MEMORANDUM

JOINT BUDGET COMMITTEE

TO	JBC Members
FROM	JBC Staff
DATE	March 15, 2018
SUBJECT	Comeback Packet 1

Included in this packet are staff comeback memos for the following items, scheduled to be considered on March 15, 2018:

Human Services (Kevin Neimond):
- Legislation for SNAP Eligibility – **Potential Bill #25** *(Tabled Item)*
- R8 Colorado SNAP Increase Food Security and County Technical Assistance *(Tabled Item)*

Agriculture (Tom Dermody): Request for Cash Fund Maximum Reserve Waiver

Compensation (Alfredo Kemm):
- Salary Increase *(Tabled Item)*
- Salary Range Adjustment *(Tabled Item)*

Governor (Kevin Neimond):
- OIT R3 Operating System and Microsoft Office Productivity Suite Service Offering *(Tabled Item)*
- Disabled Parking Education *(Tabled Item)*
- R4 OSPB Reduction *(Technical Change)*

Health Care Policy and Financing (Eric Kurtz):
- R6 Home Care Visit Verification *(Tabled Item)*
- R15 CHASE Administration *(Tabled Item)*
- R7 Transition Services *(Technical Change)*
- R13 All-Payer Claims Database *(Technical Change)*
- Medicaid Management Information System Reprocurement Contracts *(Technical Change)*
- Salary Survey and Merit Pay Annualization *(Technical Change)*
- Cash Funds Cost Allocation for Executive Director's Office *(Technical Change)*

Health Care Policy and Financing (Robin Smart): Service Option Platform Request for Information

Health Care Policy and Financing and **Human Services** (Robin Smart): R12 Children's Habilitation Residential Program Transfer

Human Services (Robin Smart):
- Tony Grampsas Youth Services Program Line Item Detail *(Tabled Item)*
- County Child Welfare Staffing Request for Information *(Tabled Item)*
- Mount View Youth Services Ditch Repair Annualization *(Technical Change)*

Human Services (Carolyn Kampman): R1b Compensation Adjustment for Nurses at CMHIP *(Tabled Item)*

Human Services (Vance Roper):
- Child Care Assistance Cliff Effect Program
- Early Childhood Councils
- Workforce Support *(Tabled Item)*

Judicial (Steve Allen):
- R1 System Maintenance Study *(Tabled Item)*
- R5 IT Project Management and Information Security Staff *(Tabled Item)*
- R7 Courthouse Furnishing and Infrastructure Maintenance *(Tabled Item)*
- BA 10.2 IT Staff and Pay Adjustments *(Tabled Item)*
- Probations Programs Line Item *(Tabled Item)*
- Contractor Rate Increase *(Tabled Item)*
- R4 Social Services Professional Coordinator *(Tabled Item)*
- Indirect Costs *(Technical Change)*
- Long Bill Footnote *(Technical Change)*

Local Affairs (Carolyn Kampman): Modify Use of Energy Impact Funds for Administration *(Tabled Item)*

Natural Resources (Tom Dermody): Aquatic Nuisance Species *(Tabled Item)*

Personnel (Scott Thompson):
- R2 Cybersecurity Liability Insurance Policy *(Tabled Item)*
- R5 Division of Central Services Administration Realignment *(Tabled Item)*

Public Health (Christina Beisel): R2 Man Therapy *(Tabled Item)*

Public Safety (Christina Beisel): R7 Black Market Marijuana Interdiction *(Tabled Item)*

Regulatory Agencies (Vance Roper):
- Mortgage Broker Consumer Protection *(Technical Change)*
- Securities Fraud Protection *(Technical Change)*

Revenue (Alfredo Kemm): Footnotes and RFIs *(Tabled Item)*

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Kevin Neimond, JBC Staff (303-866-4958)
DATE	March 15, 2018
SUBJECT	Staff Comeback: Department of Human Services, JBC staff-initiated legislation for SNAP eligibility

On several dates, the Committee tabled action on a staff-initiated legislation recommendation related to eligibility determination for the Supplemental Nutrition Assistance Program (SNAP). The following represents staff's original write-up for this decision item and does not include any new information.

➔ JBC STAFF-INITIATED LEGISLATION FOR SNAP ELIGIBILITY

REQUEST: The Department did not request this legislation.

RECOMMENDATION: Staff recommends that the Joint Budget Committee work with its colleagues from the relevant committees of reference to determine if it is preferable for the Department to unilaterally adjust eligibility standards for SNAP or if the General Assembly wishes to provide statutory guidance to the Department in defining eligibility standards for SNAP that comport with federal requirements.

ANALYSIS:

Background

The Supplemental Nutrition Assistance Program (SNAP) provides money to low-income households on an electronic benefit transfer (EBT) card that can be used to purchase food at authorized retailers. The caseload for FY 2016-17 for SNAP in Colorado was 222,814 households. Participants received $716.0 million federal funds in SNAP benefits during this period. Federal SNAP law provides two pathways to eligibility to the program: standard eligibility and categorical eligibility.

Standard Eligibility

Under standard eligibility federal regulations, applicant households must meet gross income, net income, and asset tests. Specifically, household gross monthly income must be at or below 130 percent of the federal poverty level (FPL), and household net monthly income must be at or below 100 percent of the FPL. The asset rules are federally-prescribed and currently set at $2,250 per household. Note, households that contain an elderly or disabled member have a higher asset limit and also do not have to meet the gross income test.

Categorical Eligibility

Under categorical eligibility federal regulations, applicant households are deemed as eligible for SNAP based on participation in other means-tested programs, namely Supplemental Security Income (SSI) and Temporary Assistance for Needy Families (TANF). Categorical eligibility is intended to simplify the application and eligibility determination process and reduce the time SNAP administrators must spend verifying resources. Federal law also allows states to approve categorical eligibility based on receipt of a TANF-funded service, not just TANF cash welfare. However, these provisions do not circumvent the verification and requirements of the SNAP application, including the client interview.

This provides states with the ability to convey categorical eligibility based on a wide range of benefits and services.

Colorado's Implementation of SNAP Eligibility Standards
House Bill 10-1022 (Supplemental Nutrition Assistance Program Administration) required the Department of Human Services to create a policy no later than October 1, 2010, in compliance with federal law, to establish categorical eligibility for SNAP benefits and eliminate any asset tests for eligibility for SNAP benefits. In response, the Department of Human Services created three eligibility categories:

Standard Eligibility
- Household gross monthly income at or below 130 percent of FPL (non-elderly/non-disabled).
- Household net monthly income at or below 100 percent of FPL (non-elderly/non-disabled).
- Household net monthly income at or below 100 percent of FPL (elderly/disabled).
- Asset test ($3500 for elderly/disabled; $2250 for non-elderly/non-disabled).

Basic Categorical Eligibility
- Household must contain only members deemed to have met the income and resource requirements of TANF, Supplemental Security Income, Old Age Pension, Family Preservation Program, Aid to the Needy and Disabled, Aid to the Blind, or a combination of these benefits.
- No gross monthly income threshold (requirements already satisfied by other programs).
- No net monthly income threshold (requirements already satisfied by other programs).
- No asset test.

Expanded Categorical Eligibility
- Household must receive a non-cash TANF-funded service.
- Household gross monthly income at or below 130 percent of FPL (non-elderly/non-disabled).
- Household net monthly income at or below 100 percent of FPL (non-elderly/non-disabled).
- Household gross monthly income at or below 200 percent of FPL (elderly/disabled).
- Household net monthly income at or below 100 percent of FPL (elderly/disabled).
- No asset test.

Issue
The U.S. Department of Agriculture's Food and Nutrition Service (FNS) unit notified the Department of Human Services that its implementation of categorical eligibility, pursuant to H.B. 10-1022, does not meet federal regulations related to eligibility standards. The problem resides in the Expanded Categorical Eligibility category where differing eligibility standards occur for households without elderly/disabled members and households with elderly/disabled members. Specifically, for households without elderly/disabled members, the gross monthly income must be at or below 130 percent of FPL, while for households without elderly/disabled members, the gross monthly income must be at or below 200 percent of FPL. FNS notified the Department that categorical eligibility categories must adhere to a single threshold and that Colorado has until June 1, 2018 to implement this change.

Additionally, Colorado's implementation of categorical eligibility has created a series of other, more technical issues that are not only out of compliance with federal rules, but also impediments to citizens receiving SNAP benefits and impediments to the efficient and effective county administration of SNAP. Specifically, the state has encountered issues of invalid denials of benefits, incorrect application of eligibility standards associated with each of the different eligibility categories, failures to notify households upon approval for categorical eligibility, and difficulties determining eligibility when households experience changes during the certification period that rule them ineligible for SNAP under one eligibility category, but not others.

Proposed Solution
To address the issues raised by FNS, the Department of Human Services intends to raise the gross income limit for households without elderly/disabled members in the Expanded Categorical Eligibility category from at or below 130 percent of FPL to at or below 200 percent. This fulfills federal requirements by aligning eligibility standards for households without elderly/disabled members with eligibility standards for households with elderly/disabled members in this eligibility category and mitigating technical compliance issues associated with benefits determination and noticing. Fourteen states (California, Delaware, Florida, Hawaii, Maryland, Massachusetts, Michigan, Montana, Nevada, New York, North Carolina, North Dakota, Washington, and Wisconsin) and the District of Columbia have implemented categorical eligibility at or below 200 percent of FPL.

The Department believes that loosening the gross income eligibility requirement for households without elderly/disabled members is preferable to tightening the gross income eligibility requirement for households with elderly/disabled members because the latter scenario would impact a vulnerable population. The Department's preferred option will increase SNAP caseload. The following table summarizes this impact.

SNAP Caseload Projections				
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Caseload w/o proposed change	216,312	212,534	208,756	204,979
Caseload w/proposed change	218,475	218,910	219,194	219,328
Difference	**2,163**	**6,376**	**10,438**	**14,349**

Additionally, changes in eligibility thresholds for SNAP will increase caseloads in other programs, as SNAP eligibility confers categorical eligibility to other programs. These programs include the National School Lunch Program, Child and Adult Care Feeding Program, and Supplemental Nutrition Program for Women, Infants, and Children. The Department is unable to provide estimates of caseload changes in these programs resulting from raising the gross income limit for households without elderly/disabled members in the Expanded Categorical Eligibility category from at or below 130 percent of FPL to at or below 200 percent.

Immediate State and Local Fiscal Impact
The solution the Department intends to implement does not require state legislation to implement and will proceed through the State Board of Human Services' rule making process, pursuant to Section 26-1-111 (2)(a), C.R.S. This solution also does not require any additional funding to implement. The Department indicates that it will drive changes to the Colorado Benefits Management System (CBMS) and that these costs can be covered within existing resources. In terms of additional workload at the county level that may occur through an expanded caseload of households without elderly/disabled members, the Department assumes that any demands will be alleviated by the reduction of churn-related administrative burdens (households exiting SNAP and re-entering the program within four months). Additionally, the Department points out that SNAP caseload declined by 5.0 percent between FY 2014-15 and FY 2016-17 while the appropriation of state funds authorized by the General Assembly in the County Administration line item increased.

Recommendation
The General Assembly only has input on eligibility standards for SNAP to the extent it wishes and within the parameters of federal laws and regulations. In the absence of state statutory guidance, the Department of Human Services sets eligibility standards according to the limits of federal law. Given that the Department is moving forward with a plan to change eligibility standards that will increase the number of Coloradans participating in SNAP, the General Assembly may wish to exert its authority again as it did during the 2010 legislative when it shaped the current eligibility structure for SNAP. Consequently, staff recommends that the Joint Budget Committee work with its colleagues from the relevant committees of reference to determine if it is preferable for the Department to unilaterally adjust eligibility standards for SNAP within the bounds of federal laws and regulations or if the General Assembly should define eligibility standards for SNAP that comport with federal requirements.

Note, if the General Assembly determines that it is preferable for the Department to adjust eligibility standards through the State Board of Human Services' rule making process, and the Department implements its proposed solution to current federal compliance issues, staff recommends that the Committee monitor the impacts on caseload to understand the impacts that this policy change has on county workload. If the caseload increases faster than predicted, counties may not have adequate staffing levels to meet the need.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Kevin Neimond, JBC Staff (303-866-4958)
DATE	March 15, 2018
SUBJECT	Staff Comeback: Department of Human Services, R8 Colorado SNAP increased food security and county technical assistance

On March 7th, the Committee tabled action on a FY 2018-19 decision item requested by the Department of Human Services and recommended by Committee staff. The following represents staff's original write-up for this decision item. Staff has added a section to the end of the previous material entitled "New Information" to assist the Committee in taking action on this request. The new information gleaned from recent audits of SNAP does not change staff's recommendation to approve this decision item.

➔ R8 COLORADO SNAP INCREASED FOOD SECURITY AND COUNTY TECHNICAL ASSISTANCE

REQUEST: The request includes an increase of $511,356 total funds, including $255,680 General Fund, and 6.4 FTE (annualizing to $512,495 total funds, including $256,249 General Fund, and 7.0 FTE in FY 2019-20 and beyond) for FY 2018-19 to provide technical assistance to counties in administering the federal Supplemental Nutrition Assistance Program (SNAP), ensure compliance with federal SNAP regulations, and provide quality assurance functions as part of the state's role in supervising the administration of SNAP.

RECOMMENDATION: Staff recommends that the Committee approve the Department's request, but at a level of $405,479 total funds, including $202,740 General Fund, and 6.3 FTE. The difference between staff's recommendation and the request is due to a minor change in the position classifications and functions of the staff recommended by staff versus the Department's plan. Additionally, the request includes centrally appropriated costs. It is the General Assembly's policy to provide funds for centrally appropriated line items for increased staffing decision items only if the staffing increase is over 20.0 FTE. This decision item does not meet that threshold, thus the centrally appropriated costs are not included in staff's recommendation.

ANALYSIS:

Background

SNAP, formerly known as the Food Stamp Program, is a federal initiative that provides financial assistance for low-income individuals and families in Colorado to support basic nutritional needs. In Colorado, SNAP benefits are distributed by the Department's Food and Energy Assistance Division under the state-supervised, county-administered model. The state provides technical and policy support for the program and the Department's current appropriation for these purposes includes funds for 21.0 FTE for SNAP administration and 11.7 FTE for SNAP quality assurance functions. Counties perform program eligibility determinations and re-determinations for applicants and enrollees. The County Administration line item in the Department's budget includes funding for these functions.

Issue

The Department identifies the following four issues related to the technical and policy support it provides as part of its supervisory role of SNAP:

1 (County Technical Support) The Department is not providing the level of technical support to counties needed to address high error rates. The federal government has had Colorado on a corrective action plan for program accuracy, as measured by the Case and Procedural Error Rate (CAPER), since 2010. If the state is unable to comply with federal regulations, it may face financial penalties.

2 (Fiscal and Contract Oversight) The Department is not able to fulfill the requirements of new federal regulations. Specifically, in 2017, the federal government revised SNAP rules to mandate federal approval of all professional services contracts in excess of $2,500. This requires counties to provide these contracts to the Department for monthly consolidation and submission to the federal government for approval. This results in hundreds of contracts for the Department to monitor, track, and report on each year.

3 (Case File Review) The Department is not able to complete the federal standard of 95 percent of SNAP case file reviews within the federally-prescribed time period. In 2017, the federal government placed Colorado on a corrective action plan for only completing 88 percent of all case file reviews in FY 2015-16. The Department expects performance to worsen to 86 percent in FY 2016-17. If the state is unable to comply with federal regulations, it may face financial penalties.

4 (Incentive Planning and Monitoring) Within existing resources, the Department is not able to create a written plan detailing how it will spend performance incentive funding provided by the federal government to the state (and ultimately distributed to counties) for improvement against SNAP performance measures. Additionally, failure to approve, consolidate, and monitor these plans could result in the federal government withdrawing any incentive payments.

