COLORADO
Office of State Planning & Budgeting

FY 2020-2021 Comeback Technical Appendix
for Executive Branch Agencies

May 11, 2020

Department of Agriculture

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: Reduction to Agricultural Services Division

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$17,170,019**	**$17,170,019**		**$0**	
General Fund	**$4,999,124**	**$4,999,124**	**pending**	**-$436,440**	**-$436,440**
Cash Funds	**$9,250,632**	**$9,250,632**		**$436,440**	**$436,440**
Reappropriated Funds	**$799,000**	**$799,000**		**$0**	
Federal Funds	**$2,121,263**	**$2,121,263**		**$0**	

Summary of Initial Request

Joint Budget Committee (JBC) Staff recommended to reduce the General Fund appropriation for Agricultural Services by approximately 10% or $499,912 and requested permission to work with the Department to determine which programs to realize the reductions.

Committee Action

JBC did not vote on this recommendation but asked staff to work with the Department to determine where, and by how much, the Department could reduce its appropriation.

Comeback

The Department respectfully requests the Joint Budget Committee consider an alternative to reducing General Fund from the Agricultural Services Long Bill section. This alternative would include reducing the Personal Services budget within the Commissioner's Office by $436,440 General Fund and offsetting that reduction with an equal appropriation from the Agriculture Management Fund created at 35-1-106.9 C.R.S.

The Department administers a number of programs through its Agricultural Services Long Bill section. Some of these programs, including the fertilizer program at 35-12-106 (8) C.R.S. and the weights and measures program at 35-14-127 (12.5) (b) (I) C.R.S., have statutory requirements on the percent of General Fund that must be allocated to these programs. Rather than allocating a General Fund reduction to multiple divisions and programs that could inadvertently create statutory conflicts, the Department believes a one-time General Fund refinance of the Commissioner's Office Personal Services line item would be the most efficient reduction. The Department proposes a reduction of $436,440 General Fund which is equal to the entire Personal Services General Fund appropriation for FY 2019-20.

In addition to a one-time reduction to General Fund, the Department requests to backfill those funds with an equal appropriation from the Agriculture Management Cash Fund created at 35-1-106.9 C.R.S. The Department has historically used this fund for office consolidation, to build the new laboratory, Agriculture Leadership Grants, centrally appropriated line items etc. As the laboratory and building consolidation projects are in the final stages, the Department is able to allocate some of the remaining cash fund balance to cover the Personal Services costs.

REQUEST TITLE: Reduction to Marketing for Colorado Agriculture

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$300,000**	**$300,000**		**$250,000**	**-$50,000**
General Fund	**$300,000**	**$300,000**	**pending**	**$250,000**	**-$50,000**
Cash Funds	**$0**	**$0**		**$0**	
Reappropriated Funds	**$0**	**$0**		**$0**	
Federal Funds	**$0**	**$0**		**$0**	

Summary of Initial Request

The Department was appropriated $300,000 General Fund for agricultural marketing purposes in the FY 2019-20 Long Bill. The funding was intended to be ongoing.

Committee Action

Joint Budget Committee (JBC) Staff recommended to reduce the FY 2020-21 budget by $300,000 General Fund intended for agricultural marketing. The Committee did not vote on the recommendation but asked a number of questions about the funding and overall marketing appropriation to the Department.

Comeback

The Department respectfully requests the Committee consider funding the marketing efforts of the Department. However, given event cancellation or postponement, the Department anticipates that in FY 2020-21 it could reduce that appropriation to $250,000 and still be able to considerably support and promote the agriculture industry through economic recovery.

Marketing, both international and local, is more important now than ever to help producers and food suppliers develop markets for their products and recover from the disastrous effects of the COVID-19 crisis. Of this past year's total $300,000 General Fund marketing appropriation, approximately $190,000 supported international marketing and $110,000 supported the Department's Colorado Proud program. Because of the appropriation, the Department was able to begin planning longer-term promotions. Significant reduction to this budget would negate the progress made this past year and impact thousands of agricultural producers and food companies across our State that have come to rely on the leadership provided through the Department's Markets Division.

International promotions have helped connect Colorado food and agricultural suppliers with international buyers. The Department has found that on average every dollar invested generates a return on investment of about 15:1. These funds are also instrumental to receiving grant funds through the United States Department of Agriculture (USDA) and the Small Business Administration (SBA) which include evaluation criteria on how much funding is put towards marketing efforts by applicants. This funding complements General Fund resources enabling more promotions to be implemented than possible with just the General Fund appropriation.

While some current and near-term international promotions have been postponed or canceled, international trade has not stopped, nor has the Department's effort to continue to support Colorado companies looking for export markets to help diversify and expand their sales. If the crisis and travel restrictions persist, promotions will take on a different, more virtual strategy, though the Department anticipates some savings from cancelled trade shows and/or inbound and outbound missions could be achieved. Thus the Department believes a $50,000 reduction to this appropriation could be made while still allowing the Department to support the agriculture industry.

The support Colorado Proud provides to its nearly 3,000 members is critical and will remain so in the coming year. Many producers and small food companies have lost markets because of COVID-19 and Colorado Proud is helping them to develop new direct-to-consumer markets. For example, Colorado Proud created a new website, www.ColoradoProud.com, to help connect producers with consumers. The site helps producers create new direct market opportunities for their products, and helps consumers find food they need for their families during a difficult situation. Also, this crisis has generated more interest among consumers to buy local and help support Colorado food and agricultural producers, their local communities, and the State. Colorado Proud is uniquely positioned to help consumers and other buyers identify and purchase locally grown and made products, thus creating stronger and more resilient local food systems. To this end, more consumer communications and promotion is needed.

Without this funding for international and domestic marketing, the Department would have to reduce the number of trade missions and marketing campaigns it can do.

Additional Information

During the hearing, the JBC members asked about funding from the CARES Act and whether any of that funding would go towards agricultural marketing. At this time, all agriculture funding has been designated as direct payments to producers or commodity purchases.

The Committee also asked about the base funding for marketing efforts at the Department. For FY 2019-20 the Department was appropriated $1.8 million total funds including $820,000 General Fund. Within that $820,000 General Fund, $300,000 is now being reconsidered.

The remaining $520,000 primarily supports 5.4 FTE and the general administrative costs of the Division. These limited operating funds do provide for some production of promotional materials but mostly provide resources necessary for management and oversight of other programs under the Division’s direction such as the state’s eight market order programs, a specialty crops block grant program, food safety audits, and business development programming.

Ninth Grade Success Program Restoration					
	FY 2019-20 Appropriation	**FY 2020-21 Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Total Funds	**$800,000**	**$800,000**	**$0**	**$800,000**	**$800,000**
General Fund	$800,000	$800,000	$0	$800,000	$800,000
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The November 1, 2020 budget included continuation appropriation of $800,000 General Fund and 0.6 FTE for the Ninth Grade Success Grant Program, which was created by SB 19-246.

Committee Action

In the Education Budget Balancing Hearing on May 7, the Joint Budget Committee voted to eliminate the Ninth Grade Success Program for a General Fund reduction of $800,000 and 0.6 FTE. The Committee separately voted to reduce the Workforce Diploma Pilot Program (created by HB19-1236) by $500,000. JBC Staff recommended a reduction to the Career Development Success Pilot Program of $4 million General Fund; however, the Committee voted to not reduce the program until after the revised forecast on May 12.

Comeback

The Department is requesting a restoration of the Ninth Grade Success Program by increasing reductions to two other programs to offset the need. To accomplish this, the Department proposes reducing the Workforce Diploma Pilot Program (created by HB19-1236) by an additional $300,000 and reducing the Career Development Success Pilot Program by $500,000. These reductions will offset the $800,000 General Fund reduction for the Ninth Grade Success Program.

The Ninth Grade Success Program funding supports transitions between middle school and high school for our most vulnerable populations of students across Colorado. Historically, this transition is a significant milestone and the first time we usually see significant increases in students dropping out of school. With the change to remote learning, some districts have shared that they have seen a disproportionate decrease in participation by our most vulnerable population of students, such as homeless, free-and-reduced lunch, students of color, and students with multiple barriers. It is anticipated that the transition for all students, but especially those disproportionately impacted by the transition to remote learning, will need more supports when returning to in-person or blended learning.

The Workforce Diploma Pilot Program is a new program (HB19-1236) that incents programs that serve adults without high school diplomas to earn one. While these funds provide incentives for programs, the Ninth Grade Success Program provides early services and interventions to support this population through high school completion before dropout. The Ninth Grade Success Program provides support before the dropout has occurred, which research shows is most effective to earning a high school diploma.

BA-05 Concurrent Enrollment Grant Program Increase

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$1,500,000**	**$1,000,000**	**$0**	**$1,000,000**	**$1,000,000**
General Fund	$0	$1,000,000	$0	$1,000,000	$1,000,000
Cash Funds	$1,500,000	$1,476,896	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Governor's Office requested and the Joint Budget Committee approved a one-time General Fund increase of $1,000,000 for the Concurrent Enrollment Expansion and Innovation Grant program that was established by SB 19-176. This increase would allow the Colorado Department of Education to meet the unmet need under the 2019 grant competition. The request constitutes a 66% increase over the FY 2019-20 appropriation.

Committee Action

In the Education Budget Balancing Hearing on May 7, the Joint Budget Committee voted to undo the previously approved one-time General Fund increase of $1,000,000 for FY 2020-21.

Comeback

The Governor's Office respectfully requests the Joint Budget Committee maintain the one-time increase approved for the Concurrent Enrollment Expansion and Innovation Grant program for FY 2020-21. Under SB19-176, each local education provider that enrolls students in grades 9-12 must provide qualified students the opportunity to enroll in concurrent enrollment courses, which may include coursework related to apprenticeship programs or internship programs. However, school districts face challenges when it comes to offering concurrent enrollment options, including a lack of qualified educators to teach concurrent enrollment, lack of advising support, and a potential loss in funding as a result of concurrent enrollment. In addition, students face barriers to accessing concurrent enrollment, including having to pay the cost of books, transportation, or fees.

While $1.48 million was awarded to partnerships in FY 2019-20, there was $1 million in unmet requests for concurrent enrollment partnerships. The requested funding will provide 20 new partnerships with support to begin offering or increase their existing offerings for concurrent enrollment for students by the 2021 deadline for full implementation.

Particularly in light of the changing economic conditions, the Governor's Office continues to consider concurrent enrollment to be a worthwhile investment by the State that can help increase high school graduation, postsecondary enrollment, and postsecondary success at a lower cost to students and their families. Concurrent enrollment is an evidence-based program that has demonstrated outcomes of preparing high school students for college and saving students money on higher education through accelerated completion. A recent study by Colorado Department of Higher Education, funded by the U.S. Department of Education's Institute of Education Sciences, showed that, controlling for several factors such as 9th grade test scores, free or reduced lunch eligibility, race/ethnicity, and English learner status, 77 percent of Colorado concurrent enrollment (CE) students went on to college compared to 52 percent of students who did not participate. And 82 percent of CE students continued in their postsecondary education— known as persistence—compared to 77 percent of non-CE students.

If the $1 million one-time increase for the for the Concurrent Enrollment Expansion and Innovation Grant program is not maintained, schools across the State may be at risk of not meeting the legislative deadline established in SB 19-176, which requires all local education providers that enroll high school students to offer concurrent enrollment opportunities to all eligible students beginning in the 2020-21 school year. This request is a priority of the Governor and aligns with his goals of access to a high-quality education for all.

Alternative Reduction: BEST Cash Grants

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$135,000,000**	**$160,000,000**	**$135,000,000**	**$100,000,000**	**($35,000,000)**
General Fund	$0	$0	$0	$0	$0
Cash Funds	$135,000,000	$160,000,000	$135,000,000	$100,000,000	($35,000,000)
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The November 1, 2020 budget included an annualization of HB 19-1055 (Public School Capital Construction Financial Assistance) for a total appropriation of $160.0 million cash funds from the Public School Capital Construction Assistance Fund (PSCCAF) for cash grants under the Building Excellent Schools Today (B.E.S.T.) program for FY 2020-21.

Committee Action

In the Education Budget Balancing Hearing on May 7, the Joint Budget Committee approved a reduction of $25 million to the cash grants appropriation and transferred the amount to the State Public School Fund to support with school finance. This action provides $135 million for cash grants in FY 2020-21.

Comeback

OSPB recommends the Committee further reduce the BEST program cash grants appropriation by an additional $35M. This would bring the total transfer of funds to the State Public School Fund to $60M to offset the General Fund needed for School Finance. The recommendation would provide $100M for BEST cash grants in FY 2020-21.

Alternative Reduction: Transfer Unused Kindergarten Facility Capital Construction Funds

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$25,000,000**	**$0**	**$0**	**-$770,000**	**-$770,000**
General Fund	$0	$0	$0	$0	$0
Cash Funds	$25,000,000	$0	$0	-$770,000	-$770,000
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

House Bill 19-1055 (Public School Capital Construction Financial Assistance) provided a one-time appropriation of $25.0 million cash funds from the Public School Fund to the BEST program to support facilities grants for the implementation of full-day kindergarten in FY 2019-20. The fund has a remaining unspent balance of $770,000. Per statute, remaining kindergarten facility capital construction funds will be reverted back to the BEST public school capital construction fund on July 1, 2020. OSPB recommends the JBC to transfer these funds into the State Education Fund to offset General Fund needed for School Finance. This is a one-time transfer

Committee Action

The Committee did not take action on the kindergarten facility capital construction funds at the Education Budget Balancing Hearing on May 7.

Comeback

OSPB recommends the JBC to transfer the $770,000 unused kindergarten facility capital construction funds into the State Education Fund to offset General Fund needed for School Finance. The recommended transfer would have no impact on the facilities grants already awarded to support the implementation of full-day kindergarten. Without JBC action, the unused funds will revert to the BEST program on July 1, 2020.

Alternative Reduction: Career Development Success Program

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$5,000,000	$6,000,000	$5,000,000	$4,500,000	($500,000)
General Fund	$5,000,000	$6,000,000	$5,000,000	$4,500,000	($500,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Governor's Office requested and the Joint Budget Committee approved a General Fund increase of $1 million for the Career Development Success Program in addition to a continued appropriation of $5 million General Fund for FY 2020-21.

Committee Action

JBC Staff recommended the Committee undo the $1 million increase and reduce the Long Bill appropriation for the program by $4 million General Fund. In the Education Budget Balancing Hearing on May 7, the Joint Budget Committee voted to undo the previously approved General Fund increase of $1 million for FY 2020-21 but did not approve a base reduction to the program.

Comeback

In light of the current revenue challenges, OSPB suggests the JBC consider a reduction to the program's Long Bill appropriation of $500,000 General Fund. This reduction will help offset the $800,000 General Fund comeback to restore the Ninth Grade Success Program.

Alternative Reduction: Workforce Diploma Pilot Program

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$1,012,222**	**$1,012,222**	**$512,222**	**$212,222**	**($300,000)**
General Fund	$1,012,222	$1,012,222	$512,222	$212,222	($300,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The November 1, 2020 budget included an annualization of prior year legislation for a total appropriation of $1 million General Fund and 0.2 FTE for the Ninth Grade Success Grant Program, which was created by SB 19-246.

Committee Action

In the Education Budget Balancing Hearing on May 7, the Joint Budget Committee voted to reduce the appropriation by $500,000 General Fund.

Comeback

In light of the current revenue challenges, OSPB suggests the JBC consider a further reduction to the program's appropriation of $300,000 General Fund, for a total reduction, combined with the Committee's action, of $800,000 General Fund. This reduction will help offset the $800,000 General Fund comeback to restore the Ninth Grade Success Program. The Workforce Diploma Pilot Program is a new program (HB19-1236) that incents programs that serve adults without high school diplomas to earn one. While these funds provide incentives for programs, the Ninth Grade Success Program provides early services and interventions to support this population through high school completion before dropout.

Alternative Reduction: Financial Transparency FY21 Reduction

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$600,000**	**$600,000**	**$0**	**$462,000**	**($138,000)**
General Fund	$0	$0	$0	$0	$0
Cash Funds	$600,000	$600,000	$0	$462,000	($138,000)
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The November 1, 2020 budget included continuation of the Financial Transparency System Maintenance funding of $600,000 total funds from the State Education Fund. The Department requests the appropriation for the Financial Transparency System Maintenance be reduced by $138,000 for a new appropriation of $462,000. These cash fund savings could be reverted to the State Education fund to offset General Fund for School Finance.

Committee Action

In the Education Budget Balancing Hearing on May 7, the Joint Budget Committee took no action on this item.

Comeback

The Department's contract negotiations with the vendor that provides the hosting and service for the financial transparency website have resulted in a savings on the contract of $138,000 for FY 2020-21 and ongoing with no programmatic impacts. Therefore, the Department requests that the Committee reduce the appropriation for this Long Bill line by that amount. These cash fund savings could be reverted to the State Education fund to offset General Fund for School Finance.

COLORADO
Office of State Planning & Budgeting

Governor's Office of Information Technology

JBC Comeback date: 5/11/2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: Colorado Digital Services

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$754,946**	**$1,240,560**	**$0**	**$1,240,560**	**1,240,560**
General Fund	**$754,946**	**$1,240,560**	**$0**	**$0**	**$0**
Cash Funds					
Reappropriated Funds	**$0**	**$0**	**$0**	**$1,240,560**	**$1,240,560**
Federal Funds					

Summary of Initial Request

The Governor's Office of Information Technology (OIT) requests $1,240,560 General Fund and 7.0 FTE for FY 2020-21 and ongoing to continue the Colorado Digital Services (CDS) program. The initial 1331 FY 2019-20 request was approved by the Joint Technology and Joint Budget Committees in September 2019, and signed into law on 3/4/2020 in HB20-1245. This request is for ongoing funding.

Committee Action

The JBC Voted 5-1 to not fund the FY 2020-21 decision item due to the current economic forecast and climate. Many members praised the program and the benefits it has already demonstrated in the short time it has been running.

Comeback

OIT requests that the JBC approve $1,240,560 in Common Policy reappropriated funds and 7.0 FTE in FY 2020-21 and ongoing for Colorado Digital Services. Although the JBC voted not to fund Colorado Digital Services in FY 2020-21 with General Fund dollars, the members encouraged OIT to find another way to fund this highly effective program. OIT has heard the JBC, and would like to propose to pay for CDS through reappropriated Common Policy by charging agencies benefitting from the work of the Colorado Digital Services to cover costs. The

7 CDS staff members have all been hired and are actively engaged on projects, and they are considered full-time term-limited state employees (not contractors).

CDS is actively engaged in supporting long-running programs that are significant cost centers for the state, including the Colorado Benefits Management System, Trails, and HRWorks. CDS has made vendor contract and resourcing recommendations that executive branch stakeholders have embraced and are actively working to implement. CDS' technical leads deploy these recommendations in projects to enhance user experience, product, and engineering outcomes. **In the first seven months of its existence, CDS' work on these projects has realized a cost avoidance of $3.4M in value, a 10:1 return compared to the cost of the team.**

In addition to working on legacy and at-risk projects, the team has been deeply involved in the COVID-19 response. Working with the Innovation Response Team (IRT), CDS played a critical role in developing and launching the Symptom Tracker which has been deployed in 64 counties. CDS has worked closely on the covid19.colorado.gov website with the Joint Information Center to deliver important messages to the general public and has also provided site-reliability recommendations to SIPA after the website crashed on March 25th.

The team is championing best practices for initiating technology projects. Citing the existence of CDS as a main reason to work with Colorado, the federal government tech consulting team, 18F, chose Colorado as one of only three states nationally to provide a series of agile budgeting workshops that included working closely with the Department of Public Safety (CDPS) and concluding with sessions delivered to members of the JBC, JTC, OIT leadership, and the Governor's office.

CDS staff are full-time state employees, serving in term-limited capacities to rotate fresh talent onto high impact state technology projects.

Should the JBC decide not to support the new proposal to fund the CDS via Common Policy billing, OIT would have to cut funding to other programs to offset these costs or discontinue the program. With the current proposed 2.5% Common Policy base personal services cut, OIT will not have the capacity to absorb the CDS FTE and associated costs. However, should this reduction not occur, OIT can shuffle resources to cover these staff. Should these staff be absorbed, the costs would still be billed via Common Policy.

Ending support for CDS early in its tenure would stifle the momentum and digital transformation the group has and continues to provide to agencies and IT projects for the state. The State will have to work through barriers in the traditional sense, potentially costing additional time and taxpayer dollars to address. Losing CDS would also slow the state's adoption of modern and agile best practices and would close the pipeline for recruiting tech talent fluent in these best practices to the state.

The CDS aligns with the Governor's vision and goals for Colorado to lead the nation in delivering first-class technology services.

COLORADO
Office of State Planning & Budgeting

Office of Economic Development & International Trade

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: OEDIT Gaming Transfers

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds					
General Fund				**$12,150,000**	**$12,150,000**
Cash Funds	**$23,000,000**	**$23,000,000**	**pending**	**-$23,000,000**	**-$23,000,000**
Reappropriated Funds					
Federal Funds					

Summary of Initial Request

The Office of Economic Development & International Trade (OEDIT) concurs with the Joint Budget Committee (JBC) staff's recommendation to eliminate the transfers of $23M in limited gaming revenue to four of OEDIT's cash funds. Instead, OEDIT respectfully requests the committee consider a direct General Fund appropriation in FY 2020-21 to partially offset the loss of gaming funds to those programs. These offsets will enable those programs to contribute to Colorado's economic recovery.

Committee Action

The JBC delayed action on JBC staff's recommendations to eliminate the transfer of $23M in limited gaming revenue to four of OEDIT's cash funds: 1) $15M for the Colorado Tourism Office, 2) $5.5M for the Advanced Industries Program, 3) $2M for Colorado Creative Industries, and 4) $0.5M for the Colorado Office of Film, TV & Media.

Comeback

OEDIT concurs with JBC staff's recommendation to eliminate the transfers of $23M in limited gaming revenue to four of OEDIT's cash funds. Instead, OEDIT respectfully requests the committee consider a direct General Fund appropriation in FY 2020-21 to partially offset the loss of gaming funds to those programs of the following amounts:

- Colorado Tourism Office: $10M
- Advanced Industries Program: $0.5M
- Colorado Creative Industries: $1.3M
- Colorado Office of Film, Television & Media: $0.35M

This General Fund totals $12.15M of the $23M transferred under current law, a 47% reduction**.**

Colorado Tourism Office:

JBC Recommendation: JBC staff has recommended reductions to the Colorado Tourism Office (CTO) totaling $17.5M, or 87% of CTO's annual budget. This includes eliminating the transfer of $15M in limited gaming revenue to the Colorado Travel & Tourism Promotion Fund, a reduction of $2M in General Fund for the Colorado Tourism Promotion Fund, and a reduction of $0.5M in General Fund for CTO's Destination Development Program.

Comeback Request: OEDIT concurs with JBC staff's recommendation to eliminate the transfer of $15M in limited gaming revenue and requests the Committee consider a direct General Fund appropriation in FY 2020-21 of $10M. This $5M reduction, taken together with the aforementioned reductions of $2.5M in the General Fund for CTO, totals $7.5M in reductions -- or one third of CTO's annual budget. The Office believes it can undertake these reductions for one year by implementing a series of cost saving measures and by relying on existing cash fund balances. In order to utilize these existing cash fund balances, the Office requests that it maintain at least $4M in cash fund spending authority.

Tourism Recovery: CTO funding for FY 2020-21 will contribute to tourism promotion and marketing efforts for travel in winter 2020-21, summer 2021, and beyond. At that time, the industry anticipates that travel will be more viable than it is this forthcoming summer and fall. Strong marketing campaigns and promotion efforts are necessary to attract in-state and out-of-state travelers when appropriate and to ultimately restore the tourism economy.

Advanced Industries Program:

JBC Recommendation: JBC staff has recommended $13.1M in reductions to the Advanced Industries program, representing 100% of the program's budget. These reductions include eliminating the transfer of $5.5M in limited gaming revenue to the Advanced Industries Program, and eliminating the transfer to the Advanced Industries Program as outlined by S.B. 11-047 (39-22-604.3 CRS).

Comeback Request: OEDIT concurs with JBC staff's recommendation to eliminate the transfer of $5.5M in limited gaming revenue and instead proposes a direct General Fund appropriation in FY 2020-21 of $0.5M. The program believes it can undertake this reduction for one year by relying on cash fund balances. OEDIT is also requesting the committee reject JBC staff's recommendation surrounding the elimination of the transfer to the Advanced Industries Program as outlined by S.B. 11-047 (39-22-604.3 CRS) (more on that in another comeback).

Advanced Industries Recovery: Advanced Industries companies are essential to our economic and public health recovery efforts. These companies are actively producing the goods necessary to get through the crisis and will be the start-ups that can help grow jobs, maintain a diversified economy, and ultimately bring us out of the recession. The Advanced Industries Program will ensure these companies survive and grow in the meantime.

Colorado Creative Industries:

JBC Recommendation: JBC staff has recommended $2M in reductions to the Creative Industries program, or 100% of the program's annual budget. This includes a recommendation to eliminate the transfer of $2M in limited gaming revenue and, by extension, eliminate funding required for Colorado Creative Industries (CCI) to match federal funding (~$770k annually) from the National Endowment for the Arts (NEA). Thus, if the recommendation is approved, CCI would lose both its state funding and federal funding.

Comeback Request: OEDIT concurs with JBC staff's recommendation to eliminate the transfer of $2M in limited gaming revenue and instead proposes a direct General Fund appropriation in FY 2020-21 of $1.3M. By maintaining $1.3M, CCI will be able to match federal funding and support to the arts and culture sector.

Creative Industries Recovery: CCI supports the arts and culture sectors in a variety of ways; most recently, by establishing and promoting an artists' relief fund (that doesn't require any state funding) to support the individual artists and arts organizations that have been hard hit by the economic downturn resulting from COVID-19. Without CCI, Colorado would lose its federal funding from the NEA, including critical COVID 19 recovery resources through the CARES Act.

Colorado Office of Film, Television & Media:

JBC Recommendation: JBC staff has recommended reductions to the Colorado Office of Film, Television & Media (COFTM) totaling $1M, or 79% of its annual budget. This includes a recommendation to eliminate the transfer of $0.5M in limited gaming revenue to the Film, Television and Media Operational Account Cash Fund, and an additional reduction of $0.5M in funding for COFTM's Incentive Program. This would eliminate the Office's FTE entirely and leave no team to manage the $0.25M in incentives remaining.

Comeback Request: OEDIT concurs with JBC staff's recommendation to eliminate the transfer of $0.5M in limited gaming revenue and instead requests the committee consider a direct General Fund appropriation in FY 2020-21 of $0.35M. This reduction, taken together with the aforementioned $0.5M reduction of General Fund for COFTM, totals $0.65M - or 52% of the program's budget. The office believes it can sustain this one-time reduction while retaining a team to manage the remainder of the incentives, funding, and various education and industry support activities.

COFTM Recovery: COFTM supports the film industry and film students in a variety of ways; most recently, COFTM held a series webinars for industry professionals in Colorado on how to continue their work from home, as well as a series on available federal, state, and private financial resources, which was attended by 2,766 Colorado industry professionals. COFTM is already hearing from multiple multi-million productions eager to scout locations while filming is temporarily suspended. The industry expects a rush for resources in the film and television industry, including locations and crew, in the months ahead.

COLORADO
Office of State Planning & Budgeting

Office of Economic Development & International Trade

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: S.B. 11-047 Advanced Industries Transfer

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds					
General Fund					
Cash Funds	Statutory transfer	Statutory transfer	Eliminate transfer, est. **-$7,600,000**	**$0**	**Est. $7,600,000**
Reappropriated Funds					
Federal Funds					

Summary of Initial Request

The Office of Economic Development & International Trade (OEDIT) respectfully requests the Joint Budget Committee (JBC) reject JBC staff's recommendation to eliminate the transfer to the Advanced Industries program, as outlined by S.B. 11-047 (39-22-604.3 CRS). These funds support bioscience and clean technology innovations that can support COVID-19 health and economic recovery efforts.

Committee Action

The JBC delayed action on the staff's recommendation to eliminate the transfer to the Advanced Industries program as outlined by S.B. 11-047 (39-22-604.3 CRS).

Comeback

JBC Recommendation: JBC staff has proposed eliminating the transfer to the Advanced Industries (AI) program as outlined by S.B. 11-047 (39-22-604.3 CRS). Taken together with JBC staff's recommendation to eliminate the transfer of $5.5M in limited gaming revenue to the AI program, this would eliminate the program entirely.

Comeback Request: OEDIT respectfully requests the committee reject staff's recommendation to eliminate the transfer to the Advanced Industries program as outlined by S.B. 11-047 (39-22-604.3 CRS). OEDIT does, however, concur with JBC staff's recommendation to eliminate the transfer of $5.5M in limited gaming revenue and instead proposes a direct General Fund appropriation in FY 2020-21 of $0.5M (more on that in another comeback).

Advanced Industries Recovery: Advanced Industries companies are essential to our economic and public health recovery efforts. These companies are actively producing the goods necessary to get through the crisis and will be the start-ups that can help grow jobs, maintain a diversified economy, and ultimately bring us out of the recession. The Advanced Industries (AI) program will ensure these companies survive and grow in the meantime. **Further, OEDIT anticipates the amount of this transfer could be lower than estimated by JBC staff, as the transfer is dependent on growth in income tax collections in the relevant industries in 2020.** Given current economic conditions, there may not be any growth in income tax collections from those industries as compared to prior years, resulting in no transfer.

The AI program accelerates economic growth through grants that improve and expand the development of seven advanced industries in Colorado: advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, infrastructure engineering, and technology and information. This program requires a 2:1 match, thereby bringing new money into the economy, which will be particularly necessary in the months and years ahead as we battle a recession. Since inception, the program has leveraged over $794 million through venture capital investment, angel funding, and federal dollars.

Without the AI program, we would be significantly reducing financial resources for universities and small businesses including grants to work on COVID-related and economic recovery projects. Specifically, we know of at least 13 AI-funded bioscience and advanced manufacturing companies that are actively working on COVID-19 relief efforts. One such company, Durango's Tailwind Nutrition, was recently approached by Rose Hospital in Denver because their health care professionals were struggling to stay hydrated and fueled during 12 hour shifts, wearing hot PPE and limited to bringing only a water bottle into the facility. Tailwind Nutrition donated a case of single serve packs, which are usually used to fuel athletes for long endurance events. One hospital quickly became five, and Tailwind asked customers to refer to hospitals in need. Customers also asked for a way to support the effort, so Tailwind set up a hospital donation product whereby they match every single serve pack customers donate. As of May 4th, Tailwind donated 10,643 single serve packs to 90 hospitals across the country, and customers have contributed 1,750 packs to the effort.

The AI program will also be critical to our economic recovery, as its predecessor, the Bioscience Discovery Grant Evaluation Program, was following the Great Recession. The Bioscience Program and AI have long promoted economic diversification, and the advanced industries are key drivers of the U.S. and Colorado economies. The seven advanced industries that the AI program supports account for nearly 30 percent of the state's total wage earnings, around 30 percent of total sales revenue, and almost 35 percent of the state's total exports.

COLORADO
Office of State Planning & Budgeting

Office of Economic Development & International Trade

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: OEDIT Additional Offsets

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds					
General Fund			**-$500,000**	**-$5,086,000**	**$-4,586,000**
Cash Funds					
Reappropriated Funds					
Federal Funds					

Summary of Initial Request

The Office of Economic Development & International Trade (OEDIT) proposes additional General Fund reductions to OEDIT's programs totaling $2.1M. These offsets, in combination with the Joint Budget Committee (JBC) staff's recommendations that OEDIT concurs with, result in approximately $5M in General Fund reductions. When combined with the $10.9M in gaming funds reductions, these reductions represent a 27% reduction in OEDIT's annually appropriated budget.

