a way that doesn’t create unnecessary administrative burden. Examples include:

- Reducing the processing time for Addiction Counselor applications from 52 days to 30 days by June 30, 2019.
- 100% of securities examinations completed within an average of 90 days, sustained through June 30, 2020.
- $50,000 savings to military personnel and veterans and their spouses applying for licensure.
## FY 2019-20 Change Requests

### R-01 Division of Securities Operating Expenses Adjustment

<table>
<thead>
<tr>
<th>$40,000 Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department requests $40,000 from cash funds to align ongoing operating expenses with an increased demand in examinations.</td>
</tr>
<tr>
<td>• This request represents an increase to the Operating Expenses line item, which currently makes up only 1.3% of the Division’s overall budget.</td>
</tr>
<tr>
<td>• The request would increase the operating line from $58,999 to $98,999, which would be an average of just more than $4,000 per FTE. This sets the Division more in line with, but still below, the agency average of just more than $5,000 per FTE.</td>
</tr>
<tr>
<td>• The Division conducted an average of 57 examinations annually from FY 2005-06 through FY 2011-12, which has recently increased by more than 250%, to 146 annually. This is due in part to the 2009 federal Dodd-Frank act, which expanded the number of firms under the jurisdiction of the Division.</td>
</tr>
<tr>
<td>• This increase would fund necessary trainings, certifications, and travel expenses to handle the increased demand. In addition, the funding would provide access to technological tools to help the Division target potential fraud through background checks, and by monitoring the flow of digital currency.</td>
</tr>
</tbody>
</table>
**Cost and FTE**

- The Department requests an ongoing increase of $40,000 in Cash Funds for the Division of Securities operating expense appropriation, an increase of 68%, in order to align ongoing operating expenses with an increased demand in examinations.

**Current Program**

- The Division of Securities exists to protect investors and maintain confidence in the securities market, while avoiding unreasonable burdens on the marketplace by licensing securities professionals, enforcing securities law violations, and helping Coloradans become more informed investors.
- The current operating expense appropriation for the division is $58,999.

**Problem or Opportunity**

- The Division’s Operating Expenses appropriation is extremely small relative to its workload and staff size.
- The Division conducted an average of 57 examinations annually from FY 2005-06 through FY 2011-12, which has recently increased by more than 250%, to 146 annually.
- On a per-FTE basis, the Division’s operating line item is 50% less than peer Divisions, while the Department-wide average is more than 250% larger than this Division.
- Critical needs have emerged for which there are not adequate appropriations nor the ability to manage current expenses to support. This includes training/certifications for Division staff (who serve as expert witnesses in litigation); required travel for in-state and out-of-state examinations/investigations; and systems license cost for important regulatory tools including software to bolster investigation of digital currency transactions.

**Consequences of Problem**

- Without a reasonable increase to its Operating Expenses appropriation, little funding exists for necessary training/certification for staff, required examination travel, and systems/license costs. This puts the Division at risk of having less credibility during litigation, missed instances of wrong-doing by remotely operated firms, and the inability to leverage financial regulatory tools to enhance investigatory techniques required by new digital currency offerings.

**Proposed Solution**

- The Department proposes increasing the Division’s Operating Expenses line item by $40,000 cash funds to resolve these important funding needs, bring the Division closer to other regulatory entities in the Department, and remove any barriers or bottlenecks to small expenses related to the regulatory and enforcement process,
**Mission Statement**

To provide quality service to our customers in fulfillment of our fiduciary and statutory responsibilities while instilling public confidence through professional and responsive employees.

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**Department Description**

The key responsibilities of the Colorado Department of Revenue (DOR) are to (1) administer, audit, and enforce taxes, fees, and licenses covered under Colorado’s laws, including the collection and distribution of more than $12.5 billion annually; (2) issue driver licenses and identification cards, oversee the statewide vehicle titling and registration system, maintain driver records, and enforce the State’s auto emissions program through the Division of Motor Vehicles; (3) regulate individuals and entities in the liquor, tobacco, gaming, racing, auto, and marijuana industries through the Enforcement Business Group; and (4) administer the Colorado Lottery.

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**FY 2019-20 Governor’s Request**

- **$116.1 million General Fund**
  - Share of Statewide General Fund: 0.9%
- **$394.1 million Total Funds**
  - Share of Statewide Total Funds: 1.2%

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**Total Funds and General Fund, $s in Millions**

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds</td>
<td>$370.0</td>
<td>$394.1</td>
</tr>
<tr>
<td>General Fund</td>
<td>$113.3</td>
<td>$116.1</td>
</tr>
</tbody>
</table>

- **+6.5% ($24.1M)**
- **+2.5% ($2.9M)**

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**Breakdown of Total Funds, $s in Millions, FY 2019-20**

- **Cash Funds, $270.8, 69%**
- **General Fund, $116.1, 29%**
- **Reappropriated Funds, $6.1, 2%**
- **Federal Funds, $1.0, 0%**
**STRATEGIC POLICY INITIATIVES**

1. **Center Colorado Residents and DOR Employees in Decision Making**

   The Department strives to put Colorado residents and DOR employees at the center of every decision they make. This includes the following metrics:
   - The Department will redesign the DMV website to improve customer satisfaction of website usability scores by at least 10% between establishment and June 30, 2019.
   - Improve employee satisfaction by an average of 5.0 percentage points on a biennial basis for each of the three categories each year.
   - The Auto Industry Division will reach the objective of concluding the initial investigation on consumer complaints within 180 days of case initiation 92.0% of the time.

2. **Help Residents Comply with State Laws**

   DOR plans to guide and assist Colorado residents in complying with the state’s laws, rules, and regulations through the following metrics:
   - Increasing the number of underage compliance checks by 10% at licensed retail marijuana businesses.
   - Conducting compliant inspections of licensed Colorado casinos on an annual basis to ensure compliance with the Colorado Limited Gaming Act, Colorado Gaming Regulations, and minimum internal control standards increasing the rate to 97% in FY 2018-19.
   - Maintaining a completion rate of 95% of final agency actions for renewal license applications of liquor business licenses within 60 days of receipt in FY 2018-19 and going forward.

3. **Instill Trust and Confidence Through Transparency, and Customer Service**

   DOR aims to instill public trust and confidence through transparency, customer service, and responsive employees through the following metrics:
   - Implement one page executive dashboard reports for all four divisions and a global dashboard for the department.
   - Grow Colorado Lottery sales and profits to maximize proceeds for beneficiaries that are receiving distributions at percentages as defined in CRS 33-60-104, and achieve a profitability percentage of 23% by the end of FY 2018-19.
   - The Tax Call Center will answer calls within an average of six minutes and twenty seconds entering the queue for FY 2018-19, with a reduction annually.
## FY 2019-20 Change Requests

### R-01 Taxation – GenTax Support Enhancements

**$1.4 million Total Funds, $1.4 million General Fund**

- The Department of Revenue requests $1,420,355 and 6 FTE in FY 2019-20 from the General Fund, annualizing to $2,827,850 and 13 FTE in FY 2020-21, and $2,762,008 in FY 2021-22 and thereafter to provide additional support and reduce a backlog of more than 700 change requests for the Department’s tax administration software platform, GenTax.
- The request also includes 6 FTE for the Office of Information Technology in FY 2019-20, annualizing to 13 FTE in FY 2021-22 and thereafter. These positions would provide support to eliminate the backlog of change requests, maintain that support, and continue to provide programming for strategic enhancements to increase functionality and ensure system integrity.
- Of the 11 states that the software vendor provides support to, Colorado is the only one with no state-funded programming support. This request includes the state-funded FTE positions dedicated to increasing electronic and self-service functionality, and improving data and reporting. In addition, these FTE will help map and simplify business processes, ensure process adherence and accountability, and provide training for the 600+ GenTax users statewide.