Proposed Solution

The Department indicates that these four issues can be addressed with additional state staff. Specifically, the agency seeks an increase of $511,356 total funds, including $255,680 General Fund, and 6.4 FTE. The FTE would be distributed to the following functions, as follows:

Position Function	Total Funds	General Fund	Federal Funds	FTE
1. County Technical Support (salary + benefits)	$63,076	$31,538	$31,538	1.0
2. Fiscal and Contract Oversight (salary + benefits)	139,528	69,764	69,764	1.8
3. Case File Review (salary + benefits)	126,153	63,077	63,076	1.8
4. Incentive Planning and Monitoring (salary + benefits)	139,528	69,764	69,764	1.8
Operating Expenses	43,071	21,537	21,534	n/a
Total	**$511,356**	**$255,680**	**$255,676**	**6.4**

Recommendation

Staff recommends that the Committee approve the Department's request, but at a level of $405,479 total funds, including $202,740 General Fund, and 6.3 FTE. Staff's recommendation is as follows:

1 (County Technical Support) Staff recommends an additional 1.8 FTE for county technical support. $99,243 total funds, including $49,622 General Fund. This recommendation is 0.8 FTE higher than was requested by the Department for this purpose. It is staff's opinion that the need articulated to staff by counties necessitates an additional resource above what was requested.

Counties indicate that support, analysis, and training from the Department has been lacking for several years and that additional staff would be beneficial to resolving ongoing CAPER issues before federal sanctions are levied against the state (and potentially passed-through to counties).

2 (Fiscal and Contract Oversight) Staff recommends adding 1.8 FTE for fiscal and contract oversight. $106,772 total funds, including $53,386 General Fund. This recommendation is the same as was requested by the Department for this purpose. Shifting federal compliance requirements have created reporting burdens that cannot be met within the Department's existing resources. It is in the state's best interest to ensure that all SNAP expenses are properly reviewed, monitored, and audited so that the federal government does not levy financial sanctions.

3 (Case File Review) Staff recommends adding 1.8 FTE for case file review. $99,243 total funds, including $49,622 General Fund. This recommendation is the same as was requested by the Department for this purpose. Existing staff are only able to complete 76 percent of the federally-required number of active case file reviews within regular work hours (40 hours per week) and have been unable, even working overtime hours, to meet the standards for the number of files reviewed. Given that Colorado has been placed on a corrective action plan, it is in the best of the state to add the resources need to complete reviews within a timely manner so that federal sanctions are not levied.

4 (Incentive Planning and Monitoring) Staff recommends adding 0.9 FTE for S.B. 190. $57,150 total funds, including $28,575. This recommendation is 0.9 FTE lower than was requested by the Department for this purpose. It is staff's opinion that the workload associated with distributing, monitoring, and filing reports with the federal government concerning how the state and counties are expending incentive funding can be performed with one additional staff resource.

Note, the difference between staff's recommendation and the request is due to a minor change in the position classifications and functions of the staff recommended by staff versus the Department's plan. Additionally, the request includes centrally appropriated costs. It is the General Assembly's policy to provide funds for centrally appropriated line items for increased staffing decision items only if the staffing increase is over 20.0 FTE. This decision item does not meet that threshold, thus the centrally appropriated costs are not included in staff's recommendation.

New Information
During staff's figure setting presentation on this decision item, the Committee requested information on a recent audit conducted by the Office of the State Auditor on SNAP. The Statewide Single Audit for FY 2014-15 included the following information:

WHAT AUDIT WORK WAS PERFORMED AND WHAT WAS THE PURPOSE?

The purpose of the audit work was to determine the Department's progress in implementing our Fiscal Year 2013 audit recommendation related to the SNAP program. Specifically, at that time we recommended that the Department fully implement its corrective action plan as demonstrated by reducing the SNAP payment error rate to a level at or below the national average for eligible and ineligible cases and requiring county caseworkers to attend SNAP training on at least an annual basis. We reviewed the SNAP QA Federal Fiscal Years 2011 through 2014 annual reports and the Department's monthly reported totals for Federal Fiscal Year 2015. We performed our review to determine the trend of error rates identified for both eligible and ineligible households for Federal Fiscal Years 2011 through 2014 and to determine whether the Department was at or below the national averages for payment error rates. We also reviewed the Department's 2013 through 2015 corrective action plans to determine how the Department planned to reduce its SNAP error rates and performed testing to determine whether the Department adhered to its corrective action plans. In addition, we obtained and reviewed the Department's Fiscal Year 2015 training documentation for SNAP caseworkers to determine whether the Department required caseworkers to attend SNAP trainings during the year.

HOW WERE RESULTS MEASURED?

According to federal regulations [7 C.F.R., 275.23(d)(2)], the Department is subject to liability if the State agency's payment error rate for eligible households, for two consecutive federal fiscal years, is 105 percent of the national average. In addition, federal regulations [7 C.F.R., 275.19(c)] require the Department to implement new corrective actions, if the proposed corrective action plan is not effective in substantially reducing or eliminating deficiencies.

The Department indicated that it provided training to county caseworkers through the following courses during Fiscal Year 2015: "Food Assistance Tune Up," "Expanding Foundations," and webinar training sessions. We performed test work to determine whether caseworkers attended these training sessions for SNAP in Fiscal Year 2015.

WHAT PROBLEM DID THE AUDIT WORK FIND?

Overall, we found that the Department has not fully implemented the prior year audit recommendation related to SNAP and has not ensured that SNAP payment error rates are at or below the national average. First, while we determined that the Department has made progress in reducing its SNAP payment error rate for eligible households since our Fiscal Year 2013 audit, we noted that the Department's error rate for eligible households has fluctuated, but has continued to be above the national average error rate since that time. Specifically, as shown in the following table, the Department's reported SNAP payment error rate for eligible households improved from 5.59 percent in Federal Fiscal Year 2013 to 4.26 percent in Federal Fiscal Year 2014, and its national ranking among the 50 states and 3 territories improved from 46 in Federal Fiscal Year 2013 to 27 in Federal Fiscal Year 2014. The Department's Federal Fiscal Year 2015 draft report indicates that the SNAP payment error rate has declined further to 3.90 percent. However, because the federal government has not yet reviewed the Department's results for Fiscal Year 2015, the results noted in the report, including the payment error rates, are subject to change.

DEPARTMENT OF HUMAN SERVICES
SNAP PAYMENT ERROR RATES FOR ELIGIBLE HOUSEHOLDS AMOUNTS OF OVER- AND UNDER- ISSUED SNAP PAYMENTS FEDERAL FISCAL YEARS 2011 – 2015*

	2011	2012	2013	2014	2015*
National Average Payment Error Rate	3.80%	3.24%	3.20%	3.66%	3.48%
Colorado Payment Error Rate	4.45%	4.55%	5.59%	4.26%	3.90%
Colorado's National Ranking[1]	34	36	46	27	TBD

Colorado Estimated Total Amount of Over Issued SNAP Benefits	$24,791,020	$26,283,206	$33,929,420	$25,025,819	TBD
Colorado Estimated Total Amount of Under Issued SNAP Benefits	$9,077,327	$10,755,624	$12,105,885	$7,603,769	TBD

SOURCE: Supplemental Nutrition Assistance Program Quality Assurance Federal Fiscal Years (FFY) 2011, 2012, 2013, and 2014 Annual Reports.
* The 3.48% represents the national average payment error rate through June 30, 2015. The 3.90% represents information from the internal Draft Federal Fiscal Year 2015 Report provided by Quality Assurance for the Department payment error rate. The data provided on a monthly basis will be reviewed by the FNS and the final error rates, national ranking, and total over and under issued SNAP benefits will be provided to the Department subsequent to that review.
[1] This ranking is out of 53. The 53 includes 50 states and 3 territories that administer the SNAP QA program.

Second, we also found that the Department's error rates for ineligible households continue to exceed the national average and Colorado continues to rank near the bottom of all states and territories. As shown in the following table, the Department's SNAP Case and Procedural Error Rates for ineligible households has improved somewhat since Fiscal Year 2012, but continues to rank at the bottom of all states and territories.

DEPARTMENT OF HUMAN SERVICES
SNAP PAYMENT ERROR RATES FOR ELIGIBLE HOUSEHOLDS AMOUNTS OF OVER- AND UNDER- ISSUED SNAP PAYMENTS FEDERAL FISCAL YEARS 2011 – 2015*

	2011	2012	2013	2014	2015*
National Average Case and Procedural Error Rates	N/A	27.27%	25.25%	25.48%	21.98%
Colorado SNAP Case and Procedural Error Rates	N/A	68.79%	52.83%	53.14%	40.68%
Colorado's National Ranking[1]	N/A	53	51	51	TBD

SOURCE: Supplemental Nutrition Assistance Program Quality Assurance Federal Fiscal Years (FFY) 2011, 2012, 2013, and 2014 Annual Reports.
* The 3.48% represents the national average payment error rate through June 30, 2015. The 3.90% represents information from the internal Draft Federal Fiscal Year 2015 Report provided by Quality Assurance for the Department payment error rate. The data provided on a monthly basis will be reviewed by the FNS and the final error rates, national ranking, and total over and under issued SNAP benefits will be provided to the Department subsequent to that review.
[1] This ranking is out of 53. The 53 includes 50 states and 3 territories that administer the SNAP QA program.

Third, we found that while the Department provided county caseworkers SNAP related trainings during Fiscal Year 2015 the Department did not require the trainings to be mandatory. As a result, 17 of the 64 counties did not have any caseworkers in attendance at the "Food Assistance Tune Up" training (27 percent); 23 counties did not have any caseworkers in attendance at the "Expanding Foundations" training (36 percent); and 15 counties did not have any caseworkers in attendance at any of the webinar training sessions (23 percent).

WHY DID THE PROBLEM OCCUR?

The Department has not addressed the prior audit recommendation by fully implementing its 2013 through 2015 SNAP corrective action plans, ensuring caseworkers attend mandatory training, and are adequately trained on SNAP issues, or reduce the SNAP error rates to a level at or below the national average.

While the Department has made progress in implementing its corrective action plan and reducing the payment error rate, the progress has not been significant enough to reduce the payment error rate to a level at or below the national average.

Also, while the Department indicates it uses a "train the trainer" approach between large and small counties that allows caseworkers from large counties to attend the training and then train caseworkers from smaller counties, the Department does not track this activity and therefore, cannot demonstrate that it is occurring. In addition, Department staff reported that they could not track which employees attended the webinar, only the county. The lack of tracking attendance does not allow the Department to identify those county employees that should attend training sessions.

WHY DOES THIS PROBLEM MATTER?

The Department's high SNAP error rates indicate that the Department is not properly overseeing the SNAP program to ensure that eligible beneficiaries are receiving the proper amount of SNAP benefits. For example, the Department noted in its Federal Fiscal Year 2014 Annual Report that, "There is a potential for Colorado to have 72,978 households receiving the incorrect amount of benefits each month." In addition, by not ensuring that county department of human/social services caseworkers attend mandatory training on the importance of determining eligibility and benefit payments accurately, the Department risks continuing to have caseworkers improperly issue SNAP benefits and continuing to have high payment error rates.

The Department was not eligible to receive additional federal incentive money for the program. For Fiscal Year 2014, the federal government reported that the State was not eligible to receive a portion of the $48 million in federal SNAP "bonuses to State agencies that demonstrate high or improved performance in administering SNAP." In order to avoid possible sanctions, or the loss of federal bonuses, the Department should ensure that its payment error rates improve to levels at or below the national average.

RECOMMENDATION 2015-053

The Department of Human Services (Department) should ensure that it complies with federal requirements related to eligibility determinations and benefit payments for the Supplemental Nutrition Assistance Program (SNAP) by:

A. Reducing its payment error rates for SNAP to a level at or below the national average.

B. Ensuring that all county departments of human/social services' SNAP caseworkers are adequately trained on risk areas related to SNAP eligibility. This should include requiring all SNAP caseworkers to attend SNAP specific trainings on at least an annual basis. In addition, the Department should maintain documentation of any training events, including course names, trainers, hours, dates, and employee attendance.

DEPARTMENT RESPONSE

A. Agree. Implementation date: January 2017.

   The Department will continue reducing its payment error rates (PER) for SNAP to a level at or below the national average. Colorado has made improvements in its PER, culminating in the removal of its liability status by the United States Department of Agriculture, Food and Nutrition Services Division on December 19, 2014. The Department continues to work with its county partners through the Colorado Food Assistance Matters meetings to improve performance by focusing on root causes and developing meaningful corrective action plans.

B. Agree. Implementation date: October 2016.

   The Department will continue training county departments of human/social services' SNAP caseworkers on SNAP eligibility and will mandate annual training based upon certain risk areas. The Department has made substantial gains in training county staff on root causes and methods to improve payment accuracy. Significant resources were committed to developing training information for county technician use via the train-the-trainer model and other tools such as SNAP Chats Webinars. These efforts will continue along with an emphasis on material specific to payment accuracy. In cooperation with the Staff Development Center, the Department is implementing an evaluative-based approach to understanding current knowledge and increasing the application of strategies beneficial to payment accuracy. The Department also will implement a method to maintain documentation of the training events.

FOLLOW-UP

The Statewide Single Audit for FY 2016-17 included the following information regarding the Department's implementation of the audit recommendations:

A. Implemented.

   Reducing its payment error rates for SNAP to a level at or below the national average.

B. Implemented.

   Ensuring that all county departments of human/social services' SNAP caseworkers are adequately trained on risk areas related to SNAP eligibility. This should include requiring all SNAP caseworkers to attend SNAP specific trainings on at least an annual basis. In addition, the Department should maintain documentation of any training events, including course names, trainers, hours, dates, and employee attendance.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Tom Dermody, JBC Staff (303-866-4963)
DATE	March 15, 2018
SUBJECT	Department of Agriculture – Request for Cash Fund Maximum Reserve Waiver

Pursuant to Section 24-75-402 (8), C.R.S., the Department of Agriculture has submitted a request for a waiver from the maximum reserve limit for FY 2016-17 and FY 2017-18 for the Agriculture Products Inspection Cash Fund, created in Section 35-23-114 (3)(a), C.R.S. The Fund has exceeded the maximum reserve limit for the last three fiscal years, resulting in the Office of the State Controller applying a spending authority restriction of $183,601.

Staff recommends approval of the request. The Agriculture Products Inspection Cash Fund collects fees from industry "for the inspection and issuance of certifications of inspection on fruits, vegetables, and other agriculture products," pursuant to Section 35-23-114 (1), C.R.S. The Department reports that since FY 2016-17, the fee rates have been reduced by 15.0 percent. The Department anticipates that it will be able to bring the Fund into compliance with the maximum reserve limit in FY 2018-19, if the waiver is granted.

AGRICULTURAL PRODUCTS INSPECTION CASH FUND RESERVE BALANCE				
	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	FY 2017-18 ESTIMATED	FY 2018-19 REQUESTED
Uncommitted Fee Reserve Balance	$622,914	$550,819	$458,107	$315,395
Target Fee Reserve Balance (16.5% of total expenses)	359,648	365,690	346,500	354,750
Excess Uncommitted Fee Reserve Balance	$263,266	$185,129	$111,607	($39,355)

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Alfredo Kemm, JBC Staff (303.866.4549)
DATE	March 15, 2018
SUBJECT	Statewide Compensation figure setting comeback – Salary Increase and Salary Range Adjustment

At Statewide Compensation figure setting on January 20th, the Committee tabled a decision on salary increases and salary range adjustments. **Staff continues to recommend the requested 2.0 percent salary range adjustment. However, the Committee may wish to consider an alternate recommendation to the 3.0 percent salary increase request.**

The Governor's budget request included a 3.0 percent salary increase for state employees. However, the salary increase request appeared to be packaged with a PERA-related proposal that state employee contributions to PERA should increase by 2.0 percent beginning in calendar year 2019; effectively providing a net 2.0 percent salary increase for state employees for the full fiscal year.