Committee Action

The JBC approved JBC staff's General Fund recommendation to suspend $0.5M to the Colorado Office of Film, TV, & Media General Fund line for FY 2020-21. The JBC delayed action on two of JBC staff's General Fund recommendations to 1) suspend $0.5M General Fund for Destination Development program for FY 2020-21, and 2) suspend $2M General Fund for Colorado Tourism Office Promotion for FY 2020-21.

Comeback

JBC Recommendation: The JBC staff General Fund recommendations result in $3M in General Fund reductions to OEDIT's programs in FY 2020-21, including the Colorado Tourism office and the Colorado Office of Film, Television and Media (COFTM).

Comeback Request: OEDIT concurs with JBC staff's General Fund recommendations to 1) suspend General Fund for COFTM by $0.5M, 2) suspend General Fund for Destination Development program by $0.5M, and 3) suspend General Fund for CTO Promotion by $2M. OEDIT further provides additional General Fund reductions as a partial offset to the comeback request related to programs receiving gaming revenue (more on that in another comeback). OEDIT proposes the following additional one-time General Fund reductions totaling $2.09M, including:

- **Colorado First Customized Job Training -$1M:** This reduction would entail a one-time reduction of $1M from the Colorado First Customized Job Training program, which is currently funded at $4.5M.
- **Global Business Development -$0.75M:** This reduction would entail one-time reductions totaling $0.75M to OEDIT's Global Business Development division. A more detailed list of those reductions:
    - $75,000 to the Minority Business Office;
    - $230,000 to the Aerospace Program, thus eliminating the program and one FTE;
    - $175,000 to the Advanced Industries (AI) Export Program, thus eliminating funding for the program for one year; and
    - $270,000 for Marketing and Communications for OEDIT.
- **Office of Outdoor Recreation Industry (new line) -$0.12M:** The committee has already approved OEDIT's request to create a new line item for the Office of Outdoor Recreation (OREC) by reallocating funds from other OEDIT divisions, totaling $0.37M General Fund. OEDIT now requests a reduction to this appropriation amount of $0.12M in FY 2020-21 for a total appropriation of $0.25M.
- **Leading Edge Program Grants -$0.076M:** This reduction would entail a one-time reduction of $76,000 to the Leading Edge Program Grants line, suspending funding for that line entirely. The reduction of these funds will be offset by CARES Act funding from the Small Business Administration.
- **Small Business Development Centers -$0.14M:** JBC staff's recommendation included maintaining OEDIT's requested increase of $140,000 for rural Small Business Development Centers, which JBC already voted to secure. OEDIT now requests removing this increase as these funds will be offset by CARES Act funding from the Small Business Administration.

OEDIT offers these reductions as a partial offset to the General Fund direct appropriations it is requesting for programs currently receiving gaming funds. OEDIT believes these reductions will allow the Office to sustain significant reductions without eliminating any of its major programs, including the Colorado Office of Film, Television & Media, Colorado Creative Industries, the Colorado Tourism Office, and the Advanced Industries Program. By retaining these programs, OEDIT believes they will be available to support Colorado's economic recovery.

R-9 Bundled Payments

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$743,065	$0	$739,313	$739,313
General Fund	$0	$63,224	$0	$61,979	$61,979
Cash Funds	$0	$68,307	$0	$67,671	$67,671
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$611,534	$0	$609,663	$609,663
FTE	0.0	1.9	0.0	1.8	1.8

Summary of Initial Request

The Department requests an increase of $743,065 total funds, including $63,224 General Fund, $68,307 cash funds, and 1.9 FTE in FY 2020-21 and $65,915 total funds, including a decrease of $35,320 General Fund, an increase of $53,276 cash funds, and 2.0 FTE in FY 2021-22 and ongoing to implement a bundled payment methodology for certain episodes of care.

Committee Action

The Joint Budget Committee denied the request.

Comeback

OSPB requests the Committee fund this request for $0.06M General Fund. This modest investment will set the state on a path to drive value and attain budget savings in future years.

The Department anticipates that implementing bundled payments for episodes of care would result in cost savings as participating providers coordinate care for their patients with other key providers to reduce expenditure on potentially avoidable complications from the episode. These savings would be realized in the short term as providers work to lower overall costs on services related to the episodes. This would also result in better health outcomes for members, as it shifts providers towards a more cohesive approach to treating the episode. Although this requires investment in FY 2020-21, the General Fund cost of the request is fully offset by savings by FY 2022-23, and substantial return on investment is possible when the Department extends bundled payments after the initial implementation phase.

The implementation of complex payment methodologies, such as bundled payments, require additional administrative costs to calculate and administer. Without additional appropriations for staff and support, the Department is unable to alter payment methodologies. Aligning payment with high-value services are critical components in ensuring members have sufficient access to care, that quality outcomes are achieved, and that services provided are cost effective. The Department has an opportunity to address these goals by implementing bundled payment methodologies for certain episodes of care.

A bundled payment methodology incentivizes providers to serve members in a more cohesive manner through a treatment episode and to reduce expenditure on potentially avoidable complications during that episode. Currently, Medicaid pays providers each time a service is delivered without regard to any other services the member is receiving for his or her condition. If a member is pregnant, for example, Medicaid pays the following providers separately: the obstetrician for prenatal visits, delivering the baby, and post-natal visits; the radiologist for ultrasounds; the laboratory for bloodwork and urine tests; and the hospital for the facility charges during the delivery. If separate physicians serve the member for prenatal visits and the delivery, the Department would pay for those claims separately. This creates silos in the care experience, even though they are all treating the same medical condition.

IDD Services Cash Fund

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$0	$0	$0	$0
General Fund	$0	$0	($6,727,431)	$0	$6,727,431
Cash Funds	$0	$0	$6,727,431	$0	($6,727,431)
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0
FTE	0.0	0.0	0.0	$0	0.0

Summary of Initial Request

The Intellectual and Developmental Disabilities Services (IDD Services) Cash Fund consists of funds appropriated by the General Assembly and any transfer of available funds that are reverted each fiscal year from the Adult Comprehensive Services (DD) waiver, Adult Supported Living Services (SLS) waiver, Children's Extensive Support (CES) Services waiver, and Family Support Services Program (FSSP). The cash fund money is appropriated to several multi-year initiatives starting in FY 2019-20 including: eliminating the state only SLS waitlist, reducing the FSSP waitlist, a pilot program for supported employment, several FTE positions, and 150 enrollments into the Adult Comprehensive (DD) waiver.

Committee Action

The Joint Budget Committee voted to transfer the IDD Cash Fund balance of $6,727,431 to General Fund.

Comeback

OSPB requests the Committee reconsider transferring the funding from the IDD Services Cash Fund to the General Fund. The Department would not be able to continue to operate the programs funded with the cash fund if this transfer occurs.

The Department is expected to spend $6,684,805 of IDD Services cash fund by the end FY 2019-20, which would result in a starting balance of $8,737,265 for FY 2020-21. This funding is enough to cover the initiatives funded through the IDD cash fund for FY 2020-21 and FY 2021-22, as shown in the table below. The proposed refinancing action would result in shortfalls in both years, which would require General Fund backfill or for the Department to cease work on these initiatives.

Initiative	FY 2020-21	FY 2021-22
Projected Beginning Fund Balance	**$8,737,265**	**$4,485,212**
State Only SLS Waitlist	$1,721,166	$1,721,166
State Only SLS Targeted Case Management	$283,697	$283,697
Family Support Services Program Waitlist	$371,162	$371,162
Supported Employment Pilot Incentive Payments	$500,000	$575,000
Supported Employment Pilot FTE	$128,309	$128,309
Transfer to Office of Employment First	$800,000	$800,000
Other FY 2020-21 Obligations	$447,719	$448,318
Total	**$4,252,053**	**$4,327,652**
Ending Fund Balance	**$4,485,212**	**$157,560**

As noted by JBC staff, the Department has only spent a small portion of the cash fund balance in FY 2019-20; however, it does not make sense to prorate that amount by the remaining portion of the fiscal year because the Department does not spend these funds uniformly throughout the fiscal year. Instead, the majority of expenditure will show up at the end of the fiscal year when accounting balance true-ups are completed.

Comprehensive Services Waiver – Freeze New Enrollment

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Option	Comeback Request	Difference Between Staff Option and Comeback Request
Total Funds	$501,229,517	$537,599,385	($7,080,000)	$0	$7,080,000
General Fund	$247,403,839	$267,999,691	($3,540,000)	$0	$3,540,000
Cash Funds	$3,210,919	$800,001	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$250,614,759	$268,799,693	($3,540,000)	$0	$3,540,000
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department requested continuation funding for the home and community based services Adult Comprehensive waiver program (HCBS-DD), which provides services to adults with intellectual and developmental disabilities.

Committee Action

JBC staff provided an option to the Committee to freeze new enrollments into the HCBS-DD waiver program. The Committee did not take action on the option.

Comeback

OSPB requests that the Committee not adopt the JBC staff option to freeze new enrollment into the HCBS-DD waiver program. This program serves adults with intellectual and developmental disabilities and provides access to 24-hour, seven days a week supervision through Residential Habilitation and Day Habilitation Services and Supports. As of November 1, 2019, there were

2,895 people who need services as soon as they are available and are on a waiting list for an available enrollment. These individuals all qualify for the program; however, they cannot access the program because the waiting list in not fully funded.

By approving this comeback, the Department will maintain current enrollment practices, where individuals from the waiting list are enrolled in the HCBS-DD program when an enrollment is available due to attrition, such as when someone currently on the program moves out of state or passes away.

Individuals who are on the waiting are frequently supported by family members or receive support through other state-only programs. Individuals are reliant on family members for day-to-day support and many are unable to live independently without assistance from this program. By limiting enrollments, individuals will need to wait until they have an emergency situation – such as a when their primary caregiver passes away – to enroll in the program. If immediate resources are not available (such as if it may take time to establish a new caregiver or find an opening in a residential location), this can present a danger for the individual that would be mitigated if an enrollment was available before the emergency.

Finally, by maintaining access to this program, the State will continue to make progress towards goals outline in state statute to eliminating the waiting list for adults with intellectual and developmental disabilities, such as section 25.5-10-207.5(1)(a)(VI), C.R.S., which states that "The General Assembly declares that Colorado is committed to developing a strategic plan to ensure that Coloradans with intellectual and developmental disabilities and their families will be able to access the services and supports they need and want at the time that they need and want those services and supports."

Local Minimum Wage Adjustment

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$0	$6,590,967	$0	($6,590,967)
General Fund	$0	$0	$3,295,485	$0	($3,295,485)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$3,295,482	$0	($3,295,482)
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department requested an increase of 2.75% for personal care and homemaker rates in response to the statewide minimum wage. The Department did not request any increases to address the separate minimum wage increases in the City and County of Denver, but submitted a report as required by HB 19-1210 recommending the committee consider the impact of the Denver minimum wage action on rates for certain waiver services.

Committee Action

The committee voted to approve rate increases for certain waiver services in response to the Denver minimum wage increases. These include personal care, homemaker, health maintenance, consumer directed attendant support services, and residential habilitation.

Comeback

OSPB requests the committee reconsider its approval to increase rates for the specified waiver services in Denver and provide supplemental payments to nursing facilities. It is unclear how much the providers are currently paying employees in Denver, and it is possible that most employees are already making over $14.77 per hour, which is the minimum wage in Denver effective January 1, 2021. The Department will monitor access in the Denver area, which will help guide future decisions on whether the rates are insufficient in Denver and the surrounding counties and, if so, how much they should be increased. As JBC staff notes, it is also possible that the City and County of Denver will revisit the local minimum wage action due to the current emergency and economic conditions.

Capture Cash Fund Savings from Enhanced FMAP - Nursing Facilities Supplemental Payments

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$0	($3,601,130)	$0	$3,601,130
General Fund	$0	$0	($3,601,130)	$0	$3,601,130
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

There was no initial request; this is an item initiated by JBC staff.

Committee Action

The Committee approved an action to capture cash fund savings related to the enhanced federal match for Medicaid. This included a $3.6 million transfer of the Nursing Facility Provider Fee to the General Fund. This amount would be normally be used as the state share for nursing facility supplemental payments pursuant to 25.5-6-203, C.R.S. As a result of the higher federal medical assistance percentage (FMAP) for Medicaid payments, this amount is not needed to maintain supplemental payments at the current level and would otherwise be returned to nursing facilities. The Committee's action instead repurposes those funds for General Fund relief.

Comeback

OSPB requests that the Committee exclude Nursing Facility Provider Fee from the forthcoming bill to capture provider fees because of the enhanced FMAP.

Nursing facilities have been disproportionately been affected by the pandemic. Through May 6, 57% of deaths in Colorado from the COVID-19 have been nursing facilities residents, and more than 2,000 residents have been infected.[1] As a result of the hazardous conditions, nursing facilities are experiencing staffing shortages and high turnover rates. This further impacts resident safety, as many residents require significant assistance to perform activities of daily living, and without qualified staff, these residents are at a significantly elevated risk of injury or other harm.

If this comeback is approved, nursing facilities will retain the $3.6 million in provider fees that would otherwise be repurposed for General Fund relief. This would help nursing facilities to maintain staffing levels to ensure the safety and well-being of residents. Given the critical importance of appropriate staffing to this vulnerable population, it would be inappropriate to using nursing facility funds as budget relief.

In lieu of this reduction, the Department has proposed alternative recommendations in other comebacks.

[1] https://coloradosun.com/2020/05/06/colorado-coronavirus-nursing-home-death-statistics/

R-10 Targeted Rate Adjustments

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$2,090,599	$1,189,796	($26,319,389)	($27,509,185)
General Fund	$0	$538,753	$849,730	($11,624,795)	($12,474,525)
Cash Funds	$0	$266,277	($54,735)	($318,201)	($263,466)
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$1,285,569	$394,801	($14,376,393)	($14,771,194)
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department requested an increase of $2,090,599 total funds including $538,753 General Fund in FY 2020-21 and a reduction of $12,175,778 total funds, including $6,788,149 General Fund in FY 2021-22 and ongoing to adjust provider rates across several service categories. The targeted rate adjustments include an increase for personal care and homemaker, a reduction to anesthesia rates, targeted adjustments based on Department recommendations in the Medicaid Provider Rate Review Recommendation Reports, and an increase to certain family planning rates. The Department also requested a change to statute to eliminate automatic rate increase provisions for nursing facilities.

Committee Action

The Joint Budget Committee accepted the following requested rate changes:

- Increase to behavioral health fee-for-service
- Increase to habilitation in Residential Child Care Facilities

- Rebalancing Ambulatory Surgical Centers
- Decrease to in-home dialysis

The Joint Budget Committee denied the following requested rate changes:

- Increase to personal care and homemaker[1]
- Increase to alternative care facility
- Increase to adult day programs
- Elimination of statutory annual adjustment to nursing home rates
- Increase to family planning
- Decrease to anesthesia
- Rebalancing of durable medical equipment

Comeback

OSPB requests approval of JBC staff recommendations to decrease anesthesia rates to the Medicare level and rebalance durable medical equipment rates. OSPB also requests eliminating the statutory annual adjustment to nursing home rates.

Summary of Comeback Request					
	Total Funds	**General Fund**	**Cash Funds**	**Reapp. Funds**	**Federal Funds**
Anesthesia	($6,456,192)	($1,954,028)	($262,216)	$0	($4,239,948)
DME	($49,244)	($18,622)	($1,250)	$0	($29,372)
Nursing Facilities	($21,003,749)	($10,501,875)	$0	$0	($10,501,874)
Incremental Request	**($27,509,185)**	**($12,474,525)**	**($263,466)**	**$0**	**($14,771,194)**
Other JBC Approved Actions	$1,189,796	$849,730	($54,735)	$0	$394,801
Total Comeback Request	**($26,319,389)**	**($11,624,795)**	**($318,201)**	**$0**	**($14,376,393)**

Anesthesia

OSPB requests that the JBC reconsider setting anesthesia rates to 100% of the Medicare benchmark. The Department found that payments for anesthesia rates are 131.64% of the Medicare anesthesia fee schedule in the 2017 Medicaid Provider Rate Review Analysis Report. The analysis found all anesthesia payments for individual anesthesia services were above 100% of the Medicare benchmark. These findings suggest that anesthesia payments were sufficient to allow for client access and provider retention. Based on the report findings, the Medicaid Provider Rate Review Advisory Committee (MPRRAC) supported the Department’s recommendation to reduce anesthesia rates to 100% of the Medicare benchmark. The General Assembly approved a reduction to 120% of the Medicare benchmark in FY 2019-20 and the Department is requesting the difference to 100%.

[1] The Committee took separate action related to personal care and homemaker rates for Denver only.

The Department has recalculated the savings estimates using the most current data.

Durable Medical Equipment

OSPB requests that the JBC reconsider rebalancing rates to within 80% to 100% of Medicare benchmarks. For Durable Medical Equipment not subject to the federal Upper Payment Limit (UPL), the Department found in the 2019 Medicaid Provider Rate Review Analysis Report that payments are 104.83% of a benchmark comparison based on Medicare rates or the Medicaid rates of six other states. The report also found that 94% of total utilizers of DME services needed to travel 30 minutes or less to reach a service location and 4% of utilizers needed to travel 30-45 minutes. The report also noted that DME suppliers sometimes travel to members' locations. The analysis suggests DME reimbursements are sufficient to allow for member access; however, the Department would continue to monitor access issues, particularly in rural and frontier areas.

Nursing Facility Rates

No other provider in the Medicaid program has State statutory language which effectively requires rate increases. If approved, the request would not directly affect service delivery as nursing facilities would still be required to provide the same level of care as defined in both statue and regulations. This statutory change would provide parity between nursing facilities and other provider types with respect to the process through which payment rates are proposed and adopted by the Governor and the General Assembly.

In addition, unlike most other providers, nursing facilities receive supplemental payments that are funded with Nursing Facility Provider Fee and federal funds. If nursing facility costs continue to increase, supplemental payments to nursing facilities will also increase, which would partially offset the loss of the automatic rate growth.

By eliminating this statutory requirement, nursing facility rate growth would be subject to overall statewide budget balancing, which is consistent with rate increases for most other providers. This, in turn, would create additional flexibility to make annual determinations about the appropriate level of funding for nursing facilities.

The savings estimate differs from the JBC staff recommendation because the JBC staff recommendation included a 0.29% rate increase, consistent with the Department's R-10 request. As the committee has already voted to eliminate the common policy rate increases, the nursing facility rates would not receive the incremental adjustment as requested in the R-10 request.

Additional Targeted Rate Reductions

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$0	$0	($76,488,161)	($76,488,161)
General Fund	$0	$0	$0	($20,656,950)	($20,656,950)
Cash Funds	$0	$0	$0	($3,552,603)	($3,552,603)
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	($52,278,608)	($52,278,608)
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The targeted rate reductions proposed in this comeback are new for budget balancing purposes.

Committee Action

The Committee has not considered these items.

Comeback

OSPB requests that the committee consider implementing targeted rate reductions in four areas for budget balancing. The targeted reductions would bring rates for certain services to a more appropriate benchmark.

One Year Impact of Targeted Rate Reductions (Assume July 1, 2020 Implementation)				
Item	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**
Reduce Rates for Allergy Testing	($753,117)	($227,938)	($30,588)	($494,591)
Use Medicare as a Benchmark for Certain Rates	($1,474,136)	($550,777)	($2,757)	($920,602)
1% Rate Reduction to Home Health Services	($4,004,766)	($1,878,235)	$0	($2,126,531)
Targeted Reductions to Hospitals	($70,256,142)	($18,000,000)	($3,519,258)	($48,736,884)
Total	**($76,488,161)**	**($20,656,950)**	**($3,552,603)**	**($52,278,608)**
(1) Services include anesthesia, durable medical equipment, and ambulatory surgery centers.				

Reduce Rates for Allergy Testing

The current average rate for allergy testing preparation of the antigen (CPT 95165) is $7.40. The Department requests to reduce this to $3.60 as a more appropriate rate. Allergy testing includes preparation of the antigens and administration of the test. Payment for the preparation of the antigens can be reduced to rates comparable to payment from other providers. Such reduction is unlikely to decrease access to allergy testing. The reimbursement for administering the test would remain the same.

Use Medicare as a Benchmark for Certain Rates

The Department requests to reduce certain rates that are currently over 100% of Medicare to the 100% benchmark. These rates are related to prosthetics, orthotics, and supplies, and ambulatory surgery centers. This would increase equity with other services that are paid below Medicare.

Use Medicare as a Benchmark for Certain Rates (Assume July 1, 2020 Implementation)				
	Total Funds	**General Fund**	**Cash Fund**	**Federal Funds**
Benchmark Prosthetics, Orthotics, and Supplies to 100% of Medicare	($1,416,918)	($535,825)	$0	($881,093)
Benchmark Ambulatory Surgery Centers to 100% of Medicare	($57,218)	($14,952)	($2,757)	($39,509)
Total	**($1,474,136)**	**($550,777)**	**($2,757)**	**($920,602)**

Prosthetics, Orthotics, and Supplies

In the 2020 Medicaid Provider Rate Review Analysis Report submitted on May 1, 2020, the Department found that payments for prosthetics, orthotics, and supplies range from 4.46% to 1,233.91% of the rate benchmark comparison using Medicare or eight other states' Medicaid rates. The Department would only decrease rates of codes that had reimbursements in excess of 100% of Medicare rates.

Ambulatory Surgical Centers

In the 2019 Medicaid Provider Rate Review Analysis Report, the Department found that payments for ambulatory surgery centers range from 29.71% to 139.02% of the rate benchmark comparison of 12 other states' Medicaid rates depending on the rate group bracket. The Department would only decrease rates of codes that had reimbursements in excess of 100% of Medicare rates.

One Percent Rate Reduction to Home Health Services

OSPB proposes a one percent rate reduction to home health services based on findings from the 2020 Medicaid Provider Rate Review Analysis Report submitted on May 1, 2020. The Department found that payments for home health services are estimated at 101.72% of a benchmark consisting of Medicaid home health rates in ten other states. Furthermore, the Department notes there has been a significant increase in distinct utilizers over time and 95% of utilizers live within 45 minutes of a home health care provider. These findings suggest current rate levels are sufficient for guaranteeing access and a one percent reduction would represent a modest decrease to reimbursement.

Targeted Reductions to Hospitals

OSPB requests a targeted reduction of 6.44% to inpatient and outpatient rates of certain hospital systems. Hospital services represent one of the largest service categories reimbursed by the Department. In FY 2018-19, the Department reimbursed approximately $2.7 billion to hospitals which represented nearly 30 percent of expenditures for medical service costs[1]. The Department estimates a rate cut of 6.44% would result in $70 million of total funds ($18 million in General Fund) savings in FY 2020-21. Critical Access and some rural hospitals would be exempt from these reductions as a rate cut would have a disproportionately negative impact on these hospitals.

[1] Figures from HCPF's FY 2018-19 Annual Report https://www.colorado.gov/pacific/hcpf/hcpf-2018-2019-annual-report

R-06 Customer Service

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$3,428,079	$0	$1,725,077	$1,725,077
General Fund	$0	$1,046,792	$0	$527,019	$527,019
Cash Funds	$0	$552,719	$0	$278,244	$278,244
Reappropriated Funds	$0	$8	$0	$4	$4
Federal Funds	$0	$1,828,560	$0	$919,810	$919,810
FTE	0.0	4.3	0.0	4.0	4.0

Summary of Initial Request

The Department requested $3,428,079 total funds, including $1,046,792 General Fund and 4.3 FTE in FY 2020-21 and $1,337,925 total funds, including $441,515 General Fund and 4.5 FTE in FY 2021-22 to improve service provided to members. This request is the next phase of incremental improvements to provide members with adequate levels of service needed to obtain important information about their health care coverage and access their benefits. The request included funding for increasing staffing and technology improvements in the Department's Member Contact Center (MCC) to reduce average speed to answer and decrease call abandonment rates and to contract with a vendor to make recommendations on consolidating the Department's contact points into a single phone number for all customer needs. The request also included one-time funding to implement member surveys.

Committee Action

The committee denied the request.

Comeback

OSPB requests partial approval of the request. The hiring of four two-year term limited FTE in the Member Contact Center (MCC) would create immediate relief in call demand which is expected to increase as Medicaid caseload is forecasted to increase. The requested technology improvements would provide longer term relief by allowing members to access information through self-service options such as chat and artificial intelligence, which would prepare the MCC for the reduction of the term-limited FTE. As people lose their employer sponsored insurance and incomes decrease, more Coloradans will qualify and enroll for Medicaid.

The MCC is responsible for benefit and billing questions but also serves as the main point of contact for any inquiry related to Medicaid and the Child Health Plan *Plus* (CHP+) when members are not sure who to call or when they cannot get through to other partners. Historically, the usual call volume to the MCC has led to hold times that have exceeded 45 minutes. By not funding the request, wait times and abandonment rates will increase and customer service levels will decrease. When members cannot obtain information about their benefits, it can lead to more expensive emergency services or exacerbation of chronic conditions that could be have been managed in a lower cost setting. The comeback aligns with the Governor's goal of reducing the cost of health care by providing timely and thorough customer service so that members have the information they need to manage their care.

R-08 Accountability and Compliance Improvement Resources

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$3,085,585	$0	$435,434	$435,434
General Fund	$0	$658,086	$0	$185,454	$185,454
Cash Funds	$0	$194,286	$0	$37,698	$37,698
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$2,233,213	$0	$212,282	$212,282
FTE	0.0	12.0	0.0	7.0	7.0

Summary of Initial Request

The Department's initial request was for 12.0 FTE and contract funding. The FTE and contract funding would provide increased stewardship of State resources through the implementation of operational compliance and program oversight measures.

Committee Action

The committee denied the request as submitted.

Comeback

OSPB requests approval of 7.0 FTE in FY 2020-21. This funding will enable the Department to meet critical needs for addressing audit and compliance risks. Without these resources, the State will be at risk of federal clawbacks that could require the State to use General Fund to make large repayments of federal Medicaid matching funds. The request includes 1.0 FTE for subrecipient monitoring, 1.0 FTE is for wage pass-through monitoring, 1.0 FTE for cost allocation, 1.0 FTE for federal and state reporting, 2.0 FTE for Children's Basic Health Plan (CHP+) benefit management (budget neutral), and 1.0 FTE for county administrative reviews.

Subrecipient Monitoring and Wage-Pass Through Monitoring

The Department requested 1.0 FTE and a supplemental travel budget for subrecipient monitoring, specifically to monitor Single Entry Points (SEPs) and 1.0 FTE and a supplemental travel budget to conduct ongoing financial reviews of wage pass-through requirements for home care providers to comply with SB 19-238 "Improve wages and accountability home care workers". Current FTE levels cannot support the ongoing workload associated with monitoring and enforcement, which will leave a gap between statutory requirements and the Department's ability to enforce those requirements.

Although the Department has received funding in the past to address SEP financial compliance, a substantial gap remains. Under federal regulation (2 CFR 200.328(b)(1) and 200.331(d)), the Department must review all 24 agencies each year, and existing resources are unable to meet that requirement with enough due diligence. Prior financial reviews have identified that: counties have spent SEP funding on ineligible activities; over allocated eligible expenses to the SEP program to minimize county resources; and under reported revenues due back to the Department and the federal government. Some of these issues were not identified until multiple years had elapsed, which increased the challenge for the State and the county to rectify the situation. This delay jeopardizes federal funding. The current oversight resources are unable to monitor agencies proactively which alters behaviors and encourages compliance positively as true fiscal partners. The Department expects that increased oversight would drive better outcomes and usage of funds. If the Department had more resources to focus on these reviews, it would be able to address issues with incorrect usage and/or reporting of funds by the SEPs.

As the Department implemented prior legislation related to wage pass-through monitoring, it has become clear that current resources are not sufficient. The number of providers impacted by HB 18-1407 was over 500 that needed to have financial reviews. The original legislation included 2.0 FTE for this purpose. However, SB 19-238 increased the potential number of impacted providers by over 200 providers with no supporting Department resources. In addition, SB 19-238 is multifaceted: the bill requires compliance with passing through an increase in rates, but it also establishes a minimum wage for covered employees. These are two distinctly different audit standards which extends the scope and time of a financial review. Further, HB 19-1210 is not a wage pass-through but a minimum wage bill with a completely different financial review methodology that can impact over 2,000 providers. The Department continues to closely monitor which localities are implementing their own minimum wage requirements while targeting solutions to address the oversight requirements.

Without the approval of these resources, the Department would continue to lag in monitoring these agencies appropriately and would at risk for losing federal funding. Ultimately, the Department is responsible for the proper funding and monitoring of other recipients. Minimal reviews of Subrecipient Agencies and insufficient due diligence in monitoring wage pass-through requirements poses substantial risk which may lead to federal disallowances, which would increase General Fund expenditure.

Cost Allocation and Federal and State Reporting

The Department requested 1.0 FTE to focus specifically on the Department's various cost allocation methodologies and 1.0 FTE to supplement state and federal financial reporting efforts. These resources are necessary to ensure that federal funds are spent appropriately and to minimize the risk of having to repay the federal government which would increase General Fund expenditure.

The Department does not currently have any dedicated resources performing cost allocation and due to the complexity and growing volume of the work, the Department needs dedicated resources performing these duties full time. The State is at significant risk without dedicated cost allocation resources which may lead to disallowances if payments are made out of compliance with approved plans. Many departments across the state have complete units dedicated to cost allocation due to the complex and sensitive nature of the work. The Department is in a unique situation related to managing cost allocation plans due to the complexity of state financing and partnership with the federal government. As Department programs evolve and federal requirements change, complexity will only continue to grow.

As requirements for funding have grown more complex, so too have reporting requirements. As a result, the Department has fielded an increasing number of questions from state and federal officials. In addition, the level of scrutiny from the federal government on administrative costs and federal financial participation claiming has increased tremendously. Recently, federal agencies have demanded extensive supporting documentation for administrative payments, which was not historically required at that level of detail. This increased oversight has led to an increase in deferrals, where CMS denies federal funds until the Department can sufficiently answer questions about expenditure.

Without approval of the additional cost allocation and reporting resources, the Department may be unable to adequately maintain cost plans and federal reporting requirements, which puts the state at risk of federal disallowances.

Children's Basic Health Plan (CHP+) Benefit Management

The Department requested 2.0 FTE to strategically advance managed care performance in the Children's Basic Health Plan (referred to as CHP+). The request is budget neutral as these positions would be funded through existing funding within the CHP+ Administration line item.

The request included a benefit specialist that would be charged with defining and managing the CHP+ benefit, including both the fee-for-service and managed care components. The benefit has not received any major redesign efforts in several years. With program reauthorization at the federal level extended last year for ten years, the Department wants to leverage the extended time frame to implement strategic enhancements.

The request also included a quality and program integrity position, that would focus on implementing a quality and outcomes focused strategy to improve member health and reduce costs to the state. The resource would assist in aligning performance measurement and quality components of CHP+ contracts with the ACC contracts and federal regulations. The Department does not current have capacity to perform these duties within existing resources.

County Administrative Reviews
The Department requested 1.0 FTE to drive compliance within the counties for quality assurance and local administration/management of the Department's programs while providing regional support specific to oversight. The FTE would work directly with county partners to implement on-site compliance visits to all 64 counties, called the Management Evaluation Review (ME) Review Program. The Department also requests a $20,000 supplemental travel budget to address the travel costs that are anticipated with the implementation of the ME Review program.

This position would work directly with county partners to coordinate the review of county expenditures and fiscal oversight, performance, quality and error rates, eligibility determination processes and other county-specific requirements. Reviews are conducted at each county's human/social services department to ensure adequate oversight and support through technical assistance.