### R-02 Taxation – Sales and Use Tax Collection

**$1.1 million Total Funds, $1.1 million General Fund**

- The Department of Revenue requests an increase of $1,057,808 from the General Fund and 14.6 FTE in FY 2019-20, annualizing to $814,778 and 10.6 FTE in FY 2020-21 and thereafter to enable Colorado to comply with the U.S. Supreme Court’s decision in *South Dakota v. Wayfair*, requiring retailers to collect and remit sales taxes in state’s where they don’t physically preside.
- Issued in June 2018 the *Wayfair* decision overturned the requirement that a business must maintain a physical presence to remit taxes within that state. The ruling also requires states to meet certain criteria to collect the tax, which this request is intended to resolve.
- The request also increases the capacity for the Department to process additional returns, answer customer calls, process payments to local governments, and facilitate training and support to businesses and local governments complying with the Supreme Court’s decision.

### R-03 Lottery – Back Office Restructure

**$2.2 million Total Funds, $0 General Fund**

- The Department of Revenue requests an increase in cash fund spending authority of $2,347,150, partially offset by a reduction of $148,157 and 2.0 FTE, for a net increase of $2,198,993 in FY 2019-20 and thereafter.
- The request would completely transition the Lottery’s back office applications, such as Scratch Game Management and the interface with the State’s Accounting System, to a vendor-provided service, on par with most other state lotteries in the country.
- The vendor-supported system would provide ongoing maintenance of IT standards, security, and continuity, likely preventing IT capital expenditures at a future date.
- In addition, the added functionality of the vendor-provided system will help the Lottery to optimize various games, maximize revenue for their beneficiaries, and lower the ratio of administrative expenses to total sales.
## FY 2019-20 Change Requests

### R-04 Division of Motor Vehicles – Drivers’ License Documents

<table>
<thead>
<tr>
<th>$1.3 million Total Funds, $0 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Department of Revenue requests an increase in cash fund spending authority of $1,312,872 in FY 2019-20, annualizing to $1,729,341 in FY 2020-21 to issue more drivers’ licenses, instruction permits, and identification cards.</td>
</tr>
<tr>
<td>• The cost of paying for drivers’ licenses and identification cards is funded by fees that Coloradans pay when they request these documents. Due to population growth there has been an annual average increase in demand of these documents of 6.2%. The existing appropriation is insufficient to handle this additional demand.</td>
</tr>
<tr>
<td>• If the increasing trend continues, the Department will experience an estimated $1.3 million shortfall in the Driver’s License Documents line item in FY 2019-20 that would result in the inability to issue these types of documents for the latter part of the fiscal year.</td>
</tr>
</tbody>
</table>

### R-05 Division of Motor Vehicles – Leased Space

<table>
<thead>
<tr>
<th>$3.2 million Total Funds, $0 General Fund</th>
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<tbody>
<tr>
<td>• The Department of Revenue requests an increase in cash fund spending authority from the Driver’s License Service Cash Fund of $3,172,536 and 8.0 FTE in FY 2019-20 annualizing to $954,146 and 8.0 FTE in FY 2020-21 and thereafter to relocate four offices for the Division of Motor Vehicles (DMV) and to increase personnel in order to reduce wait times.</td>
</tr>
<tr>
<td>• Over the last several years, customer volume at the Littleton, Parker, Boulder, and Longmont DMV offices have increased an average of 19%, while staff and square footage have remain unchanged. In addition, leases for these offices have or will expire during FY 2018-19, putting the DMV at risk of being asked to vacate with 30-days notice of the property owner.</td>
</tr>
<tr>
<td>• Customers are often forced to wait outside during high volume times. The additional FTE will assist in reducing the full customer experience by 15%-25% compared to current staffing levels, and will help to serve more than 53,000 customers per year.</td>
</tr>
</tbody>
</table>

### R-06 Lottery – Wal-Mart Expansion

<table>
<thead>
<tr>
<th>$5.7 million Total Funds, $0 General Fund</th>
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<tbody>
<tr>
<td>• The Department of Revenue (DOR) requests an increase in cash fund spending authority for the Lottery Division of $5,719,000 in FY 2019-20 annualizing to $2,321,000 in FY 2020-21 and thereafter for expansion of Lottery vending machines into Wal-Mart Super Centers across the state.</td>
</tr>
<tr>
<td>• This request would allow the Department to lease 200 new vending machines, providing access to more than 20,000 Wal-Mart Super Center shoppers per day. This increase in market access could increase annual sales by anywhere between $29 million to $40 million annually.</td>
</tr>
<tr>
<td>• These new vending machines will help maximize proceeds to the Lottery’s beneficiaries while maintaining or lowering the ratio of administrative expenses to total sales.</td>
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</table>
### FY 2019-20 Change Requests

#### R-07 Marijuana Enforcement Division Operations

<table>
<thead>
<tr>
<th>$2.1 million Total Funds, $0 General Fund</th>
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</thead>
<tbody>
<tr>
<td><strong>2</strong> Help Residents Comply with State Laws</td>
</tr>
</tbody>
</table>

- The Department of Revenue requests a cash fund spending authority increase totaling $2,138,418 and 8.0 FTE in FY 2019-20 (of this amount, $914,416 will be transferred to the Marijuana Tax Cash Fund (MTCF) to fund 5.0 FTE in the Colorado Bureau of Investigation (CBI) to combat black market activity). This request will annualize to $1,839,432 and 8.0 FTE in FY 2020-21 (of this total, $890,901 will be transferred to the MTCF to fund 5.0 FTE in CBI for a second year). This request will ultimately annualize to $948,531 and 8.0 FTE in FY 2021-22 ongoing in DOR with no continuation of funding for the CBI resources from this cash fund.
- This request will allow for the creation of a black market enforcement team comprised of criminal investigators and analysts to augment CBI drug task forces around the state.
- This request also allows for the acquisition of software to synthesize and analyze data to curb black market activity.
**Cost and FTE**

- The Department of Revenue (DOR) needs to update its GenTax tax processing system to better serve the citizens of Colorado. To facilitate this need, DOR requests 12.0 FTE (6 DOR, 6 OIT) and $1,420,355 General Fund in FY 2019-20; annualizing to 26.0 FTE (13 DOR, 13 OIT) and $2,827,850 General Fund in FY 2020-21; and further annualizing to 26.0 FTE (13 DOR, 13 OIT) and $2,762,008 General Fund in FY 2021-22 and thereafter.

**Current Program**

- GenTax is the state of Colorado’s tax administration software platform that is utilized by various divisions within DOR. It provides a user interface between taxpayers and DOR.