For figure setting on January 20th, staff approached the 3.0 percent salary increase separate and apart from the PERA employee contribution increase. Staff did this because the salary increase request is within state budget issues that the Committee must consider and decide as a part of statewide compensation figure setting; while the PERA employee contribution increase is a statutory policy change that falls outside of figure setting decisions per se.

In considering the Governor's requested 3.0 percent salary increase in the context of a 2.0 PERA contribution increase, delivering a net 2.0 percent salary increase, **staff recommends that the Committee may wish to consider providing a 2.0 percent salary increase**, which would match the Governor's net salary increase request. In the context of the Governor's packaged request, **staff further recommends that the Committee set aside the possibility of a PERA contribution increase in its salary increase decision.**

Staff estimates that a 2.0 percent across-the-board salary survey increase would cost approximately $40 million total funds including $22 million General Fund; equivalent to 2/3rds of the 3.0 percent salary increase which totals $59.7 million total funds including $33.2 million General Fund.

Staff's January 20th figure setting recommendations for salary increase and salary range adjustment follow.

➔ SALARY RANGE ADJUSTMENT

REQUEST: The request is for a 2.0 percent salary range adjustment for all occupational groups.

RECOMMENDATION: Staff recommends that the Committee approve the request.

The requested salary range adjustment is recommended in the annual compensation report. As salaries in the market adjust, the salary range adjustment serves to keep classification minimums, maximums, and midpoints in line with market salaries. To the extent that these adjustments move an employee's salary below the range minimum, the associated funding has been requested within the salary survey compensation component.

➔ ACROSS-THE-BOARD SALARY INCREASE

REQUEST: The request is for a 3.0 percent across-the-board salary increase for all state employees, including State Trooper classes, including base building up to the range maximum.

RECOMMENDATION: Staff recommends that the Committee approve the request and appropriations as outlined in the following table.

Statewide Salary Increases - Request and Recommendation - 3.0% ATB, 0.0% Merit Pay

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2018-19 Estimated Salary Base					
Estimated Salary Base	$1,964,223,823	$1,078,207,552	$476,237,240	$215,982,261	$193,796,770
FY 2017-18 Appropriation					
Salary Survey - 1.75 percent	$34,610,782	$18,335,747	$9,263,793	$3,800,073	$3,211,168
Merit Pay - 0.75 percent	13,936,629	8,014,451	3,053,180	1,539,295	1,329,703
Subtotal - Statewide Salary Increases	**$34,610,782**	**$18,335,747**	**$9,263,793**	**$3,800,073**	**$3,211,168**
FY 2018-19 Request and Recommendation					
Salary Survey - 3.0 percent	$59,670,368	$33,183,213	$14,166,687	$6,500,090	$5,820,378
Merit Pay - 0.0 percent	0	0	0	0	0
Subtotal - Statewide Salary Increases	**$59,670,368**	**$33,183,213**	**$14,166,687**	**$6,500,090**	**$5,820,378**
Increase/(Decrease)	$25,059,586	$14,847,465	$4,902,894	$2,700,017	$2,609,210
Percent Change	72.4%	81.0%	52.9%	71.1%	81.3%
Statewide Salary Increase on Salary Base	3.0%	3.1%	3.0%	3.0%	3.0%

The requested 3.0 percent increase is recommended in the annual compensation report. While the report recommends a merit increase, the Governor's request remains consistent from the prior year in foregoing the use of merit pay for an across-the-board increase. Staff is reluctant to recommend the merit pay given the Administration's determined insistence on the use of an across-the-board increase last year, its failure to request appropriations using its own merit pay policy tool for the third straight year, and its continued disregard for the merit recommendation in the annual compensation report.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Kevin Neimond, JBC Staff (303-866-4958)
DATE	March 15, 2018
SUBJECT	Staff Comeback: Office of Information Technology, R3 Operating system and Microsoft Office productivity suite service offering

On February 12th, the Committee tabled action on a FY 2018-19 decision item requested by the Governor's Office of Information Technology and recommended by Committee staff. The following represents staff's original write-up for this decision item. Staff has added a section to the end of the previous material entitled "New Information" to assist the Committee in taking action on this request. The new information provided by the Office does not change staff's recommendation to approve this decision item.

➔ R3 (OIT) OPERATING SYSTEM AND MICROSOFT OFFICE PRODUCTIVITY SUITE SERVICE OFFERING

REQUEST: The request seeks an increase of $5,228,160 reappropriated funds transferred from state agencies to the Office to transition from a non-consolidated licensing approach for operating system and Microsoft Office applications to a centralized approach managed by the Office for all state agencies.

RECOMMENDATION: Staff recommends approving the request.

ANALYSIS:

Background

Prior to FY 2016-17, each state agency negotiated with vendors to procure operating system products (e.g. Microsoft Windows) and office productivity products (e.g. Microsoft Office). On July 1, 2016, the Office of Information Technology entered into an agreement with Microsoft for an Enterprise License Agreement (ELA) for operating system and office productive produces so that the state has one agreement with the vendor, pays the same prices for all products, leverages the buying power of the executive branch, maintains consistent products and versions, and reduces liabilities associated with agencies using unlicensed products. This ELA is in effect until July 1, 2019.

Issue

Since the ELA was put in place, a baseline amount of usage of Microsoft products is established at the start of each year for all executive branch agencies. This baseline amount is invoiced by the vendor to the Office of Information and the Office collects payments from agencies. The money collected originates in appropriations made to operating line items within agencies. Agencies adjust agreements with the Office or pay the vendor directly for any new licenses or products that are added throughout the year. While the process for paying for the baseline usage of products is rather straightforward and easy to plan and budget for, the same cannot be said for the addition of new licenses and products, which agencies find difficult to forecast for and cumbersome to procure.

Proposed Solution
The Office requests an increase of $5,228,160 reappropriated funds to create a new component within the Payments to OIT common policy for products covered by the ELA with Microsoft. This solution gives agencies a predictable yearly budget for these products. The Office is able to monitor product usage and adjust the common policy for each agency on an annual basis, accordingly, rather than performing a monthly cycle of changes. To cover a portion of the costs associated with this new common policy component, the proposed solution transfers $2,887,727 from the base-level appropriations included in agency operating line items into agency Payments to OIT line items. The remaining amount is $2,340,433, is funded with requests for additional appropriations in agency Payments to OIT line items.

Recommendation
Staff recommends approving the request. This solution addresses one of the state's challenges in centrally managing information technology assets by consolidating ownership of the assets in the Office of Information Technology. In prior fiscal years, the General Assembly has encountered obstacles preventing the transfer of infrastructure from agencies to the Office and even greater obstacles transferring assets and the funding to cover the costs. The proposal put forth by the executive branch is a positive step toward addresses both of these challenges.

New Information
As a result of concerns raised by members of the Committee, staff asked the Office to provide additional detail on the following questions:

- Why does a cost saving measure, like implementing an enterprise licensing agreement, cost more money than agencies currently spend on the products without the agreement? Specifically, please explain why the five year average for Microsoft products now part of the enterprise licensing agreement is $2,887,727, yet the Office is asking for $5,228,160. What constitutes the requested increase of $2,415,373 (difference between $5,228,160 and $2,887,727)?

The Office's unedited response is as follows:

Summary
Prior to the Enterprise License Agreement, not all agencies were properly licensed for Microsoft products, and significant changes were necessary in order to bring the state into compliance. In addition, there was a shift in how licenses are paid for, with a transition from a model where licenses were predominately procured by device, to a subscription model based on number of users. These are the major factors that really drive the changes in total cost for most agencies, and they impacted some agencies much more than others depending on their ratio of users to devices, as well as depending on the details of the individual license agreements they may or may not have had in place prior to the statewide ELA.

The 5 year average spend for each agency was chosen as a baseline in order to have a consistent methodology applied to each agency in the request, but given that the ELA represents a significant effort to bring the state into compliance, it impacted everyone differently and resulted in sharp deviations from the historical averages for several agencies, including DPA and CDHS.

Detail on the Main Factors Driving Increased Costs
Further details on the main factors that contributed to higher projected costs for FY 2018-19 compared to the 5 year averages are provided below.

Compliance Requirements

The Enterprise License Agreement brought the state into compliance with current Microsoft licensing requirements. In order to be compliant, the state is required to purchase the "Windows Server Client Access License (CAL)" which allows a user to log into any windows server in the state (this license essentially authenticates access to a windows server for each individual user). This licensing was previously purchased by a few agencies for specific devices, but in order to be compliant with new Microsoft licensing requirements, the license is required for all users in the state. For agencies with large user counts, this represents a significant increase in the number of required licenses compared with what was historically required. The Windows Server CAL license is included in the Microsoft Enterprise Mobility Suite (EMS) and the following chart outlines the total additional EMS licenses that are included in the FY 2018-19 request and their impact on the total dollar amount requested.

Description	Quantity	FY19 Rate*	Total
Enterprise Mobility Suite (EMS) License	23,429	$78.73	$1,844,565

*Listed rate is a weighted average as it incorporates some limited pro-rating for overlapping components from previous agency agreements.

The EMS is sold only as a suite, with several other products bundled into it. Agencies now have access to other products included in the suite, such as:

- System Center Configuration Manager tool
    - Domain joined device management
    - Patches to desktops
    - Machine builds
    - Application updates
    - Inventory
- System Center Endpoint Protection
- Azure AD Premium
    - Hybrid identity management
    - Multifactor authentication
    - Advanced security
- Intune (mobile device management)
- Azure Rights Management
- Microsoft Identity Management
- Advanced Threat Analytics
    - Monitors active directory and detects anomalous behavior

Subscription Based Licensing

The second major factor for the Microsoft ELA is the transition to subscription based licensing. This methodology sells licenses by user count, as opposed to by device count. For all new desktop licenses (Windows OS and Windows Office/365) these are now purchased per user and the subscription is paid continuously to keep the license active. This new subscription model comes with software assurance which includes support, updates, new versions, and the ability for the user to use the license on more than one device. Previously, only a few agencies purchased software assurance. At inception of the ELA, approximately 1/3 of the state's licenses were rolled into the ELA subscription model to include software assurance. The remaining licenses do not have software assurance, and as agencies purchase new licenses they will be added into this new ELA subscription model (software assurance is required by OIT for all server licenses. It is strongly recommended for desktop software licenses as well). This increases the total projected costs for future years since agencies weren't previously purchasing software assurance for many of the existing licenses.

<u>Growth</u>

In addition to the above factors, the budget request for FY 2018-19 and beyond includes a small growth projection to account for the continued transition of licenses to including software assurance, as well as limited growth for any net new licenses. This growth factor accounts for approximately $207,000 in the FY 2018-19 request.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Kevin Neimond, JBC Staff (303-866-4958)
DATE	March 15, 2018
SUBJECT	Staff Comeback: Office of the Governor, JBC staff-initiated change for disabled parking education

On February 12th, the Committee tabled action on a FY 2018-19 staff-initiated decision item to decrease funding for the disabled parking education program administered by the Colorado Advisory Council for Persons with Disabilities due to the sunset of the Council. At the time this item was tabled, Committee members indicated that conversations would occur with colleagues to determine if a bill to continue the Council is in the offing. To date, legislation has not been introduced related to the Council.

The following represents staff's original write-up for this decision item and does not include any new information.

➔ JBC STAFF-INITIATED CHANGE FOR DISABLED PARKING EDUCATION

REQUEST: The Office did not request this change.

RECOMMENDATION: The recommendation includes a decrease of $250,000 General Fund for the disabled parking education program administered by the Colorado Advisory Council for Persons with Disabilities. The statutory authorization for the Colorado Advisory Council for Persons with Disabilities is repealed on July 1, 2018. If a member of the General Assembly wishes to reauthorize the Council via legislation during the 2018 session, staff recommends that the bill include funding for its duties, including disabled parking education. Staff does not recommend setting aside a placeholder for such legislation.

ANALYSIS: The Colorado Advisory Council for Persons with Disabilities, established within the Office of the Governor via S.B. 08-165 (Advisory Council Persons Disabilities), is mandated to coordinate with state boards and advisory councils for or related to persons with disabilities, advise the Governor and General Assembly on issues related to persons with disabilities, monitor the state's implementation of provisions of the Americans with Disabilities Act, receive and refer grievances regarding disability issues, and issue an annual report on the state's programs and services for persons with disabilities.

House Bill 10-1019 (Reserved Disabled Parking Enforcement) assigned the Council the duty of creating a grant program or an education program about the eligibility standards, appropriate use of parking privileges, violations, and the advantages of a volunteer enforcement program. Additionally, the Council is tasked with creating or making available a training program to assist professionals in determining the standards required to obtain a placard or license plate that permits parking in the reserved parking program. One half of reserved parking program ticket revenue is deposited in the Disabled Parking Education and Enforcement Fund to fund these obligations. Additionally, the General Assembly provided General Fund appropriations beginning in FY 2014-15 for the disabled parking education program. From FY 2014-15 to FY 2017-18, General Fund appropriations totaled $1,249,000.

The Advisory Council is slated to statutorily repeal on July 1, 2018, thus no appropriations should be made in the Long Bill for FY 2018-19 for the disabled parking enforcement functions of the Council. If a member of the General Assembly wishes to reauthorize the Council via legislation during the 2018 session, staff recommends that the bill include funding for its duties, including disabled parking education.

Note, as part of the sunset review process, the Department of Regulatory Agencies (DORA) recommends that the Council should be allowed to sunset. Indicating that "it is unclear if the Advisory Council actually fulfilled the one concrete task it was assigned, to report to the Governor and the General Assembly on the condition of the state's programs," DORA's Office of Policy, Research and Regulatory Reform states that "the accomplishments it has achieved need not have been undertaken by a government advisory commission" and thus "the General Assembly should sunset the Advisory Council." Given these performance concerns, staff does not recommend setting aside a placeholder to fund any legislative endeavors to reauthorize the Council.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Kevin Neimond, JBC Staff (303-866-4958)
DATE	March 15, 2018
SUBJECT	Staff Comeback: Office of the Governor, R4 Office of State Planning and Budgeting reduction

On February 12th, staff erroneously omitted a component of the "R4 Office of State Planning and Budgeting reduction" decision item that included roll-forward authority from FY 2018-19 through FY 2019-20 for appropriations made to the Evidence-based Policymaking Evaluation and Support line item in the Office of State Planning and Budgeting. This line item funds grants for agencies to evaluate and/or assist in the implementation of programs funded from the Marijuana Tax Cash Fund.

The Committee approved an appropriation of $435,675 cash funds from the Marijuana Tax Cash Fund on February 12th, however staff did not seek action on the Office's request for roll-forward authority. The Office indicates that this authority is needed due to gaps between the timing of grant approvals and when funds are paid out after defined milestones are met. **Staff recommends approving this request**.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Eric Kurtz, JBC Staff (303-866-4952)
DATE	March 15, 2018
SUBJECT	Staff Comebacks - Health Care Policy and Financing

This packet includes the following comebacks:

- Items Tabled by the JBC
  - R6 Home care visit verification
  - R15 CHASE Administration
- Technical Corrections
  - R7 Transition services
  - R13 All-Payer Claims Database
  - Medicaid Management Information System Reprocurement Contracts
  - Salary Survey and Merit Pay Annualization
  - Cash Funds Cost Allocation for Executive Director's Office

ITEMS TABLED BY THE JBC

The following items were laid over by the JBC pending additional information.

➔ R6 HOME CARE VISIT VERIFICATION

NEW INFORMATION

1 [Sen. Lambert/Rep. Young] Please provide a detailed description of OIT's role in implementing the home care visit verification project (R6) including both actions to date and those planned for the future. For example, is the Department or OIT taking the lead on planning? Is OIT recommending a project management team at both OIT and the Department of Health Care Policy and Financing, similar to other recent initiatives?

The project will follow the OIT gating process and methodology. As a technology project, there will be partnership with OIT. A commercial off-the-shelf (COTS) product from a contractor who has already implemented this in other states will be utilized. The Department and OIT will partner to ensure that this solution meets the requirements of the 21st Century Cures Act, to conduct a comprehensive security review, and to support implementation. By working collaboratively with OIT, the project under this request would follow state requirements for information technology projects. For example, the Department will utilize a third-party vendor to conduct Independent Verification and Validation (IV&V). This will allow a third-party vendor to verify that that specified requirements have been fulfilled. In addition, this vendor will notify OIT and the Department if there any potential delays in implementation or other risks to the project.