This position will serve as a critical oversight figure to ensure that Department partners are following guidelines and rules for eligibility determinations and local Medicaid administration. Without proper oversight, the Department is at risk for federal deferrals if compliance audits show that eligibility or administration rules were not followed appropriately, especially as Medical Assistance caseloads increase due to the economic downturn and the COVID-19 pandemic.

CMS has indicated that beginning July 2021, it could begin to claw back funds from state agencies with eligibility determination error rates in excess of 3%. Colorado's most recent federal and state audits found error rates in excess of 25%, increasing the likelihood of federal deferrals because the Department and counties are above that threshold. Without approval of these resources, the Department would be unable to decrease the likelihood of federal disallowance due to error rates far in excess of the federal 3% error rate requirement.

Annualize Prior Budget Actions

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$28,063,315	$39,404,609	$27,494,918	$35,813,610	$8,318,692
General Fund	$3,536,937	$6,416,849	$2,637,883	$3,075,229	$437,346
Cash Funds	$1,674,512	$2,336,112	$1,680,193	$1,680,193	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$22,851,866	$30,651,648	$23,176,842	$31,058,188	$7,881,346
FTE	4.7	5.0	4.7	4.7	0.0

Summary of Initial Request

The Department's initial request was for ongoing funding to continue operations for two previously approved requests; the Department's FY 2019-20 R-12: Medicaid Enterprise Operations and the Governor's Office of eHealth Innovation's (OeHI's) FY 2019-20 R-1: Colorado Health IT Roadmap Operating request which included annualizations for FY 2020-21 funding.

Committee Action

The committee approved staff recommendation to remove the annualization of two requests; the Department's FY 2019-20 R-12: Medicaid Enterprise Operations for a reduction of $7,402,000 total funds, including a reduction of $1,367,616 General Fund; and the OeHI's FY 2019-20 R-1: Colorado Health IT Roadmap Operating Request for a reduction $4,507,691 total funds, including a reduction of $2,411,350 General Fund. This decision maintains the appropriations at FY 2019-20 level.

Comeback

The Department requests a modification to the Long Bill General Fund headnote on three appropriations within the Department's Long Bill and partial approval of the OeHI's FY 2019-20 R-1: Colorado Health IT Roadmap Operating Request.

Removal of (M) Headnote

The Department requests the temporary removal of the Long Bill General Fund (M) headnote for the Medicaid Management Information System (MMIS) Maintenance and Projects, Health Information Exchange Maintenance and Projects, and Office of eHealth Innovation Operations line items. By removing the annualization for the two requests, the Department's ability to manage its IT related system budgets is greatly reduced. The Department has analyzed spending that would occur in FY 2020-21 and has identified areas that would now qualify at an enhanced federal match. Allowing the Department to leverage additional federal funds within its lines would serve to mitigate disruptions that would likely be felt to MMIS, Health Information Exchange, and OeHI operations. The Department would be able to manage projects more effectively and manage with the reduction in funding from the denied annualization if it were able to take full advantage of enhanced federal match that may not have been initially available when appropriations were initially set. Without removing the (M) headnote from the Department's Long Bill for the referenced appropriations, the denied annualization could create significant backlogs to system updates, some of which are federal requirements. Lastly, with the removal of the (M) headnote, the additional funding flexibility created would allow the Department and OeHI to contribute more to the COVID-19 emergency response efforts.

The Department anticipates that the (M) headnotes could be restored in a future year once it becomes clear how much federal funding is available for these projects, and appropriations can be better adjusted to reflect expected spending.

OeHI Operating Budget

Through a combination of refinancing and paused efforts the OeHI would be able to leverage over $7.8 million in additional federal funds while only increasing the General Fund $437,346 over the FY 2019-20 appropriation. OeHI's request is feasible with the removal of the (M) headnote.

The OeHI's operating budget does not have as much flexibility as other programs and the removal of the annualization in conjunction with the (M) headnote creates significant strain on the Office's ability to continue COVID-19 emergency response efforts such as expanding telemedicine and executing roadmap activities that provide critical investments into health information exchange infrastructure.

OeHI acknowledges and understands the State's need to reduce total General Fund in FY 2020-21 in response to the COVID-19 pandemic. OeHI is recommending a reduction to the FY 2020-21 appropriation by pausing some planned efforts and matching state funds with an enhanced federal match for eligible projects. OeHI's request would allow it to continue health IT and COVID-19 focused efforts. Currently the OeHI state funds are matched at 50% federal financial participation, but the Office and the Department are pursuing 90% federal funds with the Centers for Medicare and Medicaid Services (CMS) for certain projects. OeHI has begun to redirect funds for the COVID-19 response and has received approval from CMS to receive a 90% federal match on those efforts. As noted above, this request also includes the temporary removal of the (M) headnote, which limits the how the existing funding can be used and impairs the Office's ability to maximize federal funds.

Commission on Family Medicine

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$8,196,518	$8,196,518	($1,000,000)	($4,000,000)	($3,000,000)
General Fund	$4,098,259	$4,098,259	($500,000)	($1,876,000)	($1,376,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$4,098,259	$4,098,259	($500,000)	($2,124,000)	($1,624,000)
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department's FY 2020-21 base request included continuation funding for the Commission on Family Medicine line, for payments to sponsoring hospitals to offset the cost of providing residency programs for family medicine physician.

Committee Action

The JBC staff recommended a $4,000,000 reduction. The Committee approved a lesser amount, reducing the funding by $1,000,000 total funds, including a reduction of $500,000 General Fund.

Comeback

OSPB requests the Committee reconsider the JBC staff recommendation to reduce funding by $4,000,000. The reduction would affect teaching but would not directly impact access to care or health, life and safety. The Department would continue to work with the Commission on Family Medicine in support of their priorities, which may include rural training tracks or other priorities within the state.

R-11 SUD Benefit Delay

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Rec.	Comeback Request	Difference Between Staff Rec. and Comeback Request
Total Funds	$0	$0	($88,332,034)	($43,467,018)	$44,865,016
General Fund	$0	$0	($17,540,713)	($8,537,137)	$9,003,576
Cash Funds	$0	$0	($5,984,807)	($2,876,124)	$3,108,683
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	($64,806,514)	($32,053,757)	$32,752,757
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department's FY 2020-21 base request included funding for the implementation of the residential and inpatient substance use disorder (SUD) benefit authorized by HB 18-1136. In April 2020, the Department delayed the implementation of the benefit by six months to January 1, 2021. JBC staff recommended delaying the benefit further, to July 1, 2021.

Committee Action

The JBC took no action on the staff recommendation.

Comeback

OSPB requests approval of delaying the residential and inpatient substance use disorder benefit for six months, to January 1st, 2021. This action would help minimize the impact of the recession on existing benefits by delaying the implementation of a new benefit. Medicaid members are reliant on existing services and any reduction in their availability would negatively impact health outcomes. This comeback accounts for the reductions from both the announced delay to January 1, 2021 and the necessary administrative cost to implement the program.

Delaying the new benefit would allow provider capacity to rise to more fully meet the demand of these new services. Providers would have more time to prepare, which is particularly important now as providers have been focusing primarily on responding to the COVID-19 pandemic. Members would continue to have access to the robust outpatient substance use disorder treatment benefit in the meantime.

The General Fund savings of $8,537,137 from delaying the benefit to January 1, 2021, is significant even with the high federal match rate. The Department does not anticipate any issue with receiving federal approval to implement the benefit on January 1st, 2021.

Pediatric Hospital Supplemental Payments

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Rec.	Comeback Request	Difference Between Staff Rec. and Comeback Request
Total Funds	$13,455,012	$13,455,012	($13,455,012)	($13,455,012)	$0
General Fund	$6,727,506	$6,727,506	($6,727,506)	($6,727,506)	$0
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$6,727,506	$6,727,506	($6,727,506)	($6,727,506)	$0
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department's FY 2020-21 base request included continuation funding for the Pediatric Specialty Hospital line item. This line item provides funding to the State's pediatric major teaching hospital, Children's Hospital Colorado, to help offset the costs of providing care to large numbers of Medicaid and indigent care clients.

Committee Action

The Committee delayed action on JBC staff recommendation to eliminate funding for the Pediatric Specialty Hospital line item.

Comeback

OSPB requests that the committee eliminate this entire appropriation for the Pediatric Specialty Hospital. With hospitals receiving significant federal funding, including Children's Hospital

Colorado receiving $22 million from the initial allocation of the federal CARES Act, the Department believes there are other ways of providing reimbursements to hospitals.

Upper-payment limit (UPL) supplemental payments to hospitals and disproportionate share hospital (DSH) payments are two mechanisms through which additional reimbursements to hospitals are made. The Department, in consultation with the Colorado Healthcare Affordability and Sustainability Enterprise Board (CHASE Board), will take measures to target these payments to mitigate potential adverse fiscal impacts on hospitals, including Children's Hospital Colorado.

Department of Health Care Policy and Financing

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

HAS Fee GF Offset

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Rec.	Comeback Request	Difference Between Staff Rec. and Comeback Request
Total Funds	$0	$0	$0	$0	$0
General Fund	$0	$0	($40,000,000)	($35,000,000)	$5,000,000
Cash Funds	$0	$0	$40,000,000	$35,000,000	($5,000,000)
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department's FY 2020-21 base request did not include any transfer of Healthcare Affordability and Sustainability (HAS) Fee cash funds to the General Fund. The Department's FY 2020-21 budget request included $629.3 million in supplemental payments to hospitals financed with the Healthcare Affordability and Sustainability (HAS) Fee cash funds based on the February 2020 forecast. This is the net aggregate benefit to the hospitals after accounting for the portion of the total supplemental payments that comes from the HAS Fee.

Committee Action

JBC Staff recommended sponsor legislation to use $40 million from the HAS Fee cash fund to offset General Fund for Medical Services Premiums. For an amount up to $40 million, the Department could increase the HAS Fee and not have to decrease supplemental payments. For amounts over $40 million the Department would need to decrease supplemental payments to the hospitals, due to federal limits on how much the state can collect from hospitals.

The committee delayed action on the item.

Comeback

OSPB requests that the JBC transfer $35 million of HAS Fee to the General Fund. The use of the HAS Fee to offset General Fund for Medical Services Premiums would support fee-for-service operations to all providers, including hospitals. The Department, in consultation with the Colorado Healthcare Affordability and Sustainability Enterprise Board (CHASE Board), will take measures to mitigate any potential impacts on vulnerable hospitals, especially critical access hospitals.

The Department does not recommend taking the full $40 million that JBC staff recommended. The Department would use the difference, $5 million, to provide additional support via supplemental payments to vulnerable hospitals, including critical access hospitals. This additional support is necessary to help alleviate the financial burden these providers are facing during the pandemic, and to prevent these essential providers from closing.

The CARES and Paycheck Protection Program and Health Care Enhancement Acts will provide $175 billion in relief funds to hospitals and other health care providers and $50 billion of the Provider Relief Fund based on 2018 net patient revenues was distributed in April 2020. To date hospitals have attested to receiving $143 million in COVID-19 Provider Relief Fund dollars and the Department estimates Colorado hospitals received at least $280 million in total.

As the General Assembly took similar measure in the previous recession, the Department supports the time-limited use of the HAS Fee to offset the General Fund portion of the Medicaid program.

R-16 Case Management Line Item Consolidation

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$402,372	$0	$0	$0
General Fund	$0	($69,366)	($367,759)	($367,759)	$0
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$471,738	$367,759	$367,759	$0
FTE	0.0	3.8	0.0	0.0	0.0

Summary of Initial Request

The Department requested an increase of $402,372 total funds, including a reduction of $69,366 General Fund, an increase of $471,738 federal funds, and 3.8 FTE in FY 2020-21. The Department's request centered around the following initiatives to increase programmatic oversight and management, increase funding transparency, and address audit findings:

1. 2.0 FTE for the management and oversight of the State-Only programs for persons with intellectual and developmental disabilities (IDD).
2. 2.0 FTE as administrative resources to implement and oversee case management redesign.
3. Adjust funding for federal funds available for intellectual and developmental disability eligibility determinations.
4. Collapse funding for Community Centered Boards (CCBs) and Single-Entry Points (SEP) into one appropriation, collapse all the State-Only programs into a new line item, and collapse all the Home and Community Based Services (HCBS) appropriation lines into a new line item.

Committee Action

The Committee denied the following components of the request:

- 2.0 FTE for the management and oversight of the State-Only program
- 2.0 FTE to implement and oversee case management redesign
- Collapse funding for CCBs and SEPs into one appropriation
- Collapse the HCBS appropriation lines into a single line item.

During Figure Setting in March, Sen. Moreno asked the Department to provide a comeback related to the committee's denial of the request to collapse the HCBS appropriation lines into a single line item.

Comeback

OSPB requests approval of collapsing funding for CCBs and SEPs into one appropriation. There is no fiscal impact to this change. The Department's request to collapse funding for CCBs and SEPs would increase transparency of expenditure on these services and allow the Department to effectively implement conflict free case management legislation (HB17-1343).

The Department's request is a technical change to where the funding is appropriated for the purposes of transparency and administrative simplification. Neither the Department's request nor the Committee's action have any impact on how these programs are operated.

Transparency

Currently, the Department's funding for case management is spread between four separate appropriations, including a larger administrative line item for utilization review, Medical Services Premiums, Targeted Case Management, and the Eligibility Determination and Waiting List Management line item. This makes it difficult to determine how much was spent overall and how much potentially reverted each year. By combining the funding into one line item, the Committee and other stakeholders would be able to track how much was spent on case management overall each year. The Department can provide any level of reporting requested as part of the annual budget process, such as a breakdown of funding by provider.

Conflict Free Case Management

The current funding structure does not provide the separation from services required by conflict free case management. The funding for SEPs is intermingled with funding for the waiver services provided within Medical Services Premiums. Separating case management into one line item would provide a cleaner division in the funding between case management and services, which would reflect the division between the two required by conflict free case management.

In addition, under conflict free case management, future case management agencies could elect to serve members with intellectual and developmental disabilities (IDD) as well as non-IDD members. Currently, the appropriations for case management for these two populations are separate. If this request is not approved, the Department would have to create complex internal background documents to keep track of the spending by the new case management agencies. This alternative would be inefficient, time consuming, and prone to error.

COLORADO
Office of State Planning & Budgeting

Department of Health Care Policy and Financing

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

SBIRT Grants

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$0	$0	($750,000)	($1,500,000)	($750,000)
General Fund	$0	$0	($750,000)	($1,500,000)	($750,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

There was no initial request from the Department to reduce funding for the Screening, Brief Intervention, and Referral to Treatment (SBIRT) program.

Committee Action

The Joint Budget Committee reduced the funding for the SBIRT program from $1,500,000 to $750,000 in FY 2020-21 ongoing.

Comeback

OSPB requests eliminating all funding for the SBIRT program and using the funding to provide General Fund relief. This program is entirely funded through cash funds, and the program's funding goes towards training rather than towards direct services. This action would help minimize the impact of the recession on existing benefits by providing additional General Fund relief which could be used to maintain existing benefits that receive federal funding. Medicaid members are reliant on existing services and any reduction in their availability would negatively impact health outcomes.

Medicaid Adult Dental Benefit

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Option	Comeback Request	Difference Between Staff Option and Comeback Request
Total Funds	$133,223,166	$133,223,166	($66,611,584)	($5,565,000)	$61,046,584
General Fund	$0	$0	($18,426,588)	($1,470,864)	$16,955,724
Cash Funds	$36,865,070	$36,865,070	($5,948)	$0	$5,948
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$96,358,097	$96,358,097	($48,179,049)	($4,094,136)	$44,084,913
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

There was no initial request to change the limit.

Committee Action

The Joint Budget Committee voted to delay action on eliminating the adult dental benefit; the committee did not consider a change to the annual limit.

Comeback

OSPB requests the committee reduce the annual limit for the adult dental benefit from $1,500 to $1,000. The Department assumes that it can implement the benefit reduction on January 1, 2021, when the emergency period is projected to be over and there is no longer a requirement to maintain current benefit levels to receive an enhanced federal match. This action would save $1,139,402 in FY 2020-21 from the Adult Dental Fund, which is funded through the Unclaimed Property Trust

Fund and could be used directly as General Fund relief. The savings would grow to $2,278,804 in FY 2021-22. This action would also save $331,462 in expenditure from the Healthcare Affordability and Sustainability Fee cash fund in FY 2020-21, growing to $662,924 in FY 2021-22.

The Department increased the dental limit in FY 2019-20 because of a JBC action. Since this increase has been implemented for only a short time, reducing it back to $1,000 would have a minimal impact on members utilizing the dental benefit compared to the impact of reducing long-standing benefits. Most members do not utilize up to $1,000 in dental benefits per year. The Department projects that decreasing the limit would impact approximately 22,000 members per year, out of 1.2 million Medicaid members. In addition, the Department covers the costs of any dental procedures that result from an emergency or co-occurring condition outside of members' limit.

Primary Care Fund

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Option	Comeback Request	Difference Between Staff Option and Comeback Request
Total Funds	$27,714,032	$27,714,032	($24,600,000)	($12,300,000)	$12,300,000
General Fund	$0	$0	($24,600,000)	($12,300,000)	$12,300,000
Cash Funds	$27,714,032	$27,714,032	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department's FY 2020-21 base request included continuation for this line item. Although the appropriation is over $27 million, total available funding is only $24,557,880 total funds, comprised entirely of cash funds generated from Amendment 35 (Tobacco Tax) revenue, because tobacco tax revenue is not sufficient to utilize the total spending authority. This appropriation is for payments to Primary Care Fund program providers serving indigent clients.

Committee Action

The committee took no action related to the Primary Care Fund.

Comeback

OSPB requests the Committee reduce funding in the Primary Care Fund appropriation by $12,300,000, appropriate this amount to Medical Services Premiums and reduce Medical Services Premiums by a like amount of General Fund. The monies in this fund are allocated to health care providers who provide comprehensive outpatient primary care services to uninsured or medically indigent patients and who meet certain qualifications. This includes federally qualified health centers (FQHCs) or other health centers who serve at least 50% uninsured or medically indigent patients, or Medicaid and Child Health Plan Plus (CHP+) members. Awards are based on the percentage of medically indigent clients the provider serves.

Because this is a grant program with no federal match, the Department agrees with JBC staff that this is a lower priority than preserving core Medicaid and CHP+ eligibility and benefits that leverage federal funds. Most of the Primary Care Fund goes to FQHCs and Rural Health Centers (RHCs) which are receiving significant federal stimulus support.

PACE – Freeze Enrollment

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Rec.	Comeback Request	Difference Between Staff Rec. and Comeback Request
Total Funds	$0	$0	($5,875,559)	($5,875,559)	$0
General Fund	$0	$0	($2,755,638)	($2,755,638)	$0
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	($3,119,921)	($3,119,921)	$0
FTE	0.0	0.0	0.0	0.0	0.0

Summary of Initial Request

The Department requested continuation funding for the Program of All-Inclusive Care for the Elderly (PACE), adjusted for expected program growth, as part of its FY 2020-21 budget. JBC staff presented a budget balancing option to freeze new enrollments into PACE.

Committee Action

The committee delayed action on this item.

Comeback

OSPB requests that the committee adopt a 2.37% rate reduction for PACE providers. This rate reduction would provide an equivalent amount of savings to the JBC staff recommendation while still allowing enrollment to increase PACE. A rate reduction was proposed by PACE organizations as an alternative to an enrollment freeze in correspondence to the committee and to the Department.

JBC staff also noted that the PACE organizations are likely seeing utilization reductions of enrolled members due to the stay-at-home and safer-at-home orders, but they continue to be paid at the negotiated capitated rate, which did not assume any reduction in utilization due to the public health emergency. If so, the costs for PACE organizations have gone down but their revenue remains at the higher level.

Reducing rates would not result in any reduction in member access to critical benefits, including acute care services, behavioral health care, and personal care and homemaker services through the Home and Community Based Services waivers. Members who are interested in enrolling in the PACE program would be able to enroll in the program; providers would continue to be responsible for managing the cost of services under the final capitation rates.

Estimate of PACE Rate Reduction Necessary to Achieve Savings

Row	Item	Total Funds	General Fund	Federal Funds
A	Estimated FY 2020-21 PACE Expenditure(1)	$248,034,097	$116,327,991	$131,706,106
B	JBC Staff Estimate of Enrollment Freeze	($5,875,559)	($2,755,638)	($3,119,921)
C	**Estimated Rate Reduction**	**-2.37%**		

(1) Source: Department forecast for Medical Services Premiums, submitted to the Joint Budget Committee on February 14, 2020
https://www.colorado.gov/pacific/sites/default/files/S-01A%2C%20BA-1A%20Medical%20Services%20Premiums%20Exhibit%20H.pdf

APCD State-Only Support

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Rec.[1]	Comeback Request	Difference Between Staff Rec. and Comeback Request
Total Funds	$4,869,731	$5,005,153	($2,838,619)	$0	$2,838,619
General Fund	$4,036,464	$4,171,886	($2,838,619)	$0	$2,838,619
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$833,267	$833,267	$0	$0	$0
FTE	0.0	0.0	$0	0.0	0.0

Summary of Initial Request

The Department's FY 2020-21 base request included continuation funding for the All Payer Claims Database (APCD) grant program. The grant program supports nonprofit and government organizations, other than the Department, that conduct research using the data in the APCD.

Committee Action

JBC staff recommended eliminating state-only funding for the APCD. The committee took no action on the proposal.

[1] The JBC took action related the APCD grant program, totaling $500,000 General Fund. That action is not reflected in this document.

Comeback

OSPB requests that the committee maintain funding for the APCD. The Committee approved a $0.5M GF reduction for APCD grants, and this additional reduction of state-only support would risk the financial sustainability of the APCD. The APCD is the essential source of data to support state and regional efforts to identify cost drivers and devise strategies to make health care more affordable for businesses, individuals, and the state.

The Colorado APCD, administered by Center for Improving Value in Health Care (CIVHC), is the state's most comprehensive source of health care insurance claims information representing the majority of covered lives in the state across commercial health insurance plans, Medicare, and Health First Colorado (Colorado's Medicaid program). With the exception of Medicare and ERISA-based self-insured employer plans, Colorado APCD legislation and rule require payers to submit claims data on a monthly basis to the Colorado APCD. ERISA-based self-insured employers can voluntarily submit claims to the database, and CIVHC currently receives Medicare Fee-for-Service data through the Centers for Medicare and Medicaid Services (CMS) state agency program.

Colorado is respected across the nation as having one of the most robust, valuable and useful APCDs, without which the State would not have access to essential information to understand cost drivers and improve care for Coloradans. It is essential to look at retrospective claims to identify health care solutions for the future. Many recipients of the Colorado APCD grant implement decisions that have a direct impact on patient lives. Although non-profits and governmental entities who receive the grants do pay a share of the cost for each project, much of the research would not be possible without the state funding a portion of the costs. For example, Project Angel Heart's analysis enabled them to, within months, provide additional meals and improve the health of thousands of Coloradans suffering from critical health issues. In addition, the Colorado APCD has existed for eight years and is constantly being used by the Department and other state agencies to make decisions that have a direct and immediate impact.

Significant reductions in the budget to support operations of the Colorado APCD will put ongoing maintenance and administration of this important database at risk. Without ongoing state support, the ability to provide multiple stakeholders with public and custom analyses may cease to exist, greatly diminishing the value and availability of the database. The Colorado APCD is essential to helping the state save money on health care, and in this current environment where every aspect of the economy has been significantly impacted financially, saving money on health care costs is a must. The Colorado APCD is more vital to the State now than ever before as Colorado grapples with planning for future outbreaks of the COVID-19 crisis and understanding the health and economic impact for years to come.

S.B. 19-195 Child and Youth Behavioral Health Systems

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Staff Option	Comeback Request	Difference Between Staff Option and Comeback Request
Total Funds	$1,391,387	$1,490,063	($1,490,063)	$0	$1,490,063
General Fund	$619,484	$677,492	($677,492)	$0	$677,492
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$771,903	$812,571	($812,571)	$0	$812,571
FTE	3.9	5.0	(3.9)	0.0	1.1

Summary of Initial Request

The Department's base budget included continuation funding for the implementation of SB 19-195.

Committee Action

JBC staff recommended eliminating the appropriations for SB 19-195. The committee took no action on the recommendation.

Comeback

OSPB requests that the committee maintain funding for the implementation of SB 19-195. SB 19-195 requires the Department of Health Care Policy and Financing (HCPF) and the Department of Human Services (CDHS) to work collaboratively to provide Medicaid-covered wraparound services for children and youth at risk of out-of-home placement or who are currently in out-of-home placement. Out-of-home placement is defined to mean a child or youth who has been diagnosed as having a mental health or behavioral health disorder that may require a level of care that is provided in a residential child care facility, inpatient psychiatric hospital, or other intensive care setting outside the home. It also includes children and youth who have entered the Division of Youth Services or are at risk of child welfare involvement. CDHS is also required to create three new tools to assess, screen, and provide a single referral and entry point for children with mental or behavioral health issues. The Department of Public Health and Environment (CDPHE) must provide free training for providers on these tools.

For FY 2020-21, the costs associated with SB 19-195 are administrative: HCPF, CDHS, and CDPHE are working to implement the program, which has a significant potential to improve the lives of children who are at risk of out-of-home placement. With the significant funding challenges facing the State, OSPB is aware that funding may not sufficient to support the full implementation of the program in FY 2021-22. Because of the significant potential to improve the lives of some of the State's most vulnerable children, OSPB requests that the committee continue to defer action on this bill. During FY 2020-21, the State staff who are responsible for implementing this program will work to determine if there are less costly ways to implement the programs outlined in this bill. If alternatives cannot be found, or if funding does not support implementation, OSPB will consider recommending repealing this legislation or temporarily halting implementation for FY 2021-22.

COLORADO
Office of State Planning & Budgeting

Reinsurance

	FY 2020-21 Reinsurance Program Revenue Under Current Law	JBC Staff Rec. FY 2020-21	Comeback Request	Difference Between Action and Comeback Request
Total State Funds	$59,660,395	($59,660,395)	$0	$59,660,395
General Fund Transfer	$40,000,000	($40,000,000)	$0	$40,000,000
Premium Tax Diversion	$19,660,395	($19,660,395)	$0	$19,660,395

Note: this table does not show other financing, including funds collected from hospitals and federal funds.

Summary of Initial Request

HB19-1168, which created the Reinsurance Program, allocates $59.7M in Total Funds for the state portion of the financing. Of this amount, $40M is a General Fund (GF) transfer associated with HB19-1245, and $19.7M is a diversion of insurance premium taxes that would otherwise be credited to the GF. HB19-1168 authorized the Reinsurance Program to operate for two calendar years, 2020 and 2021. In the November 1, 2020 budget proposal, the Division of Insurance (DOI) initially requested an additional $60.0M General Fund for FY20-21.

Committee Action

The Committee delayed action on a JBC staff recommendation to eliminate the second year of the Reinsurance Program and would eliminate the need for $59.7M GF.

Comeback

OSPB recommends that the Committee not adopt JBC staff's recommendation to eliminate the second year of the Reinsurance Program. Additionally, OSPB is no longer seeking the November 1, 2020 budget request for an additional $60.0M GF.

In 2020, the Reinsurance Program reduced insurance premiums on the individual market across the state by an average of 20 percent, and as much as 30 percent in some rural areas. The lower insurance premiums mean thousands of Colorado families can keep between $4,200 and $10,300 in their pockets. As the pandemic continues through 2020 and possibly 2021, and as the economy falters and people lose employer-sponsored insurance benefits, it is critical that Coloradans have access to health insurance and health care. Continuing the Reinsurance Program is critical at a time when people are losing their jobs and can't afford to pay the high cost of private insurance.

Lowering the costs of health care is one of the Governor's top priorities because lower health care costs translates to greater access to health care for Coloradans. That is what the Reinsurance Program provides and that is what will be taken away if the program is ended after this year.

Access to health care is always vital and that is even more true during this pandemic. People need to know that if they contract COVID-19 they can get treatment without the concern of receiving a bill for tens of thousands of dollars. As possible treatments or vaccines come online to combat the virus, people will need insurance coverage in order to access those treatments and vaccines. That is what the Reinsurance Program helps provide.

Access to health care will also be pivotal as the state addresses the mounting mental health care crisis from the pandemic. Nearly half of the country is reporting that the virus has negatively impacted their mental health and hotline calls for people in mental health crisis have increased by nearly 900 percent from the same point last year. While those are national numbers, they reflect the mental health struggles of Coloradans as well. Because the Reinsurance Program makes health insurance more affordable, it will allow them to continue to access mental health care.

Finally, it is important to recognize <u>when</u> the loss of the Reinsurance Program would impact Coloradans. Rates for the 2021 plan year will be made public in late September or early October of this year. That is also when many experts predict the second wave of the virus could be hitting the country - potentially corresponding with the beginning of flu season. If the Reinsurance Program is repealed, Coloradans could be faced with increasing premiums by an average of 20% statewide. For some Coloradans that very well could be premium increases of more than 30%. Many of the people who see these significant premium increases will be older Coloradans, who pay more for insurance in the first place, yet who need health care more than ever right now because of their greater susceptibility to COVID-19. All of this would be occurring in perhaps the worst economic and public health crisis of our lifetimes. Those rate increases will almost certainly mean that people will lose access to health care.

Colorado Opportunity Scholarship Reduction

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$7,000,000**	**$10,000,000**	**$0**	**$7,000,000**	**($7,000,000)**
General Fund	$7,000,000	$10,000,000	$0	$7,000,000	($7,000,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Department of Higher Education requests that the JBC not reduce General Fund to the Colorado Opportunity Scholarship Initiative (COSI) in FY 2020-21.

Committee Action

The JBC delayed voting on the JBC staff options to reduce General Fund to the COSI program by either $2.0 million or the entire $7.0 million appropriation if deeper cuts are needed.

Comeback

The Department is requesting this comeback because of the proven effectiveness of the COSI program in boosting postsecondary education attainment. This program will be helpful in economic recovery, including in helping provide opportunities to displaced workers from the pandemic. The COSI program's work in targeting assistance to the growing number of displaced workers demonstrates its agility to respond to current state needs. As discussed in their April 16, 2020 letter to the Governor (attached), the Colorado Commission on Higher Education (CCHE) prioritized funding for COSI given the importance of the program and its proven success.

Even a relatively small spend-down of COSI's fund balance with an appropriation reduction of $2 million will have a negative impact on COSI's ability to attract matching funds and expand support services in the future. If funding is eliminated, new scholarship awards would need to be suspended for one year in order to preserve fund balance. Further, the reduced fund balance would present serious challenges to COSI's ability to attract community investment, and to maintain or expand its support services grants (CPP).

COLORADO
Office of State Planning & Budgeting

Department of Department of Higher Education

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: Repeal Transfer to Medication-Assisted Treatment Expansion Pilot Program, Sweep to General Fund

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$0**	**($2,500,000)**
General Fund	**$0**	**$0**	**$0**	**$0**	**$0**
Cash Funds	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$0**	**($2,500,000)**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

Pursuant to Senate Bill 19-001, C.R.S. 23-21-808 requires that the General Assembly transfer $2.5M from the Marijuana Tax Cash Fund to the Board of Regents of the University of Colorado for the Medication-Assisted Treatment Expansion Pilot Program in FY 2020-21. The Department requests that the JBC sponsor legislation to repeal the required transfer, and instead transfer $2.5M from the Marijuana Tax Cash Fund to the General Fund in FY 2020-21.

Committee Action

As the transfer from the Marijuana Tax Cash Fund to the MAT Pilot Program is required by statute, the JBC did not take action during March figure-setting. During the Department of Higher Education's budget balancing hearing on May 7, 2020, JBC staff did not recommend this reduction, and the JBC did not take any further action. Without further action by the General Assembly, the required transfer will take place in FY 2020-21.