**Problem or Opportunity**

- DOR needs dedicated resources to provide GenTax training, quality assurance, and system documentation. In the past, these needs were addressed by utilizing day-to-day production resources to perform these functions, but the needs of the system simply have outgrown the available resources.

- No additional production line resources can be made available for GenTax support and system improvements. This work is currently being delayed or indefinitely postponed, and customer service is being negatively impacted as a consequence because of our inability to address system improvements and requests. Currently, due to the lack of support, the DOR has over 700 backlogged change requests outstanding.

**Consequences of the Problem**

- Without the resources being requested, the Department will be unable to achieve its long-term strategic goals such as enhanced electronic service offerings to Colorado taxpayers, additional customer service functionality, and improved reporting capabilities to the General Assembly and other stakeholders.

**Proposed Solution**

- Colorado tax filers will benefit from the proposed solution through increased and more efficient electronic/self-service functionality, more standardized and consistent correspondence, faster processing cycles, and more responsive customer service.

- These improvements in customer service tie to both the DOR’s performance plan and the Governor’s Vision 2018 goals by reducing the time customers will need to invest in order to comply with state sales tax laws.

- DOR requests 12.0 FTE (6 DOR, 6 OIT) and $1,420,355 General Fund in FY 2019-20; annualizing to 26.0 FTE (13 DOR, 13 OIT) and $2,827,850 General Fund in FY 2020-21; and further annualizing to 26.0 FTE (13 DOR, 13 OIT) and $2,762,008 General Fund in FY 2021-22 and thereafter.

- No statutory changes are needed to implement these recommendations.
### Cost and FTE
- The Department of Revenue (DOR) requests an increase in General Fund appropriation for 14.6 FTE and $1,057,808 in FY 2019-20; annualizing to 10.6 FTE and $814,778 in FY 2020-21 and thereafter to enable Colorado to require out-of-state retailers to collect and remit sales taxes to comply with the U.S. Supreme Court’s decision in *South Dakota v. Wayfair*.

### Current Program
- Prior to the June 2018 U.S. Supreme Court case of *South Dakota v. Wayfair*, states were prohibited from requiring out-of-state vendors with no physical presence in the state to collect and remit sales taxes on sales made into the state.

### Problem or Opportunity
- The U.S. Supreme Court decision was issued in June 2018; it overturned the physical presence requirement and ruled that taxation of out-of-state retailers will be subject to a standard four-pronged test for determining whether a state tax scheme complies with the Commerce Clause.
- Colorado may now require most out-of-state retailers to collect sales tax on sales of goods delivered to persons located in Colorado. Colorado will need to demonstrate that it is consistent with the criteria outlined in the court’s decision.
- In order to accomplish this, Colorado must (1) update the GenTax registration process to remove manual efforts for both vendors and DOR support personnel, and (2) increase staffing levels to provide customer service to the increased number of remote vendors and provide local jurisdictions with customer service and resources for the new transactions and distributions.
- The anticipated revenue for all sales tax collections from remote sellers ranges from $168 million to $262 million annually (this is both state sales and local jurisdictions’ sales taxes).

### Consequences of the Problem
- Without this solution, the Department will have to put forth significant manual effort to attempt to implement the Supreme Court’s decision. In addition to the Department’s manual interventions, the remote vendors will have manual interventions required to be done prior to selling into any of Colorado’s 756 jurisdictions for the first time. This increases the risk that the Department will be deemed as a “burden” to interstate commerce (per the Supreme Court’s criteria) and therefore would not be able to impose sales tax on remote transactions.

### Proposed Solution
- This solution links to the Department’s Performance Plan, and the Governor’s Vision 2018 initiative, by reducing the time clients will need in order to comply with state sales tax laws.
- This solution is a benefit to taxpayers, vendors, and local jurisdictions. Statutory changes are recommended, but not required, to ensure compliance with the Supreme Court decision.
**Cost and FTE**

- The Department requests an increase in cash fund spending authority of $2,347,150, partially offset by a reduction of $148,157 and 2.0 FTE, for a net ongoing increase of $2,198,993 in FY 2019-20 and thereafter.

**Current Program**

- The Lottery’s current vendor contract provides for statewide support, a communications network, a central system, and other services for the Lottery’s 3,100 retailers.
- Lottery’s IT staff currently maintains the Lottery’s back office applications; Scratch Game Management, Predictive Ordering, Retailer Accounting, Retailer Licensing, State Accounting System Interfaces, etc. and Lottery’s current gaming system.

**Problem or Opportunity**

- The Lottery back-office system is reaching a critical stage that will require investments in hardware.
- This decision item allows for a cost savings of $148,157 through an offsetting reduction of 2.0 FTE.
- The Lottery’s vendors have dedicated research and development resources allowing them to obtain the most innovative and current systems used in the industry.
- This request reflects the spending authority increase needed to accommodate a high-sales year.

**Consequences of Problem**

- If this request is not approved and the Lottery experiences system degradation/failures of systems that have reached end-of-service-life, the Lottery would not be able to continue operations, resulting in an economic impact on its 3,100 retailers.
- The Lottery could face disciplinary actions from the Multi-State Lottery Association and potentially lose confidence of retailers and players.

**Proposed Solution**

- Transition the Lottery’s back office system to the Lottery’s current gaming system vendor with a vendor fee spending authority increase of $2,198,993 with an offsetting reduction of 2.0 FTE, in FY 2019-20 and thereafter. This will align the Lottery with majority of other lotteries and ensure technology will keep pace with industry standards, security needs and innovations in the industry.
- The Lottery’s current Information Technology (IT) staff is transitioning to The Governor’s Office of Information Technology (OIT). These positions previously supported the in-house, home-grown solution. The transition of staff compounded by the end-of-service-life situation requires a new solution for the Lottery’s back office work. The industry best practice is to have a vendor-provided solution. This decision item is necessary to ensure that a viable back-office solution remains in place for successful Lottery operations.
<table>
<thead>
<tr>
<th>Cost and FTE</th>
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<tr>
<td>- The Department of Revenue (DOR) requests additional cash fund spending authority of $1,312,872 in FY 2019-20 annualizing to $1,729,341 in FY 2020-21 for the increased issuance of driver’s licenses, instruction permits, and identification (DL/ID) cards.</td>
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<tr>
<th>Current Program</th>
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<tr>
<td>- The original FY 2018-19 appropriation in the Driver’s License Documents line is $6,571,858 and pays for the material costs associated with the production of driver’s licenses, identification cards, and instruction permits. This includes materials and applicant verification using techniques such as facial recognition, verification of supporting documentation, and confirmation of residency requirements.</td>
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<td>- Document issuance has experienced an average annual increase of 6.2% since 2014.</td>
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<td>- These costs are paid for by the established fees paid by DMV customers. This request does not require an increase in fees, it is simply a request for a spending authority increase.</td>
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<th>Problem or Opportunity</th>
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<td>- Document issuance in FY 2016-17 had growth of 6.6% above FY 2015-16 and an additional 5.7% growth from FY 2016-17 to FY 2017-18. This trend is expected to continue.</td>
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<td>- A significant portion of this increase is attributable to Colorado’s population growth, which has grown by more than 10% since 2012.</td>
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<td>- DOR expects this trend to continue given additional economic indicators such as the expected growth in the housing and employment markets.</td>
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<tr>
<th>Consequences of Problem</th>
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<tr>
<td>- Without additional spending authority, DOR will experience a shortfall of $1.3 million for FY 2019-20 and $1.7 million for FY 2020-21. This will result in the inability to issue driver’s licenses, identification cards, and instruction permits to the citizens of Colorado for the latter portion of the fiscal year once the current spending authority is exhausted.</td>
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<tr>
<th>Proposed Solution</th>
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<tr>
<td>- The Department requests an increase in the cash fund spending authority of $1,312,872 for FY 2019-20 and $1,729,341 for FY 2020-21.</td>
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<tr>
<td>- Additionally DOR requests continuous spending authority in the Driver’s License Documents line of the Long Bill to provide adequate capacity to account for growing document issuance.</td>
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<tr>
<td>- Additionally, DOR requests that this entire appropriation be awarded with continuous spending authority based on the fact that this appropriation is singled out as an independent Long Bill line item. In lieu of continuous spending authority, DOR requests an annual increase in this appropriation of 5% to account for population growth so that the immense time commitment required to submit annual Decision Items and Supplemental requests is no longer needed.</td>
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</table>
Cost and FTE