The Department is taking the lead to manage the Electronic Visit Verification (EVV) project since the primary contractor, DXC, is under contract with the Department. The EVV project went through the OIT *intake process and an initial analysis was completed in partnership between the Department and OIT. The project is currently on hold with the OIT intake process pending funding decisions. Moving forward, the Department will continue work with OIT and our contractor to complete this process once funding is secured. All OIT gating requirements will be met and followed and OIT teams will be engaged to support the implementation as applicable. At this time, the Department is not aware of a direct OIT impact, such as a need for OIT to hire a project manager, but we will work to ensure any needs are identified and a resolution is found. The Department will assign a project manager to assist with the coordination between OIT, the Department, and the contractor, which is how projects are currently managed between the entities.*

2 [Sen. Lambert] What role has the JTC taken regarding the home care visit verification project?

By leveraging the guidance provided through SB 17-304 this project is aligned with directions from the Joint Technology Committee regarding the need for market research, providing a clear scope of work in the contract with the contractor, and having costs estimated through a competitive procurement process. The Department executed a purchase order with Center for Research Strategies in 2017 to complete an Electronic Visit Verification (EVV) Environmental Scan and Analysis Report. The report explored EVV systems that meet the 21st Century Cures Act, are utilized by other states, and currently being used voluntarily by providers in Colorado. In addition, the Department's Office of Community Living did an informal outreach to vendors based on the report and concluded that the selected solution would comply with the federal mandate, have the ability to effectively implement Department policy, and was most accommodating to stakeholder recommendations. The selected solution has a long-term partnership with the Department's MMIS contractor and track record of success in other states. The contractor will have a defined scope that will meet the EVV requirements and is the only option that can meet the January 1, 2019 federal deadline.

3 [Sen. Lambert] Is there an opportunity to share with this project the resources and experience gained from time tracking software for state employees that is in development by the Department of Personnel?

Given the EVV system must be implemented by January 1, and given the complexity of the federal requirements, the Department does not believe that there is an opportunity for alignment. For example, the Department is not aware that DPA's system would meet the 21st Century Cures Act requirements (shown below) or if the DPA system would integrate with the Department's claims system. Further, the Department does not believe that the system procured by DPA has been used to meet the EVV requirements in other states. The federal law requires Medicaid agencies to collect six data elements and validate each of those data elements before a claim can be submitted for payment. The six data elements are:

a. *Identify the individual providing the service*
b. *Identify the Medicaid client receiving the service*
c. *Identify the service being provided to the Medicaid client*
d. *Identify the specific location the service is being provided*
e. *Identify the specific date the service was delivered*
f. *Identify the specific time the service starts and ends.*

ORIGINAL RECOMMENDATION

REQUEST

The Department requests a decrease of $1.2 million total funds, including a decrease of $1.2 million General Fund, and an increase of 7.0 FTE to implement a federally required electronic system to track and verify the time that personal care and home health workers spend on home visits. The requested FTE, combined with the FTE approved in a related supplemental, annualize to 8.0 FTE. The Department proposes that 4.0 FTE would be time-limited through FY 2020-21, as they relate to temporary needs for project development, testing, and fraud investigation (for an expected initial spike in fraud cases).

The federal law requires an electronic visit verification system for personal care services by January 2019 and for home health services by January 2023. Failure to comply results in a reduction in the federal match rate for the effected services. The Department proposes implementing electronic visit verification for both services by January 2019: (1) to avoid the need for two separate rounds of bidding, stakeholder engagement, and training; (2) to accelerate the expected savings from fewer billed hours; and (3) to maintain consistency in the billing methods for personal care and home health, especially for providers who offer both services.

The JBC previously approved a supplemental for the Department to begin work in FY 2017-18. The FY 2018-19 request includes costs to continue development and then operate the system. These costs are more than offset by an expected decrease in billed hours for personal care and home health, based on the experience of other states that have implemented similar systems.

RECOMMENDATION

Staff recommends approval of the request with the following modifications:

- Apply the JBC's common policy to not fund certain benefits in the request year for new FTE
- Correct technical errors that the Department acknowledges in the Department's calculation of the cost for the new FTE
- Do not assume any savings unless and until actual utilization decreases

TWO-STAGE IMPLEMENTATION OPTION

Federal regulation requires states to implement an electronic visit verification system, and so the main decision with this request is whether to implement a system all at once, as proposed by the Department and recommended by the JBC staff, or in two stages with personal care services by January 2019 and home health services by January 2023. Some providers advocate for a two-stage implementation. First, the Department forecasts the system will result in lower overall payments to home care providers and the General Assembly has tried to increase rates for these same providers in recent years. In FY 2017-18, for example, the General Assembly added approximately $11.8 million total funds to increase rates for personal care and home health providers. Second, providers express anxiety about the Department's recent track record with new payment systems and question whether the Department can successfully implement an electronic visit verification system in the available time.

The JBC staff does not recommend a two-stage implementation. Regarding the electronic visit verification system lowering payments to providers, the system will only lower payments for providers that are billing for more units than they actually deliver. If rates for the providers are too low, turning a blind eye to fraud or careless timekeeping is not a good solution, as it benefits only providers bending the rules.

Regarding the Department's ability to successfully implement a new system, the Department indicates there are many proven off-the-shelf products that need only minor modifications to fit the Department's needs. The Department is working with the Office of Information Technology to implement the system and plans a phased roll-out that will delay tying claims authorization to successful electronic verification until provider data is tested and confirmed in the new system. The federal law provides that if a state makes a good faith effort to comply with the federal regulations and an unavoidable system delay occurs, then the reduction in the federal match rate will not apply in the first year. Thus, in the first year, and only the first year, the Department has an opportunity to temporarily pull the plug on the electronic visit verification system without incurring a federal funds penalty, should an unavoidable system delay occur. Also, after considering the inadequate provider outreach and training that occurred with the Department's new Medicaid Management Information System, the JBC staff is recommending the Department's FTE request in full for 8.0 FTE (8.0!) to implement a time clock.

A two stage implementation is less cost efficient. The Department argues it would need to keep temporary development FTE on for a longer period of time, at a cost of $295,225 per year. Also, there would be some additional stakeholder outreach costs with two separate deployment rounds. These factors combined would increase administrative costs by $1.5 million total funds over the life of the project. In addition, any savings that might be achieved as a result of fewer billed units would be delayed. The Department estimates the delayed savings would cost an additional $16.8 million total funds ($8.4 million General Fund), or an average of $3.4 million ($1.7 million General Fund) per year, until the second stage is implemented in FY 2022-23. To the extent an electronic visit verification program reduces expenditures, the Department's concern about delayed savings is relevant, but in the next subheading the JBC staff raises concerns that the Department's request might overstate the savings.

Estimated Savings

The JBC staff is not confident in the Department's assumption that an electronic visit verification system will result in fewer home care billed units. The Department consulted with a vendor that identified savings from implementing similar systems of five to seven percent in Texas, eight percent in Oklahoma, and forty-six percent in Florida. However, the experiences of other states may not be indicative of what will occur in Colorado. Also, the savings in other states might be related to factors other than implementing an electronic visit verification system. For example, billed hours were decreasing in Florida for several years prior to the electronic visit verification system (although forty-six percent was the largest year-over-year decrease). Finally, the data about savings in other states is primarily from a vendor with a financial interest in bidding to implement a system in Colorado.

The Department assumed a one percent decrease from the otherwise projected increase for services requiring an electronic visit verification, which is significantly lower than the 5-10 percent savings predicted by the vendor. The Department's projected FY 2018-19 savings of $3.6 million total funds, including $1.8 million General Fund, is for only a partial year with an electronic visit verification system. In FY 2019-20 the Department projects savings of $9.4 million total funds, including $4.7 million General Fund.

The JBC staff recommends not reducing the budget until the system is implemented and actual data exists to show whether home care billed units have decreased. Compared to the Department's request, this component of the JBC staff recommendation would result in higher appropriations for FY 2018-19 of $3.6 million total funds, including $1.8 million General Fund.

After being informed of the JBC staff's concerns, the Department presented some additional information about Oklahoma's experience with an EVV system that might support the projected savings. In Oklahoma, the average scores on assessments of need increased by a statistically significant margin during the phase-in of the EVV system, but the average units billed per member decreased. At the same time, client complaints about inadequate service delivery decreased and a downward trend in the utilization of nursing homes (the presumed alternative to home care services) continued. However, the report also indicated that Oklahoma successfully implemented during this time frame annual reevaluations of the medical level of care of clients receiving services and implemented additional efforts (unspecified in the report) to tighten evaluations that verify new applicants meet the medical level of care, resulting in fewer clients qualifying for services. It is possible that Oklahoma's efforts to make it more difficult to qualify for services carried over to influence the utilization of services by people who did qualify, and perceptions by those clients about whether the services provided were sufficient. While the information from Oklahoma is more compelling than the information in the original budget request, the JBC staff still believes the best approach is to assume no savings and see if an actual trend emerges to justify a decrease in future forecasts.

SUMMARY TABLE

The staff recommendation is summarized in the table below.

R6 Home Care Visit Verification				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
FY 17-18 Approved Supplemental				
Startup costs				
Development staff	$45,444	$4,544	$40,900	0.5
Contractor startup	196,267	19,627	176,640	
IT system interfaces	100,000	10,000	90,000	
Ongoing costs				
Operations staff	35,039	3,504	31,535	0.3
TOTAL FY 17-18	**$376,750**	**$37,675**	**$339,075**	**0.8**
FY 18-19 Recommendation				
Startup costs				
Development staff	232,494	48,441	184,053	3.9
Contractor startup	392,533	39,254	353,279	
IT system interfaces	200,000	20,000	180,000	
Stakeholder engagement	8,736	4,368	4,368	
Ongoing costs				
Operations staff	282,317	68,109	214,208	3.9
Contract services	1,625,280	406,320	1,218,960	
Subtotal - Costs	*2,741,360*	*586,492*	*2,154,868*	*7.8*
Home care billed hours	0	0	0	
TOTAL FY 18-19	**$2,741,360**	**$586,492**	**$2,154,868**	**7.8**
Change from FY 17-18	$2,364,610	$548,817	$1,815,793	7.0

➔ R15 CHASE ADMINISTRATION

NEW INFORMATION

1 [Rep. Young/Rep. Rankin] What is the Department's position on the JBC staff recommendation for R15 CHASE Administration?

The Department supports the JBC staff recommendation.

That said, the Department believes that the resources requested by the Department – totaling 11 positions as opposed to the six positions recommended by JBC staff – would allow the Department to act faster in implementing the Delivery System Reform Incentive Payment (DSRIP) program and providing the hospital cost analysis contemplated during Figure Setting.

2 [Rep. Rankin] How does the Department plan to address proportionally higher infrastructure costs at low utilization hospitals to ensure the continued viability of rural and critical access hospitals?

First, through the creation of the Enterprise, the Department provided more than $60 million in additional direct payments to rural hospitals that would not have occurred without SB 17-267.

Second, the Department is partnering with the Colorado Hospital Association and rural hospitals to include a distinct rural focus in DSRIP to support viability and sustainability of Colorado's rural and critical access hospitals by creating the Delivery System Reform Incentive Payment (DSRIP) program. While DSRIP is a state-wide reform initiative, rural and critical access hospitals will have opportunities to transition into new care delivery models to best use their resources and meet the needs of their communities, such as greater focus on primary care, population health, behavioral health/substance use, long term care services, etc. Currently many rural and critical access hospitals are dependent on patient volume to survive, which creates pressure to increase patient volumes even if that is not in the best interests of the community. By helping these hospitals change their care delivery model where appropriate and in line with the needs of their communities, DSRIP will align the hospital's financial viability with the health of the community.

3 [Rep. Rankin] How does the Department plan to reduce the cost shift from public to private payers for hospitals?

With the resources and direction in the JBC Staff recommendation, the Department will expand its analysis of hospital costs using publicly available data. This will include analysis of hospital cost components, such as direct health care, operating, and administrative costs. The Department will analyze cost trends for Colorado hospitals, including looking for benchmarks and outliers. The analysis will investigate variance between Colorado hospitals, including hospital type and regional variations, and compare to hospitals in other states and to national trends.

This information, in addition to the aggregate information the Department and the CHASE board has about hospitals' payment to cost ratio for Medicare, Medicaid, and private payers (i.e., cost shift data), will provide policy makers with a greater understanding of the variance and trends in Colorado hospital costs to inform policy decisions (such as in developing incentive payments under DSRIP).

Both the Department and the CHASE Board have been actively investigating why the payment to hospital cost ratio is not improving. In its January 2018 annual report, the CHASE Board noted that "…the

CHASE Board is exploring additional data sources and information to more fully understand the impact of [the hospital fee] on cost shifting to private payers and to increase transparency about the impact of the fee on the health care marketplace." The Department and the CHASE Board agree with JBC Staff that the Department needs more resources to analyze hospital costs and to investigate why the payment to hospital cost ratio is not improving.

4 [Rep. Rankin] What resources does the Department need to tackle these issues, and is the JBC staff recommendation for R15 CHASE Administration sufficient?

The Department believes that the JBC staff recommendation is sufficient to provide a dedicated focus on rural hospital sustainability and cost-shifting to private payers. The Department believes that more resources in this area would allow for faster and more robust results, and that the JBC should consider funding the Department's request in its entirety.

However, it is critical to note that the Department lacks access to payer information at the individual hospital level to understand cost-shift at the individual hospital or system-level. Without this information, the Department is limited to analysis of publicly available information. As such, the Department strongly supports HB 18-1207, "Hospital Financial Transparency Measures," which would provide more comprehensive information surrounding hospital expenditures and utilization. This information would more readily allow the Department to scrutinize expenditure to determine how and why the cost-shift to private payers is increasing.

Original Recommendation

Request

The Department requests an increase of $1.2 million total funds, including $596,132 from the Healthcare Affordability and Sustainability (HAS) Fee Cash Fund, for 11 new staff positions (10.1 FTE in the first year) to support the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE), legal services to defend the enterprise, data analytics consulting services, and software licensing. Senate Bill 17-267 replaced the Hospital Provider Fee with the HAS Fee and designated the HAS Fee as an enterprise exempt from the limits of the Taxpayer's Bill of Rights (TABOR).

The Department argues that S.B. 17-267 added new responsibilities for the Department to provide business services to the hospitals, including:

- Consulting with hospitals to help them improve cost efficiency, patient safety, and clinical effectiveness
- Advising hospitals regarding potential changes to federal and state laws and regulations governing Medicaid
- Providing coordinating services to hospitals to help them adapt and transition to any new or modified performance tracking and payment systems for the Medicaid program
- Providing funding for a healthcare Delivery System Reform Incentive Payments (DSRIP) program

In addition to financing these new duties, the Department's request includes funds to improve oversight of the collection and distribution of the provider fee, properly account for enterprise activities, and defend the enterprise against legal challenges.

Regarding the legal challenges, existing litigation predating the creation of the CHASE, alleges the provider fee on hospitals is a tax and therefore subject to TABOR's requirement that a public vote be taken before it is levied or increased. The plaintiffs were recently granted a motion to amend their suit to include a challenge of the qualification of CHASE as an enterprise under TABOR. The plaintiffs seek a refund of all revenue collected, kept, or spent unconstitutionally, plus interest, since FY 2010-11. The requested funds represent a 50 percent increase in the CHASE legal services budget and would purchase roughly 1,290 hours of legal services. Since the request was submitted in November, discovery work has exceeded expectations and the Attorney General's Office indicates more resources might be needed, but no official request has been submitted. The requested legal services are related to the law suit and the Department does not anticipate a need for continued funding once the law suit is complete. A finding for the plaintiffs would disrupt the current financing method for Medicaid expansion populations and for supplemental payments to hospitals and would have significant General Fund and policy consequences.