Comeback

In light of expected significant revenue shortfalls, it is reasonable to reduce cash fund spending and transfers that do not support core government services and programs, so that cash fund revenues are available for transfer to the General Fund. OSPB identified the required transfer from the Marijuana Tax Cash Fund for the Medication-Assisted Treatment Expansion Pilot Program for reduction. While the Department and OSPB recognize that the Medication-Assisted Treatment Expansion Pilot Program has merit, funding for the program can be diverted to address shortfalls in funding for core government functions.

Alternative Reduction: Eliminate Transfer for Rural Teacher Recruitment and Retention

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$240,000**	**$240,000**	**$240,000**	**$0**	**($240,000)**
General Fund	$0	$0	$240,000	$0	($240,000)
Cash Funds	$240,000	$240,000	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The November 1, 2020 budget included a continuation appropriation of $240,000 cash fund from the State Education Fund to the Colorado Department of Education (CDE) to be transferred to the Colorado Department of Higher Education (CDHE) for the Rural Teacher Recruitment and Retention program. In the CDHE Figure Setting Hearing in March, the Committee approved a fund source adjustment to make this program General Fund, eliminating the transfer from CDE to CDHE.

Committee Action

In the Higher Education Budget Balancing Hearing on May 7, the Committee did not take action on this General Fund program.

Comeback

OSPB suggests the Committee consider eliminating the General Fund appropriation that was approved for the Rural Teacher Recruitment and Retention program for $0.2M General Fund savings in FY 2020-21 and ongoing. This program does not have any funding committed or spent in the current fiscal year as it is challenging to find individuals who meet the statutory criteria, which indicates that this program could be eliminated with minimal to no programmatic impact.

College Kickstarter Program Repeal

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$12,200,000**	**$12,200,000**	**$0**	**$6,100,000**	**($6,100,000)**
General Fund	$12,200,000	$12,200,000	$0	$6,100,000	($6,100,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Department of Higher Education requests that the Committee reconsider its decision to approve a JBC staff recommendation to draft a bill that would repeal the College Kickstarter Program, created in House Bill 19-1280, and transfer the balance of the Stable Value Plus Kickstarter Master Account to the General Fund. Many Coloradans are already expecting this benefit to support their children's college education.

Committee Action

The JBC voted to approve a staff recommendation to draft a bill that would repeal the College Kickstarter Program, created in House Bill 19-1280, and transfer the balance of the Stable Value Plus Kickstarter Master Account to the General Fund.

Comeback

The Department is requesting this comeback because many Coloradans are already expecting this benefit to support their children's college education. The Kickstarter program deposits $100 into a new 529 college savings account for any child born or adopted in Colorado after January 1, 2020, if the parent applies for the program. The program opened in January 2020, and the first awards were made on February 18, 2020. There are several ways to modify this program, and OSPB and the Department look forward to working with the bill sponsors to identify program modifications while still utilizing up to half of the balance to support General Fund balancing.

Reduction to Need-Based Financial Aid for Undergraduate Students Attending Public Institutions of Higher Education

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$174,899,100**	**$179,271,578**	**$157,409,190**	**$174,899,100**	**($17,489,910)**
General Fund	$174,899,100	$179,271,578	$157,409,190	$174,899,100	($17,489,910)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Department of Higher Education requests that the Committee decline action on a JBC staff option to reduce need-based financial aid for undergraduate students attending state institutions of higher education by $17.5M (10%). OSPB concurs with the JBC staff recommendation protecting need-based financial aid for undergraduate students as much as possible, which is critical to college access and affordability.

Committee Action

The JBC delayed action on a JBC staff option reduce need-based financial aid for undergraduate students attending state institutions of higher education by $17.5M (10%). While JBC staff presented this option in case deep budget reductions are necessary, staff recommended protecting this funding as much as possible.

Comeback

The Department is requesting this comeback, as college access and affordability remains critical during and after the COVID-19 crisis. Notwithstanding the current public health concerns and social distancing requirements, college enrollment tends to increase during a recession as individuals seek to re-skill and transition their career. Moreover, the current recession has resulted in an unprecedented increase in unemployment, and is likely to result in business closures that will reduce income for many Coloradans. At this time, need-based financial aid is as critical as ever.

FAMILY SUPPORT SERVICES

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$1,263,061**	**$1,277,951**	**$0**	**$1,277,951**	**$1,277,951**
General Fund	$1,263,061	$1,277,951	$0	$1,277,951	$1,217,951
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Department of Human Services did not submit a budget request for the Family Support Services program. The November 1, 2020 request included continuation funding of $1,277,951 General Fund and total funds.

Committee Action

The Joint Budget Committee delayed action to reduce or eliminate this line item from the Long Bill by a total of $1,277,951 General Fund and 0.5 FTE for FY 2020-21.

Comeback

The Office of State Planning and Budgeting respectfully requests the Joint Budget Committee maintain the continuation appropriation of $1,277,951 in General Fund and total funds to support this program.

If the Family Support Services program is eliminated, approximately 1,600 families in 20 family resource centers will not be served with essential services. Additionally, 20 FTE at the local family resource centers will be impacted as well as a .5 FTE Family Support Services Program Manager in the Office of Early Childhood. This funding stream is the only dedicated state funding for the statutorily created family resource centers (FRC).

The FRCs provide a crucial safety net for families throughout the state, as evidenced in the last eight weeks of the COVID-19 response. FRCs around the state have been essential to help families with food, rent, shelter, and a range of other services to navigate these difficult times. The Department expects that this community need will continue to increase as the State's economic downturn progresses. Additionally, the vital role that FRCs play in serving communities has been demonstrated through their commitment to be the primary distribution sites for the FEMA emergency order of diapers and formula throughout the state.

Eliminating state funding for the family resource centers leaves an unfunded mandate to support vulnerable families in their communities during a critical period of time that has left many families struggling. Parental stress, trauma, and economic instability are shown to increase child abuse and neglect. Family advocates providing case management also act as an essential gateway to other services to stabilize and improve family functioning. It is much more expensive to intervene and heal children through the child welfare system than to provide wraparound services to families experiencing challenges.

The Family Support Services funding directly aligns with **Governor Polis' Bold Four. Education: Expanding opportunity to fulfill every child's potential regardless of zip code**. The Colorado Department of Education's definition of school readiness includes the readiness of families and communities, which means engaging parents with learning activities regularly at home, access to high quality early learning programs, access to health care, and the nutritional and physical activity opportunities needed for children to physically develop well. The Family Resource Centers provide support in screening and educating on child development, parenting support, enrollment in public assistance including Medicaid, SNAP and WIC, classes in nutrition such as Cooking Matters, food pantry assistance, and other key resources to help children to physically and emotionally develop well. Research has also demonstrated that children are not able to develop to their full potential if they experience high levels of trauma in the first 1,000 days. Higher numbers of adverse childhood events lead to serious emotional problems, educational difficulties, health risk behaviors, serious social problems and adult disease and disability. FRCs provide the intervention services that best meet families' needs to mitigate the impact of adverse childhood events so that every child can reach their potential.

<u>Overview on Family Resource Centers</u>

In 1993, the Colorado Legislature passed Senate Bill 131 to create a network of family resource centers (FRCs) across the state to assist vulnerable families. FRCs were intended to be a single point of entry where a family could get connected to multiple supports, both formal and informal. The statute defines a family resource center as an entity that provides family case management defined as family assessment, family goal setting, and resource referral (26-18-102, C.R.S. (2018).) The family resource centers were designed to use a two-generation approach with a dual focus on the needs of both children and the adults in their lives and supports promoting family economic self-sufficiency. The intent of the statute was that parents would be able to access needed support in their communities at a critical point in time for their vulnerable families in order to prevent more damaging and costly events, like child maltreatment, from ever occurring.

Family resource centers (FRCs) address families' evolving needs and challenges. The centers act as centralized access points where families can ask for and receive the help they need in the place they feel most comfortable. FRCs provide 75% of the offered services in families' homes or other trusted community locations such as schools to make it convenient for parents. They provide a range of services including family development, parenting education and support, financial literacy, early childhood education, food pantries, adult education, and system navigation after resource referral. Programs at each FRC are tailored to the culture, resources, and needs of the community they serve and focus on building on the strengths of each family and individual. The centers also act as an important network for the rollout of new programs. For example, the family resource centers are the home of 20 of the 24 Colorado Community Response Program sites to prevent child maltreatment.

Family advocates assess the needs of the whole family, and identify formal and informal supports to achieve their goals. Progress toward the goals is reassessed with the family every 30-60 days using the Colorado Family Support Assessment 2.0. Families who struggle with poverty, substance abuse, and impacts from childhood trauma benefit from family case management by increasing problem solving skills and community connections. Currently, family support services funding is awarded to 20 of the 35 family resource centers across the state.

The FRCs operate as nonprofit agencies that are successful at raising private resources to fund a variety of programs, such as parenting classes, in each center. However, it has been challenging for the centers to raise operating support that can cover the cost of a full-time family advocate, which is essential to provide wraparound family case management, on top of grants for specific programs. Many of the family support services funded centers already have waiting lists to serve families with case management.

Additional information regarding evaluation of the impact

An evaluation of the current program has shown statistically significant positive results in improving family functioning and increasing protective factors known to reduce child maltreatment.

An independent evaluation conducted between July 2018 and June 2019 on 10 of the funded family resource centers showed that they provided over 14,200 services to families, including:

- 6,238 to foster high quality parenting,
- 5,555 to help meet basic needs,
- 684 to further adult education,
- 502 to cultivate healthy living, and
- 814 to support early childhood education.

During that time, 893 families were served across Colorado by OEC-FSS supported Family Development workers at ten Family Resource Centers. Families served were diverse, many of whom had very low incomes and were experiencing multiple barriers to economic security when they first received services from the FRC. Over the course of the year, Family Development workers offered coordinated case management, with assessment and goal setting.

Utilizing results from the Colorado Family Support Assessment 2.0 (CFSA), families made statistically significant gains in the areas of income, cash savings, housing, employment, health coverage, child care, food security, mental health, and transportation. The CFSA measures the impact of family case management and growth in family functioning over 11 domains (income, cash savings, housing, employment, debt management, food security, children's education, child care, physical health, mental health, and transportation) and three protective factors shown to prevent child maltreatment (parental resilience, social connections, and concrete support.) The full evaluation report is attached.

S-04 Early Intervention Caseload

	FY 2019-20 Appropriation	FY 2019-20 Supplemental Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$65,808,916**	**$67,311,990**	**$65,808,916**	**$67,311,990**	**$1,503,074**
General Fund	$40,034,948	$41,538,022	$40,034,948	$41,538,022	$1,503,074
Cash Funds	$10,500,000	$10,500,000	$10,500,000	$10,500,000	$0
Reappropriated Funds	$7,968,022	$7,968,022	$7,968,022	$7,968,022	$0
Federal Funds	$7,305,946	$7,305,946	$7,305,946	$7,305,946	$0

Summary of Initial Request

As part of the Governor's January Supplemental budget package, the Department of Human Services requested and the Joint Budget Committee approved an increase of $1,503,074 total funds, including an increase of $1,503,074 General Fund to provide funding to support an anticipated 4.7% increase in the Early Intervention Caseload.

Committee Action

The Committee delayed a decision to undo the previously approved supplemental to fund current year caseload growth for FY 2019-20 in the Early Intervention Program.

Comeback

The Office of State Planning and Budgeting respectfully requests the Joint Budget Committee maintain the previously approved $1,503,074 in General Fund to support the Early Intervention (EI) program. EI annually experiences an increase in caseload growth and has consistently been dependent upon requests for supplemental funding to continue providing services each year. The budget request for FY 2019-2020 was meant to adequately fund the anticipated caseload. The Department will implement programmatic changes to reduce cost as detailed below, but the reduction of EI services to children would have to begin immediately.

Funding authorized in this supplemental has already been encumbered with community providers to pay for services associated with current year caseload growth. In order to return funds, we would have to suspend EI direct services immediately for the remainder of the year. This would result in approximately 9,000 children and families not receiving the services approved in their Individualized Family Service Plan (IFSP) for six weeks, violating their rights under Part C of the Individuals with Disabilities Education Act (IDEA). Every family for whom services are discontinued are entitled to due process complaint procedures which the Department would not have the resources to act upon. Under IDEA, restitution would be owed to the families which eliminates any perceived cost savings to the state. Additionally, discontinuation of services would effectively create a waitlist which would risk federal funding of approximately $7,500,000.

In order to reduce costs beginning in FY 20-21, the department will implement multiple cost reduction strategies, including changing eligibility requirements, adopting a statewide rate for direct service providers, working with HCPF to ensure EI Services are funded for Medicaid enrolled children, capping administrative costs in contracts, and contracting our requests for proposals. Because new children are enrolled each month, and it will take some time to implement these cost reduction strategies, the annual cost savings would not be fully realized in the first year.

1. Changing EI Eligibility

EI is not a preventative program and is responsible for identifying and providing intervention services to children who are currently exhibiting a developmental delay or disability. The Department proposes changing eligibility for EI to a 33% delay in one or more domains (adaptive, cognitive, communication, physical or social and emotional). This would bring Colorado into alignment with the majority of other states who have similar, less broad, eligibility criteria. In FY 2018-19 31% of children found eligible for EI services fell within the eligibility criteria of 25-32% delay in one domain. This change would result in approximately 2,245 infants and toddlers with a developmental delay that would not meet the threshold for eligibility. As reported in the FY 2018-19 Annual Report of Early Intervention Services submitted to the Joint Budget Committee on November 1, 2019, the average cost per child enrolled in early intervention is $6,145 annually. Approximately 50% of children enrolled in EI are also enrolled in Medicaid, which covers the cost of some direct services and service coordination. Additionally, 7% of children are covered under the Early Intervention Services Trust, leaving 965 children to have their services covered under state or federal Part C funding.

Because new children are enrolled each month, and it will take some time to implement this new eligibility definition, the annual cost savings would not be fully realized in the first year. Assuming the change could be implemented by January 1, 2021 the cost savings could be as much as $1,043,152. Based on FY 2018-19 data reducing caseload this significantly could lead to as much as $3.5 million cost savings annually.

Additionally, there is currently no policy for annual redetermination of eligibility for the EI program, meaning even if the child reaches age expected development the family is not required to withdraw. Since the change in eligibility criteria would only impact newly referred children, a strategy for reducing currently enrolled children would have to be considered. It may be necessary to redetermine eligibility for children who are currently enrolled and exit them from services if they do not meet the more stringent eligibility criteria.

The current process for conducting evaluations is not yet under the control of the Department as is required by the federal Part C of IDEA grant. The evaluation activities are in process of transferring from the CDE to the CDHS. This transfer will be critical to ensure consistent use of screening and evaluation tools which will ensure that the proper eligibility criteria is being implemented and allow the CDHS oversight of these practices.

2. Statewide Rate for Direct Service Providers

Community Centered Boards (CCBs) determine the rates paid to providers. This leads to a discrepancy across the state regarding rates and travel reimbursement. Without a clear understanding of the rates that are paid, it makes it very difficult to plan for expected expenditures. Determining a statewide rate, which would be inclusive of travel, may not directly reduce costs, but would assist in better forecasting of expenditures and lead to equity in rates across the state. Variables such as metro, rural, and the socio-economic situation of individual regions of the state would need to be considered.

3. Work with HCPF to Ensure EI Services are Funded for Medicaid Enrolled Children

Approximately 50% of children enrolled in EI are enrolled in Medicaid. Currently Medicaid does not cover certain services such as special instruction and family education, which are then charged to the state general fund. The Department is currently working collaboratively with HCPF to more closely align Medicaid benefits with EI eligible services.

4. Capping Administrative Costs in Contracts

CCBs are on a system of cost-reimbursement in their contracts. Currently, there is no cap on the amount of administrative costs that the CCB may charge in their contract. The level of administrative costs varies greatly across the individual organizations. This leads to inequity across programs on administrative structures maintained by the CCBs.

5. Contracts out for Request for Proposal

CCBs have historically been the providers of EI services. Up until two years ago they were funded under a cost allocation formula and switched to cost reimbursement. Historically CCBs have determined the structure for their programs including administrative structure, appropriate caseload, rates paid to providers, etc. CCBs have been considered "specified by law" for the provision of EI services. Putting EI scope of work out for a Request for Proposal (RFP) could lead to a more equitable structure across the state, providing competition that could drive more competitive costs in service delivery. Putting EI services out for RFP would resolve the issue mentioned above (capping administrative costs).

Additional information on changing EI eligibility

Colorado's EI Part C program has eligibility criteria for the program of 25% delay in one or more domains (adaptive, cognitive, communication, motor skills, social-emotional). Annually, the Part C Infant and Toddler Coordinators Association (ITCA) collects data on state eligibility criteria. These are consolidated into three categories from the broadest to the strictest:

- Category A: At Risk, Any Delay, Atypical Development, 20% delay in two or more domains,
- 22% in two or more domains, 25% delay in one or more domains (34% of states)
- Category B: 25% in two or more domains, 30% delay in one or more domains, 33% delay in one domain (43% of states)

- Category C: 33% delay in two or more domains, 40% delay in one domain, 50% delay in one domain (23% of states)

Colorado falls in Category A, the broadest category.

Currently there are 3 levels of eligibility: 25-32%; 33-49%; >50%. We propose eliminating the 25-32% level of eligibility. This would mean children would need to exhibit a delay of 33% in one or more areas of development. This would result in about 31% of infants and toddlers who are referred not meeting the eligibility criteria, two-thirds of which qualify in communication alone, and could be provided with alternative (and possibly more appropriate) options for language development such as home visiting, library story-times and other early literacy programs. Many children who are dual-language learners are identified with a communication delay because there is no consistent mechanism in place to appropriately evaluate them and they are entered into services to address a delay that does not actually exist. It would be necessary for the EI program to implement a process for redetermination of eligibility annually, whereas currently once a child is determined eligible for EI they are considered eligible until their 3rd birthday Additionally, the current process for conducting evaluations is not yet under the control of the Department as is required by the federal Part C of IDEA grant. The evaluation activities are in the process of transfer from the CDE to the CDHS. This transfer will be critical to ensure consistent use of evaluation tools which will ensure that the proper eligibility criteria is being implemented and allow the CDHS oversight of these practices.
These strategies will allow us to prioritize the families we serve with the highest need.

This program aligns with the Governor's Bold 4; Education: Expanding opportunity to fulfill every child's potential regardless of their zip code.

EI services directly align with the Governor's goal of children starting kindergarten ready to learn. Children who are evaluated and then found eligible for EI have very positive results. This includes an increase in short and long term school achievement, a decrease in the likelihood of being retained in a grade, and a reduction in the need for future special education services. Data show that 49% of children enrolled in EI do not go on to need Part B Preschool Special Education services mitigating the need for future special education support in the classroom. EI services are a vital component to the Governor's school readiness P-3 policy agenda.

Department of Human Services

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

R-01 IMPROVING CHILD CARE QUALITY

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$18,318,730**	**$23,779,026**	**$18,318,730**	**$21,048,878**	**$2,730,148**
General Fund	$7,395,061	$10,125,209	$7,395,061	$7,395,061	$0
Cash Funds	$1,609,859	$1,609,859	$1,609,859	$1,609,859	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$9,313,810	$12,043,958	$9,313,810	$12,043,958	$2,730,148

Summary of Initial Request

The Department of Human Services requested and the Joint Budget Committee approved an increase of $5,460,296 total funds, including an increase of $2,730,148 General Fund and $2,730,148 federal funds to provide funding for efforts related to improving child care quality. The requested funds were to be split between the Continuation of Child Care Quality Initiatives line and the Child Care Licensing and Administration line. Specifically, this comprehensive request included (1) grants to support continuous quality improvement efforts for licensed child care programs participating in the Colorado Shines Quality Rating and Improvement System (Colorado Shines QRIS); (2) funds to increase the capacity of Local Early Childhood Councils to recruit child care providers and address community quality improvement needs; and (3) additional staff specialists to offer enhanced technical assistance for providers to improve quality rating through Colorado Shines, while ensuring equal access for Colorado's most vulnerable families.

Committee Action

The Joint Budget Committee voted to deny the request to increase funds to support the Department of Human Services efforts to improve child care quality.

Comeback

The Office of State Planning and Budgeting respectfully requests the Joint Budget Committee reconsider its decision not to increase funding for the Department of Human Services to implement the Comprehensive Approach to Improving Quality, and appropriate the federal funds requested by the Department to partially implement this request. The federal funds are Child Care

Development Funds (CCDF), which per the Long Bill headnotes must be appropriated by the General Assembly.

CCDF is governed by the 2014 Child Care and Development Block Grant Act. This Act recognizes that the environments in which children receive care is as important as the access to that care. Therefore, the focus of CCDF includes ensuring health and safety of children in care and supporting quality and continuity of care for children to support their cognitive and emotional development at an early age. The Department must balance all three of these goals: access, quality and safety when utilizing funding through CCDF. As a result, CCDF cannot be used solely for direct services through the Colorado Child Care Assistance Program.

From a health and safety standpoint, caseloads for licensing specialists remain much higher than the nationally recommended numbers and specialists have taken on additional duties due to COVID-19, including supporting recruitment and retention efforts related to emergency child care. With the impact of COVID-19, we are in need of additional licensing specialists more than ever, in order to ensure we have the ability for individuals to pick up additional caseloads as licensing staff become ill or need to stay home to take care of an ill family member. We also have not seen any significant increase in permanent closure of child care facilities yet. While we do expect some providers will eventually close due to the economic impacts of COVID-19 on all small businesses, we are expecting the technical assistance provided through licensing around changing public health requirements, as well as other challenges related to this crisis, will also increase the workload on our licensing specialists. We are asking that the 5.4 FTE for licensing (Compliance specialist III and IV) in the request be supported through federal spending authority.

The request also offered technical support for counties to ensure county policies encourage equal access to child care while promoting recruitment and retention of child care providers. The request also emphasized the need for better training and monitoring of counties to ensure that families across the state received equitable services. This need still exists and may even be exacerbated by the effects of COVID-19, as the Department responds with rapid policy changes in the CCCAP to better serve families in need during this difficult time. We request that 1.8 FTE in the request associated with access, county technical assistance and compliance (Project Manager I and Social specialist III) be supported through federal spending authority.

Due to impacts related to COVID-19, child care programs are going to be facing dire economic conditions over the next few years. Quality grants can be used to offset staff costs and staff development to sustain the ECE workforce and help maintain quality at a time when quality may not be a priority for providers, as well as be used for much needed supplies and equipment. We know that both children and staff have been traumatized by the COVID-19 crisis. Children have lost continuity of care with stable caregivers/teachers, there is fear and anxiety around COVID-19 and children and staff are having to wear masks and change routines that are unfamiliar to children. Therefore, staff development, coaching and early childhood consultation will all become even more important over the coming year. We request $2.19 million in federal spending authority to continue to increase access to quality improvement grants. Ten percent of these funds would be used to support the work of the Early Childhood Councils in the distribution of the quality improvement grants. This would provide support for approximately 560 additional early childhood programs throughout the state.

COLORADO
Office of State Planning & Budgeting

S-02/R5A DRUG DETECTION DEVICES, CANINE AND STAFFING

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between JBC Action and Comeback Request
Total Funds	**$68,786,246**	**$69,802,246**	**$68,786,246**	**$68,994,246**	**$208,000**
General Fund	**$68,786,246**	**$69,802,246**	**$68,786,246**	**$68,994,246**	**$208,000**
FTE	**1,002.5**	**1,012.5**	**1,002.5**	**0**	**0**

Summary of Initial Request

The Department of Human Services Division of Youth Services (DYS) received an appropriation of $337,346 General Fund (GF) and 1.7 FTE for drug detection devices, canines, and staffing for Fiscal Year 2019-2020. In addition, DYS received an initial approval for the FY 2020-21 appropriation of $1,016,000 GF and 10.0 FTE.

JBC Committee Action

The Joint Budget Committee (JBC) delayed action on removing funding for drug detection devices, canines, and staffing for Fiscal Years 2019-2020 and 2020-2021.

OSPB Comeback Narrative

The Office of State Planning and Budget respectfully asks the JBC to consider funding a modified request for drug detection canines totaling $208,000 GF. The introduction of drugs in DYS youth centers is considered an immediate threat to the safety of youth in the care of the Department and mitigation is of the highest priority. The Department believes that the drug contraband issue can be addressed with the use of drug detection canines to perform random and scheduled searches in all ten DYS Youth Service Centers.

DYS has improved and strengthened policies and protocols this year to combat the introduction of contraband in State facilities; however, the new policies cannot readily prevent all drugs from being introduced into DYS youth centers. On October 1, 2019, the Department instituted a new policy requiring staff and visitors to utilize clear bags to bring allowable personal belongings into a secure facility. In addition, the Department moved to full body searches for youth who have contact visits with non-professional staff, pat searches for all visitors and staff, and posts visible signs notifying all visitors that drugs and alcohol are prohibited. These new policies alone have not been effective in stopping the entry of drug contraband.

From July 2019 to March 2020, the Department has experienced over eighty (80) drug incidents, a number that will likely increase as youth develop more sophisticated ways of introducing contraband into the DYS youth centers. In addition to the increase in drug incidents, the Department is experiencing an acceleration in the sophistication of the concealment of drugs. For example, advanced manufacturing processes allow for the concealment of drugs, such as high potency Tetrahydrocannabinol (THC) wax products which are easily hidden behind ears, in noses, and in hair, and evade normal detection procedures. Furthermore, the introduction of drugs through and over the secure perimeter remains a viable option.

The trained drug detection canines will allow DYS to detect and remove narcotics after they are brought into the facilities and will allow DYS to search all areas of a youth center and the grounds. In light of the increase in occurrences of drug incidents and the related health emergencies stemming from youth consuming these products, the Department cannot delay securing drug detection services needed to protect the safety and security of the youth and staff in the DYS youth centers.

The health and safety of youth in secure facilities is an immediate concern and warrants prompt action to improve conditions. Without this funding, there will likely be an increase in drug contraband, resulting in detrimental outcomes for residential youth occupants and staff. Increases in drug contraband and use could lead to disruptive health-related emergencies such as seizures, hallucinations, dizziness/fainting leading to falls, etc. Lastly, this could limit the effectiveness of programming and reentry success. The immediate impact on the safety of DYS youth centers is real when drugs are present. Drug use promotes an environment unconducive for youth to safely form relationships with staff, engage in reentry programming, and develop prosocial behaviors. Approval of this request will result in safer and more secure DYS youth centers.

Division of Youth Services Reduction of Colorado Youth Detention Continuum

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	$15,343,599	$15,343,599	$ 10,343,599	$15,343,599	$ 5,000,000
General Fund	$13,269,131	$13,269,131	$ 8,269,131	$13,269,131	$ 5,000,000
Cash Funds	$ 2,074,468	$ 2,074,468	$ 2,074,468	$ 2,074,468	$ 0

Summary of Initial Request

For Fiscal Year 2020-21, the Department of Human Services had an appropriation of $15,343,599 total funds in its base. This funding was intended for the Department to maintain the current level of funding for Colorado's 22 Judicial Districts that provide detention continuum services. A reduction of $5M GF to the CYDC appropriation represents a 37.6% reduction in funding and will erode large judicial districts' ability to manage the detention bed space which has been allocated to them through the statewide detention bed cap and limits statewide resources to supervise diversion youth effectively.

Committee Action

The Joint Budget Committee (JBC) delayed action on reducing $5,000,000 General Fund (GF) to the Colorado Youth Detention Continuum (CYDC).

Comeback

The Office of State Planning and Budget respectfully requests that this line item remain at its current funding level of $13,269,131 General Fund.

By providing the following services, CYDC programs are able to support the Governor's goal of reducing incarceration and recidivism in Colorado:

- Screening juveniles presented for admission by law enforcement and the juvenile court

- Providing detention bed management services
- Managing assessment services for youth
- Making recommendations to the juvenile court regarding further detention
- Supervising youth in the community (in lieu of secure detention)
- Implementing diversion services designed to steer youth from further involvement in the juvenile justice system

Per statute, the "working group" as identified in § 19-2-212, C.R.S. allocates CYDC funding to each judicial district per formula. Judicial districts are then required to develop a plan per § 19-2-211, C.R.S. Currently, after the State's administrative costs are removed, judicial district plans contain the following service areas and funding:

Service Area	% of Plan	Total Amount
State Administration	3.2%	$430,000.00
Screening and Assessment[1]	21.8%	$2,798,930.56
Direct Support*[2]	36.0%	$4,622,087.16
Supervision[3]	25.2%	$3,235,461.01
Treatment	6.3%	$808,865.25
Restorative Justice	1.6%	$205,426.10
Administrative Costs	9.1%	$1,168,360.92
Total Appropriation		**$13,269,131.00**

*Includes the provision of case management services, direct support to youth and families, and elements of community supervision.

The three service areas highlighted in red, approximately 80.3% of the appropriation, represent services related to statutory mandates.

A $5M reduction to CYDC will have significant impacts on the program's ability to screen, assess and supervise youth who otherwise would be in secure detention centers. This reduction would also result in:

1. The elimination of all treatment services.
2. The elimination of all restorative justice services.
3. A $161,680 reduction in state administrative costs.
4. A $480,000 reduction in local administrative costs.

Service Area	Reduction Amount
State Administrative Costs	$161,680.00
Treatment	$808,865.25
Restorative Justice	$205,426.10
Local Administrative Costs	$480,000.00

[1] Screening and Assessment: § 19-2-507, C.R.S.; § 19-2-507 C.R.S.; § 19-2-507.5; § 19-2-508, C.R.S.

[2] Supervision (Pre-adjudication Services Program: § 19-2-302, C.R.S.

[3] Direct Support: § 19-2-302, C.R.S.

Subtotal	$1,655,971.35
Amount Remaining to Reach $5.0 Million Reduction	**$3,344,028.65**

Further, Senate Bill 19-108 created additional statutory mandates for CYDC. Some of these mandates include:

- Requiring Courts to have a greater reliance on CYDC Case Managers in making decisions at detention hearings
- Stricter limits on the use of secure detention
- Increased limits on the use of detention, resulting in a greater reliance on CYDC community supervision services

CYDC was able to effectively manage the additional mandates within its current appropriation. A 38% reduction in funding will diminish small jurisdictions' ability to carry out these statutorily mandated functions. Larger districts will have difficulty managing a high volume of admissions and will have to limit services offered.

Lastly, during the previous legislative session, the General Assembly approved a reduction to the statutorily mandated cap on juvenile detention beds in Senate Bill 19-210. Several larger judicial districts have struggled to manage the flow of detention admissions and maintain their populations below their bed allocation. To manage their beds, these districts have relied heavily on their ability to provide supervision services to youth in the community, a CYDC component.

This $5M reduction will increase the detention population and lead to increases in DYS's budget, reduce diversion programs, add a burden to all judicial districts, and limit CYDC's ability to implement statutory mandates. CYDC has a proven track record of success. The latest annual report demonstrates the following:

- Statewide, high rates of youth complete services without failing to appear at court hearings (Pre-Adjudicated 95.0%; Sentenced 96.3%).

- Statewide, high rates of youth complete services without incurring new charges (Pre-Adjudicated 93.9%; Sentenced 94.5%).

- Statewide, high rates of youth complete services with positive or neutral reasons for leaving SB 94/CYDC programming (Pre-Adjudicated 92.2%; Sentenced 93.7%).

Reducing funding in this appropriation will negate years of progress in reducing the number of youth in secure detention and will lower the availability of effective community supervision and treatment services.