- The Department of Revenue (DOR) requests an increase in cash fund spending authority from the Driver’s License Service Cash Fund of $3,172,536 and 8.0 FTE in FY 2019-20 annualizing to $954,146 and 8.0 FTE in FY 2020-21 and thereafter. Leased Space appropriation increases will be used to relocate the Driver’s License Offices (DLOs) in Littleton, Parker, Boulder, and Longmont to more adequately serve the existing customer base. A portion of that request is to account for the increased lease cost for the existing Lamar DLO. Additional FTE are being requested to provide more workstations which will improve office efficiency and shorten wait times for customers.

Current Program

- The Littleton, Parker, Boulder, and Longmont driver’s license offices are too small for the populations they serve.
- Leases have expired or will expire during FY 2018-19 on these locations, putting the DMV at risk of being asked to vacate the premises with a 30-day notice from the property owner.
- Over the last few years, customer volume has increased at a cumulative average of 19% at these locations, yet staff and square footage have remained unchanged.

Problem or Opportunity

- The existing locations for Littleton, Parker, Boulder, and Longmont cannot accommodate the current demand for services. These offices require expansion and/or relocation in order to meet demand and adequately serve the customers.

Consequences of Problem

- Without adequate spending authority to address these constraints, customers will continue to endure insufficient office spaces and unsatisfactory levels of customer service.
- The Littleton office is especially of concern as the staff/public restroom is behind an employee workstation which leaves the employees and equipment vulnerable.

Proposed Solution

- The Department proposes expanding and/or relocating the DLOs to better serve customers and meet the DMV’s goal of enhancing customer service by reducing wait times and allowing for sufficient wait space.
- The Department requests the following increase in cash fund spending authority from the Licensing Services Cash Fund in DMV Driver Services: 1) $435,437 and 8.0 FTE in Personal Services beginning in FY 2019-20 and thereafter and 2) $385,990 in Operating Expenses in FY 2019-20, annualizing to $207,600 for FY 2020-21 and thereafter.
- The Department requests the following increase in spending authority from the Licensing Services Cash Fund in the Executive Director’s Office Leased Space line of $2,351,109 in FY 2019-20 annualizing to $311,109 thereafter.
### Cost and FTE

- The Department of Revenue (DOR) requests an increase in cash fund spending authority for the Lottery Division of $5,719,000 in FY 2019-20 annualizing to $2,321,000 in FY 2020-21 and thereafter for expansion of Lottery vending machines into Wal-Mart Super Centers across the state.

### Current Program

- The Lottery’s current vendor contract has been in place since January 2014. The vendor contract provides for statewide support, a communications network, a central system, and other services for the Lottery’s 3,100 retailers.
- Lottery retailers are paid a 7% commission on all scratch sales, a 6% commission on all jackpot sales, and a 1% cashing bonus on the amount of all prizes claimed at their store. They also receive a bonus of $1,000 to $50,000 for selling top-prize-winning tickets and a quarterly compliance bonus, which combined, can equal up to 0.5% of total sales.

### Problem or Opportunity

- The addition of Wal-Mart Super Centers to the Lottery retailer base will give the Lottery access to the largest retailer outlet in the state, which includes the potential to reach 20,000 customers per Wal-Mart Super Center per day.
- In order to increase that potential customer base, the Lottery will need to lease 200 Gemini vending machines to equip Wal-Mart Super Centers adequately.
- The Lottery reports that this expansion may result in increased annual sales by a range of $29 million to $40 million.

### Consequences of Problem

- This request is projected to greatly increase gross revenue and the overall profitability of the Lottery. All proceeds are distributed to the beneficiaries. If this request is not approved, then the beneficiaries of GOCO Colorado, Conservation Trust, and BEST will not have an increase in their distributions.

### Proposed Solution

- The Department requests a total increase of $5,719,000, in FY 2019-20 annualizing to $2,321,000 in FY 2020-21 and thereafter, to lease 200 Gemini vending machines to equip Wal-Mart Super Centers and increase Lottery revenue for the benefit of the Lottery proceeds recipients.
- Of the total request, $4,698,000 is for vendor fees (which includes the one-time lease costs for the machines) beginning in FY 2019-20 annualizing to $1,300,000 in FY 2020-21 and thereafter. Vendor fees fluctuate with sales, with significant spikes correlated with large jackpots. This ongoing increase in spending authority is necessary to accommodate a record sales year. Additionally, there is an increase of $1,021,000 in retailer compensation needed in FY 2019-20 and thereafter.
Cost and FTE

- The Marijuana Enforcement Division (MED) of the Department of Revenue (DOR) requests a cash fund spending authority increase from the DOR Marijuana Cash Fund to address issues and challenges surrounding marijuana business licensing, enforcement, and data collection. MED requests a cash fund spending authority totaling $2,138,418 and 8.0 FTE in FY 2019-20 (of this amount, $914,416 will be transferred to the Marijuana Tax Cash Fund (MTCF) to fund 5.0 FTE in the Colorado Bureau of Investigation (CBI) to combat black market activity). This request will annualize to $1,839,432 and 8.0 FTE in FY 2020-21 (of this total, $890,901 will be transferred to the MTCF to fund 5.0 FTE in CBI for a second year). This request will ultimately annualize to $948,531 and 8.0 FTE in FY 2021-22 ongoing in DOR with no continuation of funding for the CBI resources from this cash fund.

Current Program

- The MED regulates the commercial marijuana sector and prioritizes public safety through the consistent administration of laws through the licensure of medical and retail marijuana businesses and key owners, as well as enforcement efforts.
- As of January 1, 2018, there were 1,534 licensed medical marijuana businesses, 1,539 licensed retail marijuana establishments, and 11,660 key occupational licenses in the State of Colorado.
- At the request of local law enforcement, CBI has begun to form a team to address the illegal and unregulated residential cultivation of marijuana. DOR’s transfer of funds to the MTCF will fund this team for two fiscal years.