RECOMMENDATION

Staff recommends a total of six new positions (5.4 FTE in the first year) for different purposes than the Department requested. All of the positions receive a 50 percent federal match with the state share from the HAS Fee.

The Department justifies most of the requested FTE as necessary to address the "new" responsibilities in S.B. 17-267 to provide business services to the hospitals. Of the "new" responsibilities, the only one identified by the Department in the fiscal note for S.B. 17-267 as potentially driving a fiscal impact was the Delivery System Reform Incentive Payments (DSRIP). The Legislative Council Staff Fiscal Note assumed the General Assembly would address contracts for consultant services for the development of the DSRIP through the annual budget process and did not include a cost estimate. The other "new" responsibilities were part of both the 2017 bill and the failed bill in 2016 to replace the Hospital Provider Fee with an enterprise, and so the Department failed to identify a fiscal impact associated with these "new" responsibilities two years in a row.

The JBC staff believes these are not "new" responsibilities, but descriptions of existing business services added to the statute in order to bolster the argument that CHASE is a government owned business, as required for enterprise status under TABOR. No testimony during debate on either the failed 2016 bill or the 2017 bill contemplated new responsibilities for the Department, other than DSRIP.

However, the JBC staff agrees the Department would benefit from additional resources to address some weaknesses in the Department's oversight of Medicaid expenditures for hospitals. First, S.B. 17-267 did assign the Department new duties to implement DSRIP. Second, the Department needs to improve the accuracy and credibility of the provider fee collection and distribution model. Negotiations over the collection and distribution model are high stakes for the hospitals, and if it is easy to discredit models based on data collection or calculation errors, or if communication is poor and the hospitals do not understand the models, then some hospitals could take advantage of the situation to the detriment of the state and/or other hospitals. Third, the state would benefit from more in-house expertise regarding the drivers of hospital expenditures, particularly to explore why the cost shift is not decreasing as promised/expected when the provider fee was created.

The table below compares the staff recommendation to the Department's request. The position groupings were created by the JBC staff and may not match the way the Department would describe the positions. In some cases, JBC staff conversations with the Department yielded different descriptions of the intended purpose and function of each requested position than the limited text included in the November request.

It is important to note that while the General Assembly appropriates the funds for FTE, the executive branch makes the decisions about how to staff departments. The Department's actual hiring decisions could differ from the JBC staff recommendation. For example, if the Department feels that a contract manager for the HAS Fee Model Oversight is a critical position, it could prioritize hiring for that function over an auditor. The table describes the assumptions used to justify the staff recommendation for 6 new positions. It is not an attempt to dictate to the Department the specific positions the Department must fill.

R15 CHASE Administration		
	HCPF	JBC Staff
New Positions (includes operating)		
DSRIP		
Project Manager	$84,220	$0
Hospital Quality Administrator	56,194	56,194
Community Health Needs Analyst	56,194	56,194
Hospital Policy Administrator	56,194	0
HAS Fee Model Oversight		
Auditor	68,445	68,445
Rates and Financial Analyst	64,050	64,050
Contract Manager	56,194	0
Hospital Trend Analysis		
Rates and Financial Analyst	0	64,050
Rates and Financial Analyst	0	64,050
General Enterprise Management		
Budget Analyst	78,057	0
Accountant	56,194	0
Procurement and Contracts	49,392	0
Stakeholder Relations	49,392	0
Centrally-appropriated benefits	128,925	0
Subtotal - New Positions	*803,451*	*372,983*
Legal Services	123,811	123,811
Contract Services	250,000	250,000
Software Licenses	15,000	15,000
TOTAL	**$1,192,262**	**$761,794**
FTE	**10.1**	**5.4**
HAS Fee	596,132	380,898
Federal Funds	596,130	380,896

DSRIP

The LCS Fiscal Note for S.B. 17-267 assumed only contract consulting services would be needed to implement DSRIP, but to make payments based on performance metrics it is reasonable for the Department to request FTE. To ensure that the DSRIP quality metrics are consistent with existing standards and performance metrics used by other payers, the Department wants to make hospital compliance with the federal Community Health Needs Assessment a significant part of the program, and so one of the positions is described a specifically tied to this purpose. The Department also requested a project manager and hospital policy administrator, but 4.0 FTE is significantly beyond the scope of what the LCS Fiscal Note for S.B. 17-267 assumed, and so the JBC staff did not recommend these positions.

HAS FEE MODEL OVERSIGHT

To improve the Department's ability to accurately calculate the HAS Fee collection and disbursement model, the JBC staff recommends an auditor and a rates and financial analyst. The Department also requested a contract manager, because the Department uses the services of several vendors in developing the model and wants mover oversight in validating that the analysis by the vendors is accurate and consistent with the intent of the Department. The staff recommendation prioritizes developing the Department's in-house expertise over continued or increased reliance on vendors for the HAS Fee calculations.

HOSPITAL TREND ANALYSIS

To contain Medicaid expenditures effectively, the JBC staff believes the Department needs more resources to analyze hospital costs. Hospitals are a significant driver of public and private insurance expenditures. The Department estimates just under 30 percent of Medicaid expenditures are for hospitals. An analysis by the Division of Insurance estimates that for private insurers the payments to hospitals represent an even larger share of total payments, at roughly 42 percent in 2015. The Department did not specifically request any staff to analyze hospital costs. Additional analysis by the Department could potentially lead to initiatives that improve the healthcare delivery system to the benefit of all users and insurers, rather than just Medicaid.

In addition, the Department needs staff to investigate why the Medicaid payment to hospital cost ratio is not improving. When the General Assembly first authorized a provider fee for hospitals in H.B. 09-1293, hospital administrators testified that it would reduce the cost shift from Medicaid to private insurance, thereby containing private insurance costs. Implementing the Medicaid eligibility expansion under the Affordable Care Act increased the amount the Department could pay hospitals through the provider fee far and above anything contemplated when the General Assembly adopted H.B. 09-1293. At the same time, care provided by hospitals to the uninsured decreased dramatically, likely due to the combination of the Medicaid eligibility expansion, federal tax credits for buying insurance through the healthcare exchange, and the individual mandate in the ACA to purchase health insurance or pay a tax penalty. Despite these changes, hospitals report that the payment to cost ratio for private insurance has increased, and a cost shift from Medicaid to private insurance continues.

Payment to Hospital Cost Ratio								
Insurer	2009	2010	2011	2012	2013	2014	2015	2016
Medicare	0.80	0.76	0.77	0.74	0.64	0.71	0.72	0.71
Medicaid	0.54	0.74	0.76	0.79	0.80	0.72	0.75	0.71
Insurance	1.55	1.49	1.54	1.54	1.52	1.59	1.58	1.64
CICP/Self/Other	0.52	0.72	0.65	0.67	0.84	0.93	1.11	1.07
Overall	1.05	1.06	1.07	1.07	1.05	1.07	1.08	1.09

GENERAL ENTERPRISE MANAGEMENT

The JBC staff characterizes several positions requested by the Department as for general enterprise management and does not recommend these positions. For example, the Department requested an accountant because the enterprise requires "clear distinction" in its fiscal operations from the Department. If the Department believes a dedicated accountant is necessary to operate an enterprise, then this should have been a cost identified in the Department's fiscal analysis of S.B. 17-267. The JBC staff does not agree that a dedicated accountant is necessary, noting that other departments that manage enterprises, like the Department of Revenue or the Department of Natural Resources, did not add accountants specifically to manage the enterprises. If the Department is concerned about portions of time that various existing accounting staff spend supporting the enterprise, the Department could reorganize the existing accounting staff to create a dedicated position, rather than adding a new position. The JBC staff concerns about the other positions are similar. Nothing in S.B. 17-267 drove a need for an additional budget analyst, procurements and contracts specialist, or stakeholder relations specialist. Nor are these positions critical for supporting the recommended staff for DSRIP, HAS Fee model oversight, or hospital trend analysis.

TECHNICAL CORRECTIONS

1 **R7 Transition services -** The original JBC staff figure setting document included a table showing that the net FY 2018-19 savings from this initiative approved by the JBC was ($124,887). The table should have reflected a net General Fund savings of ($155,831). A corrected version of the table is provided below with the revised numbers highlighted.

R7 Transition Services - JBC Staff Recommendation				
	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Health Care Policy and Financing				
Administration	$337,500	$0	$240,310	$458,159
Transition services	679,892	1,345,089	1,391,009	1,438,749
Community-based LTSS utilization	1,060,132	3,174,213	5,332,531	7,511,556
Nursing home utilization	(2,761,640)	(8,362,654)	(13,688,868)	(18,823,082)
Subtotal - Health Care Policy and Financing	*(684,116)*	*(3,843,352)*	*(6,725,018)*	*(9,414,618)*
Local Affairs				
Housing Vouchers	200,256	588,252	963,732	1,324,908
TOTAL - Legislation	**($483,860)**	**($3,255,100)**	**($5,761,286)**	**($8,089,710)**
Options Counseling - Long Bill	241,942	241,942	241,942	241,942
TOTAL - R7 Transition Services	**($241,918)**	**($3,013,158)**	**($5,519,344)**	**($7,847,768)**
FTE	0.0	0.0	2.1	5.0
General Fund	(155,831)	(1,212,453)	(2,277,806)	(3,261,430)
Federal Funds	(86,087)	(1,800,705)	(3,241,538)	(4,586,338)
Department General Fund Request	**($703,203)**	**($3,161,590)**	**($5,982,106)**	**($8,598,852)**
Staff Rec. Higher/(Lower)	$547,372	$1,949,137	$3,704,300	$5,337,422
Add Housing Vouchers	200,256	588,252	963,732	1,324,908
No additional savings from options counseling	127,702	457,358	820,892	1,146,050
Feb forecast update/Fix inconsistent assumptions	219,414	903,527	1,919,676	2,866,464

2 **R13 All-Payer Claims Database –** The original JBC staff figure setting document included a table estimating the Medicaid share of the APCD as $2,500,000 total funds, including $1,250,0000

General Fund. The correct amount should have been $2,050,000 total funds, including $1,025,000 General Fund. In addition, the amounts for PERA and Medicare were calculated on the wrong base, resulting in a total for personal services that was too low by $8,053 total funds, including $4,026 General Fund. A corrected table with the revised figures highlighted is provided below.

R13 APCD					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Long Bill					
Scholarship for Using the APCD	($500,000)	($500,000)	$0	$0	0.0
APCD Bill					
Cost accounting staff	90,790	45,395	0	45,395	0.9
Medicaid share of APCD	2,050,000	1,025,000	0	1,025,000	
Scholarship for Using the APCD	500,000	500,000	0	0	
Subtotal	*$2,640,790*	*$1,570,395*	*$0*	*$1,070,395*	*0.9*
TOTAL	**$2,140,790**	**$1,070,395**	**$0**	**$1,070,395**	**0.9**

3 **Medicaid Management Information System Reprocurement Contracts –** The JBC staff made an error in annualizing funding for the Medicaid Management Information System Reprocurement Contracts. To properly annualize the FY 2017-18 appropriation, the JBC staff recommends reducing the FY 2018-19 appropriation by $5,564 reappropriated funds transferred from the Old Age Pension State Medical Program. This will eliminate the line item that is no longer needed now that the development stage of the MMIS is complete.

4 **Salary Survey and Merit Pay Annualization –** The amounts allocated by the Department from the Salary Survey and Merit Pay line items to the personal services line items do not match by fund source. To correct the issue, the JBC staff recommends reducing the General Fund by $3,602 and increasing the cash funds from the Intellectual and Developmental Disabilities Services Cash Fund by the same amount for the personal services line item in the Office of Community Living.

5 **Cash Funds Cost Allocation for Executive Director's Office –** The JBC staff recommends adjusting General Fund and cash fund sources for the Executive Director's Office, General Administration, according to a new cost allocation plan. The JBC staff expects the net change in financing by fund source will be nominal, but the change is still important to provide a defensible basis and rationale for how much is charged to each cash fund source. As of the preparation of this memo, too many decisions on centrally appropriated line items were still pending for the JBC staff to identify the final fiscal impact. A preliminary estimate using the Governor's request resulted in a net shift of $42,948 from the General Fund to cash funds. The largest change in an amount charged to an individual cash fund sources was a decrease of $354,462 charged to the Healthcare Affordability and Sustainability (HAS) Fee.

The JBC staff and Department staff have been discussing a cost allocation method for the cash funds in the Executive Director's Office for several years. Historically, the Personal Services and Operating cash funds appropriations were based on how the FTE were originally appropriated, with no updates over time for changes in the mix of cash funds financing the programs administered by the Department. Some centrally appropriated line items, like Workers' Compensation and Capitol Complex Leased Space, were financed with 50 percent General Fund and 50 percent federal funds with no contributions from cash sources. Other centrally appropriated line items, like Legal Services and CORE Operations, were financed with cash funds in proportion to prior year appropriations. Cash funds for benefits were calculated on a position by position basis. When the Department requested new FTE, sometimes the Department would request that a portion be financed with cash funds, and sometimes not, with little rhyme or reason behind the decision. This year the Department agrees on the need for a consistent and rationale cost allocation method and on a set of general parameters for how to implement it that have been developed in cooperation with the JBC staff.

The new cash funds allocation method categorizes the Department's FTE as specialists who work on a specific program with identifiable fund sources, such as the FTE charged with administering the adult dental benefit, or generalists who support all programs, such as the executive director, budget staff, or fraud detection staff. For the generalists, the state share of costs is allocated based on the most recent actual year of expenditures (in this case FY 2016-17) by fund source for the programs administered by the Department (Medicaid, CHP+, the Primary Care Grant Program, etc.). Fund sources for all line items in the Executive Director's Office, General Administration subsection will be allocated in this way, except the General Professional Services and Special Projects line item that will use fund sources specific to the projects being financed.

In the new model, the allocation by cash fund for the Executive Director's Office will lag the actual expenditures for the programs administered by the Department. However, this method will be more accurate, because it will use actual expenditures to allocate funds in the EDO, rather than projections. Also, the allocation by fund source in the EDO will be updated every year and eventually catch up to the allocation by fund source for the programs, in contrast to the current method where the allocation by fund source in the EDO never changes.