REQUEST TITLE: Replace Phone System

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$0**	**$917,525**	**$0**	**$689,371**	**$689,371**
General Fund	**$0**	**$917,525**	**$0**	**$689,371**	**$689,371**

Summary of Initial Request

The Department of Human Services requests $689,371 total funds/General Fund in FY 2020-21 and $583,579 total funds/General Fund ongoing in order to cover costs related to the installation of a new phone systems and ongoing funds for the monthly lease of the phone system service at the Colorado Mental Health Institute at Pueblo (CMHIP). The phone systems are currently unsupported technology and infrastructure. The intermittent outages experienced are a severe safety issue in the event 911 needs to be called as staff are not allowed to have cell phones in the units. This request would result in a reliable phone system, including phone logs, for a 24/7 hospital facility and several secure youth facilities.

Committee Action

The Joint Budget Committee (JBC) originally approved the entirety of this request for the full amount. Upon balancing, the amount was reduced to $0. The JBC delayed action on this request.

Comeback

The legacy phone system at CMHIP is over 20 years old and is past end-of-life and no longer supported. Software updates are no longer developed and hardware replacements (phones) are difficult to find. The legacy system at CMHIP supports both patient units as well as administrative needs. A reliable phone system is vital at a 24/7 inpatient psychiatric hospital for the health and safety of patients and staff as well as being necessary to notify staff of a medical or security emergency, to call for an ambulance or other medical back up and to notify security staff or police of a security issue in the units or on grounds. Should this system suffer a catastrophic failure, it is likely that the only solution would be a full replacement.

Additional problems include intermittent call completion issues, intermittent outage on the phone system, inability to add new phone numbers to the system, a mix of digital and analog cards that limit the ability to move phone numbers consistent with operational needs. The billing is not connected to one central number and cannot provide extension based reports making it an arduous and time consuming task to trace and reconcile long distance calls. The intermittent outage issues are a severe safety issue in the event 911 needs to be called as staff are not allowed to have cell phones in the units.

If this request is approved the Department will no longer be required to rely on an unsupported, legacy phone system at the CMHIP campus. The Managed Internet Protocol Communications (MIPC) system used by the Office of Information Technology (OIT) will allow CDHS to stay current on communication technology and service dependability. All existing functionality will be replaced with a reliable system and State standard technology.

REQUEST TITLE: Preserving Child Support Pass-through

	FY 2019-20 Supplemental Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$439,160**		**$0**	**$321,040**	**$321,040**
General Fund	**$439,160**		**$0**	**$321,040**	**$321,040**

Summary of Initial Request

In January 2020, the Joint Budget Committee approved $439,160 total funds/General Fund and 0.0 FTE in FY 2019-20 to ensure sufficient resources available to implement the Child Support Pass-through consistently throughout the year.

Committee Action

The Joint Budget Committee (JBC) delayed action on the JBC staff recommendation to reduce the Child Support Pass-through by $439,160 in FY 2019-20.

Comeback

The Child Support Pass-through has ensured some of the most vulnerable Colorado families receive child support paid on their children's behalf. Colorado's pass-through policy directs all current child support paid on behalf of children in cases receiving monthly cash assistance through the Temporary Assistance to Needy Families (TANF) program to those children/families. Prior to the pass-through policy, 100% of these payments were required to be retained and paid to counties and the federal government to recover a portion of the cost to provide public assistance.

Colorado's child support pass-through policy has resulted in dramatic behavior change among parents owing child support, resulting in more income to some of Colorado's poorest families/children. In its first two years of implementation (April 2017-April 2019), an average of 3,045 families/month received child support paid on their behalf, ultimately directing nearly $10 million into the pockets of some of Colorado's poorest families (i.e. with family income less than $6,000/year) rather than to the federal and county governments. These resources are directly helping families to attain self-sufficiency. In fact, research indicates that every dollar of child support paid on behalf of a child living in poverty increases the child's likelihood to excel in school, avoid the juvenile justice system, and pursue an adult life outside of poverty, while reducing risk of maltreatment (Office of Child Support Enforcement, Administration for Families and Children, December 2016).

Since the implementation of the pass-through policy in 2017, Colorado has seen a 19.2% increase in TANF cases with current child support obligations. The average monthly collections on behalf of TANF cases increased to $417,940, and collection rates increased 6.4% among what are known as the hardest cases to collect child support).

For FY 2019-20, as of the end of April 2020, $5,437,671 has been passed-through to vulnerable Colorado families. Accounting for the allowed federal disregard, the program has cost $3,938,142, to date. Analyzing program costs over the past two fiscal years, the Department estimates the monthly cost of the pass-through is roughly $399,679; on average, May and June expenditures average $415,162 per month. Using this data, the Department estimates a total of $4,768,466 [$3,938,142 + ($415,162*2)] is needed to pass-through child support collections to families/children through the end of FY 2019-20.

The proposed reduction of $439,160 would reduce the total funds for the program to the original FY 2019-20 appropriation of $4,447,426. This would leave the program with an estimated deficit of $321,040, causing the pass-through to become insolvent in June. Current statute will require the Department to shut-off the pass-through, essentially ending it for the month. Instead, those funds will go to the federal and county governments. Shutting off the pass-through will cause hardship to families who will not receive child support owed to their children. Additionally, State and county child support staff will be required to contact all the affected families to notify them of the temporary elimination of the program. This temporary elimination would place an undue financial burden on families at a time when many vulnerable families are already strained by economic hardship.

The projected difference between the approved FY 2019-20 Supplemental and the Department's estimate of the funds required to maintain solvency is $118,120. Therefore, the Department requests maintaining $321,040 of the $439,160 Supplemental funds that were approved in FY 2019-20 to ensure continuous operation of the Child Support Pass-through throughout the year.

Department of Human Services

JBC Comeback date: May 11, 2010

FY 2020-21 Request Comeback Form

REQUEST TITLE: FAMILY FIRST ACT

	FY 2019-20 Appropriation	FY 2020-21 Appropriation	JBC Action	Comeback Request FY20-21	Difference Between Action and Comeback Request
Total Funds	**$7,031,684 ($689,161 requested)**	**$9,611,272 ($1,184,412 requested)**	**$7,737,699 ($6,342,523 In FY 19-20)**	**$9,611,272 ($7,720,845 in FY 19-20)**	**$1,184,412 ($689,161 in FY 19-20)**
General Fund	**$5,932,165**	**$7,029,691**	**$5,845,279 ($5,243,004 FY 19-20)**	**$8,214,103 ($6,621,326 FY 19-20)**	**$1,184,412 ($689,161 in FY 19-20)**
Reappropriated Funds	**$63,419**	**$65,019**	**$65,019**	**$65,019**	**$0**
Federal Funds	**$1,036,280**	**$2,516,562**	**$2,516,562**	**$2,516,562**	**$0**

Summary of Initial Request

The Department of Human Services Division of Child Welfare (DCW) received a supplemental appropriation for Fiscal Year 2019-2020 of $1,433,360 total funds, $1,117,239 general funds and 5.6 FTE for Trails maintenance and the implementation of the federal Family First Prevention Services Act.

The Department also received an initial appropriation of $3,575,996 total funds, $1,865,321 general funds and 12.4 FTE during its figure setting hearing for Fiscal Year 2020-2021 for Trails maintenance and the implementation of the Family First Prevention Services Act.

Committee Action

The Joint Budget Committee (JBC) approved the JBC staff recommendation to reduce the Fiscal Year 2019-2020 appropriation by $689,161 total funds, $633,510 general funds and 5.6 FTE. JBC also approved the Fiscal Year 2020-2021 general funds appropriation reduction of $1,530,254 and 12.4 FTE.

JBC staff further recommended that the implementation of the Family First Prevention Services Act occur within existing resources.

OSPB Comeback

The Office of State Planning and Budgeting (OSPB) respectfully requests that the JBC consider a modified comeback. This includes including $689,161 total funds, $633,510 general funds for Fiscal Year 2019-2020 and 5.6 FTE and $2,433,824 total funds, $1,184,412 general funds and 8.0 FTE in FY 2020-21 for Family First Implementation.

The requested positions are essential to the completion of ongoing work around Family First implementation and, in most cases, <u>are already hired and actively engaged</u> in preparing the state to opt into the new federal policy/practice requirements and reimbursement structure. While CDHS has made the decision to reevaluate its strategy for opting into the federal Family First reimbursement structure, it continues to move rapidly ahead with implementation of practice changes and the staff are providing the necessary support and infrastructure to facilitate Colorado's strategy over the next several months. Workload cannot be absorbed by existing Division of Child Welfare staff, and eliminating these Family First positions will impede implementation progress, placing either undue burden on county collaborators or resulting in additional delay of full implementation. Details are as follows:

Downstream Placement Costs: There is a potential loss of $3-$4 million in IV-E revenue if the current census of youth is served in congregate care facilities that do not have Qualified Residential Treatment Placement (QRTP) status. Transitioning facilities to QRTPs requires reviewing and re-certifying Colorado's current congregate care network, ensuring training and capacity for independent assessment of a youth's level of needs, and conducting broader community training to ensure that children and youth in out-of-home placement are in a family-like setting whenever possible or are *served in a trauma-informed, treatment-based residential placement for the shortest amount of time.* The following FFPSA staff are currently involved in these efforts at CDHS: Project Manager, Training Specialist, Auditor, Trails Product Owner, and the Social Service Specialists. The Independent Assessment funds will be necessary before and during QRTP implementation. Elimination of these staff would bring this work to a halt and jeopardize not only Colorado's ability to access federal child welfare funds but also prevent critical practice changes that better respond to the needs of children and youth.

Forfeited Federal Funds for Prevention: In order to maximize draw down and leverage potentially millions of dollars in new IV-E federal funding for *placement prevention efforts*, Colorado will need to invest strategically in building capacity and infrastructure to deliver evidence-based services that are in the federal clearinghouse. Critical to this is:

- Monitoring clients' enrollment and engagement in services based on a needs assessment (Project Manager, Training Specialist, Data Analyst, Trails Product Owner, and Auditor);
- Ensuring that many more promising and evidenced-based services are reviewed and submitted for approval to the national clearinghouse, thereby providing more access to families AND increasing federal drawdown (Project Manager, Training Specialist, Data Analyst); and

- Leveraging FFPSA transition funds to invest in local capacity building and scaling evidence-based services throughout Colorado (Project Manager, Training Specialist, Data Analyst, Trails Product Owner, and Auditor).

The Department recognizes the need to make modest up front investments in order to fully benefit from this new funding opportunity, which is essentially unlimited because it is an entitlement to eligible children and families. The inability to maintain critical staff working on these issues would hinder progress in capacity building, particularly in underserved regions that already have a dearth of available services for children and families.

Federal Compliance: All states are required to fully implement Family First by October 2021, and failure to ensure implementation with full fidelity would create potential programmatic compliance issues with significant downstream financial complications. Because of this, all states must *evaluate how families respond to and engage with the child welfare system* post-implementation and we need to carefully monitor how our planning efforts lead to most effective implementation (Project Manager, Data Analyst, Trails Product Owner, Training Specialist).

Specific position-specific impacts on ongoing work are outlined below:

Project Manager: The Project Manager has been and continues to be instrumental in coordinating efforts and ensuring that the many distinct workgroups and sub-committees collectively move towards Colorado's vision for child welfare. Eliminating this position would stall collaboration with key stakeholders and ultimately jeopardize the state's ability to shift practice in a coordinated, organized manner while minimizing disruption to children and families.

Data Analyst: This FTE is responsible for creating the evaluation project that will track service delivery and outcomes to measure impact to children, youth, and families receiving child welfare services. This is required in every state and will take months to research, plan, roll-out and adjust. Without the ability to strengthen its data collection and infrastructure, data-informed decision-making will be increasingly difficult and may result in perpetually ineffective allocation of resources.

Training Specialist: Training and technical assistance is an essential function that directly impacts the state's ability to claim and draw down funds for eligible prevention services. Without providing necessary support to all counties, the state will forfeit the opportunity to implement and subsequently receive reimbursement for evidence-based services, further stalling the State's prevention capacity building efforts. More rural regions of Colorado are likely to be disproportionately impacted, resulting in fewer evidence-based services and supports available to children and families in those regions.

Auditor: This FTE serves as an auditor on the Finance Unit to ensure that federal funds are drawn down accurately as they pertain to FFPSA requirements. Without a devoted FTE to continually update fiscal assumptions and tracking based on new and rapidly changing data, the state jeopardizes its ability to appropriately estimate and budget for the needs of Family First.

Program Manager (Trails Product Owner): This position is critical to ensure that the final Trails Modernization product is completed and meets the evolving needs of Colorado's child welfare system, with Family First requirements incorporated. The Product Owner has already led the implementation of Trails Mod Release 5 (resource/provider) which was a prerequisite for Family First functionality. Additionally, the Product Owner is in the final stages of leading the release of initial Family First functionality ("Release 6"). By releasing the functionality now, Colorado will not have to wait on a Trails Release before officially opting-in to Family First. Additionally, the released functionality will allow Colorado to begin tracking evidence-base services and IV-E Prevention Candidacy so that Colorado can continue to refine the Family First fiscal analysis.

Further, the Trails Product Owner is critical not only for ensuring that modernization efforts are aligned with and do not further delay the implementation timeline, but also for coordinating the technological upgrades identified in multiple and distinct workgroups and sub-committees. The Product Owner's unique intersection of both policy and technology expertise is critical to ensure that CDHS's systems are not just adequate to allow good practice, but to enhance that practice as well.

Social Service Specialists: Family First introduces several requirements for QRTPs, including development and adherence to a trauma-informed model of care. Two Licensing Specialists have been hired and are currently creating guidelines for Family First QRTP accreditation standards in order to facilitate the transition of congregate care facilities to the QRTP placement model. The FTE will be essential in assisting current congregate care providers to make this critical shift in practice and philosophy and their elimination would hinder the State's ability to bring this new placement type online. In turn, this hindrance would jeopardize Colorado's ability to continue drawing down Title IV-E reimbursements for any congregate care.

Funding for Independent Assessments: For Colorado to successfully move forward with implementing the QRTP provisions, funding is needed to pay for the independent assessments that are required before children/youth can be placed in a QRTP. Funding is needed to support the hiring and training of independent assessors prior to Colorado opting into Family First. As noted above, while CDHS is reevaluating its timeline to opt into the federal reimbursement structure, it plans to continue implementing the Family First practice changes. Ultimately, shifting practice towards child-specific assessments is the most appropriate way to ensure children are placed according to their unique needs. Regardless of federal reimbursement, beginning this work now allows the state to more appropriately serve more children and youth sooner while building a strong practice foundation that supports seamless transition to the new federal finance pieces of Family First as well.

Compliance Investigator: The Administrative Review Division (ARD) staff will be responsible for all of the Division of Youth Services QRTP Reviews for Colorado. Family First requires that "within 60 days of the start of a placement in a qualified residential treatment, a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or an administrative body appointed or approved by the court, independently, shall review the appropriateness of that placement." The youth who are committed to the Division of Youth Services cannot easily go back to the court for this review and it is unclear that there is statutory authority to do so. ARD is therefore the only appropriate entity to complete this review in order to pull down the IV-E federal funds.

Department of Human Services

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: Eligibility Staffing

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$0**	**$3,686,769**	**n/a**	**$3,686,769**	**$3,686,769**
General Fund	**$0**	**$1,450,041**	**n/a**	**$1,450,041**	**$1,450,041**
Cash Funds	**$0**	**$347,745**	**n/a**	**$347,745**	**$347,745**
Federal Funds	**$0**	**$1,888,984**	**n/a**	**$1,888,984**	**$1,888,984**

Summary of Initial Request

In February 2020, prior to the COVID-19 pandemic declaration and subsequent state of emergency in Colorado, many county eligibility workforces were already at capacity and using overtime to process applications seeking food, medical, and cash assistance, given the lingering impacts of CBMS transformation that went live on August 26, 2019. These circumstances had already put Colorado at risk of federal corrective action and/or fiscal sanctions for failing to meet federal timeliness and accuracy requirements. This threat will become magnified in the aftermath of the COVID-19 pandemic as more and more Coloradans seek public assistance. Application volume (for SNAP, TANF, and Adult Financial programs) has increased 37.8% between the first week of March 2020 and April 7, 2020.

The Department requests $3,686,769 total funds, including $1,450,041 General Fund, $347,745 Cash Funds ($100,917 Old Age Pension (OAP) cash funds and $246,828 Healthcare Affordability and Sustainability Fee Cash Fund), and $1,888,984 federal funds ($725,963 Medicaid, $850,046 SNAP, and $312,975 TANF), and 56.0 FTE for FY 2020-21; and $3,572,170 total funds, including $1,404,968 General Fund, $336,935 Cash Funds ($97,780 OAP and $239,155 Healthcare Affordability and Sustainability Fee), and $1,830,267 federal funds ($703,397 Medicaid, $823,623 SNAP, and $303,247 TANF), and 56.0 FTE for FY 2021-22.

Committee Action

The Joint Budget Committee (JBC) has not yet considered this funding request. The problem emerged after FY 2020-21 figure-setting, yet does not meet 1331 criteria since the funds will be spent in the following year. Therefore, a Comeback is the most logical format for presenting this issue to the JBC for consideration for FY 2020-21 funding.

Comeback

The Department requests $3,686,769 total funds, including $1,450,041 General Fund, $347,745 Cash Funds, and $1,888,984 federal funds ($725,963 Medicaid, $850,046 SNAP, and $312,975 TANF), and 56.0 FTE for FY 2020-21. This funding request is a collaborative effort with the Department of Health Care Policy and Financing (HCPF) to help to mitigate the anticipated increase in applications for public and medical assistance in the aftermath of the COVID-19 crisis. Specifically, these funds will be used to hire 50 new eligibility technicians to process applications for SNAP, medical assistance, and cash assistance (including TANF, OAP, and Aid to the Needy Disabled), three supervisors to quarterback the process, two HelpDesk technicians to answer the increased volume of questions, and one program assistant.

The Department will utilize $970,905 of its General Fund from the CBMS Operating and Contract Expenses line that will roll-forward to FY 2020-21 to fund this critical request. Similarly, HCPF will use $479,136 of its General Fund from its CBMS Operating and Contract Expenses line that will roll-forward to FY 2020-21 to fund this critical request.

<u>Staffing Model</u>
This pool of workers will comprise 50 eligibility workers, deployed regionally, primarily working from their homes. Maximizing efficiency of this regionalized statewide workforce will require one lead worker, among each regional pool, who has staff authority. Additionally, the model will require a strong leadership team at the State office, including two strong quarterbacks to direct the workflow and a program manager to oversee the whole project and direct workflow, as needed. Each of the three managers will be required to have detailed knowledge of Food, Medical, TANF, and Adult Financial programs in order to efficaciously support the remote workforce. Additionally, two State HelpDesk employees will be hired to troubleshoot issues and respond to questions. The existing capacity of the Staff Development Center will train the pool of State eligibility technicians in order to get them fully trained and operational within 4-5 weeks. One program assistant will also be required at the SDC to support the overall administrative needs of the managers and remote technicians.

<u>Training & Deployment</u>
Enabling a pool of State eligibility workers is the most efficient solution to meet the immediate volume of applications needing to be processed, while supporting counties to manage and staff-up their workforce for the anticipated increase and slow contraction of caseloads over a period of six or more years, given the State's experience from the Great Recession. Upon hire, these State FTE will all sign waivers of retention rights, confirming the positions will end on June 30, 2022 when the funding expires and that normal personnel rules do not apply.

- It will take counties 18 months or longer to staff up their workforces, especially given existing current resource constraints. The State pool will expand and contract to meet individual counties' needs as they transition their staffing plans to accommodate the demand in their area.

- The SDC will train the statewide pool of workers. Based on existing experience, these State workers can be trained quicker and become productive sooner than by individual county trainers, as workers are hired piecemeal.
- The trained workers will be deployed regionally, working from in-home offices. This places services closest to those seeking assistance, easily facilitating a worker to provide in-person services in a county office (as warranted by on-site demand at county offices), yet allowing the workers to focus on their work via SDC guidance, avoiding perpetuating inefficiencies or error-prone workarounds often promoted by technicians who were not trained by the SDC.
- Federal guidelines require workers determining eligibility to be merit-based employees (i.e. not contract staff).

Mechanics

Work will be distributed and managed by the three quarterbacks/managers in the State office, primarily using HelpDesk calls, civil rights complaints, and county performance data to plot the deployment. Depending on the relative volume of work and county capacity, there may be circumstances where remote eligibility technicians are processing applications in another region of the State.

Shared accountability

The State agencies will enter into MOUs with county departments to ensure mutual understanding of the shared accountability promoted by this staffing model. The MOU will include elements of shared ownership of case errors that may result in sanctions, ultimate prioritization of work (e.g. new apps vs RRRs vs backlog, etc.), how and for what circumstances counties can request on-site support from the worker pool, and more.

Technology and Security

Each worker will be provided a State-issued, encrypted laptop computer with docking station with ability to use a VPN to securely connect to State and county information technology resources, including CBMS and PEAK. Each laptop will be equipped with standard software, including encryption and security monitoring tools (e.g. virus scanning and malware detection). All workers will be required to take the State-mandated cybersecurity training and abide by security policies of the State to ensure data and client-protected information is safeguarded. Each worker will only have access to the cases they are assigned to work.

Increasing Capacity is Cost-effective

This proposal has the capacity to connect hundreds of thousands of Coloradans to critical benefits. Based on historical data from the 2008 recession, Food Assistance caseload increased 57% in the two-year period between SFY 2008-10. Within four years, the caseload nearly doubled. TANF caseload increased 42.6% between SFY 2008-10, and nearly 90% in six years. When the Affordable Care Act was implemented (including expanding Medicaid eligibility in Colorado), the State's Medicaid applications increased more than 70%. In addition to curbing the anticipated deluge of applications, a statewide worker pool can reduce backlogs, potentially avoid the State millions of dollars in federal sanctions.

Consequences of not investing in capacity on the front end:

- The backlog will grow as county staffs are overwhelmed by an increasing volume of applications for assistance.
- As the volume of applications grows, the processing time will increase. Meanwhile, the volume of calls and other distractions will increase exponentially as applicants check on their case status.
- Families will overwhelm food banks and other community resources to meet their needs while awaiting applications to be processed.
- Colorado will face federal sanctions for not processing applications timely.
- The State could face another lawsuit stemming from non-compliance with timeliness standards.

Increasing statewide capacity to process applications for public and medical assistance will reduce backlogs, connect Coloradans to benefits, and support communities. Ultimately, this strategy will ensure Coloradans have access to the full spectrum of health and nutrition to maintain healthy families and communities.

Costs & Assumptions

Table 1: Cost of Eligibility Positions

	New Eligibility Positions			
Personnel Costs				
		Salary + Benefits	Annual Total	2-year Total
Soc Svc 1 (Techs)	45	$60,486	$2,721,870	$5,443,740
Soc Svc 2 (Leads)	5	$64,290	$321,450	$642,900
Prgm Mgr III	1	$110,627	$110,627	$221,254
Soc Svc 4 (Mgr/QBs)	2	$88,103	$176,206	$352,412
Tech 2 (HelpDesk)	2	$53,383	$106,766	$213,532
PA II	1	$52,050	$52,050	$104,100
			$3,488,969	**$6,977,938**
Equipment Costs				
Computer/Software	56	$1,600	$89,600	$89,600
Furniture	5	$5,000	$25,000	$25,000
Phone	56	$450	$25,200	$50,400
Supplies	56	$500	$28,000	$56,000
			$167,800	**$221,000**
Travel				
Mileage (@ $0.50/mile)	60,000		$30,000	**$60,000**
Grand Total:				**$7,258,938**

Using the existing county administrative costs recorded among public assistance programs supported by the SDC, Table 2 presents the assumptions that were used to estimate the annual and total costs by funding source.

Table 2: Cost Allocation

Cost Allocation among Pub/Med Assistance Programs

	SNAP	Med	EBD	
	45%	*40%*	*15%*	
2-year total	*$3,347,336*	*$2,858,722*	*$1,052,880*	Totals
Fed	1,673,668	1,429,360	616,222	$3,719,250
GF	1,673,668	943,379	237,961	$2,855,008
Cash	0	$485,983	198,697	$684,680
				$7,258,938

**Cash funds for EBD are from the Old Age Pension Cash Fund.*

** Cash funds for HCPF are from the Healthcare Affordability and Sustainability Fee*

ALTERNATIVE REDUCTION: RESOURCE AND REFERRAL FUNDING REFINANCE

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$8,241,981**	**$7,611,631**	**$8,241,981**	**$0**	**$0**
General Fund	$4,763,638	$4,448,463	$4,763,638	$4,448,463	($315,175)
Cash Funds	$385	$385	$385	$385	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$3,477,958	$3,162,783	$3,477,958	$3,793,133	$315,175

Summary of Initial Request

The Department of Human Services requested a total fund reduction of $630,350, including reductions of $315,175 General Fund and $315,175 in federal Child Care and Development Fund (CCDF) spending authority in FY 2020-21 and ongoing to reduce funding for the Child Care Resource and Referral community programs and direct the funding to increased CCDF spending authority through the Department's R-01 Comprehensive Approach to Improving Child Care Quality request.

Committee Action

In the Department's March Figure Setting Hearing, the Joint Budget Committee voted to deny the Department's request and to continue to provide $630,350 total funds, including $315,175 General Fund and $315,175 in federal Child Care and Development Fund (CCDF) to support the local Child Care Resource and Referral programs.

Comeback

The Office of State Planning and Budgeting respectfully requests that the Joint Budget Committee reduce the $315,175 General Fund appropriated to the Child Care Resource and Referral program and increase the federal funds appropriated to the program by a corresponding amount. The Department is recommending the use of Child Care and Development (CCDF) funds received by the State from the CARES Act to fund this program. Child Care Resource and Referral agencies have been actively involved in the COVID-19 response, to help providers and families navigate facility closures, emergency child care, and other impacts to the child care system as a result of the COVID-19 pandemic. Likewise, since the Department was requesting a decrease in funding from this program for FY 2020-21, the Department believes that this refinance does not violate the guidance of the CARES Act that federal stimulus funds should supplement and not supplant State resources. The net impact of this change is $0, however, by refinancing this activity with CCDF funding from the CARES Act, the Department can free up $315,175 General Fund to support other priorities within the Department.

ALTERNATIVE REDUCTION: REDUCE CBCAP FUNDING FOR SAFECARE PROGRAM

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$8,526,419**	**$8,526,419**	**$8,526,419**	**$8,176,419**	**($350,000)**
General Fund	$8,526,419	$8,526,419	$8,526,419	$8,176,419	($350,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Department did not include a budget request for the Community Based Child Abuse Prevention line item. The November 1, 2020 budget included continuation funding of $8,526,419 General Fund and total funds. This funding includes $3,023,129 for the Colorado Community Response program and $5,503,290 for the Safecare Colorado program.

Committee Action

The Committee approved continued appropriations of $8,526,419 General Fund and total funds to the Community Based Child Abuse Prevention line item, which includes $3,023,129 for the Colorado Community Response program and $5,503,290 for the Safecare Colorado program.

Comeback

The Office of State Planning and Budgeting respectfully requests the Joint Budget Committee consider a request to reduce the funding to the Community Based Child Abuse Prevention line by $350,000 in General Fund and total fund, to reduce the amount allocated to the Safecare Colorado program by $350,000. The reduction reflects ongoing contractual savings that have been realized within the Safecare Colorado program, allowing the General Fund to be used for other priorities within the Department. This reduction will not reduce the amounts received by community contractors implementing the Safecare Colorado program, and will therefore not have a negative impact on families receiving services through the program.

ALTERNATIVE REDUCTION: JBC STAFF INITIATED TOBACCO MASTER SETTLEMENT AGREEMENT

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$24,661,125**	**$24,677,005**	**$25,184,132**	**$24,677,005**	**($507,127)**
Cash Funds	$22,897,788	$22,913,668	$23,420,795	$22,913,668	($507,127)
Federal Funds	$1,763,337	$1,763,337	$1,763,337	$1,763,337	$0

Summary of Initial Request

The Department of Human Services did not submit a budget request for the Nurse Home Visitor program. The November 1, 2020 budget included continuation funding of $24,677,005 total funds, including $22,677,005 cash funds from the Tobacco Master Settlement, and $1,763,337 federal funds.

Committee Action

The Joint Budget Committee approved a JBC Staff initiated increase of $507,127 cash funds from the Tobacco Master Settlement for FY 2020-21 to the Nurse Home Visitor Program line item.

Comeback

The Office of State Planning and Budgeting respectfully requests that the Joint Budget Committee forgo the JBC Staff initiated Nurse Home Visitor Fund cash fund increase of $507,127 cash funds and transfer that amount to the General Fund.

JBC Staff worked with Invest in Kids, who is the State Intermediary for the Nurse Home Visitor Program, and the Department to determine the appropriate amount for the FY 2020-21 program budget. The increase that was approved includes increases associated with staff salary increases and increased program costs. Due to the current economic downturn in the State, the Department recommends that additional funds not be allocated to support increasing salaries within this program. The Department is working with all providers to determine cost-saving strategies within all contracts, including the Nurse Home Visitor Program.

Recapturing Granted but Unexpended WORK Act Funds

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$3,300,000**	**$3,300,000**	**($2,500,000)**	**$0**	**($2,500,000)**
General Fund	$3,300,000	$3,300,000	($2,500,000)	$0	($2,500,000)
Cash Funds	$0	$0	$0	$0	$0
Reappropriated Funds	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0

Summary of Initial Request

The Department of Labor and Employment requests that the Committee decline to take action on a JBC staff recommendation to capture up to $2.5 million in previously granted but unexpended funds from grantees under the Skilled Worker Outreach, Recruitment, and Key Training Grant (WORK Act), to avoid interruption of FY 2019-20 programming.

Committee Action

The JBC approved a staff recommendation to draft a bill that would repeal the WORK Act and remove a $3.3M appropriation to the program in FY 2020-21. The Committee delayed action on an additional staff recommendation to capture up to $2.5M in previously awarded funds that have not yet been expended by WORK Act grantees.

Comeback

OSPB and the Department of Labor and Employment agree with the Committee's decision to remove the annual appropriation to the WORK Act in FY 2020-21, and request that the Committee decline action on the staff recommendation to capture granted but unexpended funds. Capturing funds that have already been awarded would be disruptive to programming in FY 2019-20, for an uncertain amount of savings.

COLORADO
Office of State Planning & Budgeting

Department of Local Affairs

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: Delay H.B. 20-1019 Prison Study

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action 05/08/2020	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$0**	**$0**	**$0**	**$0**	**$0**
General Fund	**$0**	**$250,000**	**$0**	**$250,000**	**$250,000**
Cash Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

House Bill 20-1019 Prison Population Reduction and Management, requires the Department of Local Affairs (DOLA) to contract with a nationally-recognized prison accreditation entity to study future prison bed needs in Colorado. The Fiscal Year 2020-2021 appropriation clause included $250,000 General Fund for DOLA to manage this study and requires that the Department provide the final report to the Joint Judiciary Committee for SMART Act Hearings during the 2021 legislative session. House Bill 20-1019 was signed into law on March 6, 2020.

Committee Action

On May 8th, the Joint Budget Committee (JBC) delayed action on sponsoring legislation to delay this study until Fiscal Year 2021-2022.

Comeback

The Office of State Planning and Budgeting (OSPB) respectfully requests the Committee maintain Fiscal Year 2020-2021 funding for this study because the findings may result in future budget savings within the criminal justice system, revitalize rural localities, and increase efficient operations and programming within the Department of Corrections (DOC). Historical Prison Utilization Studies track facility capacity and per diems while offering recommendations for capacity changes. The study outlined in House Bill 20-1019 differs from Prison Utilization Studies because it includes analysis on local community impact and DOC programming.