Problem or Opportunity

- The marijuana industry has seen an increase in the illegal marijuana trade that jeopardizes the viability of the State’s regulated, licensed, commercial marijuana sector.
- MED and CBI both currently lack adequate spending authority to police the illegal marijuana trade.

Consequences of Problem

- If not addressed, the reduction of the illegal marijuana trade cannot be aggressively pursued.
- If more advanced inventory data is not collected, it will impede the State’s data-driven decision-making.
- These issues will prevent MED from pursuing its mission to ensure that the regulated, licensed, commercial marijuana sector is not adversely impacted by illegal activity.
- Illegal cultivations contribute to violent crimes and the diversion of marijuana out of Colorado.

Proposed Solution

- The request will allow for the creation of a black market enforcement team comprised of MED criminal investigators and analysts to augment CBI drug task forces around the State.
- This request will also augment the existing CBI team by providing start-up funding in the form of a transfer to the MTCF for 5.0 CBI FTE.
- This request allows for the acquisition of software to synthesize and analyze data and the staff necessary to support the program.
- The public will benefit from the additional resources that will curb black market activity.
- This solution will not require a statutory change.
Mission Statement
To provide the best multi-modal transportation system for Colorado that most effectively and safely moves people, goods and information.

Department Description
The Colorado Department of Transportation (CDOT) is the cabinet department that plans for, operates, maintains, and constructs the state-owned transportation system, including state highways and bridges. The Department coordinates modes of transportation and integrates governmental functions in order to reduce the costs incurred by the state and the public in transportation matters. CDOT is responsible for a state highway system that encompasses more than 9,100 center-lane miles (about 23,000 total lane miles) and includes more than 3,400 bridges. This system each year handles more than 28 billion vehicle miles of travel. Although the Interstate system accounts for only about 10 percent, or 952, of the center-lane miles on the state system, about 40 percent of state-highway travel within Colorado takes place on Interstate highways.
The state’s transportation system is managed by CDOT under the direction of the Colorado Transportation Commission, composed of eleven members who represent specific districts. Each commissioner, appointed by the Governor and confirmed by the Senate, serves a four-year term.
**Safety**

Limit the increase in roadway fatalities in Colorado, with the long-term goal of moving towards zero deaths.

- CDOT tracks fatalities on all Colorado roadways, not only those on highways the Department owns and maintains.
- In partnership with other safety stakeholders, CDOT aims to ensure roadway fatalities do not exceed 728 for calendar year 2019, compared to 648 in 2017.

**Pavement Condition**

Drivability Life is an indication of how long a stretch of highway will have acceptable driving conditions.

- CDOT aims to attain High or Moderate Drivability Life for 80% of sampled lane miles of pavement by 2025. CDOT also aims to achieve 75% High or Moderate Drivability Life in 2019, compared to 80 percent in 2017.
- These goals are intended to mitigate the decline in condition stemming from the age of CDOT’s pavement inventory.

**Travel Time**

Slow the increase in average travel times on Interstate 25, between Northwest Parkway and C-470, during peak weekday hours and Interstate 70, between Vail and C-470, during peak weekend hours.

- CDOT aims to reduce the average Saturday travel time on westbound Interstate 70 from a projected average of 101 minutes per trip to an actual average of 93 minutes in 2019.
- CDOT aims to reduce the average weekday travel time on northbound I-25 from a projected average of 53 minutes per trip to an actual average of 49 minutes in 2019.
### STRATEGIC POLICY INITIATIVES

#### Maintenance

Maintain CDOT’s roadways and facilities to minimize the need for replacement or rehabilitation in a constrained funding environment.

- Achieve overall Maintenance Levels of Service (MLOS) grade of B- for the state highway system in fiscal year 2019 and a B- for fiscal year 2021, compared to a C+ in fiscal year 2017.
- Maintaining roads, bridges, tunnels, and other infrastructure improve safety and mobility, while also minimizing the need for replacement and rehabilitation.

#### Customer Service

The Department seeks to maintain a positive relationship with the general public by improving the customers’ perception of the Department and increasing the customer service satisfaction to 85%.

- CDOT aims to respond to 100% of all direct customer inquiries to the department within 48 hours.
- CDOT aims to keep the public updated on the progress of their construction program and major projects by ensuring that 70% of customers are satisfied with a project’s progress at the end of the project and ensuring 100% response rate for hotline calls related to construction program projects.
R-01 First Time Drunk Driver Program Stability

$0.0 million Total Funds, $0.0 million General Fund

- The Department requests $500,000 Marijuana Tax Cash Funds (MTCF) for FY 2019-20, as well as a corresponding decrease in spending authority from the First Time Drunk Driver Fund (FTDD).
- The funds will be distributed by the CDOT Highway Safety Office (HSO) to local Colorado Law Enforcement for High Visibility Impaired Driving Enforcement. The HSO has adequate staff to manage this funding.
- CDOT’s Office of Transportation Safety (OTS) currently allocates $1.5 million to over 100 local law enforcement agencies statewide each year to conduct overtime DUI enforcement on 147 days each fiscal year. Due to declining FTDD revenue and rising costs at the Department of Revenue (DOR), which is allocated their portion of FTDD funds prior to CDOT, the program’s funding of $1.5 million is not expected to materialize in FY 2019-20 for further enforcement on all forms of impaired driving.
- A revenue neutral refinancing of spending authority from FTDD funds to MTCF for CDOT’s First Time Drunk Driver program will ensure that CDOT’s critical impaired driving enforcement efforts continue unimpeded.

R-02 Southwest Chief and Front Range Rail Commission

$1.4 million Total Funds, $0.0 million General Fund

- The Department of Transportation (CDOT) requests on-going budget authority to utilize $1,380,447 in the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Fund (SW Chief Rail Fund) for the purpose of ensuring that the Senate Bill (SB) 18-001 transfer on July 1, 2018 is utilized according to statute.
- The SW Chief Rail Fund consists of revenue provided by voluntary sources, including local governments and other contributors. The SW Chief Rail Fund received $2.5 million on July 1, 2018 (as a portion of a larger General Fund transfer to the Multimodal Transportation Options Fund), however, the funds were never appropriated for use by the Department.
- As a result of the September 20th supplemental request, the Southwest Chief and Front Range Passenger Rail Commission (Commission) has access to only $931,409 of the funds and 1.4 FTE in FY 2018-19 to promote the Front Range Passenger Rail and Southwest Chief Rail lines.
- CDOT asks the General Assembly to approve $1,380,447 and 0.6 FTE of additional budget authority from the SW Chief Rail Fund for use in FY 2019-20.
**Priority: R-01**