Beginning in FY 2019-20, when new FTE are added, the Department will categorize those new FTE as either generalists or specialists. For generalists, the first year funding will include General Fund and federal funds and a portion of the costs will not be allocated to cash funds until the next year, when the FTE become part of the Department's cost allocation plan. For specialists, the fund sources will be based on the specific work the FTE will perform.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Robin J. Smart, JBC Staff (303-866-4955)
DATE	March 15, 2018
SUBJECT	Figure Setting Comebacks for the Department of Health Care Policy and Financing, Office of Community Living

The following recommendations require action by the Joint Budget Committee:

➔ SERVICE OPTION PLATFORM REQUEST FOR INFORMATION

Staff recommends **ADDING** the following request for information:

N Department of Health Care Policy and Financing, Office of Community Living – The Department is requested to provide to the Joint Budget Committee, by November 1, 2018, information concerning the intellectual and developmental disabilities home and community based services waiver search function on the Department's website, including the process through which the Department will: publicize the search functionality of the website, determine the degree to which individuals are utilizing the website to find the services and providers they need; and the degree to which individuals utilize the information obtained through the website. In addition, the Department is requested to provide data for each of the above metrics.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Robin J. Smart, JBC Staff (303-866-4955)
DATE	March 15, 2018
SUBJECT	Figure Setting Comebacks for the Department of Health Care Policy and Financing, Office of Community Living and Department of Human Services, Division of Child Welfare

The following recommendation requires action by the Joint Budget Committee:

➔ R12 CHILDREN'S HABILITATION RESIDENTIAL PROGRAM TRANSFER (INCLUDES LEGISLATION)

COMMITTEE ACTION: During figure setting the Committee approved the following to be reflected in the FY 2018-19 Long Bill:

CHILDREN'S HABILITATION RESIDENTIAL PROGRAM TRANSFER DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION						
Personal Services	$141,876	$70,938	$0	$0	$70,938	1.8
Health, Life, and Dental	15,854	7,927	0	0	7,927	0.0
Short-term Disability	241	121	0	0	120	0.0
S.B. 04-257 Amortization Equalization Disbursement	6,357	3,179	0	0	3,178	0.0
S.B. 06-235 Supplemental Amortization Equalization Disbursement	6,357	3,179	0	0	3,178	0.0
Operating Expenses	10,270	5,135	0	0	5,135	0.0
General Professional Services and Special Projects	29,500	14,750	0	0	14,750	0.0
MEDICAL SERVICES PREMIUMS						
Medical and Long-Term Care Services for Medicaid Eligible Individuals	67,940	33,971	0	0	33,969	0.0
OFFICE OF COMMUNITY LIVING, DIVISION FOR INDIVIDUALS WITH INTELLECTUAL AND DEVELOPMENT DISABILITIES						
Program Costs, Children's Extensive Support Services	2,515,319	1,257,660	0	0	1,257,659	0.0
DEPARTMENT OF HUMAN SERVICES, EXECUTIVE DIRECTOR'S OFFICE, MEDICAID-FUNDED PROGRAMS						
DHS General Administration, Health, Life, and Dental	(15,633)	(7,818)	0	0	(7,815)	0.0
DEPARTMENT OF HUMAN SERVICES, DIVISION OF CHILD WELFARE MEDICAID-FUNDED PROGRAMS						
Administration	(84,383)	(42,192)	0	0	(42,191)	0.0
Child Welfare Services	(2,583,259)	(1,291,630)	0	0	(1,291,629)	0.0
TOTAL, HEALTH CARE POLICY AND FINANCING	**$110,439**	**$55,220**	**$0**	**$0**	**$55,219**	**1.8**

CHILDREN'S HABILITATION RESIDENTIAL PROGRAM TRANSFER DEPARTMENT OF HUMAN SERVICES						
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
EXECUTIVE DIRECTOR'S OFFICE, GENERAL ADMINISTRATION						
Health, Life, and Dental	($7,927)	$0	$0	($7,927.0)	$0	0.0
Short-term Disability	(144)	0	0	(144.0)	0	0.0
S.B. 04-257 Amortization Equalization Disbursement	(3,781)	0	0	(3,781.0)	0	0.0

CHILDREN'S HABILITATION RESIDENTIAL PROGRAM TRANSFER DEPARTMENT OF HUMAN SERVICES						
LINE ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
S.B. 06-235 Supplemental Amortization Equalization Disbursement	(3,781)	0	0	(3,781.0)	0	0.0
DIVISION OF CHILD WELFARE						
Administration	(84,383)	0	0	(84,383.0)	0	(1.0)
Child Welfare Services	(2,583,260)	0	0	(2,583,260.0)	0	0.0
TOTAL, HUMAN SERVICES	**($2,683,276)**	**$0**	**$0**	**($2,683,276)**	**$0**	**(1.0)**

AMENDED STAFF RECOMMENDATION: The transfer of the program between departments requires legislation. The Joint Budget Committee has requested a bill draft to transfer the Children's Habilitation Residential Program (CHRP) from the Department of Human Services to the Department of Health Care Policy and Financing. Because the Long Bill is set to current law, the appropriation associated with this transfer must take place in the special bill. Staff recommends that the Committee reconsider the above action, and deny the departments' requests. Staff will include, for the Committee's consideration, the transfer of funds between departments in the CHRP transfer bill that is currently being drafted.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Robin J. Smart, JBC Staff (303-866-4955)
DATE	March 15, 2018
SUBJECT	Figure Setting Comebacks for the Department of Human Services, Division of Child Welfare and Office of Operations

The following recommendations require action by the Joint Budget Committee:

➔ TONY GRAMPSAS YOUTH SERVICES PROGRAM LINE ITEM DETAIL

TONY GRAMPSAS YOUTH SERVICES PROGRAM

The Tony Grampsas Youth Services (TGYS) Program provides state funding for community-based programs that target youth and their families for intervention services designed to reduce the occurrence of youth crime and violence. It also promotes prevention and education programs that are designed to reduce the occurrence and reoccurrence of child abuse and neglect and reduce the need for state intervention in child abuse and neglect prevention and education. The program funds a wide range of community programs for children and youth, including those focusing on youth mentoring, restorative justice, before- and after-school programs, school dropout prevention, violence prevention services, and youth marijuana use and abuse prevention and intervention programs. Grant awards are determined by the program board.

STATUTORY AUTHORITY: Section 26-6.8-101 et seq., C.R.S.

REQUEST: The Department requests an appropriation of $9,865,774 total funds, including $1,457,278 General Fund, $7,408,496 cash funds, and $1,000,000 reappropriated funds, and 3.0 FTE. This reflects an increase of $6,451 cash funds for the annualization of prior year budget actions.

RECOMMENDATION: Staff recommends an appropriation of $10,080,950 total funds, including $1,457,278 General Fund, $1,373,672 cash funds from the Marijuana Tax Cash Fund, $6,250,000 cash funds from the Youth Services Program Fund consisting of Tobacco Master Settlement funds, and $1,000,000 reappropriated funds from the Youth Mentoring Services Cash Fund, and 3.0 FTE.

DIVISION OF CHILD WELFARE, TONY GRAMPSAS YOUTH SERVICES PROGRAM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
SB 17-254 (Long Bill)	$9,859,323	$1,457,278	$7,402,045	$1,000,000	3.0
TOTAL	**$9,859,323**	**$1,457,278**	**$7,402,045**	**$1,000,000**	**3.0**
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	$9,859,323	$1,457,278	$7,402,045	$1,000,000	3.0
Tobacco master settlement adjustment	215,176	0	215,176	0	0.0
Annualize prior year budget actions	6,451	0	6,451	0	0.0
TOTAL	**$10,080,950**	**$1,457,278**	**$7,623,672**	**$1,000,000**	**3.0**
INCREASE/(DECREASE)	**$221,627**	**$0**	**$221,627**	**$0**	**0.0**

DIVISION OF CHILD WELFARE, TONY GRAMPSAS YOUTH SERVICES PROGRAM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Percentage Change	2.2%	0.0%	3.0%	0.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	**$9,865,774**	**$1,457,278**	**$7,408,496**	**$1,000,000**	**3.0**
Request Above/(Below) Recommendation	($215,176)	$0	($215,176)	$0	0.0

➔ COUNTY CHILD WELFARE STAFFING REQUEST FOR INFORMATION

Staff recommends continuing and **CONTINUING AND MODIFYING** the following request for information:

N Department of Human Services, Division of Child Welfare – The Department is requested to provide to the Joint Budget Committee, by November 1, 2018, information on county child welfare worker staffing, including county data on: (1) caseload ratios by county; (2) actual staffing levels; (3) new hires funded by the child welfare block grant; (4) new hires funded through county level child welfare staffing funding; (5) workload and funding allocation comparisons by county for each type of block allocation; (6) PERFORMANCE METRICS CONCERNING THE TRAINING OF AND SUPPORT PROVIDED TO CASE WORKERS; (7) HOW EACH OF THE PREVIOUS DATA CATEGORIES SUPPORT SUCCESSFUL OUTCOMES FOR CHILDREN SERVED IN THE CHILD WELFARE SYSTEM; AND (8) A DESCRIPTION OF EACH OUTCOME AND HOW IT IS MEASURED.

➔ TECHNICAL CORRECTION – REFLECT THE FY 2017-18 R19 MOUNT VIEW YOUTH SERVICES DITCH REPAIR ANNUALIZATION IN THE CORRECT LINE ITEM

The Department incorrectly reflected the annualization of its FY 2017-18 R19 Mount View Youth Services Center Ditch Repair budget request in the Office of Operations, Personal Services line item. The annualization should be in the Office of Operations, Operating Expenses line item. Staff requests permission to correctly reflect the annualization in the Long Bill.

OFFICE OF OPERATIONS, LINE ITEM TECHNICAL CORRECTION			
LINE ITEM	CURRENT INCREMENTAL ADJUSTMENT	CORRECTION	FINAL INCREMENTAL ADJUSTMENT
Personal Services	($473,000)	$473,000	$0
Operating Expenses	0	(473,000)	($473,000)
TOTAL	($473,000)	$0	($473,000)

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Carolyn Kampman, JBC Staff (303-866-4959)
DATE	March 15, 2018
SUBJECT	Staff Comeback Concerning DHS, Office of Behavioral Health, R1b (Compensation adjustments for nurses at CMHIP)

On March 6, 2018, the Committee tabled one decision item that affects the Department of Human Services' Office of Behavioral Health. **The staff recommendation is for a $5,985,692 General Fund increase for FY 2018-19 to provide a full year of funding for nurse salary increases that the Committee approved last September.** Staff has included below the relevant excerpt from the figure setting document for the Office of Behavioral Health. Following this excerpt, staff has provided additional information the Department has provided to respond to questions the Committee raised during my figure setting presentation concerning:

(a) Vacancy rates at the Colorado Mental Health Institute at Pueblo (CMHIP);
(b) the culture at CMHIP; and
(c) the average cost per patient should the pay increase be approved.

➔ R1b COMPENSATION ADJUSTMENTS FOR NURSES AT CMHIP

REQUEST: In September 2017, the Department requested $2,853,305 General Fund for FY 2017-18 to increase salaries for three classifications of registered nurses (I, II, and III) at the Colorado Mental Health Institute at Pueblo (CMHIP). The Department proposed increasing the starting salaries for newly hired staff and the salaries of existing staff to ensure staffing levels are sufficient to provide safe and appropriate patient care. The Department also submitted a companion request for a total of $8,964,483 General Fund to cover the full year costs of the proposed salary increases in FY 2018-19.

RECOMMENDATION: **Consistent with Committee action on and General Assembly approval of the FY 2017-18 request, staff recommends approving the request for full year funding in FY 2018-19.** For FY 2017-18, the Committee approved a staff recommendation for $2,978,791 General Fund, an amount that was $125,486 higher than the request to correct an oversight in the request related to shift differential. Staff recommends appropriating $8,964,483 General Fund for FY 2018-19, an amount that includes $62,743 more than requested to correct an error in the Department's FY 2018-19 request related to shift differential.

ANALYSIS: The federal Centers for Medicare and Medicaid Services (CMS) placed CMHIP on "immediate jeopardy" twice in 2017 for two separate sets of findings related to violations of standards required for a facility to participate in the Medicare and Medicaid programs. "Immediate jeopardy" status is reserved for violations that CMS deems an immediate threat to patient safety, and the timeframe for achieving compliance is 23 days. The second immediate jeopardy finding concerned insufficient staffing levels that were identified by the Colorado Department of Public Health and Environment (CDPHE) during a site visit on June 2, 2017.

Following the site visit in early June, the Department took several actions to address the staffing shortfall at CMHIP. Despite these actions, the Department indicated that the number of vacant positions is still too high to ensure the health and safety of patients at CMHIP.

The Department requested funding to increase salaries for new and existing nurses at CMHIP. Specifically, the Department proposed paying newly hired CMHIP staff in the Nurse I, II, and III classifications a starting salary that equals the midpoint of the corresponding State pay ranges for FY 2017-18. The request assumed that half of the current vacancies would be filled for four months in FY 2017-18, and projections for ongoing costs in FY 2018-19 assumed all vacancies would be filled for the full fiscal year. The request assumed that, effective 10/1/17, salaries for existing staff in the Nurse I, II, and III classifications would be increased to at least the midpoint of the corresponding State pay range for FY 2017-18, with additional funding above this midpoint based on the number of years employed by the State.

Staff prepared the following table to identify the proposed monthly salaries for each classification based on years of State service. At the bottom of the table, staff calculated the resulting pay distribution within the existing State pay ranges.

PROPOSED COMPRESSION SALARY ADJUSTMENTS FOR EXISTING STAFF							
Class Title	NEW HIRE	YEARS OF SERVICE WITH STATE					
		1 - 2	2 - 3	3 - 4	4 - 5	5 - 10	OVER 10
Nurse I	$6,234	$6,265	$6,296	$6,328	$6,359	$6,390	$6,421
Nurse II	$6,765	$6,799	$6,833	$6,866	$6,900	$6,934	$6,968
Nurse III	$7,340	$7,377	$7,413	$7,450	$7,487	$7,524	$7,560
Experience Adjustment		*0.5%*	*1.0%*	*1.5%*	*2.0%*	*2.5%*	*3.0%*
Resulting Percentile Within FY 2017-18 Department of Personnel Salary Ranges :							
Nurse I	50.0%	51.4%	52.7%	54.0%	55.3%	56.7%	58.0%
Nurse II	50.0%	51.2%	52.4%	53.7%	54.9%	56.1%	57.3%
Nurse III	50.0%	51.2%	52.4%	53.7%	54.9%	56.1%	57.3%

COMMITTEE ACTION: Staff recommended, and the Committee approved the FY 2017-18 request with one adjustment to correct an oversight. The Department confirmed that the request should have included funding to cover the associated increased cost of paying shift differential. The recommendation included an additional $125,486 General Fund, the amount that the Department indicates would be needed for shift differential for FY 2017-18 should the Committee approve funding for the proposed salary adjustments. The following table details the approved appropriation increases totaling $2,978,791 General Fund for FY 2017-18 as well as the anticipated full-year costs in FY 2018-19.

SUMMARY OF RECOMMENDATION FOR ES-03: COMPENSATION ADJUSTMENTS FOR NURSES AT CMHIP			
Description	FY 2017-18	FY 2018-19	Annual Change
Executive Director's Office			
General Administration			
Health, Life, and Dental	$77,950	$467,704	$389,754
Short-term Disability	4,329	12,962	8,633
S.B. 04-257 AED	113,941	341,102	227,161
S.B. 06-235 SAED	113,941	341,102	227,161
Shift Differential	125,486	188,229	62,743
Subtotal	**435,647**	**1,351,098**	**915,451**
Office of Behavioral Health			

SUMMARY OF RECOMMENDATION FOR ES-03: COMPENSATION ADJUSTMENTS FOR NURSES AT CMHIP			
Description	FY 2017-18	FY 2018-19	Annual Change
Mental Health Institutes			
Mental Health Institute at Pueblo			
Personal Services			
Salary	2,278,803	6,822,030	4,543,227
PERA	231,298	692,436	461,138
Medicare	33,043	98,919	65,877
Subtotal	**2,543,144**	**$7,613,385**	**5,070,241**
Total General Fund	**$2,978,791**	**$8,964,483**	**$5,985,692**

The Committee also sent letters to the Department of Human Services (DHS) and the Department of Personnel and Administration (DPA) stating the Committee's intent that the implementation of the proposed pay increases for existing staff (called compression pay) **be contingent on written approval by the DPA** to ensure that the plan:

- is consistent with State Personnel Rules;
- appropriately considers relevant factors such as experience and past performance; and
- does not create a precedence or basis for state employees at other state facilities or agencies to allege discrimination or require compression pay adjustments other than those specifically proposed by the Department of Human Services for registered nurses at CMHIP.

June Taylor, Executive Director of DPA, sent a letter to the Committee dated October 18, 2017, indicating that she reviewed the DHS supplemental request and approves the plan for compression adjustments. DHS indicates that the proposed pay increases went into effect November 1, 2017.

DEPARTMENT RESPONSES TO QUESTIONS FROM JBC MEMBERS DURING FIGURE SETTING PRESENTATION

Vacancy Rates

During the figure setting presentation, staff verbally provided vacancy rate data for direct care staff at CMHIP. The vacancy data and information that was provided by the Department in response to staff's request is provided below.