Recent criminal justice policy put forth by the General Assembly, such as Senate Bill 19-143 and House Bill 19-1263, resulted in a reduction to the inmate population. As a direct result of these changes, the JBC has been able to approve over $12 million in capacity savings in DOC. A major component of the prison bed study is "finding evidence-based strategies to safely reduce the prison population." OSPB, DOLA, and DOC believe that these results will likely provide a correctional system model that yields budget savings. OSPB Economists predict that Colorado will be in an economic downturn with a fiscal impact that spans multiple fiscal years, warranting reductions in addition to what has been proposed for Fiscal Year 2020-2021. As a result of the population reduction component, the result of this study will likely produce additional future savings not seen in Fiscal Year 2020-2021. Other potential cost savings measures included in the study include an "analysis of recidivism reduction strategies and a program analysis to align with best practices." These results could provide further savings across the criminal justice system by reducing the amount of people who reoffend. Postponing this study will defer these potential savings and may require the Committee to look for future reductions in high-impact areas.

Another key component of this study is "recommending strategies to diversify local economies dependent on private correctional facilities." Localities with diverse economies are better able to weather economic instability. The recommendations in this study will provide tangible measures to strengthen local economies which will make them more resilient during economic downturns.

Lastly, on April 20, the Department engaged the services of a temporary employee to begin meeting the requirements of H.B. 20-1019 and is ready to post the Request For Proposal (RFP) that is the first step in hiring a contractor as delineated in Section 24-32-104 (3), C.R.S. DOLA wishes to retain this employee because of their demonstrated expertise and proficiency. Delaying this study may require DOLA to find a different employee to fill the position.

Concluding, retaining funding for the prison bed study outlined in House Bill 20-1019 may result in out-year budget savings in the criminal justice system, strengthen local economies, and increase efficient programming in DOC. Postponing this study will defer these potential savings and may require the Committee to look for future reductions in high-impact areas. It may also hinder the ability for local economies to mitigate the effects of an economic downturn.

REQUEST TITLE: Fund Partial Offset of Lost Gaming Transfer to Gaming Impacts Program

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action 05/08/2020	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$5,263,184**	**$5,259,386**	**$0**	**$1,875,000**	**$1,875,000**
FTE	**1.0**	**1.0**	**0.0**	**1.0**	**1.0**
General Fund	**$0**	**$0**	**$0**	**$1,875,000**	**$1,875,000**
Cash Funds	**$5,263,184**	**$5,259,386**	**$0**	**$0**	**$0**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

During the Department's FY 2020-21 figure setting presented on February 21, 2020, the JBC approved the base request for the Local Government Limited Gaming Impact Grant Program submitted as part of the Department's FY 2020-21 budget request. No decision items or base reductions were requested for this program and included the following FY 2020-21 Long Bill appropriations: $114,788 for administrative expenses in the Field Services Program Costs line item, $5,127,850 for the grant program, and $16,748 for indirect costs.

Committee Action

On May 8, 2020, the Joint Budget Committee (JBC) delayed a vote on staff's recommendation to eliminate the transfer of gaming funds to the Local Government Impact Fund for the program. However, the committee had previously voted to draft legislation that would eliminate all gaming revenue transfers to allow these funds to flow directly into the State's General Fund. This program will be included in that legislation.

Comeback

The Department requests that the JBC reconsider its decision to fully eliminate this program in FY 2020-21. The Department requests $1,875,000 be appropriated directly as General Fund to the Local Government Limited Gaming Impact Grants line item in FY 2020-21 to fund grant requests to offset at least a minimal level of health and public safety costs on behalf of districts that were incurred in the first nine months of FY 2019-20. This is consistent with Section 44-30-1301 (1)(a), C.R.S.

Local governments will already have to stretch their dollars further because of the economic and health crises triggered by COVID-19. Fully eliminating these grant dollars will increase pressure on their budgets. Examples of 2019 grant cycle recipients include Montezuma County Sheriff's Operations, Victor and Ignacio Law Enforcement, Divide Fire Protection District, and Southwest Teller County Hospital District. The greatest benefit of the gaming grant program to Colorado is to those communities that are not direct recipients of a "formula" distribution from gaming revenues but have a casino in their boundaries or adjacent, such as tribal gaming counties of Archuleta, La Plata, and Montezuma.

National Guard Maintenance Technician Reduction

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**-$572,622 -9.0FTE**	**-$100,000**	**-$472,622 -9.0 FTE**
General Fund			**-$110,579**	**-$100,000**	**-$10,579**
Cash Funds					
Reappropriated Funds					
Federal Funds			**-$462,043**	**$0**	**-$462,043**

Committee Action

JBC removed funding for 9.0FTE (1.5 GF FTE or $110,579 and 7.5 FF FTE or $462,043) for maintenance technicians supporting the Colorado National Guard.

Comeback

Removing this authorization eliminates 9.0 full-time positions that support the Colorado National Guard during this national emergency and vacates $462,043 in federal funding for those positions. The Department requests instead that a similar General Fund savings be achieved by reducing the National Guard Cooperative Agreement line by an additional $100,000.

Background – The Department of Military and Veterans Affairs received approval 2 years ago for 9.0 FTE (1.5 GF FTE or $110,579 and 7.5 FF FTE or $462,043) to hire maintenance technicians at a variety of locations throughout the State. On May 4, 2020 JBC Staff Analyst as part of the Budget Balancing Memo package submitted to JBC recommended to defund this decision item ($110,579 in General Fund). JBC Staff also recommended an additional $50,000 reduction to the Colorado Army National Guard Cooperative Agreement.

The department has been admittedly slow in hiring these positions. Prior to the pandemic the Department was challenged in gaining recruits for labor, trades, and crafts positions due to competitive disadvantage in terms of pay and benefits. That challenge has subsided in recent months.

Current Situation - These positions have been announced and the hiring process is ready to move forward pending a decision from the Joint Budget Committee.

Request - DMVA respectfully requests that, in lieu of the proposed maintenance technician FTE reduction, the Army National Guard Cooperative Agreement line take a total reduction of \$150,000. This request combines the already approved \$50,000 reduction and an additional \$100,000 offered to substitute for maintenance technician reduction. The Department would prefer to retain the federal match and the jobs that support both Colorado National Guard facility needs and provide needed employment opportunities for Coloradans.

Real Estate Proceeds Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**Delayed action**	**-$1,600,000**	**-$1,600,000**
General Fund					
Cash Funds			**Delayed action**	**-$1,600,000**	**-$1,600,000**
Reappropriated Funds					
Federal Funds					

Committee Action

JBC has delayed action on sweeping the $10M balance of the Real Estate Proceeds Fund into the General Fund.

Comeback

Sweeping Real Estate Proceeds Fund would eliminate necessary State match to secure up to $84,428,000 in federal construction funding through Federal Fiscal Year 2024. (Source: Department Five Year Plan – enclosed).

Immediate impacts of this sweep for FY21 include:

1. Halting work on the Fort Lupton Readiness Center;
2. Two on-going negotiations for property purchases for readiness centers in Jefferson and Pueblo counties would have to be abandoned;
3. Design work for the Warrior/Family Resiliency Center at the Joint Force Headquarters would have to cease; and,
4. Renovations to the 2nd floor of the Joint Force Headquarters would be cancelled.

The department is willing to cancel renovation plans for the Joint Force Headquarters 2nd floor and contribute the $1.6M intended for this project to the General Fund from the Real Estate Proceeds Fund.

Background – The Department's Real Estate Proceeds Fund is a key resource for facility recapitalization for National Guard Readiness Centers. The Department utilizes funds from excess properties to pay the state share of new construction or renovation. New readiness centers require the State to first acquire the land for the project to ensure the federal commitment, and additionally a state match of 25% for construction costs. For every State dollar of construction funds put into a project, the state receives three dollars in federal match. The Department's most recent sale was the Boulder Armory sale in May of 2016 for $10,128,987. The Department subsequently purchased 8 acres adjacent to the Joint Forces Headquarters (JFHQ) in Centennial for $1,067,542 in FY 2017-18.

Current Situation – The Department has been in the process of expending these funds for future projects in a proactive manner and was planning to expend a majority of these funds prior to the pandemic. The following projects are planned to be executed in FY 2020-21:

Fort Lupton –*Federal match has been received and construction can begin immediately*
- Design $220,000 State/$600,000 Fed
- Construction $2,800,000 State/$6,000,000 Fed

Field Artillery Readiness Center – Currently in negotiation with a seller, acquisition within months
- Real Property $2,178,000 State

JFHQ 2nd Floor
- Facility Refresh $1,600,000 State

Family Programs – This is for the needed Warrior/Family Resiliency Center at the JFHQ
- Design $2,400,000 State

Pueblo- Readiness Center and Maintenance Facility
- Real Property $700,000

TOTAL $9,098,000 State/ $6,600,000 Fed

Based on these property acquisitions and demonstrated execution to our Federal partners, the Department is currently programmed for the following, and could receive federal funding as soon as October 2020 to be spent within 5 yrs on the following projects:

Field Artillery Readiness Center –
- Construction $7,267,000 State/$21,800,000 Fed

Mountain Readiness Center – At Colorado Mountain College – Leadville
- Construction $6,376,000 State/$19,128,000 Fed

Field Maintenance Shop – Pueblo
- Construction $20,000,000 Fed

Readiness Center – Pueblo
- Construction $5,833,000 State/ $17,500,000 Fed

TOTAL $19,476,000 State/ $78,428,000 Fed

Request – The Committee has not taken action on this JBC Staff recommendation. DMVA respectfully requests that the funds remain to allow for needed facility recapitalization. Alternately the Department offers to cancel the $1.6M facility refresh project for JFHQ to free up funds to be transferred to the General Fund.

STATE OF COLORADO
DEPARTMENT OF PERSONNEL & ADMINISTRATION
OFFICE OF THE STATE ARCHITECT

6/27/2019

Capital Construction/Capital Renewal Project Request - Five Year Plan		FY 2020/21 to FY 2024/25		(CC/CR-5P)
(A)	(1) Agency/Institution: Dept. of Military and Veterans Affairs	(2) Principle Representative Signature:	[signature]	Date: 28JUN 19
(B)	(1) OSA Delegate Signature: Kris Hedberg	Date: 6/27/19	(2) OSA Review Signature:	Date:
(C)	(1) OSA Delegate Email: kristen.e.hedberg.nfg@mail.mil			

(D)	GRAND TOTALS	(b) Total Project Cost	(c) Total Prior Appropriation	(d) Current Year FY 2020-21	(e) Year Two FY 2021-22	(f) Year Three FY 2022-23	(g) Year Four FY 2023-24	(h) Year Five FY 2024-25
	Capital Constr Funds (CCF)	$22,276,000	$0	$0	$9,776,000	$6,667,000	$0	$5,833,000
	Cash Funds (CF)	$0	$0	$0	$0	$0	$0	$0
	Reappropriated Funds (RF)	$0	$0	$0	$0	$0	$0	$0
	Federal Funds (FF)	$84,428,000	$0	$0	$26,928,000	$20,000,000	$0	$37,500,000
	Highway Users (HUTF)	$0	$0	$0	$0	$0	$0	$0
	Total Funds (TF)	$106,704,000	$0	$0	$36,704,000	$26,667,000	$0	$43,333,000

(1)	(a) Project Title :	Construct New Field Artillery Readiness Center					(b) Phase:	1 of 3
(2)	Brief Description of Project:	Land Acquistion to construct a Readiness Center on a new site in Douglas County. Project includes all utility services, information systems, fire detection and alarm systems, roads, walks, curbs, gutters, storm drainage, parking areas, security measures and site improvements. Future phases includes Architecture/Engineering design and construction of the facility. **State Real Estate proceeds from Boulder sale.						
(3)	Impacted Programs:	Colorado Army National Guard						
(4)	(a) Priority Number:	1	(b) Project Type:	Capital Construction (CC)			(c) Gross Square Feet:	75,882
(5)	(a) Funding Source	(b) Total Project Cost	(c) Total Prior Appropriation	(d) Current Year FY 2020-21	(e) Year Two FY 2021-22	(f) Year Three FY 2022-23	(g) Year Four FY 2023-24	(h) Year Five FY 2024-25
(6)	Capital Constr Funds (CCF)	$7,267,000	$0	$0	$600,000	$6,667,000	$0	$0
(7)	Cash Funds (CF)	$0	$0	**See note above	$0	$0	$0	$0
(8)	Reappropriated Funds (RF)	$0	$0	$0	$0	$0	$0	$0
(9)	Federal Funds (FF)	$21,800,000	$0	$0	$1,800,000	$20,000,000	$0	$0
(10)	Highway Users (HUTF)	$0	$0	$0	$0	$0	$0	$0
(11)	Total Funds (TF)	$29,067,000	$0	$0	$2,400,000	$26,667,000	$0	$0

(1)	(a) Project Title :	Expand Fort Lupton Readiness Center					(b) Phase:	1 of 1
(2)	Brief Description of Project:	Expand an existing Readiness Center including utility services, information systems, fire detection and alarm systems, access roads, parking areas, security measures and site improvements. The expansion was master planned during original design in Capital Construction project P0840. Year Two funds include detailed design and CM/GC construction. This project was established as a Unspecified Minor Military Construction (UMMC) project. COARNG is competing for the federal funds.						
(3)	Impacted Programs:	Colorado Army National Guard						
(4)	(a) Priority Number:	2	(b) Project Type:	Capital Construction (CC)			(c) Gross Square Feet:	17,210
(5)	(a) Funding Source	(b) Total Project Cost	(c) Total Prior Appropriation	(d) Current Year FY 2020-21	(e) Year Two FY 2021-22	(f) Year Three FY 2022-23	(g) Year Four FY 2023-24	(h) Year Five FY 2024-25
(6)	Capital Constr Funds (CCF)	$2,800,000	$0	$0	$2,800,000	$0	$0	$0
(7)	Cash Funds (CF)	$0	$0	$0	$0	$0	$0	$0
(8)	Reappropriated Funds (RF)	$0	$0	$0	$0	$0	$0	$0
(9)	Federal Funds (FF)	$6,000,000	$0	$0	$6,000,000	$0	$0	$0
(10)	Highway Users (HUTF)	$0	$0	$0	$0	$0	$0	$0
(11)	Total Funds (TF)	$8,800,000	$0	$0	$8,800,000	$0	$0	$0

(1)	(a) Project Title :	Construct New Mountain Readiness Center					(b) Phase:	1 of 1
(2)	Brief Description of Project:	Construct a Readiness Center on a new site near Leadville, CO. Project includes all utility services, information systems, fire detection and alarm systems, roads, walks, curbs, gutters, storm drainage, parking areas, security measures and site improvements. Year Two funds include detailed design and CM/GC construction.						
(3)	Impacted Programs:	Colorado Army National Guard						
(4)	(a) Priority Number:	3	(b) Project Type:	Capital Construction (CC)			(c) Gross Square Feet:	49,628
(5)	(a) Funding Source	(b) Total Project Cost	(c) Total Prior Appropriation	(d) Current Year FY 2020-21	(e) Year Two FY 2021-22	(f) Year Three FY 2022-23	(g) Year Four FY 2023-24	(h) Year Five FY 2024-25
(6)	Capital Constr Funds (CCF)	$6,376,000	$0	$0	$6,376,000	$0	$0	$0
(7)	Cash Funds (CF)	$0	$0	$0	$0	$0	$0	$0
(8)	Reappropriated Funds (RF)	$0	$0	$0	$0	$0	$0	$0
(9)	Federal Funds (FF)	$19,128,000	$0	$0	$19,128,000	$0	$0	$0
(10)	Highway Users (HUTF)	$0	$0	$0	$0	$0	$0	$0
(11)	Total Funds (TF)	$25,504,000	$0	$0	$25,504,000	$0	$0	$0

(1)	(a) Project Title :	Construct New Field Maintenance Shop (FMS), Pueblo, Colorado					(b) Phase:	1 of 1
(2)	Brief Description of Project:	Construct a new Vehicle Maintenance Shop on the current expanded site or a new site in Pueblo, CO. Facility to include offices and maintenance bays for military vehicles. Project also includes all utility services, information systems, fire detection and alarm systems, roads, walks, curbs, gutters, storm drainage, parking areas, security measures and site improvements. **Federal construction funding requested for FY26.**						
(3)	Impacted Programs:	Colorado Army National Guard						
(4)	(a) Priority Number:	4	(b) Project Type:	Capital Construction (CC)			(c) Gross Square Feet:	40,208
(5)	(a) Funding Source	(b) Total Project Cost	(c) Total Prior Appropriation	(d) Current Year FY 2020-21	(e) Year Two FY 2021-22	(f) Year Three FY 2022-23	(g) Year Four FY 2023-24	(h) Year Five FY 2024-25
(6)	Capital Constr Funds (CCF)	$0	$0	**$0**	$0	$0	$0	$0
(7)	Cash Funds (CF)	$0	$0	**$0**	$0	$0	$0	$0
(8)	Reappropriated Funds (RF)	$0	$0	**$0**	$0	$0	$0	$0
(9)	Federal Funds (FF)	$20,000,000	$0	**$0**	$0	$0	$0	$20,000,000
(10)	Highway Users (HUTF)	$0	$0	**$0**	$0	$0	$0	$0
(11)	***Total Funds (TF)***	**$20,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$20,000,000**

(1)	(a) Project Title :	Construct New Readiness Center, Pueblo, Colorado					(b) Phase:	1 of 1
(2)	Brief Description of Project:	Construct a new Readiness Center on the current expanded site or a new site in Pueblo, CO. Project includes all utility services, information systems, fire detection and alarm systems, roads, walks, curbs, gutters, storm drainage, parking areas, security measures and site improvements. **Federal construction funding requested for FY31.**						
(3)	Impacted Programs:	Colorado Army National Guard						
(4)	(a) Priority Number:	5	(b) Project Type:	Capital Construction (CC)			(c) Gross Square Feet:	50,483
(5)	(a) Funding Source	(b) Total Project Cost	(c) Total Prior Appropriation	(d) Current Year FY 2020-21	(e) Year Two FY 2021-22	(f) Year Three FY 2022-23	(g) Year Four FY 2023-24	(h) Year Five FY 2024-25
(6)	Capital Constr Funds (CCF)	$5,833,000	$0	**$0**	$0	$0	$0	$5,833,000
(7)	Cash Funds (CF)	$0	$0	**$0**	$0	$0	$0	$0
(8)	Reappropriated Funds (RF)	$0	$0	**$0**	$0	$0	$0	$0
(9)	Federal Funds (FF)	$17,500,000	$0	**$0**	$0	$0	$0	$17,500,000
(10)	Highway Users (HUTF)	$0	$0	**$0**	$0	$0	$0	$0
(11)	***Total Funds (TF)***	**$23,333,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$23,333,000**

Department of Personnel & Administration

JBC Comeback date: 5/5/2020

FY 2020-21 Request Comeback Form

Statewide Disparity Study - S.B. 19-135 Appropriation

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$650,000***	**$650,000**	**$0**	**$1,300,000**	**$1,300,000**
General Fund	**$650,000***	**$650,000**	**$0**	**$1,300,000**	**$1,300,000**
Cash Funds	**0**	**0**			
Reappropriated Funds	**0**	**0**			
Federal Funds	**0**	**0**			

** The Department has paid $517K to the vendor for work done and other invoices for work completed are anticipated before the end of the fiscal year.*

Summary of Initial Request

SB 19-135 was passed during the FY 2018-19 legislative session and required the Department of Personnel and Administration (DPA) to commission an independent study of the State procurement process to determine whether disparities exist between the participation of historically underutilized businesses and other businesses to be completed by December 1, 2020. The bill allowed the DPA to spend an appropriation of $650,000 in FY 2019-20 and $650,000 into the next fiscal year FY 2020-21.

Committee Action

JBC staff recommended the Committee run legislation to delay conducting the study required by S.B. 19-135 until at least FY 2021-22 to increase available General Fund for FY 2019-20 and FY 2020-21 by $650,000 each year.

Comeback

With a completion deadline of December 1, 2020, the Department of Personnel & Administration is well underway with contracting and working on the study as of May 2020. The work that has been completed thus far may be able to be used at a future point if the rest of the funding was removed and restored at a later point, however, the longer the study is delayed, the less relevant the material already completed may become. Additionally, it is possibly that some steps that are already completed and invoiced in order to reflect new and accurate data for the study.

As of March 2020, DPA has been invoiced for $517,494 in costs related to work already completed for the Disparity study, and there could be additional costs in FY 2019-20 for work performed in April 2020. The Department is asking that the full $1,300,000 be funded so that this project can be completed by December 2020.

REQUEST TITLE: BA3 Mobile Air Monitoring Van & R1 Stationary Sources Program Resources

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$17,416,252**	**$2,787,519**	**$1,964,884**	**$2,787,519**	**$822,635**
General Fund	**$163,820**	**$0**	**$0**	**$0**	**$0**
Cash Funds	**$12,954,513**	**$2,787,519**	**$1,964,884**	**$2,787,519**	**$822,635**
Reappropriated Funds	**$89,387**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$4,208,532**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

The Department requested $942,153 GF and 3.0 FTE for two mobile air monitoring vans (BA-03 Mobile Monitoring of Oil & Gas Health Effects) and $2,417,371 CF and 19.4 FTE for stationary sources program resources (R-01 Oil & Gas Enforcement, Compliance, and Permitting Initiative). The Joint Budget Committee initially approved staff recommendations of $559,190 CF and 1.5 FTE for a single mobile air monitoring van and $2,228,329 in cash funds and 18.4 FTE for stationary sources program resources during figure setting. OSPB and the Department did not ask the Committee to reconsider these decisions.

Committee Action

During budget balancing, the Joint Budget Committee approved new staff recommendations to reduce the BA3 Mobile Air Monitoring Van request by another $493,354 CF and 1.0 FTE and reduce the R1 Stationary Sources Program Resources request by another $329,281 CF. The Committee based this action on the fact that the Division is expected to receive similar resources through the COGCC's settlement of an enforcement case related to the oil and gas explosion in Firestone, Colorado.

Comeback

OSPB respectfully requests that the Joint Budget Committee reconsider their recent action to decrease funding pursuant to CDPHE's R-01 and BA-03 requests. In both cases, the resources anticipated as a result of the COGCC settlement should be viewed as distinct from the requested and previously approved spending and not as alternative funding sources. The department's need, as reflected in the initial requests, is for two mobile monitoring vans and three new infrared cameras. The Firestone settlement does not fill these needs. Instead it allows the APCD to purchase one mobile monitoring van and replace its existing fleet of infrared cameras, which are near their end of useful life. Finally, as the appropriations previously approved for both of these requests are cash fund appropriations, reducing them will not provide any additional General Fund for balancing. Details on both requests are included below:

BA-03 Mobile Monitoring for Oil and Gas Health Effects

The COGCC settlement funds allow the Department to purchase one of the two vans originally requested, while the other must be purchased using the Air Pollution Control Division (APCD) cash funds requested.

The van funded by the Firestone settlement and the van initially approved by the JBC pursuant to the BA-03 request have two different intended purposes. The primary purpose of the van funded by the Firestone settlement is to discover and quantify unidentified leaks from facilities and pipelines in the oil and gas exploration and production sector. Given the thousands of facilities and the hundreds of thousands of miles of pipelines within this sector, doing the type of comprehensive assessment necessary to identify these leaks will be a full time job for the van funded by the Firestone settlement.

The van initially approved by the JBC pursuant to the BA-03 request is intended for a variety of purposes outside of the scope of the van funded by the Firestone Settlement. This van can be used to rapidly respond to complaints from citizens who live near oil and gas sites, and because of its mobility can better track emission plumes that will shift with the wind, and thereby otherwise avoid detection. A van can also be used to measure variable emission sources over time either through repeat visits to a site or by measuring emissions over a longer period of time, either from a single location or by circumnavigating a facility. This capability will allow the APCD to better understand the magnitude of impacts from the many known but variable emission sources that are common in the oil and gas industry. Working in conjunction with other measurement technologies, such as fixed site monitors and aerial surveys, this second van can help to better quantify the overall emissions from different oil and gas fields. This information will be critical to better understand the formation of ozone and other regional pollutants, which in turn will aid APCD's planning efforts in connection with coming into compliance with federal ambient air quality standards.

The need for mobile monitoring is not limited to the oil and gas sector. Increasingly Coloradans are concerned with local exposures from incidents at large industrial facilities like the Suncor refinery, and from pollution from the multitude of other sources, including mobile sources that disproportionately impact certain communities such as North Denver, Commerce City, Pueblo, and other heavily industrialized and/or trafficked areas. While fixed monitors do an excellent job at understanding pollution levels on a regional basis, they are likely to miss local pollution hotspots that shift with the wind over time. A second van provides the opportunity to address these and many other pollution issues that would otherwise go unaddressed by a van focused on finding unidentified leaks from oil and gas well production sites and associated pipelines.

R-01 Oil and Gas Enforcement, Compliance, and Permitting Initiative

The infrared (IR) cameras funded by the Firestone settlement are unique and distinct from what was requested in the FY 20-21 R-01 request. The cameras funded from the Firestone settlement replace the existing fleet of five (5) IR cameras, currently owned by the Air Pollution Control Division (APCD), that are nearing the end of their service life. These cameras are currently used by ten existing inspection staff to support and complete the program's current inspection work. Using the Firestone settlement for this purpose helps APCD not incur those camera replacement costs.

The three (3) IR cameras and six (6) O&G inspection FTE, requested in R1, increase and advance oil and gas monitoring and inspection work beyond existing capacity and allow for leaks to be addressed in a timelier manner. If these cameras are removed from the request, six of the new FTE requested and previously approved, will not have the equipment they need to effectively complete the inspection work that they are being hired to conduct.

REQUEST TITLE: Suicide Prevention

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$1,053,103**	**$1,164,685**	**($116,468)**	**$0**	**$116,468**
General Fund	**$1,053,103**	**$1,164,685**	**($116,468)**	**$0**	**$116,468**
Cash Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

During budget balancing Joint Budget Committee staff recommended a reduction of 10 percent, or $116,468 General Fund for this line item.

Committee Action

During budget balancing the Joint Budget Committee approved staff recommendation of a reduction of 10 percent, or $116,468 General Fund for this line item.

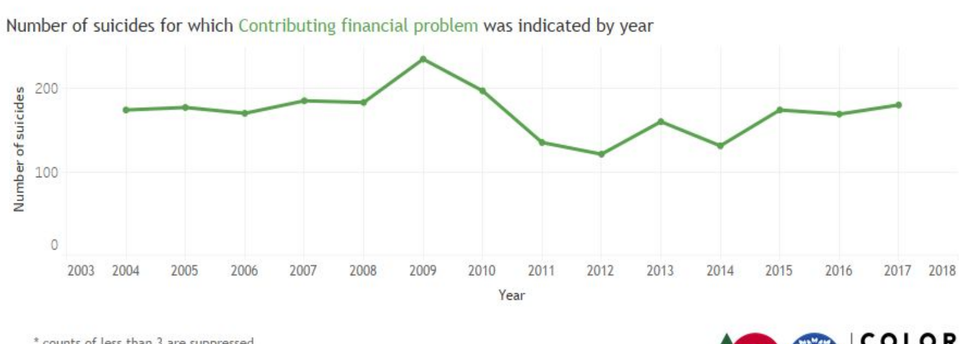
Comeback

The Department is concerned about reducing any resources to the Suicide Prevention Line Item at this time as it is anticipated that the current pandemic and resulting economic conditions will magnify the challenges in an area in which Colorado is already challenged. The Department believes that this line item should not be reduced and that the limited resources available to this work remain at this difficult time for many Coloradans. This funding is directly tied to CDPHE's WIG of reducing Colorado's suicide rate from 21.7 per 100,000 people to 20.6 by June 30, 2020 and 18.4 by June 30, 2023. Rather than reducing this funding, the Department would prefer that $180,000 is swept from the Vital Records Cash Fund to the General Fund, which would result in an additional savings of $63,532 of General Fund.

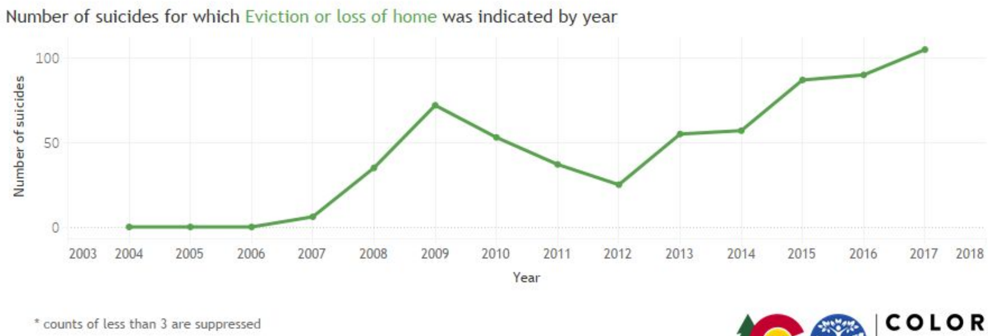
If funding is reduced, the Office of Suicide Prevention (OSP) will need to cut $30,000-60,000 from grants, which could include the planned grants to coroner's offices to help with additional data collection and reporting. In addition, the program will cut staff travel, professional development, food for full-day training events to recruit attendees, provision of materials to stakeholders, technical assistance to stakeholders, support for enhanced data collection and reporting activities, behavioral health promotion initiatives, and sponsorships for conferences and stakeholder events to the extent possible.

The Office of Suicide Prevention expects risk factors and use of the crisis line to increase in an economic downturn. Risk factors such as isolation, anxiety, substance use, economic stress, relationship stressors, and exposure to violence are going up, and will continue to do so for several years post-COVID. The OSP tracks other indicators, such as calls to the crisis line and emergency department visits. The OSP is hearing from partners that calls to the crisis line and national suicide prevention line in Colorado are rising, with walk-in centers and ED visits declining (likely due to physical distancing efforts and concern over potential exposure). Tracking and responding to trends like these is a critical function of the OSP

From what the program saw in the 2008 recession (which was sustained over time), and what was observed nationally following the Spanish flu in the early 1900s, suicide-related indicators (suicide-related emergency department visits, hospitalizations, ideation, attempts, overdoses, and fatalities) are expected to rise. For instance, here in Colorado, one of the data tools utilized to track trends in suicide mortality is the Colorado Violent Death Reporting System, which gathers information from law enforcement, coroners, and other death investigators to collect information on circumstances contributing to the suicide fatality. From this data source, it is possible to point to peaks following the economic recession in 2008 when financial stressors were deemed to significantly contribute to suicide fatalities.



COLORADO
Center for Health & Environmental Data
Department of Public Health & Environment



Recently, the American Medical Association published an article in JAMA Psychiatry which highlighted some of the risk factors exacerbated during the COVID-19 pandemic and response: Economic Stress, Social Isolation, Decreased Access to Community and Religious Support, Barriers to Mental Health Services, Illness and Medical Problems, National Anxiety, and Increase in Firearm Sales.

A 2015 systemic review found that economic downturns are usually associated with higher suicide rates compared with periods of relative prosperity[1]. Of additional concern is the impact of the current pandemic on healthcare professionals. Some early data[2] highlights the negative impact observed on community wellbeing verses the wellbeing of health care providers. The study utilizes machine learning to analyze social media inputs to investigate the effects of the pandemic on the mental well-being of the public compared to that of health care providers. While the wellbeing of the general population has decreased, the wellbeing of the health care providers has decreased even more, which is cause for significant concern.

[1] Oyesanya M, Lopez-Morinigo J, Dutta R. *Systematic review of suicide in economic recession.* World J Psychiatry. 2015;5(2):243-254. doi:10.5498/wjp.v5.i2.243
[2] https://suicidology.org/2020/05/05/ai-healthcare-professionals-mental-health/

REQUEST TITLE: Family Planning Purchase of Service

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$4,759,461**	**$4,759,461**	**($951,892)**	**($713,919)**	**$237,973**
General Fund	**$4,759,461**	**$4,759,461**	**($951,892)**	**($713,919)**	**$237,973**
Cash Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

On March 16th, 2020, the Joint Budget Committee approved $4,759,461 GF to this line item.

