

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Christina Beisel, JBC Staff  
DATE September 18, 2020  
SUBJECT Discussion of JBC budget hearings with state agencies

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In our efforts to continually assess our processes and work products, JBC Staff is looking at improvements to the hearing process with state agencies. The goal of this discussion is to elicit feedback about the hearing process from members, as well as to make decisions about any changes to the hearing process for the upcoming session. Included below is background that informed staff's approach, as well as recommended changes.

### **BACKGROUND**

Following the JBC Staff briefings in November and December, hearings are scheduled with each Department. Typically, agendas for these meetings address questions asked by members during staff briefings and include open time for the Department to discuss their budget priorities with the Committee.

Administratively, within a day of the staff briefing, JBC Staff draft the questions and organize them into an agenda. This is shared with Departments, who have about a week to prepare responses, which are distributed to JBC members two days before the hearing. This is fairly work intensive for both JBC and Department staff, and requires a quick turnaround.

Agendas also include a set of "common questions," which are questions that all departments submit written responses to. These tend to address statewide issues or concerns that have risen across a number of departments or requests. In recent years, once all responses are received, JBC Staff have compiled all common question responses into a single document for reference by JBC members and staff.

### **WHAT IS THE PURPOSE/GOAL OF HEARINGS?**

The staff assumption is that there are two primary purposes:

- 1 Provide Departments with the opportunity to speak directly with the JBC about their budget and programs.
- 2 Provide the JBC with the opportunity to directly ask questions of the Department and have a productive conversation about issues and concerns.

### **ARE WE ACHIEVING THIS GOAL?**

Arguably, the hearings seem to accomplish their basic purpose. Every Department provides oral and written responses, and is provided with the chance to discuss their budget priorities with the Committee.

However, there are a few persistent challenges. Primarily:

- Hearing documents are long and neither staff nor members have much time to read them prior to the hearing.

- There is some sense that hearings do not lead to meaningful discussions and that pointed questions/conversations that occur during staff briefings do not lead to similarly animated and productive discussions at department hearings.
- Developing the questions, agenda, and responses requires significant staff and department effort within a short turnaround window.

### **DESIRED IMPROVEMENTS/OUTCOMES**

In response to these challenges, staff has identified a few areas for improvement. Desired outcomes include:

- Produce more consumable, reader-friendly documents (shorter and more focused);
- Facilitate a good conversation between members and the Departments, in which Departments provide good information; and
- Focus process on what provides value for staff, members, and departments without increasing workload.

### **RECOMMENDATIONS**

**Update and separate our two hearing products:** hearing agenda (the conversation with departments) and written-only responses.

- The Hearing Agenda should include only topics members would like to discuss with the Department and should not include basic data/information requests or lobbyist questions. This should be prepared by JBC staff and sent to Departments very quickly following the briefing and will follow the same process as we have in the past.
  - The intention is that this document is shorter, more focused, and more directly addressing concerns. Hopefully, this allows both members and staff to flag items for discussion and jog memories about topics they'd like to discuss, and lead to a more engaging conversation.
- Written-Only questions/responses should address information members need to make a decision at figure setting (for example: specific caseload data, cash fund balances, history of fee increases), but that don't necessitate a policy conversation with the Department. This should also include questions members have been requested to inquire about, but that they don't necessary need to discuss at the hearing (e.g. lobbyist questions). JBC staff should draft and send these questions to the Department soon after the briefing – within 3-5 days. These questions should be returned to JBC staff, at a deadline determined by the analyst, likely in January. This gives departments more time to respond and gather information, but provides data in time for staff to review and follow up prior to figure setting. Addendums to this document would allow for follow-up questions to be addressed without additional emails/documents to members.
  - The intention is to spread out the workload for departments and staff, while making sure questions are adequately responded to prior to figure setting. This document would be posted online so the answers are public, but would not be addressed during the hearing.

**More clearly communicate and identify the type of response desired.** Both staff and members should clarify and be more intentional in what outcome we are trying to achieve with the questions.

- Specify if responses should be written only, added to the agenda for discussion with department, and/or information that should be incorporated into figure setting recommendations.

- In crafting the agenda, staff should focus on outlining strong themes and topics that help guide the discussion.

**Eliminate or greatly reduce common questions.** In the past several years, the Committee has included around 10-15 common questions. For the FY 2020-21 budget cycle, the Committee included 16 questions (attached). In total, this produces about 350 pages of responses. The Committee should consider how these responses are used and whether continuing with the existing questions, and number of questions, is valuable.

**Add the names of the members that asked the question** and include those names in the public copy. (In the past, staff created one agenda with member names and one without. This recommendation would have only a single version.) This can help members identify the questions they asked, and ideally, help navigate through the responses and conversation.