**First Time Drunk Driver Program Stability**

**FY 2019-20 Change Request**

<table>
<thead>
<tr>
<th>Cost and FTE</th>
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<td>The Department of Transportation (CDOT) requests $500,000 Marijuana Tax Cash Funds (MTCF) for FY 2019-20, as well as a corresponding decrease in spending authority from the First Time Drunk Driver Fund (FTDD). The funds will be distributed by the CDOT Highway Safety Office (HSO) to local Colorado Law Enforcement for High Visibility Impaired Driving Enforcement. The HSO has adequate staff to manage this funding. Both CDOT and the Office of State Planning and Budgeting (OSPB) believe the need for this program exceeds this request, and if MTCF revenue manifests, CDOT will request to increase FY 2019-20 funding by an additional $500,000 ($1.0 million total) through a Budget Amendment.</td>
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<tr>
<th>Current Program</th>
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<tr>
<td>CDOT manages statewide public awareness campaigns to prevent impaired driving in Colorado, paired with heightened enforcement by the Colorado State Patrol and local law enforcement. Efforts include campaign planning and execution, data collection, training, and DUI enforcement under the federal transportation authorization bill (“Moving Ahead for Progress in the 21st Century Act”).</td>
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<tr>
<td>CDOT’s Office of Transportation Safety (OTS) currently allocates $1.5 million to over 100 local law enforcement agencies statewide each year to conduct DUI overtime enforcement on 147 days in a fiscal year.</td>
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<tr>
<th>Consequences of Problem</th>
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<tr>
<td>Approximately one-third of traffic fatalities in Colorado involve an impaired driver. Without a more robust awareness and enforcement campaign, DUI-related fatalities could increase.</td>
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<th>Proposed Solution</th>
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<tr>
<td>A revenue neutral refinancing of spending authority from FTDD funds to MTCF for CDOT’s First Time Drunk Driver program will ensure that CDOT’s critical impaired driving enforcement efforts continue unimpeded.</td>
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| For FY 2019-20, OTS will increase the High Visibility Campaigns from 12 to 15. This will increase the number of enforcement days from 147 to 177 days, resulting in the need for additional funding. |

| OTS has also hired 4 additional part time Law Enforcement Liaisons who are working regionally to recruit and support law enforcement agencies within their designated regions. The increase of additional agencies will also result in the need for additional funding. |
### Cost and FTE

- The Department of Transportation (CDOT) requests on-going budget authority to utilize $1,380,447 in the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Fund (SW Chief Rail Fund) for the purpose of ensuring that the Senate Bill (SB) 18-001 transfer on July 1, 2018 is utilized according to statute. On September 20th, 2018, 1.4 FTE were created using Fund monies through the emergency supplemental process. These FTE, and an additional 0.6 FTE, are also requested to be fully funded in FY 2019-20.

### Current Program

- The SW Chief Rail Fund consists of revenue provided by voluntary sources, including local governments and other contributors. The SW Chief Rail Fund received $2.5 million on July 1, 2018 (as a portion of a larger General Fund transfer to the Multimodal Transportation Options Fund), however, the funds were never appropriated for use by the Department. As a result of the September 20th supplemental request, the Southwest Chief and Front Range Passenger Rail Commission (Commission) has access to only $931,409 of the funds and 1.4 FTE in FY 2018-19 to promote the Front Range Passenger Rail and Southwest Chief Rail lines.

### Problem or Opportunity

- Transfers to the SW Chief Rail Fund are subject to annual appropriation by the Colorado General Assembly, however only $931,409 of the total $2.5 million SB 18-001 transfer has been appropriated for FY 2018-19.
- The Commission will use $255,447 in FY 2019-20 for current staff consisting of a Commission Program Director and a Professional Planner (III/IV). Total funding for staff are subject to negotiation and will cover one year of salary, insurance, and benefits. The Commission will also hire a consulting firm that will be tasked with developing a stakeholder engagement plan to determine the vision of Front Range Passenger Rail, as well as prepare a Service Development Plan for $1.5 million ($1.125 million spent in FY 2019-20).
- This is a phased work program and existing funds are insufficient to complete Phase 1 – Define the Service Vision. In order to utilize existing and future funds this phase work must be completed.
- The Commission will attempt to utilize a portion of these funds as match for a CRISI Track 1 - Planning grant application, if one is not available, applied for, and awarded during FY 2018-19.
- The Commission has an opportunity to use existing funding for its intended purpose on the SW Chief rail line and a planned Front Range Passenger Rail line.

### Consequences of Problem

- The Commission will lose access to the $2.5 million transfer made to the SW Chief Rail Fund to further multimodal efforts through the entire state of Colorado. Any interruption in funding for 1) the Rail Division Program Director and support staff, and 2) the Phase 1 – Defining the Service Vision consultant contract will result in project delay and postpone mobility improvements. Additionally, the Commission will be unable to apply for Federal grant programs without matching funds.

### Proposed Solution

- CDOT asks the General Assembly to approve $1,380,447 and 0.6 FTE of additional budget authority from the SW Chief Rail Fund for use in FY 2019-20.
November 1, 2018

The Honorable John Cooke
Chair, Capital Development Committee
029 State Capitol Building
Denver, CO 80203

RE: OSPB Submission of FY 2019-20 Prioritized Capital Construction Requests

Dear Senator Cooke:

As required by Section 24-37-304 (1) (c.3) (I), C.R.S., please find attached the Governor’s Office of State Planning and Budgeting (OSPB) prioritization of capital construction requests for FY 2019-20.

This November 1 package includes the following:

- A prioritized list of capital construction projects utilizing Capital Construction Funds;
- A non-prioritized list of capital construction projects utilizing 100 percent federal or cash funds, all recommended for funding; and
- An updated assessment of the need for a General Fund transfer into the Capital Construction Fund.

OSPB has recommended twenty-four capital construction projects for funding in FY 2019-20 (of which, six are entirely cash funded). This recommendation includes the continuation of projects begun in prior years. These projects are prioritized based on recommendations from the Capital Planning Unit within the Office of the State Architect.

Please note that the Department of Higher Education (CDHE) and the Commission on Higher Education reserve the ability under Section 23-1-306 (7) (a), C.R.S. to submit a prioritized list to the Capital Development Committee that may include projects not recommended by OSPB. OSPB has delegated review of all 100 percent cash funded projects for institutions of higher education to the Department of Higher Education. These cash requests will be submitted directly to the Capital Development Committee by CDHE.

Please feel free to contact my office at (303) 866-3317 with questions or concerns. At the Committee’s request, I am available to present any necessary information at a future meeting.

Thank you for your consideration of these important requests.
Sincerely,

[Signature]

Lauren Larson
Director

cc: Representative Daneya Esgar, Vice Chair, CDC
    Senator Jerry Sonnenberg, CDC
    Senator John Kefalas, CDC
    Representative Jon Becker, CDC
    Representative Chris Hansen, CDC
    Ms. Kori Donaldson, CDC Staff
    Mr. John Ziegler, JBC Staff Director
    Mr. Alfredo Kemm, JBC Staff
    Ms. June Taylor, Executive Director, Department of Personnel and Administration
    Mr. Jason Schrock, Deputy Director, OSPB
    Mr. Larry Friedberg, Office of the State Architect
## General Fund Transfer for Capital Construction and Information Technology Projects

<table>
<thead>
<tr>
<th>Capital Construction Projects (CCF)</th>
<th>TF</th>
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<tbody>
<tr>
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<tr>
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<td><strong>Subtotal Capital Projects Recommended</strong></td>
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<td>Information Technology Projects</td>
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<td><strong>All Projects</strong></td>
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## Capital Construction Recommendation - Overview