Committee Action

During budget balancing the Joint Budget Committee delayed a vote on the proposal included in staff's "Recommendations and Options if Deeper Cuts Are Required" to reduce this item by 20% ($951,892).

Comeback

OSPB and the Department recognize that the budget situation is challenging and reductions need to be made. In an effort to serve as many vulnerable Coloradans as possible, OSPB and the Department respectfully request that the reduction be 15% instead of 20%. This additional 5% funding that the program is able to retain will go directly to contractors working with these populations. The division anticipates that family planning clinics will likely see increased demand for services as the current crisis begins to subside and estimates that a 5% smaller reduction would result in serving an additional 2,750 people. A 15% reduction ($713,919) will reduce the anticipated savings to the General Fund by $237,973. The Family Planning program has proven to be cost saving to Medicaid. A reduction here could be offset by an increase in Medicaid costs in the near term.

Reductions in funding will impact patient access. However, the degree to which access is impacted will vary by clinic size, type, location and the amount of the cut. Grantees ultimately determine how to administer the reduction to their programs. The FPP is a grant program and not a fee-for-service program. Therefore, regardless of the amount of funding provided by CDPHE, the entire scope of services must be implemented. In order to continue providing the same menu of services with less funding, clinics will be forced to make other cuts to personnel or to hours and days of availability (or both). Consequently, the number of patients serviced to is anticipated to be impacted.

As of May 7, there are 76 family planning program clinics. Forty-five clinics are located in urban counties, 17 in rural, and 14 in frontier counties. It is difficult to say how the cuts would impact rural versus urban clinics. Rural clinics tend to have fewer providers than their urban counterparts and provide services fewer hours per week. If a clinic must reduce personnel due to budget cuts, it could have a disproportionate impact on rural and frontier clinics.

REQUEST TITLE: School Based Health Centers

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$5,008,732**	**$5,012,335**	**($1,002,467)**	**($751,850)**	**$250,617**
General Fund	**$5,008,732**	**$5,012,335**	**($1,002,467)**	**($751,850)**	**$250,617**
Cash Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

On March 16th, 2020, the Joint Budget Committee approved $5,012,335 GF to this line item.

Committee Action

During budget balancing the Joint Budget Committee delayed a vote on the proposal included in staff's "Recommendations and Options if Deeper Cuts Are Required" to reduce this item by 20% ($1,002,467).

Comeback

OSPB and the Department recognize that the budget situation is challenging and reductions need to be made. In an effort to serve as many vulnerable Coloradans as possible, OSPB and the Department respectfully request that the reduction be 15% instead of 20%. This additional 5% funding that the program is able to retain will go directly to contractors working with these populations. The demands on these clinics are expected to rise as the number of Colorado youth that have access to health care services will likely decline. The division estimates that a 5% smaller reduction would result in serving an additional 1,656 patients. A 15% reduction ($751,850) reduces the savings to the General Fund by $250,617.

Reductions in funding will impact patient access. However, the degree to which access is impacted will vary by clinic size, type, location and the amount of the cut. Grantees ultimately determine how to administer the reduction to their programs. The SBHC Program is a grant program and not a fee-for-service program. Therefore, regardless of the amount of funding provided by CDPHE, the entire scope of services must be implemented. In order to continue providing the same menu of services with less funding, clinics will be forced to make other cuts to personnel or to hours and days of availability (or both). Consequently, the number of students serviced to is anticipated to be impacted.

Of the 52 SBHCs funded by CDPHE grants, 34 clinics are located in urban counties and 18 are located in rural counties. Some rural counties have more than one SBHC. It is difficult to say how the cuts would impact rural versus urban clinics. Rural clinics tend to have fewer providers than their urban counterparts and provide services fewer hours per week. If a clinic must reduce personnel due to budget cuts, it could have a disproportionate impact on rural and frontier clinics.

COLORADO
Office of State Planning & Budgeting

Department of Public Health and Environment

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: R2 Immunization Outreach Funding

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$51,857,837**	**$2,500,000**	**$0**	**$1,500,000**	**$1,500,000**
General Fund	**$1,345,171**	**$2,500,000**	**$0**	**$1,500,000**	**$1,500,000**
Cash Funds	**$2,462,666**	**$0**	**$0**	**$0**	**$0**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$48,050,000**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

The Joint Budget Committee approved staff recommendation of $2,500,000 General Fund for the purposes of increasing the rate of measles, mumps, and rubella (MMR) vaccinations among the State's kindergarten population.

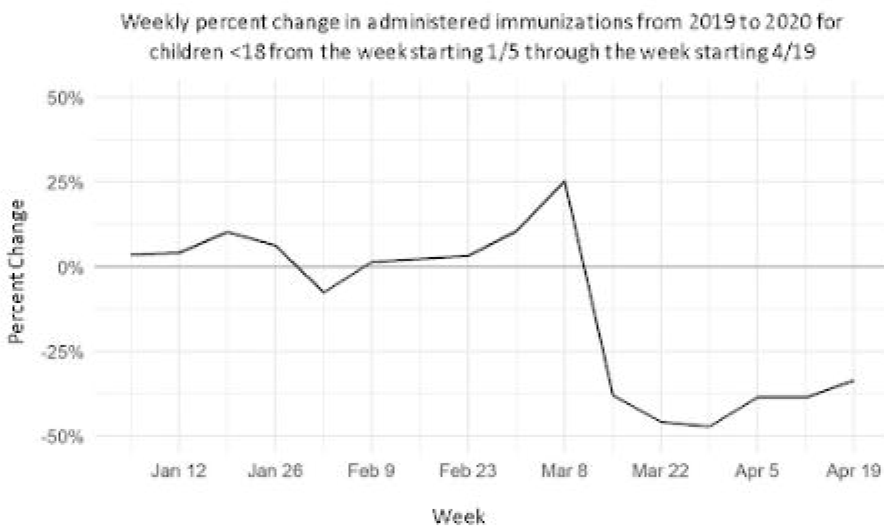
Committee Action

During budget balancing the Joint Budget Committee delayed voting on staff recommendation to remove Immunization Outreach Funding.

Comeback

The Department agrees to reduce this decision item and remove part of the request that supports one-time funding of $1 million to implement a statewide outreach campaign to increase kindergarten measles, mumps and rubella (MMR) rates. However, the Department strongly opposes the reduction of $1.5 million in ongoing funds to local public health agencies (LPHAs). These funds will support evidence-based interventions at the local level, such as reminder/recall and expanding clinic hours to evenings and weekends, that can be used to raise not only kindergarten MMR rates, a strategic priority of Governor Polis and the Department, but other immunization rates as well.

As essential businesses, most pediatric and family physician offices have remained open for services such as well child checks and immunizations. However, providers report that families have cancelled well child visits or are hesitant to bring their children in for care during the pandemic, resulting in a dramatic decline in vaccination uptake among Colorado children and adolescents. Data from the Colorado Immunization Information System (CIIS) shows a decrease in immunizations administered in Colorado. Since mid-March, average weekly immunizations have decreased by 40%.



The Department is convening an initial group of stakeholders to discuss how best to organize a strategic response to address these declining vaccination rates. Disruption of routine immunization, even for brief periods, will result in increased numbers of susceptible individuals and increase the likelihood of vaccine-preventable disease outbreaks in the coming months, which could put further stress on our already encumbered healthcare system. On-time administration of vaccines is the most effective way to prevent these outbreaks. Recovery to pre-COVID immunization levels and further improvement of childhood immunization rates will take significant action by many stakeholders at both the state and local levels.

It is critically important that we continue to invest in public health immunization infrastructure to maintain and improve immunization coverage levels and prevent disease outbreaks. This is particularly true in rural areas of the state where, in some counties, the LPHA is the only immunization service provider. Per the Colorado Public Health System Transformation Core Public Health Services Needs Assessment Report published January 2020, LPHAs estimate that they need an additional $1.8 million annually to be fully funded to provide immunization services in their jurisdiction and this funding will meet most of that ongoing need.

The Department has not received and does not expect to receive federal funding that can be used to support routine vaccine service delivery, programming, or interventions designed to raise immunization coverage levels at the state or local level. The Department has received approximately $27M in federal funding from the CARES Act, all of which is dedicated to specific program activities and direct COVID response and cannot be used to support ongoing services and immunization infrastructure. An example of these restricted funds is the most recent COVID federal funding provided through the Paycheck Protection Program and Health Care Enhancement Act, allocated for state-led COVID-19 testing and contact tracing. From this Act, the Department received $10.3 million through our existing Epidemiology and Laboratory Capacity (ELC) grant to support two-years of COVID response in the areas of epidemiology and surveillance (with an emphasis on contact tracing, follow-up and containment) particularly in vulnerable settings such as healthcare facilities, certain employment settings and congregate living facilities, laboratory testing, and electronic reporting of test results, cases, emergency department and outpatient visits and deaths.

The $1.5 million dollar grant program is requested to provide ongoing infrastructure funding to a critical but underfunded system of local public health agencies. This funding will allow them to focus on public health issues beyond the pandemic, and create a stronger system of prevention into the future.

Rather than removing funding from the R2 Immunization Outreach request, the Department would prefer that $5,600,000 is swept from the Small Communities Water and Wastewater Grant Fund (SCWWGF). The sweep from the SCWWGF is being requested to offset the Department's opposition to both the removal of R2 Immunization Outreach, and the cash fund sweep from the Hazardous Substance Response Fund. Sweeping funds from the SCWWGF will result in an additional savings of $3,093,679 to the General Fund.

REQUEST TITLE: BA-02 PFAS and Emerging Contaminants Toxicology

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$5,228,858**	**$727,286**	**$0**	**$500,000**	**$500,000**
General Fund	**$412,224**	**$727,286**	**$0**	**$500,000**	**$500,000**
Cash Funds	**$3,772,258**	**$0**	**$0**	**$0**	**$0**
Reappropriated Funds	**$179,676**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$864,700**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

The Department requested $727,286 GF and 2.0 FTE to continue groundwater testing for polyfluoroalkyl substances (PFAS) contamination and hire two toxicologists to serve as the state's experts in PFAS impacts and emerging contaminants. The Joint Budget Committee approved staff recommendation of $500,000 GF to continue groundwater testing started in January 2020 in response to reports of growing public health concerns regarding groundwater contamination from PFAS.

Committee Action

During budget balancing, the Joint Budget Committee delayed a vote on staff's recommendation to eliminate this request entirely.

Comeback

OSPB respectfully requests that the Joint Budget Committee approve the requested $500,000 for on-going sampling and emerging contaminants toxicology. Local public water system participation in sampling has been high so far in the current fiscal year, but still leaves un-sampled public systems and private wells. It is anticipated that the results will drive the need for additional sampling and toxicology services to local public water systems and local governments to help these entities and individuals understand the sampling results, understand the health risks, and discuss recommendations to reduce risk. The Department is requesting that the Committee sweeps $502,573 from the Public and Private Utilities Sector Fund rather than remove funding for this request. This sweep would result in an additional savings of $2,573 to the General Fund.

PFAS contamination has been found in Colorado communities and it is a present day public health risk and the Department does not have a program and dedicated resources for addressing PFAS and emerging contaminants. Colorado has already had water system sources serving more residents with levels above EPA Health Advisory levels than any other State, even with only partial surveillance. The scientific understanding of PFAS contamination continues to evolve but the EPA's health advisory levels were calculated to offer a margin of protection against adverse health effects to the most sensitive populations: fetuses during pregnancy and breastfed infants. The health advisory levels are calculated based on the drinking water intake of lactating women, who drink more water than other people and can pass these chemicals along to nursing infants through breastmilk. The Department recognizes that EPA's health advisory levels are relatively new and cumulative impacts have yet to be understood; however, the Department cannot agree that there is no immediate health, life or safety impact. The Air Force has spent tens of millions of dollars to address contamination from its facilities in Colorado; it would not have done so without a real health concern.

Similarly, the Department cannot agree that PFAS contamination does not affect vulnerable populations. Perfluorinated compound chemicals can be found anywhere that Class B firefighting foam has been used for training or to put out petroleum-based fires, including military bases, airports, fire districts, oil and gas, refineries, and other industries. PFAS has already been found in the water supply and groundwater in Commerce City, for example. In addition, it is anticipated that small and rural water systems will need to address contamination. Public water systems or well owners may immediately need filtration or alternative water supply and need resources to mitigate risk and clean-up contamination. The resources needed to ensure immediate public health safety are significant.

Legislation, including HB20-1119 and an unintroduced PFAS enterprise bill will further advance our state's effort to address PFAS contamination, but it is critical that the testing funded by this proposal continue uninterrupted. HB20-1119 (State Government Regulation Of Perfluoroalkyl And Polyfluoroalkyl Substances) will grant the Department and Water Quality Control Commission the authority to set and enforce standards and regulations for PFAS in water supply sources, finished drinking water, surface water, and groundwater. It also requires the solid and hazardous waste commission to promulgate rules related to the possession of PFAS-containing firefighting agents or equipment and set standards for its capture and disposal. The unintroduced PFAS enterprise bill will will create a state enterprise to manage petroleum fire-related PFAS risks through measures such as the development of feasibility investigations, provision of support for sampling and assessments, grants to utility systems for infrastructure needs, grants to current and former users of class B firefighting foam for remediation activities, emergency response assistance, and take-back programs. The new enterprise will be empowered to establish fees for registration, petroleum storage, and aviation fuels. These fund sources are identified in the draft legislation because the class B firefighting foam subject to the bill are used and designed exclusively for petroleum fires. Further, all of the high readings of PFAS we have seen in the State so far have origins in the use and training with Class B firefighting foams, also known as AFFF.

REQUEST TITLE: Hazardous Substance Response Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**N/A**	**N/A**	**($1,006,321)**	**$0**	**$1,006,321**
General Fund	**N/A**	**N/A**	**($1,006,321)**	**$0**	**$1,006,321**
Cash Funds	**N/A**	**N/A**	**$0**	**$0**	**$0**
Reappropriated Funds	**N/A**	**N/A**	**$0**	**$0**	**$0**
Federal Funds	**N/A**	**N/A**	**$0**	**$0**	**$0**

Summary of Initial Request

Joint Budget Committee staff recommended a 10% sweep from the Hazardous Substance Response Fund to the General Fund during budget balancing. While funds being swept are cash funds, they will increase General Fund, and have therefore been displayed on the table above as General Fund.

Committee Action

On May 4, 2020, the Joint Budget Committee delayed voting on the recommendation.

Comeback

OSPB respectfully recommends that the committee deny this proposal, as a fund balance transfer from the Hazardous Substance Response Fund will reduce future capital needed for the State to meet responsibilities under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). During the initial stages of projects being completed under CERCLA the State is required to put forward 10% of funding in order to receive the remaining 90% of costs from Federal Funds. Without these funds the State will not receive matching Federal Funds. This fund includes operating and maintenance funds for three water treatment plants, remediation of the Colorado Smelter site, and future response costs related to Bonita Peak Mining District (Gold King). Rather than sweeping funds from the Hazardous Substance Response Fund, the Department would prefer that funds are swept from the Small Communities

Water and Wastewater Grant Fund (SCWWGF). The sweep from the SCWWGF is being requested to offset the Department's opposition to both the cash fund sweep from the Hazardous Substance Response Fund, and the removal of R2 Immunization Outreach. Sweeping funds from the SCWWGF will result in an additional savings of $3,093,679 to the General Fund.

COLORADO
Office of State Planning & Budgeting

Department of Public Health and Environment

JBC Comeback date: May 11, 2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: Vital Records Cash Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**$0**	**($180,000)**	**($180,000)**
General Fund			**$0**	**($180,000)**	**($180,000)**
Cash Funds			**$0**	**$0**	**$0**
Reappropriated Funds			**$0**	**$0**	**$0**
Federal Funds			**$0**	**$0**	**$0**

Summary of Initial Request

N/A

Committee Action

N/A

Comeback

The Department is requesting that JBC sweep $180,000 from the Vital Records Cash Fund to the General Fund. This fund has a current balance of $1.1M. The majority of this balance is dedicated to an update of the Electronic Birth Registration System Capital Construction Project. This sweep of $180,000 can be made with no impact to program operations. This cash fund sweep is to offset the reduction to the Office of Suicide Prevention (OSP) that the Department is opposing. Sweeping these funds, rather than reducing OSP funding will result in an additional savings of $63,532 to the General Fund.

REQUEST TITLE: Waste Tire Market Development Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**$0**	**($771,204)**	**($771,204)**
General Fund			**$0**	**($771,204)**	**($771,204)**
Cash Funds			**$0**	**$0**	**$0**
Reappropriated Funds			**$0**	**$0**	**$0**
Federal Funds			**$0**	**$0**	**$0**

Summary of Initial Request

N/A

Committee Action

N/A

Comeback

The Department is requesting that JBC sweep the entirety of the Waste Tire Market Development Cash Fund to the General Fund. The full balance can be swept as this fund has been repealed. This cash fund sweep is to offset the reduction to the Family Planning Purchase of Service line item. Sweeping these funds, rather than reducing the Family Planning Purchase of Service line by an additional 5% ($237,973), will result in additional savings of $533,231 to the General Fund.

REQUEST TITLE: Process and End Users Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**$0**	**($400,000)**	**($400,000)**
General Fund			**$0**	**($400,000)**	**($400,000)**
Cash Funds			**$0**	**$0**	**$0**
Reappropriated Funds			**$0**	**$0**	**$0**
Federal Funds			**$0**	**$0**	**$0**

Summary of Initial Request

N/A

Committee Action

N/A

Comeback

The Department is requesting that JBC sweep $400,000 from the Process and End Users Cash Fund to the General Fund. The current fund balance is $1M with the majority of funds obligated for end-user rebates. This sweep can be made with no impact to program operations. This cash fund sweep is to offset the reduction of the School Based Health Centers line item. Sweeping these funds, rather than reducing the School Based Health Centers line by an additional 5% ($250,617), will result in additional savings of $149,383 to the General Fund.

REQUEST TITLE: Small Communities Water and Wastewater Grant Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**$0**	**($5,600,000)**	**($5,600,000)**
General Fund			**$0**	**($5,600,000)**	**($5,600,000)**
Cash Funds			**$0**	**$0**	**$0**
Reappropriated Funds			**$0**	**$0**	**$0**
Federal Funds			**$0**	**$0**	**$0**

Summary of Initial Request

N/A

Committee Action

N/A

Comeback

The Department is requesting that JBC sweep $5,600,000 from the Small Communities Water and Wastewater Grant Cash Fund to the General Fund. This fund currently has a balance of $10.9M, and the program has a $4.5M Request for Application currently in the works. This sweep can be made with no impact to program operations. This cash fund sweep is to offset the removal of R2 Immunization outreach funding and the transfer from the Hazardous Substance Response fund that the Department is opposing. Sweeping these funds, rather than removing R2 Immunization Outreach Funding and the transferring funds from the Hazardous Substance Response fund will result in an additional savings of $3,093,679 to the General Fund.

REQUEST TITLE: Public and Private Utilities Sector Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds			**$0**	**($502,573)**	**($502,573)**
General Fund			**$0**	**($502,573)**	**($502,573)**
Cash Funds			**$0**	**$0**	**$0**
Reappropriated Funds			**$0**	**$0**	**$0**
Federal Funds			**$0**	**$0**	**$0**

Summary of Initial Request

N/A

Committee Action

N/A

Comeback

The Department is requesting that JBC sweep $502,573 from the Public and Private Utilities Sector Cash Fund to the General Fund. The current balance of this fund is $1.9M. The majority of these funds are obligated to be used for monitoring and assessment of State waters, water quality standards support to the Water Quality Control Commission, issuing permits to control discharge of waste, inspections of facilities, and enforcement. This cash fund sweep is to offset the removal of BA2 PFAS and Emerging Contaminants Toxicology that the Department is opposing. Sweeping these funds, rather than removing BA2 PFAS and Emerging Contaminants Toxicology will result in an additional savings of $2,573 to the General Fund.

COLORADO
Office of State Planning & Budgeting

Department of Public Safety

JBC Comeback date: 5/11/2020

FY 2020-21 Request Comeback Form

REQUEST TITLE: 2013 Flood Response and Recovery

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$22,000,000**	**$18,334,082**	**$0**	**$18,334,082**	**$18,334,082**
General Fund	**$11,000,000**	**$9,167,041**	**$0**	**$9,167,041**	**$9,167,041**
Cash Funds	**$11,000,000**	**$9,167,041**	**$0**	**$9,167,041**	**$9,167,041**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

Senate Bill 19-207 appropriated $11,000,000 General Fund and $11,000,000 cash funds for transfer into the Disaster Emergency Fund (DEF) to pay for ongoing costs of the 2013 flood response and recovery. The Department requested a base reduction of $3,665,918 that included $1,832,959 General Fund and $1,832,959 cash funds from the DEF in FY 2020-21. The adjustment would reduce the transfer amount into the DEF for the Division of Homeland Security and Emergency Management (DHSEM), Office of Emergency Management, Appropriation to the DEF 2013 Flood Recovery Account line item to reflect the anticipated need for the final year of funding.

Committee Action

During the May 5, 2020 FY 2020-21 figure setting, the Joint Budget Committee did not approve the Department's request to appropriate the $9,167,041 General Fund transfer to the DEF 2013 Flood Recovery Account for the final installment of funds to complete related projects.

Comeback

OSPB respectfully asks the Committee to reconsider their decision to eliminate the FY21 appropriation to the Disaster Emergency Fund 2013 Flood Recovery Subaccount.

From September 9 through September 12, 2013, several communities along the Colorado Front Range were affected by a series of catastrophic floods, causing approximately $4 billion in damage. In response to these disasters, Governor Hickenlooper and the General Assembly coordinated an executive order to transfer $111.5 million General Fund to help address the emergency response and long-term recovery from these floods. Several federal agencies have also contributed hundreds of millions for the costs associated with rebuilding communities affected by the floods.

Many of these federal grants require matching funds from Colorado state and local governments. In particular, grants from the Federal Emergency Management Agency (FEMA) require a 25 percent local match in order to draw down federal funds. In the weeks following the flooding, Governor Hickenlooper pledged that the State would provide one-half of the required match for these grants for communities that were recovering from the catastrophic floods. In addition, for communities with extreme devastation and little funds available, the Governor authorized additional match assistance, beyond the one-half amount, e.g. Jamestown. The Governor and General Assembly anticipated that the $111.5 million would provide sufficient funding for the matching obligations. However, as rebuilding efforts progressed, it became apparent that amount was insufficient to cover the costs associated with the response and recovery from the September 2013 floods. To address this, the Department requested $12.5 million General Fund per year for four years from FY 2017-18 through FY 2020-21. The FY20 appropriation of $11 million was a recommended decrease by JBC staff and approved by the Committee. Similarly, the Department requested a decreased appropriation of $9.2 million for FY21. Appropriations are as follows:

- S.B. 17-261 appropriated $12.5 million
- H.B. 18-1322 appropriated $12.5 million
- S.B. 19-207 appropriated $11.0 million.

The authority for the Governor to provide local assistance with federal match requirements was codified in S.B. 14-121, which made explicit the Governor's authority to provide this critical aid. As was noted in the fiscal note for S.B. 14-121 the state is assisting with the required federal match for 2013 flood recovery. Subsequently, the General Assembly passed S.B. 17-261, which created the 2013 Flood Recovery Account in the Disaster Emergency Fund. The fiscal note included language regarding the Governor's pledge to provide aid to local communities to help meet federal match requirements, "...The Governor also pledged one-half of the 25 percent match required for Federal Emergency Management Agency grants…."

Without further 2013 flood funding, the state will be out of compliance with the FEMA Grant Agreement. Article I of Exhibit C of the FEMA-State Agreement, signed by Governor Hickenlooper states, "The Grantee agrees to abide by and comply with…all provisions of the State Administrative Plan for the 2013 floods (DR-4145). Section 23 states, "The state will provide 50 percent of the required 25 percent non-federal match for each project worksheet." The plan further states, "If the local government has used all of their reserves and TABOR

Emergency Reserves, the state may increase the cost share up to 90 percent of the remaining 12.5 percent local match." This was the case for the Town of Lyons and the Town of Jamestown.

Article IV 6. of Exhibit C of the FEMA-State Agreement explains that failure to adhere to the terms of the FEMA-State Agreement will result in the enforcement actions detailed in 44 CFR section 13.43. The remedy actions section explains that FEMA can require all of the 2013 Flood Grant Award (3) be returned in addition to withholding any funding from other awards such as all funding for the COVID-19 pandemic (4). The State has currently received over $236 million in federal funding for this disaster and an additional $111 million in federal funding remains available for these projects.

FEMA has previously threatened enforcement action for non-compliance with the FEMA-State Agreement as is evidenced by a letter sent from FEMA regarding non-compliance with closeout timelines for the 2015 floods.

Finally, without this funding it is likely that local governments will be unable to complete their recovery from the 2013 floods; the state's largest natural disaster in history. The budget impacts to local communities would mean that many projects are stopped and, if the projects are completed and FEMA demands repayment, it is likely that the impacts to local budgets will be catastrophic.

The state currently has $20.1 million encumbered through contracts with various jurisdictions, in addition to the $7 million payment related to a Boulder County appeal. The funding also supports the administrative staff that manage the contracts and FEMA closeouts through the life of the project that is expected to be completed in December 2024.

COLORADO
Office of State Planning & Budgeting

Department of Revenue

JBC Comeback date: 5/11/20

FY 2020-21 Request Comeback Form

DMV GENERAL FUND REFINANCE

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$63,051,437**		**$0**	**$0**	**$0**
General Fund	**$4,835,648**		**($750,000)**	**($2,000,000)**	**($1,250,000)**
Cash Funds	**$58,033,894**		**$750,000**	**$2,000,000**	**$1,250,000**
Reappropriated Funds	**$181,895**				
Federal Funds					

10% DMV OPERATING REDUCTION

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$63,051,437**		**($5,292,919)**	**$0**	**($5292,919)**
General Fund	**$4,835,648**		**($380,111)**	**$0**	**($380,000)**
Cash Funds	**$58,033,894**		**($4,899,709)**	**$0**	**($4,899,709)**
Reappropriated Funds	**$181,895**		**($13,099)**	**$0**	**($13,099)**
Federal Funds					

Summary of Initial Request

The Department of Revenue (DOR) withdrew the initial request (R-09) to refinance the Department of Motor Vehicles (DMV) General Fund with an equal amount of Cash Funds spending authority to the License Services Cash Fund (LSCF) due to unexpected revenue declines.

Committee Action

The JBC proposed a reduction to the DMV's GF appropriation of $750,000 and delayed action on a 10% reduction in operating appropriations. Combined, these requests would reduce the GF appropriation by $750,000 and the CF appropriation by $5.3 M.

Comeback

Reducing the DMV's operating lines by 10% will cause major disruption to the customer-facing responsibilities of the DMV indiscriminately across all functions of the division. Operating expenses, aside from document and plate issuance, are generally fixed costs, at least in the short to medium term. The largest fixed costs include monthly lease payments, annual maintenance costs for the DMV software system, and personnel salaries, none of which see any savings during periods of reduced issuances, such as the current COVID closures. An across-the-board cut in operating spending authority will therefore result in a reduction in staffing levels and potentially the closing of offices intended to better serve the public. All of these actions will negatively impact the ability of the DMV to provide quality customer service, which is an essential Departmental mission and top goal of the Governor. For example, a 10% reduction in operating appropriations will cause wait times at the Driver License Offices would increase, call center hold times to increase, new and expanded Driver Licenses Office will be scaled back, and all services available at existing offices to be curtailed. Therefore, this cut will not only stop the improvements seen recently in customer service experiences but will also keep the Department from simply sustaining current performance metrics to meet customer service goals.

DOR would like to offer an alternative solution as a counterproposal. The JBC approved a $750,000 reduction to General Fund with no corresponding fee increase to support the increased cash fund spending authority from the LSCF *and* contemplated a 10% reduction to overall operating in the DMV. DOR is proposing as an alternative to both, a refinancing of $2,000,000 General Fund to cash fund spending authority, along with combining two DMV cash funds, the DRIVES Cash Fund and License Services Cash Fund, into a single DMV operating fund.

This refinance would annually free up $2,000,000 of General Fund that could then be available for other state priorities but maintain the current level of support for the DMV through added cash fund spending. Combining the two cash funds will mitigate the need for an immediate large fee increase that would be necessary to sustain divisional operations and customer service. The LSCF can support the increased burden of $2,000,000 in FY 2020-21 if combined with the

DRIVES CF, providing a combined fund balance large enough to support the higher spending authority in the near term.

The LSCF, on its own, is insolvent due to demographic shifts causing a decrease in the number of driver licenses issued and revenue generated.[1] Both the proposal passed by JBC and this alternative will necessitate increasing the driver license fees, but the counterproposal offered here will limit these increases to the statutory maximum of 5% each fiscal year over the next few years. Additionally, while the combined fund balance offers a short-term solution, DOR recognizes the need to find additional efficiencies and reductions at DMV to ensure that revenues are balanced with expenditures.

This request is directly aligned with the goals of the Governor and JBC because it frees up *ongoing* General Fund resources in the near-term *without* curtailing operations and negatively impacting customer service.

This counter proposal: 1) saves $2,000,000 in General Fund annually on an ongoing basis; 2) combines two cash funds to maximize the use of existing cash reserves; 3) limits driver license fee increases to the citizens of Colorado; and 4) allows the Department to continue towards the mission of constantly improving customer service.

[1] See attached summary of a combined LSCF and DRIV CF Cash Fund Summary detailing income and expenses for FY 2020-21 and out years.

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Beginning Fund Balance	**$ 38,867,316**	**$ 26,786,051**	**$ 16,931,440**	**$ 8,562,358**	**$ 2,336**
DRIVES Revenue	$ 12,183,517	$ 13,034,189	$ 13,164,531	$ 13,493,644	$ 13,898,453
LSCF Revenue	$ 32,500,969	$ 35,411,007	$ 35,800,089	$ 34,985,559	$ 36,734,837
Fee increase estimate LSCF	$ -	$ 2,326,566	$ 3,574,967	$ 4,888,220	$ 6,274,431
Total Revenue	**$ 44,684,486**	**$ 50,771,761**	**$ 52,539,586**	**$ 53,367,422**	**$ 56,907,721**
Expenses:					
Total Executive Director's Office	$ 7,817,746	$ 8,141,484	$ 7,561,432	$ 7,700,671	$ 7,842,611
Total Information Technology Division	$ 3,186,182	$ 3,488,939	$ 3,520,946	$ 3,553,320	$ 3,586,067
Total Division of Motor Vehicles	$ 45,761,824	$ 46,995,949	$ 47,826,290	$ 48,673,452	$ 49,537,781
GF shift to CF	$ -	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
Total Expense	**$ 56,765,752**	**$ 60,626,372**	**$ 60,908,668**	**$ 61,927,444**	**$ 62,966,459**
Surplus/Deficit	*$ (12,081,265)*	*$ (9,854,611)*	*$ (8,369,081)*	*$ (8,560,022)*	*$ (6,058,739)*
Ending Fund Balance	**$ 26,786,051**	**$ 16,931,440**	**$ 8,562,358**	**$ 2,336**	**$ (6,056,403)**
Fund Balance %	47.2%	27.9%	14.1%	0.0%	-9.6%
16.5% Fund Balance Target	*$ 9,366,349*	*$ 10,003,351*	*$ 10,049,930*	*$ 10,218,028*	*$ 10,389,466*

REQUEST TITLE: Lottery Consolidation					
	FY 2019-20 Appropriation	**FY 2020-21 Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Total Funds	$	$	$	$	$
General Fund	$	$	$	$	$
Cash Funds	$	$	$	$	$
Reappropriated Funds	$	$	$	$	$
Federal Funds	$	$	$	$	$

Summary of Initial Request

The Department of Revenue requests the consolidation of the currently separate operating appropriations, Operating Expenses, Travel, Marketing and Communications, and Research into a single Long Bill Operating Expenses appropriation within the State enterprise Lottery Division. This change will conform budgetary practices to statewide and departmental norms and allow the Lottery Division the same level of flexibility in responding to market conditions as other business divisions currently have. This will result in more efficient uses of resources with the goal of increasing distributions to lottery beneficiaries including Great Outdoors Colorado (GOCO), the Conservation Trust Fund (CTF), Colorado Parks and Wildlife (CPW), and Building Excellent Schools Today (BEST).