*ADDITIONAL OPTION TO CONSIDER*

In addition to the recommendations above, the Committee could consider changing the timing of the hearings. Currently, hearings occur one to two weeks after a briefing. Alternatively, hearings could be scheduled within a day of the briefing. While this would preclude agencies from providing written responses at the time of the hearing, they could respond to briefing discussions immediately, while the discussion is at top of mind for members, staff, and the agencies. The goal of this timing change would be to continue the Committee's conversations while topics are top of mind. This could help stimulate the discussion and focus in on policy issues. However, this approach does have some challenges, and staff would expect some push back from the Executive Branch.

Pros:

- Could provide a more meaningful discussion where issues are top of mind and the conversation is fresh.
- May lead to a more direct dialogue, rather than waiting for reviewed written responses.
- Departments would still provide written responses and data, which would include follow-up questions from the hearing.
- Could reduce JBC staff workload if staff does not need to develop a formal agenda following the briefing, and instead, the onus is on Departments to directly address member questions.

Cons:

- Departments may not be prepared to answer specific questions and/or may need to rely on bringing multiple staff members to be available to answer program questions. Departments may also be less prepared to answer questions about JBC staff initiated issues, as they do not receive copies of briefing issues in advance.
- JBC staff would not have time to prepare a formal, topic-specific agenda for the discussion. Additionally, it would be more difficult for JBC Staff to ensure all member questions are addressed.

At this point in time, staff offers this option primarily as a point of discussion, but believes a shift in approach is worth considering (particularly at this point in the year, before we've officially kicked off the briefing cycle).

## FY 2020-21 Common Questions

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED. PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.**

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.
- 2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2019 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.  
  
<http://leg.colorado.gov/audits/annual-report-status-outstanding-audit-recommendations-june-30-2019>
- 3 If the Department receives federal funds of any type, please respond to the following:
  - a. Are you expecting any changes in federal funding with the passage of the FFY 2020-21 federal budget? If yes, in which programs, and what is the match requirement for each program?
  - b. Does the Department have a contingency plan if federal funds are eliminated?
  - c. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2019-20 or 2020-21.
  - d. Compared to other states, Colorado ranks low in receipt of federal dollars. How can the Department increase the amount of federal money received?
  - e. What state funds are currently utilized to draw down (or match) federal dollars? What state funding would be required to increase the amount of federal funding received?
- 4 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?
- 5 Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

- 6 Please identify how many rules you have promulgated in the past two years (FYs 2017-18 and 2018-19). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.
- 7 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.
- 8 How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?
- 9 Please provide an overview of the Department's current and future strategies for the use of outward facing technology (e.g. websites, apps), the role of these technologies in the Department's interactions with the public and other state agencies, the Department's total spending on these efforts in FY 2018-19, and expected spending in FYs 2019-20 and 2020-21.
- 10 There are many ways in which the Department may interact with internal or external customers, including the public and other departments. How is the Department gathering feedback and evaluating customer experience? Please address all interactions, e.g. technology, in-person, call centers, as well as total spending on these efforts in FY 2018-19 and expected spending in FYs 2019-20 and 2020-21.
- 11 Please highlight the long-term financial challenges of fulfilling the mission of the Department with particular attention to any scenarios identified in the Department's Long Range Financial Plan involving an economic downturn, department-specific contingencies, emerging trends, or major anticipated expenses (Subsections 3-6 of Section 4 of the Long Range Financial Plan submitted pursuant to H.B. 18-1430).
- 12 In some cases, the roles and duties of existing FTE may have changed over time. For all FY 2020-21 budget requests that include an increase in FTE:
  - a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;
  - b. Specify why additional FTE are necessary; and
  - c. Describe the evaluation process you used to determine the number of FTE requested.
- 13 Please describe the impact of Colorado's low unemployment rate on the Department's efforts to recruit and retain employees.

- 14 ***NOTE: An example template for providing data for this question will be provided by the JBC Staff.***

State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for taxpayer refunds. Please:

- a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds \$100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited.
  - b. For each source, list actual revenues collected in FY 2018-19, and projected revenue collections for FY 2019-20 and FY 2020-21.
  - c. List each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2020-21.
- 15 Please describe the Department's current practice regarding employee parking and other transportation options (i.e. EcoPass). Please address the following:
- a. Does the Department have adequate parking for all employees at all locations?
  - b. If parking is limited, how are available spaces allocated?
  - c. If free parking is not available, how is parking paid for, and who pays (employee or Department)? (e.g. stipends, subsidized parking, eco passes)
  - d. If employees pay fees for parking, where is the revenue credited and how is it spent, and is it subject to TABOR?
  - e. Do parking and/or transportation benefits factor into Department compensation and/or retention efforts?
- 16 Please identify all continuously appropriated funds within the Department's purview with a fund balance or annual revenue of \$5.0 million or more. Please indicate if these funds are reflected in the FY 2019-20 Long Bill.