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<td><strong>$54,561,688</strong></td>
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<td><strong>$54,561,688</strong></td>
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<td><strong>Total Recommended Funding</strong></td>
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<td><strong>$201,222,105</strong></td>
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Total Capital Construction Requests Recommended for Funding by the Governor

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<td>$228,173,954</td>
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**FY 2019-20 Capital Construction Requests - Recommended, 1-year outlook**
<table>
<thead>
<tr>
<th>OSPB Priority</th>
<th>CCHE Priority</th>
<th>Recommend Funding</th>
<th>Department</th>
<th>Division or Institution</th>
<th>Request Title</th>
<th>CC/CM/CR</th>
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### FY 2019-20 Capital Construction Requests - Recommended, 4-year outlook

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<th>FY 2020-21 Expected Impact</th>
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<td>CF</td>
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<td>HighEd, CU Denver: Colorado Center for Personalized Medicine &amp; Behavioral Health</td>
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<td>$12,346,906</td>
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<tr>
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<td>32</td>
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<td>36</td>
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<td>37</td>
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<td>38</td>
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<tr>
<td>40</td>
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<td>43</td>
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<td>44</td>
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<td>46</td>
<td>HighEd, Colorado Mesa</td>
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<td>47</td>
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<td>Library/learning Resource Center Renovation - RW Building</td>
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</table>
### FY 2019-20 Capital Construction Requests - Not Recommended, 4-year outlook

<table>
<thead>
<tr>
<th>OSPB Priority</th>
<th>Department</th>
<th>Request Title</th>
<th>CC/CM/CR</th>
<th>Prior Appropriations</th>
<th>FY 2019-20 Request</th>
<th>FY 2020-21 Expected Impact</th>
<th>FY 2021-22 Expected Impact</th>
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</thead>
<tbody>
<tr>
<td>48</td>
<td>HighEd, CSU Ft. Collins</td>
<td>Chemistry B&amp;C wing revitalization</td>
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<td>49</td>
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<tr>
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<td>56</td>
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<td>57</td>
<td>HighEd, Pikes Peak, CC</td>
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<td>59</td>
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<td>$8,935,147</td>
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**Notes:**
- Requests marked as "Not Recommended" have been evaluated and deemed not to meet the criteria for funding.
- The table includes a 4-year outlook for each project, detailing expected impacts for FY 2020-21 and FY 2021-22.
- Prior Appropriations and FY 2019-20 Request columns provide a summary of the funding history and current request.

**Additional Observations:***
- Projects 48, 49, 50, 51, and 52 have been prioritized based on the criticality of their needs.
- The network refresh and upgrade project (59) is particularly significant due to its phase 1/2 implementation.
- The total project funding for FY 2019-20 and FY 2020-21 is $8,976,096 and $8,935,147, respectively.
<table>
<thead>
<tr>
<th>Row</th>
<th>Department</th>
<th>Division or Institution</th>
<th>Request Title</th>
<th>FY 2019-20</th>
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<td></td>
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<tr>
<td>1</td>
<td>Human Services</td>
<td>Veterans Community Living Center - Homelake</td>
<td>Rotunda/Workshop Renovations</td>
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<td>Veterans Community Living Center - Fitzsimons</td>
<td>Dayroom, Courtyard, Laundry Room upgrade</td>
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<td>Natural Resources</td>
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<td>Property Acquisitions</td>
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<td>5</td>
<td>Human Services</td>
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<td>FY 2020-21</td>
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<td>NWC COP lease payments through construction</td>
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<tr>
<td>19</td>
<td>University of Colorado Colorado Springs</td>
<td>Renovation of Existing Engineering Building</td>
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<tr>
<td>20</td>
<td>University of Colorado Anschutz</td>
<td>College of Nursing and Student Support Services Renovation</td>
<td>67.65%</td>
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<tr>
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<td>Sub-total, Top 20 (excluding COPs)</td>
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<tr>
<td>21</td>
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<td>Electrical and Computer Engineering Building</td>
<td>67.24%</td>
<td>$16,377,308</td>
</tr>
<tr>
<td>22</td>
<td>CSU - Fort Collins</td>
<td>Anatomy Zoology East Wing Revitalization, Phase 1 of 1</td>
<td>62.07%</td>
<td>$16,717,169</td>
</tr>
<tr>
<td></td>
<td>University of Northern Colorado</td>
<td>Gray Hall mechanical systems replacement, 1 phase</td>
<td>62.07%</td>
<td>$3,419,167</td>
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<tr>
<td>24</td>
<td>CSU - Pueblo</td>
<td>Technology Building Renovation and Addition</td>
<td>58.82%</td>
<td>$16,417,170</td>
</tr>
</tbody>
</table>

** National Western Center COP requests pending approval of project implementation conditioned upon the payments beginning July 1, 2019.
<table>
<thead>
<tr>
<th>Ranking</th>
<th>Institution Name</th>
<th>Project Name</th>
<th>Score</th>
<th>CCF</th>
<th>CF</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>Colorado Mesa University</td>
<td>Student Parking Garage</td>
<td>58.62%</td>
<td>$23,162,770</td>
<td>$2,290,824</td>
</tr>
<tr>
<td></td>
<td>Colorado Mesa University</td>
<td>Performing Arts Expansion and Renovation (Phase 1 of 1)</td>
<td>58.62%</td>
<td>$8,624,233</td>
<td>$852,947</td>
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<tr>
<td>27</td>
<td>Lamar Community College</td>
<td>Library/Learning Resource Center Renovation - BW Building</td>
<td>57.35%</td>
<td>$1,872,205</td>
<td>$50,000</td>
</tr>
<tr>
<td>28</td>
<td>CSU - Fort Collins</td>
<td>Chemistry B &amp; C wing revitalization, Phase 1 of 1</td>
<td>56.90%</td>
<td>$26,399,351</td>
<td>-</td>
</tr>
<tr>
<td>29</td>
<td>Otero Junior College</td>
<td>Computer Laboratory &amp; Emergency Notification Upgrades - Phase 1 of 1</td>
<td>52.08%</td>
<td>$475,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>30</td>
<td>University of Northern Colorado</td>
<td>Next Generation Cyber Secure Network (1 Phase)</td>
<td>47.92%</td>
<td>$1,488,706</td>
<td>-</td>
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<tr>
<td>31</td>
<td>Otero Junior College</td>
<td>Humanities Center Asbestos Abatement &amp; Seating Replacement - Phase 1 of 2</td>
<td>46.55%</td>
<td>$782,300</td>
<td>-</td>
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<tr>
<td>32</td>
<td>Community College of Aurora</td>
<td>Improving Student Access to Technology in 1 phase</td>
<td>39.58%</td>
<td>$475,061</td>
<td>$52,784</td>
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<tr>
<td>33</td>
<td>Lamar Community College</td>
<td>Modernize Campus Technology</td>
<td>38.54%</td>
<td>$570,422</td>
<td>$15,000</td>
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<tr>
<td>34</td>
<td>Trinidad State Junior College</td>
<td>Berg Fourth Floor Remodel</td>
<td>38.24%</td>
<td>$1,691,355</td>
<td>-</td>
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<tr>
<td>35</td>
<td>Lowery Campus</td>
<td>CCA North Quad (B01) Building</td>
<td>35.29%</td>
<td>$1,911,970</td>
<td>-</td>
</tr>
<tr>
<td>36</td>
<td>Trinidad State Junior College</td>
<td>Technology Infrastructure (TSIC)</td>
<td>31.25%</td>
<td>$636,846</td>
<td>-</td>
</tr>
<tr>
<td>37</td>
<td>Pikes Peak Community College</td>
<td>Campus Emergency Notification and Power - Phase 1 of 1</td>
<td>29.17%</td>
<td>$524,865</td>
<td>-</td>
</tr>
<tr>
<td>38</td>
<td>CSU - Pueblo</td>
<td>Communications System Upgrade, phase 1 of 1</td>
<td>27.08%</td>
<td>$4,290,130</td>
<td>-</td>
</tr>
<tr>
<td>39</td>
<td>CSU - Fort Collins</td>
<td>Network Refresh and Upgrade for CSU, 3 phases</td>
<td>25.00%</td>
<td>$498,000</td>
<td>-</td>
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<tr>
<td>40</td>
<td>Northeastern Junior College</td>
<td>Consolidation of Physical Plant Spaces</td>
<td>20.69%</td>
<td>$450,000</td>
<td>-</td>
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<tr>
<td></td>
<td></td>
<td><strong>Sub-total, Priorities 20-40</strong></td>
<td></td>
<td><strong>$126,784,028</strong></td>
<td><strong>$6,856,775</strong></td>
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<tr>
<td></td>
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<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td><strong>$343,644,174</strong></td>
<td><strong>$96,616,609</strong></td>
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</tbody>
</table>
November 1, 2018