Staff also notes that on March 6, the Department announced the hiring of a new Chief Executive Officer (CEO) and a Chief Nursing Officer (CNO) for CMHIP. Jill Marshall will begin serving as CEO on March 26. Marshall served in the Texas Department of Assistive and Rehabilitative Services before joining the New Mexico Department of Health in 2011 as Services Coordination Manager, then Deputy Director and finally CEO for the same state agency. Ronda Katzenmeyer, the new CNO, has worked at CMHIP since July 2014, following a 12-year career with the Colorado Department of Corrections. During her time at Corrections, she held positions as Quality Program Administrator and Health Services Administrator. Her roles at CMHIP have included Lead Nurse for almost two years and then Program Chief Nurse from April 2016 to present.

***Request:* For purposes of allowing me to update the JBC at the time they make decisions about funding for FY 2018-19, please provide the most recent data and information about the Department's progress in filling permanent, direct care positions at CMHIP. The Committee is concerned about the current need for 36 temporary positions, extra contract medical staff, and the significant overtime pay. The Committee sees this facility as a high**

risk, and wants regular updates that allow them to monitor the Department's progress in achieving appropriate, sustainable staffing levels.

Department response: "The Department continues to analyze recruitment options, including subscribing to online job posting sites, offering hiring and referral bonuses, reviewing staff scheduling options, increasing employee recognition efforts, improving communication, as well as building the psych tech program to address the vacancy and turnover rates. The Department is currently reviewing staff scheduling and staff job classifications in order to maximize efficiencies, and any excess vacant positions are being closed.

Table 1, provides the most current position status and vacancy rate data for direct care positions at CMHIP as of February 20, 2018. Direct care positions include the classifications of Client Care Aide, Clinical Security Officer, Health Care Services Trainee, Healthcare Technicians, Mental Health Clinicians and Nurses I-III.

Table 1

CDHS OBH POSITION STATUS & VACANCY RATE 2017 - 2018

C-STAT DIRECT CARE POSITIONS

Count of Name		Pos Status			
Agency	**MONTH**	**FILLED**	**VACANT**	**Grand Total**	**Vacant Rate**
C M H I AT PUEBLO	1/17/2017	528	84	612	**13.73%**
	2/13/2017	530	83	613	**13.54%**
	3/13/2017	533	70	603	**11.61%**
	4/17/2017	523	82	605	**13.55%**
	5/15/2017	522	83	605	**13.72%**
	6/12/2017	527	78	605	**12.89%**
	7/31/2017	519	90	609	**14.78%**
	8/14/2017	513	96	609	**15.76%**
	9/18/2017	514	96	610	**15.74%**
	10/16/2017	518	111	629	**17.65%**
	11/20/2017	516	113	629	**17.97%**
	12/18/2017	513	117	630	**18.57%**
	1/16/2018	519	118	637	**18.52%**
	2/20/2018	515	122	637	**19.15%**

The Department is aware that the numbers for nursing positions still show a consistent vacancy rate throughout the year. However, we have heard from nurses that the November pay increases resulted in their retention while they await the larger cultural improvement at CMHIP. The larger cultural improvement is underway and will take longer than the four months since the pay increases in November. The hospital is making progress on this initiative and has developed a strategic cultural improvement plan that includes current efforts for leadership training and supports of mid-level management and supervisors. The plan also includes new efforts for employee engagement and recognition. CMHIP is also in the final stages of hiring a new Chief Executive Officer and Chief Nursing Officer to lead this culture initiative.

In the previous year, the Department provided a similar pay-increase to direct-care employees at each of the State's Regional Centers. This increase resulted in a positive change in the retention and turnover rates in each of the three regional centers over the course of the year. In an effort to ensure the same success occurs at CMHIP, the Department will continue its recruitment efforts within Pueblo while advertising the new competitive pay range previously approved by the JBC."

TABLE 2: CMHIP POSITION HISTORY FOR C-STAT DIRECT CARE by MONTH and CLASS TITLE 1/17/2017--2/20/2018												
	1/17/2017				2/13/2017				3/13/2017			
Class Titles	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate
CLIENT CARE AIDE I	2		2	0.00%	2		2	0.00%	2		2	0.00%
CLIENT CARE AIDE II	68	5	73	6.85%	64	8	72	11.11%	65	6	71	8.45%
CORR/YTH/CLIN SEC OFF II	16	1	17	5.88%	16	1	17	5.88%	16		16	0.00%
HCS TRAINEE I	8		8	0.00%	8	1	9	11.11%	8	1	9	11.11%
HCS TRAINEE II	7	3	10	30.00%	9	1	10	10.00%	9	2	11	18.18%
HEALTH CARE TECH I	44	10	54	18.52%	46	9	55	16.36%	47	7	54	12.96%
HEALTH CARE TECH II	45	9	54	16.67%	42	13	55	23.64%	44	11	55	20.00%
HEALTH CARE TECH III	31		31	0.00%	30	1	31	3.23%	30	2	32	6.25%
MENTAL HLTH CLINICIAN I	77	5	82	6.10%	80	1	81	1.23%	80	2	82	2.44%
MENTAL HLTH CLINICIAN II	17	1	18	5.56%	18		18	0.00%	18		18	0.00%
NURSE I	174	44	218	20.18%	176	42	218	19.27%	175	34	209	16.27%
NURSE II	16	2	18	11.11%	16	2	18	11.11%	17	1	18	5.56%
NURSE III	23	4	27	14.81%	23	4	27	14.81%	22	4	26	15.38%
Grand Total	**528**	**84**	**612**	**13.73%**	**530**	**83**	**613**	**13.54%**	**533**	**70**	**603**	**11.61%**
	4/17/2017				5/15/2017				6/12/2017			
Class Titles	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate
CLIENT CARE AIDE I	2		2	0.00%	2		2	0.00%	2		2	0.00%
CLIENT CARE AIDE II	62	8	70	11.43%	64	8	72	11.11%	67	4	71	5.63%
CORR/YTH/CLIN SEC OFF II	16		16	0.00%	16		16	0.00%	15	1	16	6.25%
HCS TRAINEE I	8	1	9	11.11%	8	1	9	11.11%	8		8	0.00%
HCS TRAINEE II	8	3	11	27.27%	8	3	11	27.27%	13	1	14	7.14%
HEALTH CARE TECH I	47	7	54	12.96%	47	6	53	11.32%	47	6	53	11.32%
HEALTH CARE TECH II	43	12	55	21.82%	43	11	54	20.37%	44	9	53	16.98%
HEALTH CARE TECH III	30	2	32	6.25%	29	3	32	9.38%	27	4	31	12.90%
MENTAL HLTH CLINICIAN I	82	1	83	1.20%	83	8	91	8.79%	86	5	91	5.49%
MENTAL HLTH CLINICIAN II	18		18	0.00%	18		18	0.00%	18		18	0.00%
NURSE I	169	41	210	19.52%	168	34	202	16.83%	165	36	201	17.91%
NURSE II	17	3	20	15.00%	16	5	21	23.81%	16	7	23	30.43%
NURSE III	21	4	25	16.00%	20	4	24	16.67%	19	5	24	20.83%
Grand Total	**523**	**82**	**605**	**13.55%**	**522**	**83**	**605**	**13.72%**	**527**	**78**	**605**	**12.89%**
	7/31/2017				8/14/2017				9/18/2017			
Class Titles	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate
CLIENT CARE AIDE I	2		2	0.00%	2		2	0.00%	2		2	0.00%
CLIENT CARE AIDE II	68	9	77	11.69%	70	7	77	9.09%	76	2	78	2.56%
CORR/YTH/CLIN SEC OFF II	14	1	15	6.67%	14	1	15	6.67%	15		15	0.00%
HCS TRAINEE I	8		8	0.00%	7	1	8	12.50%	7	1	8	12.50%
HCS TRAINEE II	13	5	18	27.78%	12	6	18	33.33%	10	8	18	44.44%
HEALTH CARE TECH I	46	5	51	9.80%	47	4	51	7.84%	43	8	51	15.69%
HEALTH CARE TECH II	44	5	49	10.20%	43	6	49	12.24%	41	8	49	16.33%
HEALTH CARE TECH III	27	4	31	12.90%	26	5	31	16.13%	25	6	31	19.35%
MENTAL HLTH CLINICIAN I	85	7	92	7.61%	85	7	92	7.61%	89	4	93	4.30%
MENTAL HLTH CLINICIAN II	18		18	0.00%	18		18	0.00%	18	1	19	5.26%
NURSE I	159	40	199	20.10%	152	47	199	23.62%	150	44	194	22.68%
NURSE II	18	7	25	28.00%	20	5	25	20.00%	23	6	29	20.69%
NURSE III	17	7	24	29.17%	17	7	24	29.17%	15	8	23	34.78%
Grand Total	**519**	**90**	***609**	**14.78%**	**513**	**96**	**609**	**15.76%**	**514**	**96**	***610**	**15.74%**

TABLE 2 (CONTINUED): CMHIP POSITION HISTORY FOR C-STAT DIRECT CARE by MONTH and CLASS TITLE 1/17/2017--2/20/2018												
	10/16/2017				11/20/2017				12/18/2017			
Class Titles	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate
CLIENT CARE AIDE I	2		2	0.00%	2		2	0.00%	2		2	0.00%
CLIENT CARE AIDE II	82	2	84	2.38%	77	9	86	10.47%	77	9	86	10.47%
CORR/YTH/CLIN SEC OFF II	15		15	0.00%	14	1	15	6.67%	12	3	15	20.00%
HCS TRAINEE I	20	6	26	23.08%	18	8	26	30.77%	15	11	26	42.31%
HCS TRAINEE II	8	10	18	55.56%	9	9	18	50.00%	8	10	18	55.56%
HEALTH CARE TECH I	41	9	50	18.00%	44	6	50	12.00%	41	10	51	19.61%
HEALTH CARE TECH II	42	8	50	16.00%	41	9	50	18.00%	41	9	50	18.00%
HEALTH CARE TECH III	23	8	31	25.81%	23	8	31	25.81%	25	5	30	16.67%
MENTAL HLTH CLINICIAN I	88	3	91	3.30%	85	3	88	3.41%	83	5	88	5.68%
MENTAL HLTH CLINICIAN II	18	2	20	10.00%	20	1	21	4.76%	19	3	22	13.64%
NURSE I	143	44	187	23.53%	145	38	183	20.77%	137	44	181	24.31%
NURSE II	22	10	32	31.25%	26	13	39	33.33%	39	4	43	9.30%
NURSE III	14	9	23	39.13%	12	8	20	40.00%	14	4	18	22.22%
Grand Total	518	111	*629	17.65%	516	113	629	17.97%	513	117	*630	18.57%

	1/16/2018				2/20/2018			
Class Titles	FILLED	VACANT	Total Positions	Vacancy Rate	FILLED	VACANT	Total Positions	Vacancy Rate
CLIENT CARE AIDE I	2		2	0.00%	2		2	0.00%
CLIENT CARE AIDE II	76	12	88	13.64%	72	16	88	18.18%
CORR/YTH/CLIN SEC OFF II	12	3	15	20.00%	14	1	15	6.67%
HCS TRAINEE I	20	6	26	23.08%	20	6	26	23.08%
HCS TRAINEE II	12	6	18	33.33%	11	7	18	38.89%
HEALTH CARE TECH I	42	9	51	17.65%	41	10	51	19.61%
HEALTH CARE TECH II	40	10	50	20.00%	40	10	50	20.00%
HEALTH CARE TECH III	26	4	30	13.33%	26	4	30	13.33%
MENTAL HLTH CLINICIAN I	81	5	86	5.81%	77	9	86	10.47%
MENTAL HLTH CLINICIAN II	19	4	23	17.39%	22	1	23	4.35%
NURSE I	134	53	187	28.34%	136	50	186	26.88%
NURSE II	39	4	43	9.30%	38	7	45	15.56%
NURSE III	16	2	18	11.11%	16	1	17	5.88%
Grand Total	519	118	*637	18.52%	515	122	637	19.15%

Culture

Question: **Please provide additional information about specific actions the Department has taken or is taking to implement the "larger cultural improvement" that you reference in [the above response concerning vacancy rates].**

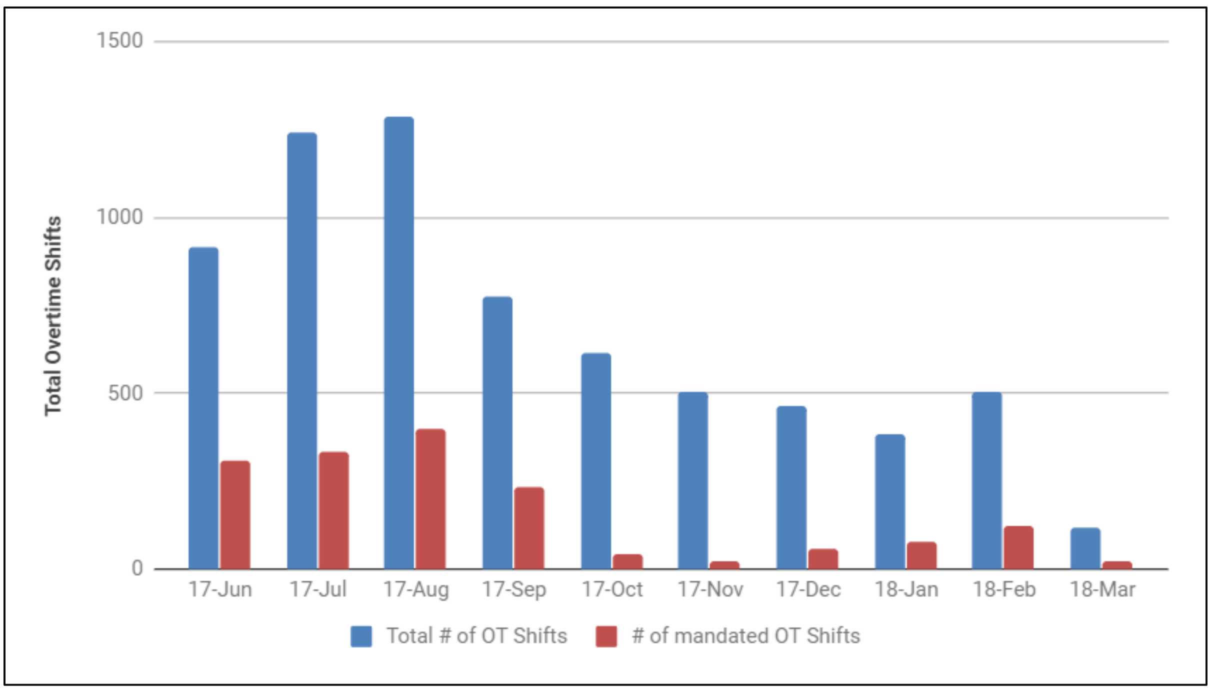
Department response: "During the past year, CMHIP had to address the results of survey findings regarding overall provision of treatment hours and direct care staffing. When immediate jeopardy was imposed by the Colorado Department of Public Health and Environment (CDPHE), CMHIP responded to meet direct care staffing ratios within 30 days. The plan involved use of mandatory overtime, development of alternate staffing resources (temporary part-time staff positions, staffing agencies, 1:1 "sitters," and pool staff), and limiting vacation time.

Mandatory overtime is a common practice in all hospital facilities to meet coverage requirements. The Colorado Nurse Practice Act (Title 12, Article 38 C.R.S. (2017)) states that a nurse cannot leave their assigned patients until proper relief arrives. Thus, mandatory overtime is often needed in short durations in hospitals. However, there were circumstances when CMHIP had to impose mandatory overtime for a whole additional shift. Thus for the immediate staffing to meet the requirement, mandatory overtime hours were high for about 2 months to address the immediate jeopardy finding. Immediate interventions were implemented to develop relief:

1. Requested staff to volunteer for overtime and gave them a $10.00 meal differential in the employee canteen in addition to time and a half pay.
2. Hired 20 new temporary (9 month duration) client care aids in the nursing pool.
3. Approved and began use of more contract/agency nursing relief staff.
4. Temporarily froze new vacation requests after June 4, 2017. CMHIP did not cancel vacations already approved.
5. In an effort to ensure employees were able to take vacation, CMHIP established a vacation roster where each employee selected their top three vacation requests. This improved vacation approval.
6. Between July and October 2017, the Department organized three hiring events to hire appropriate direct care staff the same day they applied.
7. Implemented referral bonuses and sign on bonuses.
8. Started a "sitter" program; trained non-nursing staff to cover 1:1 patient assignments as an adjunct to nursing coverage.
9. Assessed nursing schedules for efficiency and changed them to be all 12 hour or 8 hour shifts for maximum coverage with staffing numbers. Some units implemented 12 hour shifts in August and the total schedule changes were implemented in early September.
10. Completed an in-depth analysis of the staffing needs of each unit and established a staffing model that outlines the amount of staff required and the different types of positions required. This reduced the reliance on any one discipline.