Committee Action

The Joint Budget Committee approved the consolidation of the Research and Travel into the overall Operating appropriation, but the consolidation of the Marketing and Communications into Operating appropriation was denied.

During the committee discussion, it seemed that there was a misconception that if Marketing and Communication were to be rolled into Operating, visibility to new games and game expansions would be lost. In addition, it was suggested that combining these appropriations may lead to a reduction of JBC/Legislature authority over spending. However, neither of these are the case and clarification seems necessary.

OSPB Comeback

There have been two primary objections raised during discussion on this request:

1. The first is that this would in some way reduce transparency of expenditures.
   The approval of this request does not limit or alter the detailed level at which expenditures will continue to be tracked and reported. The State's financial system allows for detailed coding that permits reporting at any level of detail using any parameters required. The Lottery also completes several annual audits including a year-end financial audit conducted by an external third party auditing firm among many other operational and system audits of the business activities.
   There is also a statutory requirement that the Lottery's Commission holds at least one meeting per month to "carry on a continuous study and investigation of the lottery" (C.R.S. 44-40-109), which includes reviewing detailed operating expenses as well as other financials. Moreover, C.R.S. 44-40-112 requires the State Auditor to do an annual financial and compliance audit of the Lottery, and the results of the audit are not only presented to the Legislative Audit Committee, but the financial audit report is available to the public and the Joint Budget Committee at any time.

2. The second is that this request is in some way related to the FY 2019-20 Decision Item for game expansion.
   This request is a net-zero consolidation of the current, existing operating appropriations and is an entirely different ask and completely unrelated to the prior year request of the expansion of Lottery vending machines. That Decision Item actually did not included any of these operating appropriations. The prior Decision Item requested increases in completely separate and discreet appropriations related to the direct cost of game administration such as Vendor Fees and Retailer Compensation which are separate and unrelated to Operating Expenses, Travel, Marketing and Communications, and Research. Approving this current request to consolidate the four operating appropriations will not eliminate the need for future Decision Item funding requests for the reason that the direct cost of games is charged to different appropriations altogether and will continue to need approval for expansions. The proposed combined Operating Expenses appropriation does not provide any funding for any sort of vending equipment, new games, or game expansion.

It is important to note that this request does not increase the Lottery's spending authority or FTEs. It should also be noted that, as an enterprise fund, there is no state funding being provided to the Lottery – the Constitution mandates that all Lottery expenses be paid from Lottery sales proceeds.

Currently, the Lottery's budget structure is inconsistent with industry standards and the other divisions of DOR. The other divisions of DOR consolidate travel, marketing, research, and the other operating functions into a single operating appropriation. The current structure limits the Lottery's ability to respond to changing market conditions and opportunities to maximize the proceeds for its beneficiaries. The Marketing and Communications appropriation is $14.7 M; whereas, the Operating, Research, and Travel appropriations total only $1.5 M. Therefore, the effect of excluding Marketing & Communications from the consolidation is significant and greatly diminishes the effectiveness of the Decision Item.

Marijuana Cash Fund Sweep

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action (One-time cash sweep)	Comeback Request (Ongoing coverage of existing MTCF costs)	Difference Between Action and Comeback Request
Total Funds			**($3,000,000)**	**1,400,000**	
General Fund					
Cash Funds			**($3,000,000)**	**1,400,000**	
Reappropriated Funds					
Federal Funds					

Summary of Initial Request

The Department of Revenue (DOR) did not propose an initial request pertaining to the Marijuana Cash Fund.

Committee Action

The Joint Budget Committee approved a $3,000,000 one-time cash sweep from the Marijuana Cash Fund's available fund balance.

This was determined by the Committee to be a necessary balancing measure due to the economic outlook for the State for FY 2020-21.

Comeback

DOR would like to propose a counterproposal to assist the State with budget balancing while protecting the cash fund that currently has a structural deficit and cannot sustain itself if the existing fund balance is swept to the General Fund in all or in part. Instead of the one-time only cash sweep that JBC has adopted, DOR is proposing an alternative request to absorb $1,400,000 in ongoing, annual costs from the Marijuana Tax Cash Fund (MTCF) for the Colorado Department of Public Health and Environment's (CDPHE) testing lab. This solution will allow the State to free up an ongoing $1,400,000 from the MTCF instead of a one-time infusion of $3,000,000 from the Marijuana Cash Fund (MCF). The ongoing option provides a lasting and impactful benefit to the State's budget.

The cash sweep adopted by the Committee would necessitate either operational cuts to the Marijuana Enforcement Division (MED) *or* an expedited fee increase on marijuana businesses. This action would hinder the Division in maintaining, enforcing, and investigating the licensee activities associated with the sale of marijuana products within Colorado and would reverse the progress that MED has made over the past several years in ensuring the legality of a State process that is not sanctioned federally.

This adopted action by the Committee of transferring a portion of the cash fund balance of the Marijuana Cash Fund (MCF) only accelerates the depletion of reserves and will drive the need for a larger fee increase to stabilize the fund during FY 2020-21 (see attached forecast). The fund has had an excess uncommitted reserve due to the inception and rapid expansion of a novel industry in Colorado. The Division has intentionally kept fees extremely low in order to operate at a loss and reduce this balance. The Division, in FY2020-21, is now at the point of needing to raise fees to establish the equilibrium of revenue to expenses. There is currently a third-party firm conducting a cost and time study to advise on fees, so that the charges to businesses are equal to the effort required to process the respective transactions.

From the very beginning of marijuana sales in Colorado, the MCF was intended to fund the licensing and regulatory operations of MED, but MED's other functions were never intended to be entirely funded by MCF's licensing fees. Due to the large fund balance, the Marijuana Enforcement Division has also contributed $10M from the MCF to fund the Colorado Department of Agriculture lab and paid for 5.0 FTEs at the Colorado Bureau of Investigation to combat black market activities. This demonstrates the continued contribution by the Department from licensing funds to help the larger, statewide efforts. This proposed cash fund sweep is in direct contrast with the Department's mission and goals of enforcing the rules and regulations of Colorado in order to protect the public.

Further, HB19-1090, implemented on Jan 1, 2020, changed the ownership structure of marijuana licenses by allowing publicly traded companies to invest in or own marijuana businesses. The expectation is that this will have the dual effect of making ownership (and change of ownership) applications much more complex and time consuming to process, leading to a consolidation of licenses as more Colorado businesses coalesce into larger companies. It is believed that this complex structure will lead to lower licensee activity and therefore a need to reassess the fees charged for licensing services currently underway by the department.

CDPHE's lab was created through HB 15-1283 (Concerning Marijuana Testing). This bill was established to provide for the development and maintenance of a marijuana laboratory testing reference library. Specific guidelines were set forth to determine methodologies in coordination with the Department of Revenue regarding homogeneity, contaminants and solvents consistent with laboratory requirements. The legislation identifies the functions of the CDPHE lab as interconnected and interdependent with MEDs, and therefore, appropriately fit within the intended uses of the MCF. Additionally, legislation will be necessary to change the destination fund for fees collected by the CDPHE Lab from the Marijuana Tax Cash Fund to the Marijuana Cash Fund.

The Department believes that this ongoing shift of costs will better assist the State in meeting its immediate budgetary obligations, while ensuring that the Department meets the Governor's goals in ensuring the protection and safety of the residents of Colorado by maintaining the enforcement of the marijuana industry.

Marijuana Enforcement Division (MED)
Marijuana Cash Fund (15Z0)
As of March 31, 2020

Revenue	FY 2019-20 Budget	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected
Beginning Fund Balance	17,897,400	17,897,400	12,434,570	4,604,321	(2,622,218)	(10,197,584)
License Fees	10,734,232	10,839,257	10,947,650	11,057,126	11,167,697	11,279,374
Fines	551,768	1,175,323	900,000	950,000	950,000	950,000
Interest Income	448,774	396,333	400,296	400,296	400,296	400,296
Misc. Revenue	-	2,052	2,073	2,083	2,093	2,104
Total Revenue	**11,734,774**	**12,412,965**	**12,250,018**	**12,409,505**	**12,520,087**	**12,631,774**
Current Expense:						
Executive Director's Office						
Administration and Support						
Personal Services	487,686	384,892	392,590	400,442	408,450	416,619
Workers' Compensation	72,099	72,099	63,510	63,828	64,147	64,467
Operating Expenses	54,301	(9,621)	-	-	-	-
Variable Vehicle	44,832	28,399	56,832	57,116	57,402	57,689
PERA Direct Distribution	168,728	168,728	194,293	195,264	196,241	197,222
Legal Services	1,365,169	1,365,169	1,070,571	1,075,924	1,081,303	1,086,710
Payment To Risk Management And Property Funds	25,067	25,067	26,871	27,005	27,140	27,276
Vehicle Lease Payments	77,140	70,229	109,540	110,088	110,638	111,191
PC Refresh	1,001	1,001	1,001	1,001	1,001	1,001
Leased Space	661,882	646,932	666,340	686,330	706,920	728,128
Capitol Complex Leased Space	2,267	2,267	2,267	2,267	2,267	2,267
Payments to OIT	418,226	418,226	1,164,722	1,170,546	1,176,398	1,182,280
CORE Operations	62,190	62,190	129,737	130,386	131,038	131,693
ITD - System Support	4,000	4,000	4,000	4,000	4,000	4,000
Subtotal Administration and Support	**3,444,588**	**3,239,578**	**3,882,274**	**3,924,196**	**3,966,946**	**4,010,544**
Hearings Division						
Personal Services	155,377	120,105	122,507	124,957	127,456	130,006
Operating Expenses	21,092	12,611	12,611	12,611	12,611	12,611
Subtotal Hearings Division	**176,469**	**132,716**	**135,118**	**137,568**	**140,067**	**142,617**
Total Executive Director's Office	**3,621,057**	**3,372,294**	**4,017,392**	**4,061,764**	**4,107,013**	**4,153,160**
Enforcement Business Group						
Administration						
Personal Services*	467,359	612,097	385,810	393,526	401,397	409,425
Operating Expenses	5,775	3,429	3,600	3,780	3,969	4,168
Subtotal Administration	**473,134**	**615,526**	**389,410**	**397,307**	**405,366**	**413,593**
Marijuana Enforcement						
Marijuana Enforcement	17,221,581	13,195,091	13,566,723	13,056,097	13,447,780	13,851,213
Indirect Cost Assessment	797,080	692,884	706,742	720,877	735,294	750,000
Subtotal Marijuana Enforcement	**18,018,661**	**13,887,975**	**14,273,465**	**13,776,973**	**14,183,074**	**14,601,213**
Enforcement Business Group Total	**18,491,795**	**14,503,501**	**14,662,875**	**14,174,280**	**14,588,440**	**15,014,806**
CDPHE LAB ABSORPTION FROM MTCF			1,400,000	1,400,000	1,400,000	1,400,000
Total Expense	**22,112,852**	**17,875,795**	**20,080,267**	**19,636,044**	**20,095,453**	**20,567,966**
Surplus/Deficit	*(10,378,078)*	*(5,462,830)*	*(7,830,249)*	*(7,226,539)*	*(7,575,366)*	*(7,936,192)*
Ending Fund Balance	**7,519,322**	**12,434,570**	**4,604,321**	**(2,622,218)**	**(10,197,584)**	**(18,133,776)**
Target Fund Balance - 16.5% of Expenditures	**3,648,621**	**2,949,506**	**3,313,244**	**3,239,947**	**3,315,750**	**3,393,714**

REQUEST TITLE: Transfers from Severance Tax Perpetual Base Fund and CWCB Construction Fund to General Fund

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**N/A**	**N/A**	**Delayed**	**$0**	**N/A**
General Fund	**N/A**	**N/A**	**Delayed**	**$0**	**N/A**
Cash Funds	**N/A**	**N/A**	**$0**	**$0**	**$0**
Reappropriated Funds	**N/A**	**N/A**	**$0**	**$0**	**$0**
Federal Funds	**N/A**	**N/A**	**$0**	**$0**	**$0**

Summary of Initial Request

In the "Other Recommendations and Options for if Deeper Cuts are Required" section of the JBC staff document dated April 21, 2020, JBC staff put forward a proposal to transfer a total of $35.3M from the Severance Tax Perpetual Base Fund ($25.3M) and the CWCB Construction Fund ($10M) to the General Fund.

Committee Action

On May 8, 2020, the Joint Budget Committee delayed voting on the recommendation.

Comeback

OSPB does not recommend sweeping portions of the Severance Tax Perpetual Base Fund and the CWCB Construction Fund given the designation of those funds as part of the state emergency reserve, which will likely be needed for COVID response. A situation in which these funds are swept to balance the General Fund and utilized for emergency resources would have significant negative impacts on the projects and programs supported by the funds.

The combination of the proposed transfers and the use of the funds for emergency purposes could result in the loss of up to $101.3 million from CWCB cash funds. This would leave the

CWCB with limited to no funding for new loans in FY 2020-21. These loans support agricultural and municipal water infrastructure projects such as dam rehabilitation, flood control projects, diversion structure rehabilitation or replacement, and conveyance system rehabilitation (i.e. ditches, canals, pipelines) and can provide economic benefits to the smaller rural communities in which they are often found. The CWCB also utilizes the Construction Fund to support operations and a transfer of this magnitude from these funds on top of emergency reserve spending could result in a cash balance just slightly above the anticipated cost of CWCB operations at the start of FY 2021-22.

Additional impacts include: 1) significant loss of interest earnings, which are critical to perpetuating these cash funds and maintaining capacity to make loans over the long term; 2) uncertainty about funding critical water infrastructure projects given the future of Severance Tax revenue and ability of the Severance Tax Perpetual Base Fund to recover from a sweep; and 3) an overall reduction to the CWCB's ability to further the goals and objectives of Colorado's Water Plan. The CWCB Construction Fund currently provides around $15 million per year in grant funding to the Water Plan Grant Program, Water Supply Reserve Fund Grant Program, the Alternative Transfer Methods Grant Program, and the Colorado Watershed Restoration Grant Program. Since the adoption of the Colorado Water Plan in 2015, these grant programs have been critical in funding projects that further the Water Plan's goals and objectives.

REQUEST TITLE: Colorado Parks and Wildlife Infrastructure and Property Maintenance

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$2,158,090**	**$9,869,600**	**$0**	**$9,869,600**	**$9,869,600**
General Fund	**$0**	**$0**	**$0**	**$0**	**$0**
Cash Funds	**$2,158,090**	**$9,869,600**	**$0**	**$9,869,600**	**$9,869,600**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

Colorado Parks and Wildlife (CPW) requests $9,869,600 in cash spending authority from the Wildlife Cash Fund to rehabilitate and improve infrastructure and facilities on state wildlife areas. Wildlife areas in general contain fewer physical assets than state parks, but the division must conduct regular maintenance, enhancement, or replacement on a wide variety of existing physical assets including dam safety projects for the division's 110 dams.

Committee Action

This request was originally approved by the Joint Budget Committee during figure setting in February 2020. However, the Committee voted to reverse its prior action on this appropriation, and nearly all other cash-funded capital construction and IT capital projects, on May 6, 2020.

Comeback

The Department of Natural Resources and CPW request the reconsideration and reinstatement of $9,869,000 cash funds for infrastructure and property maintenance. All but $300,000 of this request is supported by the Wildlife Cash Fund, which cannot be swept to the General Fund without risking the loss of an additional $27.4 million or more in federal funds as a consequence of the diversion of wildlife funds from wildlife purposes. As a result, the elimination of this appropriation does not help with General Fund balancing efforts but it does harm CPW's ability to make health, life, and safety improvements in state wildlife areas; increases the backlog of necessary capital improvements; and reduces the division's ability to meet the goals and objectives of S.B. 18-143, the Future Generations Act. Additionally, the projects supported with this appropriation are frequently found in the State's more sparsely populated areas and can provide significant economic benefits to the neighboring communities, helping to spur economic activity during this downturn.

CPW prioritizes taking care of existing assets and the FY 2020-21 capital request reflects this. The infrastructure and property maintenance request includes $3.2 million for necessary maintenance and repairs to the division's critical dam infrastructure, with $2.2 million dedicated to four high priority dam maintenance projects and $1.0 million in general dam maintenance to fund multiple smaller projects on other dams across the state. Failure to repair or improve dams in a timely manner may exacerbate issues, leading to the need to drain reservoirs and breach dams for safety reasons, resulting in loss of key fisheries, wildlife, and aquatic habitat.

The request also includes $6.7 million to support necessary improvements and maintenance of state wildlife areas, state administrative areas, and maintenance equipment. Delaying improvements and maintenance efforts could result in increased safety hazards, negative impacts to customer service, and a loss in property value, as well as increased costs and reduced efficiency. Delaying the start of projects will result in higher costs for work, and thus fewer projects accomplished, because capital construction costs historically outpace inflation. The diminished natural resources could lead to reduced hunting, fishing, and outdoor recreation, which would reduce revenues received by the division.

REQUEST TITLE: Colorado Parks and Wildlife Property Acquisition and Improvements

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds	**$11,000,000**	**$11,000,000**	**$0**	**$11,000,000**	**$11,000,000**
General Fund	**$0**	**$0**	**$0**	**$0**	**$0**
Cash Funds	**$11,000,000**	**$11,000,000**	**$0**	**$11,000,000**	**$11,000,000**
Reappropriated Funds	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Funds	**$0**	**$0**	**$0**	**$0**	**$0**

Summary of Initial Request

Colorado Parks and Wildlife (CPW) requests $11.0 million in cash spending authority from the Wildlife Cash Fund for the Colorado Wildlife Habitat Program (CWHP) to acquire land and water or interest in land and water, as statutorily authorized under Section 33-1-105, C.R.S. The division prioritizes acquisitions each year based on habitat needs and available funding. These funds may also be used to option land and/or water in order to hold property until it can be acquired through the above statutorily authorized process or through separate legislation.

Committee Action

This request was originally approved by the Joint Budget Committee during figure setting in February 2020. However, the Committee voted to reverse its prior action on this appropriation, and nearly all other cash-funded capital construction and IT capital projects, on May 6, 2020.

Comeback

The Department of Natural Resources and CPW request the reconsideration and reinstatement of $11.0 million cash funds for property acquisition and improvements. This request is entirely supported by the Wildlife Cash Fund, which cannot be swept to the General Fund without risking the loss of an additional $27.4 million or more in federal funds as a consequence of the diversion of wildlife funds from wildlife purposes. As a result, the elimination of this appropriation does not help with General Fund balancing efforts but it does reduce the Division’s ability to meet the goals and objectives of S.B. 18-143, the Future Generations Act. Eliminating this appropriation would also impact the division's ability to achieve the Governor's Wildly Important Goal (WIG) of increasing public access to additional appropriate lands.

The Colorado Wildlife Habitat Program is funded by proceeds from the sale of Habitat Stamps. These proceeds are deposited into the Wildlife Cash Fund and are statutorily designated for the acquisition of interests in land and water, access to land and water, or improvements to habitat. Pursuant to statute, CPW is directed to use a Request for Proposal (RFP) to acquire interest in real property through the CWHP, inviting property owners to submit proposals to convey property or easements to the division. Eliminating this appropriation will require CPW to cancel its current RFP to identify candidate properties, impairing the division's abilities to increase and improve the State's big game populations, support access programs on public and private lands, and increase the number of hunters and anglers in Colorado, all of which are goals and objectives of the Future Generations Act.

The long-term failure to acquire properties and protect or improve wildlife habitat may result in the decline of both game and non-game species. Given the tourism and economic benefits of hunting and fishing in Colorado, the decline of species could negatively impact both state and local economies. Finally, a decrease in habitat could contribute to the additional listings of species under the federal Endangered Species Act, which may result in significantly more restrictive land and water use policies, reducing recreational opportunities for Colorado's residents and visitors alike.

COLORADO
Office of State Planning & Budgeting

Department of Human Services

JBC Comeback date: 05/11/20

FY 2020-21 Request Comeback Form

REQUEST TITLE: Fitzsimons VCLC Facility Upgrades

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds		**$969,346**	**$0.00**	**$969,346**	**$969,346**
Cash Funds		**$969,346**	**$0.00**	**$969,346**	**$969,346**

Summary of Initial Request

The Office of Community Access and Independence requests spending authority for $969,346 for FY 2020-21 in Enterprise 5050 cash funds in order to upgrade or replace the following at Fitzsimons Veterans Community Living Center (VCLC): Upgrade the HVAC system in the lobby and administrative area, replace a 16-year-old 700-gallon glass-lined water tank that provides domestic hot water to the entire facility, and demolish Building 17 on the Fitzsimons campus and replace it with a metal storage building.

Committee Action

The JBC initially approved this cash fund request in the full amount. Upon balancing, the amount was reduced to zero.

Comeback

Veterans Community Living Centers (VCLC) qualify as an enterprise as defined by Section 20, Article X of the State Constitution, and are guided by CRS 26-12-106 as enterprise facilities. As such, VCLC facilities have a cap of 10% General Fund transfer into DHS's operating fund (CRS 26-12-108 1-a.5). Those funds are to be used for, among other things, "maintenance of the veterans centers" (CRS 26-12-108 1-a.). Since the 10% transfer occurs once per year, no incremental funds from other sources are available (i.e., Emergency Controlled Maintenance [ECM] funds or Controlled Maintenance [CM] funds) for any of the VCLCs operated by the Department. Based on this understanding by the Office of the State Architect (OSA) over the years, VCLC facilities have not been eligible for any General Fund CM and ECM projects.

By statute, revenue from each VCLC is combined in the Central Fund and accounted for together; however, the Department requires each Center to operate as self-supporting enterprises and accounts for the revenue and expenditures of each Center independently. The Department has been proactive in undertaking CM projects and other small needed exterior/interior facility upgrades regularly through available enterprise cash funds since facility census is the primary driver of revenue, and the upkeep of these facilities, which have a direct impact on residents is the responsibility of the enterprise. As veterans have choices beyond CDHS for nursing homes, the Department deems these ongoing facility upkeep projects critical to keep them competitive and viable in the market and avoid a cycle of loss. A decline in facility census would necessarily result in a subsequent loss of revenue, in turn jeopardizing the Department's ability to maintain the enterprise status of the Veterans Community Living Centers. The Department requests that this project be considered for approval to ensure the upkeep of the facility is ongoing in the absence of the potential for any additional GF from OSA. This will enable the facility's ability to continue appropriately serving veterans, maintaining and increasing the facility census, and retaining the enterprise status.

The Fitzsimons facility is the highest revenue-generating nursing home under the Department's aegis. There are two other entities, Colorado Coalition for the Homeless and Aurora Housing authority, that are concurrently building facilities on the same campus on land leased to them by CDHS. Accordingly, it is essential that the Department maintains proper upkeep of the facility and mitigate the potential for any systems failure in order to continue generating sufficient demand among the population.

Specific upgrades at Fitzsimons include:
<u>HVAC Upgrade</u> – The current configuration and components of the existing HVAC system does not provide adequate heat to the entry lobby and nearby administrative spaces during the coldest winter days. When the heat is turned up to compensate, other adjacent spaces including the pharmacy and server room over-heat, causing risk to residents and staff. The HVAC system will be reconfigured to more efficiently provide heat to the lobby and administrative spaces, and will be zoned in a manner that separates it from the pharmacy and server rooms.

<u>Replacing the Hot Water Tank</u> – The entire facility's domestic hot water is served by a single 16-year-old, 700-gallon glass-lined water tank that is past its warrantied and useful lifespan of 10 years. Replacing the hot water tank now with two smaller water tanks will ensure continuity to the supply of hot water, a critical need for residents of the facility

<u>Replacing Building 17 with Metal Storage Building</u> – Building 17 is no longer usable for its original intended purpose as Army family living quarters and has been vacant for more than a decade. The facility was not designed for storage and lacks adequate storage space. Though there is an urgent need for equipment storage on the campus, Building 17 is ill-suited for that purpose, and potentially contains hazardous materials. Demolishing the existing building and replacing it with a new metal storage building to store maintenance equipment will free up some space on the campus for better utilization for a useful purpose, and will result in better space efficiency.

Should this request not be approved, the Department will be required to slow down its schedule of maintenance and repairs to existing systems and equipment. This delay would place Fitzsimons at risk of being out of compliance with both the Centers for Medicare & Medicaid (CMS) and Veterans Administration (VA) regulations, resulting in significant downstream costs if cited and fined. Patch and repairs will continue in an ad-hoc fashion, and this will manifest in the degradation of overall upkeep and appearance of the facility. This in turn will reduce demand, leading to a subsequent reduction of revenue that could ultimately place the future of the enterprise status of all VCLCs within the Department at risk. Furthermore, as an enterprise, in this economic environment, the Department will have minimal recourse to avail funding to address any emergent issues.

REQUEST TITLE: Rifle VCLC Facility Upgrades

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds		**$303,712**	**$0.00**	**$303,712**	**$303,712**
Cash Funds		**$303,712**	**$0.00**	**$303,712**	**$303,712**

Summary of Initial Request

The Office of Community Access and Independence requests spending authority for $303,712 for FY 2020-21 in cash funds in order to upgrade or replace the following at Rifle Veterans Community Living Center (VCLC): Existing storage units are to be replaced by a new storage/maintenance building with a concrete foundation and electrical power.

Committee Action

The JBC previously approved this Cash Funded request in the full amount. Upon balancing, the amount was reduced to zero.

Comeback

Veterans Community Living Centers (VCLC) qualify as an enterprise as defined by Section 20, Article X of the State Constitution, and are guided by CRS 26-12-106 as enterprise facilities. As such, VCLC facilities have a cap of 10% General Fund transfer into DHS's operating fund (CRS 26-12-108 1-a.5). Those funds are to be used for, among other things "maintenance of the veterans centers" (CRS 26-12-108 1-a.). Since the 10% transfer occurs once per year, no incremental funds from other sources are available (i.e., Emergency Controlled Maintenance [ECM] funds or Controlled Maintenance [CM] funds) for any of the VCLCs operated by the Department. Based on this understanding by the Office of the State Architect (OSA) over the years, VCLC facilities have not been eligible for any General Funded CM and ECM projects.

By statute, revenue from each VCLC is combined in the Central Fund and accounted for together; however the Department requires each Center to operate as self-supporting enterprises and accounts for the revenue and expenditures of each Center independently. The Department has been proactive in undertaking CM projects and other small needed exterior/interior facility upgrades regularly through available enterprise cash funds, since facility census is the primary driver of revenue, and the upkeep of these facilities, which have a direct impact on census, is the responsibility of the enterprise. As veterans have choices beyond CDHS for nursing homes, the Department deems these ongoing facility upkeep projects critical to keep them competitive and viable in the market and avoid a cycle of loss. A decline in facility census would necessarily result in a subsequent loss of revenue, in turn jeopardizing the Department's ability to maintain the enterprise status of the Veterans Community Living Centers. The Department requests that this project be considered for approval to ensure the upkeep of the facility is ongoing in the absence of the potential for any additional GF from OSA. This will enable the facility to continue appropriately serving veterans, maintaining and increasing census, and retaining the enterprise status.

This project will complete various upgrades to the Rifle VCLC, and will affect staff at the VCLC. Specific upgrades include:

<u>Storage Units Upgrade</u> – Existing storage units are to be replaced by a new storage/maintenance building with a concrete foundation and electrical power.

Should this request not be approved, the Division will continue to use the existing storage units , which are beyond their useful life. These no longer adequately protect the equipment from the weather. Further, the floors are caving in, creating a safety risk to staff when entering, exiting, and moving equipment. Finally, as an enterprise in a challenging economic environment, the Department will have minimal recourse to avail funding to address any emergent issues.

REQUEST TITLE: Homelake VCLC Facility Upgrades

	FY 2019-20 Appropriation	FY 2020-21 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total Funds		**$390,754**	**$0.00**	**$390,754**	**$390,754**
Cash Funds		**$390,754**	**$0.00**	**$390,754**	**$390,754**

Summary of Initial Request

The Office of Community Access and Independence requests spending authority for $390,754 for FY 2020-21 in cash funds in order to upgrade or replace the following at Homelake Veterans Community Living Center (VCLC): Replace concrete sidewalks, ramps, and stairways to cottages; repave asphalt parking at selected areas; replace aged and existing vinyl composition tile in the breezeway entrance and carpet in the administration offices with luxury vinyl tile (LVT).

Committee Action

The JBC previously approved this Cash Funded request in the full amount. Upon balancing, the amount was reduced to zero.

Comeback

Veterans Community Living Centers (VCLC) qualify as an enterprise as defined by Section 20, Article X of the State Constitution, and are guided by CRS 26-12-106 as enterprise facilities. As such, VCLC facilities have a cap of 10% general fund transfer into DHS's operating fund (CRS 26-12-108 1-a.5). Those funds are to be used for, among other things "maintenance of the veterans centers" (CRS 26-12-108 1-a.). Since the 10% transfer occurs once per year, no incremental funds from other sources are available (i.e., Emergency Controlled Maintenance ECM funds or Controlled Maintenance CM funds) for any of the VCLCs operated by the Department. Based on this understanding by the Office of the State Architect (OSA) over the years, VCLC facilities have not been eligible for any General Funded (GF) CM and ECM projects.

By statute, revenue from each Center is combined in the Central Fund and accounted for together; however the Department requires each Center to operate as self-supporting enterprises and accounts for the revenue and expenditures of each Center independently. The Department has been proactive in undertaking CM type of projects and other small needed exterior/interior facility upgrades' regularly through available enterprise cash funds, since census is the primary source of revenue, and the upkeep of these facilities which have a direct impact on census, are the responsibility of the enterprise. Veterans have choices beyond CDHS for nursing homes, and the department deems these ongoing facility upkeep projects critical to keep them competitive and viable in the market to minimize the potential of jeopardizing the ability to maintain the enterprise status of the Veterans Community Living Centers. The Department submits that this project be considered for approval to ensure the upkeep of the facility is ongoing in the absence of the potential for any additional GF from OSA. This will enable the facility's ability to attract veterans and maintain and increase census, thereby retaining the enterprise status.

This project focuses on repairs and upgrades to the exterior paving and stairways and flooring finishes in the entryways and administrative spaces at the Homelake VCLC, and will affect all residents, staff, and visitors at the VCLC. Specific upgrades include:

- Concrete Replacement – Replace approximately 120 linear feet of concrete sidewalks, plus concrete ramps and stairways at six cottages.
- Asphalt Replacement – Repave approximately 12,500 sq. ft. of asphalt parking at selected areas including the museum and guest parking lot.
- Replace Vinyl & Carpet with LVT – Replace aged and existing vinyl composition tile in the breezeway entrance and carpet in the administration offices with luxury vinyl tile (LVT).

Should this request not be approved, the Division will continue operations with many inefficiencies and deficiencies. The risk of increased falls and injuries to the Veterans and Families will continue to rise, and the home will not be able to continue to comply with infection control and odor control by changing from carpet flooring to LVT. Patch and repairs will continue in an ad-hoc fashion, and this will manifest in the degradation of overall upkeep and appearance of the facility. It will also increase the potential for injuries and infection + odor control deficiencies. This in turn will affect its appeal to veterans as an option, which would result in a fiscal/revenue loss; thereby putting the future of the enterprise status of all VCLCs within the Department at risk. Furthermore, as an enterprise, in this economic environment, the Department will have minimal recourse to avail funding to address any emergent issues.