The Honorable Jonathan Singer  
Chair, Joint Technology Committee  
State Capitol Building  
Denver, Colorado 80203

RE: OSPB Submission of FY 2019-20 Prioritized Information Technology Requests

Dear Representative Singer:

As required by Section 24-37-304 (1) (c.5) (I) (B), C.R.S., please find attached the Governor’s Office of State Planning and Budgeting (OSPB) prioritization of Executive Branch information technology budget requests for FY 2019-20.

This November 1 package includes the following:

- A list of information technology projects recommended for funding;
- An updated assessment of the need for a General Fund transfer into the Capital Construction Fund.

OSPB has recommended all nine information technology projects submitted for funding for FY 2019-20. This recommendation will continue four projects begun in previous years.

Please feel free to contact my office at (303) 866-3317 with any questions or concerns. At the Committee’s request, I am available to present any necessary information at a future meeting.

Thank you for your consideration of these important requests.

Sincerely,

Lauren Larson  
Director

Cc: Members of the Joint Technology Committee  
Ms. Jessika Shipley, JTC Staff  
Mr. John Ziegler, JBC Staff Director  
Mr. Kevin Neimond, JBC Staff  
Ms. Kori Donaldson, CDC Staff  
Mr. Jason Schrock, Deputy Director, OSPB  
Ms. Andrea Day, OSPB Staff
<table>
<thead>
<tr>
<th>OSPB Priority</th>
<th>Recommend Funding</th>
<th>Department</th>
<th>Division or Institution</th>
<th>Request Title</th>
<th>CC-IT</th>
<th>FY 2019-20 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Governor's Office</td>
<td>Office of Information Technology</td>
<td>PCSN Microwave Replacement (Phase 5/5)</td>
<td>Yes</td>
<td>$10,316,372</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Human Services</td>
<td>Executive Director's Office</td>
<td>Joint Agency Interoperability (Phase 5/5)</td>
<td>Yes</td>
<td>-$16,057,097</td>
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<tr>
<td></td>
<td>Yes</td>
<td>Human Services</td>
<td>Office of Behavioral Health</td>
<td>Crisis System Data and Health IT Infrastructure</td>
<td>Yes</td>
<td>$1,514,500</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Governor's Office</td>
<td>Office of Information Technology</td>
<td>Data Center (Phase 2/2)</td>
<td>Yes</td>
<td>$5,264,000</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Governor's Office</td>
<td>Lt. Governor's Office</td>
<td>OeHI Health IT Roadmap (Phase 2/3)</td>
<td>Yes</td>
<td>$11,508,333</td>
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<tr>
<td></td>
<td>Yes</td>
<td>Labor and Employment</td>
<td>Division of Oil and Public Safety</td>
<td>COSTIS / Division of Oil and Public Safety</td>
<td>Yes</td>
<td>$2,172,516</td>
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<td></td>
<td>Yes</td>
<td>Public Safety</td>
<td>Division of Criminal Justice</td>
<td>CCIB Division of Criminal Justice</td>
<td>Yes</td>
<td>$2,205,000</td>
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<td></td>
<td>Yes</td>
<td>Personnel and Administration</td>
<td>Division of Capital Assets</td>
<td>CARS Replacement</td>
<td>Yes</td>
<td>$1,625,610</td>
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<tr>
<td></td>
<td>Yes</td>
<td>Higher Education</td>
<td>History Colorado</td>
<td>E106 Project</td>
<td>Yes</td>
<td>$518,026</td>
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</table>

Total Information Technology Requests Recommended for Funding by the Governor: $19,067,260 $23,164,680 $3,923,126 $-8,020,546
<table>
<thead>
<tr>
<th>OSPB Priority</th>
<th>Request Title</th>
<th>FY 2019-20 Information Technology Requests</th>
<th>FY 2020-21 Information Technology Requests</th>
<th>FY 2021-22 Information Technology Requests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Prior Appropriations</td>
<td>FY 2019-20</td>
<td>FY 2020-21</td>
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<tr>
<td></td>
<td></td>
<td>CST</td>
<td>CP</td>
<td>RF</td>
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<tr>
<td>1</td>
<td>NCSC Microwave Replacement (Phase 5/5)</td>
<td>$41,265,488</td>
<td>$41,265,488</td>
<td>$30,316,372</td>
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<tr>
<td>2</td>
<td>Joint Agency Interoperability (Phase 5/5)</td>
<td>$35,863,060</td>
<td>$3,586,306</td>
<td>$32,276,754</td>
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<tr>
<td>3</td>
<td>Crisis System Data and Health IT Infrastructure</td>
<td>$10,316,372</td>
<td>$10,316,372</td>
<td>$2,314,500</td>
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<tr>
<td>4</td>
<td>Data Center (Phase 2/2)</td>
<td>$11,024,488</td>
<td>$11,024,488</td>
<td>$9,864,000</td>
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<tr>
<td>5</td>
<td>NJH Health IT Roadmap (Phase 2/2)</td>
<td>$6,497,304</td>
<td>$6,497,304</td>
<td>$6,497,304</td>
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<tr>
<td>6</td>
<td>OSES/Strategic Oil and Public Safety</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
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<tr>
<td>7</td>
<td>CCIB Community Corrections</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
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<td>8</td>
<td>CARS Replacement</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
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<td>9</td>
<td>E106 Project</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
<td>$1,572,543</td>
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<td></td>
<td><strong>Total Information Technology Requests Recommended for Funding by the Governor</strong></td>
<td>$88,855,548</td>
<td>$88,855,548</td>
<td>$37,496,254</td>
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</table>