The CDPHE lifted the immediate jeopardy in June 23, 2017, and lifted their monitoring when they found the Institute in full compliance in the first week of October, 2017. Later that month, the nursing management allowed staff to begin entering new vacation requests. The mandatory overtime (OT) use dropped significantly as shown in Table 1.

Table 1: CMHIP Total Number of OT Shifts versus Mandated OT Shifts



Staff recruitment and retention are key elements of staff morale. Incoming salaries of many direct care staff were below market pay for jobs in the private sector, and overall shortages of licensed health care professions both affect recruitment. General staff morale at the Institute, a direct consequence of culture and working conditions, affects retention. CDHS leadership staff determined that CMHIP leadership needed to address the causes of the staffing and morale problem resultant from the survey problems. The Office of Behavioral Health (OBH) hired a consulting firm to assist with the effort to make improvements in the CMHIP culture, Government Performance Solutions, Inc. (GPS).

In collaboration with GPS, OBH established a plan to identify the cultural needs of CMHIP. Through this process two goals were established: 1) establish a culture of teamwork, and 2) improve patient treatment programs and ensure proper treatment coverage.

Since September, GPS met with CMHIP leadership staff weekly and facilitated numerous meetings to discuss culture with all levels of the organization. They used the information gleaned to help rewrite CMHIP's new mission, vision, and values statements. Additionally, leadership identified two key areas that require transformation in order for CMHIP to improve the quality of care for patients and to improve the quality of work for staff.

CMHIP leadership is in the cultivate phase of this process, which means efforts are now focused on developing a culture of teamwork. The primary focus is on increasing the frequency and quality of middle and upper management, improving communication to staff, improving employee recognition efforts, implementing culture goals within performance management plans (PMPs), and utilizing dashboards on the units. The executive leadership team has scheduled two hour meetings every Thursday morning from January through June. The objectives of these meeting are to standardize definitions about treatment data being collected and to establish processes that ensure all disciplines are working together to deliver more meaningful and robust treatment to the patients. Each meeting focuses on a specific clinical program and includes all vital middle management staff for their input and education about treatment standards and best practice methods for programs. In addition, leadership is working towards leadership development programs and coaching for middle managers.

CMHIP has continued to cultivate a patient-oriented culture by strengthening its current clinical standards. Currently CMHIP is determining how many hours of treatment each department or discipline can provide. The first step of that process is to look at current staff workflows and reduce redundancies or unnecessary tasks. The second step is to increase the amount of treatment offered and to develop a strategy to ensure all treatment groups can always provide adequate coverage.

Leadership development is a key to the CMHIP strategy to increase staff retention and morale. The ongoing monitoring of the culture and leadership will occur through an assessment that measures five major categories: purpose, excellence, support, future, and leadership. All of these elements are correlated to teamwork, employee engagement, retention, and leadership. This assessment with be incorporated in the Agency for Healthcare Research and Quality (AHRQ), which will be disseminated on March 12, 2018. In addition, the leadership culture will be reinforced in already existing leadership meetings (weekly Nursing Executive Committee, monthly Lead Nurse meeting, and Unit meetings). Additionally, employee recognition is critical and leaders will review and recognize outstanding staff."

Impact of the pay increases on the average cost per patient

Question: **Please provide updated actual cost data for both institutes (average cost-per-patient-per-day) for FY 2016-17, and provide a projected average cost-per-patient-per-day should the General Assembly approve all of the Department's funding requests for FY 2018-19 (including salary adjustments for all direct care staff and the Governor's proposed common policies for salary increases, HLD, etc.).**

The Department provided actual cost data for FY 2016-17 for the Colorado Mental Health Institute at Ft. Logan (CMHIFL) only. The Department indicated that the final cost report for the Colorado Mental Health Institute at Pueblo (CMHIP) for FY 2016-17 has not yet been completed. As indicated in the following table, for CMHIFL, actual costs per-patient-per-day in FY 2016-17 ranged from $943 to $1,033, depending on the unit. Similar cost data for CMHIP for FY 2015-16 indicates that actual costs per-patient-per-day ranged from $497 for the Circle Program to $2,153 for the "E2 D wing" (the unit was created to house patients who were previously transferred to the Department of Corrections due to their violent behaviors).

FY 2016-17 (July 1, 2016 - June 30, 2017) CMHIP Cost/Capacity/Census by Division and Program		**Billing**	**Cost Report**	**Average Daily Population (ADP) as of 6/30/2017**				
Division	**Program**	**Cost Category**	**Average Cost/Day**	**Bed Capacity**	**Civil ADP**	**Forensic ADP**	**Total**	**Patient Occupancy**
Adult Civil	Team 1	Adult	$982.78	25	23		23	92%
Adult Civil	Team 2	Adult	$942.13	24	23		23	96%
Adult Civil	Team 3	Adult	$1,032.55	25	22		22	88%
Adult Civil	Team 5	Adult	$1,009.49	20	21	1	22	110%

The Department provided estimates of the average cost-per-patient-per-day for FY 2018-19 assuming the Department's request for direct care staff salary increases are approved (R1a and R1b). However, these estimates do not include centrally appropriated benefits such as health, life, and dental benefits and additional PERA contributions (AED and SAED), utilities, or indirect cost assessments. The Department provided rate estimates of $749 for CMHIFL and $692 for CMHIP. These rate estimates are both lower than the typical rates the Department uses to bill Medicare and private insurance companies, and do not appear to be useful for purposes of evaluating the impact of the requested salary increases.

Question: **If you have any new information about comparable costs for other psychiatric hospitals, please provide that as well. [You previously indicated that rates in the Denver metro area range from $1,000 to $1,300. I am wondering if you have any new data that may have been gathered as part of implementing the Purchased Beds initiative.]**

Department response: "The Department does not have any new information about comparable costs for other psychiatric hospitals. The Department is in the final stages of drafting the solicitation for the purchased beds initiative, and once the solicitation is closed, estimated by April 30, 2018, the Department will be in receipt of cost estimates (cost per day) from the bidders."

MEMORANDUM

JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Vance Roper, JBC Staff (303-866-3147)
DATE March 15, 2018
SUBJECT Early Childhood Councils Staff Comeback

Figure setting for the Department of Human Services, Office of Early Childhood resulted in three line items scheduled for figure setting comebacks. These line items are the Child Care Assistance Cliff Effect Program, Early Childhood Councils, and Early Childhood Workforce Supports.

Child Care Assistance Cliff Effect Program

The Colorado Child Care Assistance Cliff Effect Program was created by S.B. 12-022 and amended and funded through S.B. 14-003 to provide ongoing assistance to families whose income may increase beyond the level of Colorado Child Care Assistance Program eligibility, but not enough to cover the full cost of quality childcare. Grants are provided to counties electing to participate in the pilot. Local pilot programs are designed in a manner that best addresses the county's specific needs.

The funding for this line item originated as a transfer from the General Fund into the cash fund that supports this program. The amount transferred to the cash fund has been expended and no new transfer are currently schedule for FY 2018-19 or beyond. This means that the cash funds listed in the budget request are nonexistent, leaving a General Fund appropriation of $70,991. As this was not enough money to fund any portion of the program, Staff recommended the removal of this General Fund.

While staff did not recommend eliminating the program (which is the practical effect from the lack of cash funds), Staff does not recommend finding new sources of funding for this program. This is based on two specific concerns:

- Questions were raised in the program on the counties ability to manipulate the eligibility in order to receive more funding through this source. This directly counters the current efforts to reform the system and create parity across the state.
- The Committee approved changes for the funding and structure of the CCCAP program as part of the figure setting process. This new structure focuses the limited resources on target populations throughout the state (those under 185% of the federal poverty level). If this program continued, it would provide funding for families above this level thereby defeating the purpose of directing funding and creating parity across the state.

Early Childhood Councils

The Early Childhood Councils (ECCs) are an important part of the Early Intervention (EI) and early education system in the state. Currently, 34 ECCs are in existence within the state, covering most counties. However, several issues exist with the current structure of ECCs and the request for additional funding. These issues include self-creation, lack of authority, unclear responsibilities, and a lack of shared services. The following sections are statutes that deal with ECCs. Staff has highlighted the areas of statute that encompass the concerns in the program, followed by Staff suggestions on possible changes.

Outdated references and self-creation
The following sections deal with the outdated language of pilot programs and the ability for ECC to form themselves.

Section 26-6.5-103 Early childhood councils - established - rules

- **(2)** The statewide system of early childhood councils shall consist of the seventeen pilot site agencies and other existing early childhood councils, renamed through this part 1 as "early childhood councils", and new councils designated and convened pursuant to this part 1, subject to available appropriations from the general fund. *[These highlighted sections could be altered to address the outdated number of sites and to remove references to new councils.]*

- **(3)** For new councils or for existing councils or partnerships that decide to reconfigure under this part 1, the board or boards of county commissioners shall designate a convening entity, which may include but is not limited to a local resource and referral agency, a county department of human services or social services, a local school district, a department of public health, or a Colorado preschool program council. The convening entity may convene a council either as part of a single county or as part of a multi-county regional network.*[These highlighted sections could be altered to remove references to new councils and to make changes to the reconfiguration so that it involves a state entity.]*

Section 26-6.5-103.3 Early childhood councils - applications - rules.*[These highlighted sections could be altered to repeal this section, which would remove the application process for new ECCs.]*

Section 26-6.5-103.5 Early childhood councils – membership

- **(2)** For the purposes of this part 1, each council, whether newly established in a community or newly identified to serve as a council, shall work toward consolidating and coordinating funding, including the school-readiness quality improvement funding described in section 26-6.5-106. Together, the councils throughout the state shall serve to create a seamless system of early childhood services representing collaboration among the various public and private stakeholders for the effective delivery of early childhood services to children five years of age or younger in a manner that is responsive to local needs and conditions.
- **(3)** (a) Each new council shall consist of members to be approved initially by the convening entity as designated pursuant to section 26-6.5-103. Each individual council shall determine subsequent appointments and rules for rotation of terms. *[These highlighted sections could be altered to remove references to new councils.]*

Change in ECC rules
The following sections deal with needed changes in the ECC rules that would make them a statewide system and lock in geographic areas.

Section 26-6.5-103 Early childhood councils - established - rules

- **(6)** Nothing in this part 1 shall be construed as requiring a county to establish an early childhood council or to be a part of a multi-county council.*[These highlighted sections could be altered to require counties to be part of an ECC, create a process for counties to transfer ECCs,* *and create a process for ECCs to combine. A process for assigning counties that currently do not have an ECC could also be added here.]*

Section 26-6.5-101.5 Definitions

- (2) "Council" means an early childhood council identified or established locally in communities throughout the state pursuant to section 26-6.5-103 for the purpose of developing and ultimately implementing a comprehensive system of early childhood services to ensure the school readiness of children five years of age or younger in the community. A council may be an early childhood care and education council so long as no more than one council exists in a given service area. *[These highlighted sections could be altered to list the service areas and to lock those areas into place.]*

Duties

The next section deals with the duties of ECCs. The current duties are broad and lack any mention of shared services. These shared services would stretch state funds, thereby allowing more residents to receive services from these funds.

Section 26-6.5-103.7 Early childhood councils – duties

- **(1)** Each early childhood council shall have, at a minimum, the following duties and functions:
  - **(f)** To develop and implement a strategic plan as described in section 26-6.5-103.3 (4), *[These highlighted sections could be altered to maintain the requirement for the strategic plan by moving the description of the requirement from section 26-6.5-103.3 (4) to this area.*]
    - including a comprehensive evaluation and report; and
  - **(g)** To actively attempt to inform and include small or under-represented early childhood service providers in early childhood council activities and functions. *[These highlighted sections could be altered to add a shared services model for ECCs that could stretch state funding and provide more services to counties and providers.*]

Oversight

Finally, oversight could change to bring the ECCs more in line with other entities that interact with the Department of Human Services.

Section 26-6.5-104 Early childhood councils - waivers - rules - funding – application

- **(1)** A local council may request a waiver of any rule that would prevent a council from implementing council projects. The local council shall submit the request to the early childhood leadership commission created in article 6.2 of this title. The early childhood leadership commission shall consult with the affected state agency in reviewing the request. The state department or other affected state agency shall grant waivers upon recommendation by the commission. *[These highlighted sections could be altered to add a shared services model for ECCs that could stretch state funding, provide more services to counties, and place the waiver at the Department level.*]

Staff submitted questions to the Department with regard to ECCs. Those responses are contained below.

Early Childhood Councils

1. *How does the Department see ECCs' role in the early childhood system?*

The Department sees the role for Early Childhood Councils as supporting children, particularly those with high needs, as defined by the Child Care Development Fund State Plan and the Early Childhood Framework.

The Department contracts with Early Childhood Councils (ECCs) to fulfill minimum duties as outlined in §26.6.5.103.7, C.R.S. (2017) and support the quality improvement programs for the Colorado Shines Quality Rating and Improvement System (the School Readiness Quality Improvement Program and the Infant and Toddler Quality and Availability Program). By statute, ECCs must complete a strategic plan. The Department can require ECCs to include certain state priorities but does not have the authority through statute to dictate the full range of activities noted within the strategic plan. This results in varied goals across councils. The Department uses federal quality funds to support ECCs' work.

2. *What currently works well with regard to ECCs and early childhood?*

With the promulgation of Early Childhood Council rules, there has been greater clarification for required stakeholder representation and the overall function of board members or early childhood membership (e.g., voting rights). Early Childhood Councils have been good partners in supporting child care quality improvement efforts. Key accomplishments include:

1. The percentage of children under the age of five in the Colorado Child Care Assistance Program (CCCAP) and in high quality rated facilities has increased from **26.3%** in March 2017 to **37.3%** in February 2018.

2. The percentage of children under the age of 5 in CCCAP and in high quality facilities has increased from **18.7%** in August 2013 to **54.4%** in February 2018.

3. Provider engagement with the Colorado Shines Quality Rating and Improvement System has increased from **20.2%** in July 2015 to **52.3%** in March 2018.

These accomplishments demonstrate the strength of the Early Childhood Councils' collective efforts when there are statewide, shared goals.

3. *What currently does not work well with regard to ECCs and early childhood?*

The following does not work well with regard to Early Childhood Councils and early childhood:

1. The number of Councils cannot be appropriately supported by the available funds.

2. The level of rigor around the convening process is not well-defined in statute. This process does not necessarily encourage nor support collaboration or economies of scale when creating an Early Childhood Council. There are cases where having a Council support a county with very few children is neither effective nor efficient.

3. Early Childhood Councils are addressed in multiple statutes, which adds to confusion around the duties and responsibilities of Early Childhood Councils. The Department supports updating those statutes and further clarifying roles. For example, the Early Childhood Council statute indicates vague roles and responsibilities for ECCs, highlighting the application for funding and the selection of a fiscal agent as primary duties and functions.

4. What changes could improve ECCs' role in the early childhood system?

The following could improve the Early Childhood Councils' role in the early childhood system:

1. Organizational and administrative capacity requirements to ensure Early Childhood Councils have the ability to fulfill their goals. In the absence of this, there will continue to be a need for technical assistance related to non-profit management.

2. A clearer definition of systems building and concrete deliverables from which to operate.

3. More uniformity and standardization within the strategic plans that includes shared goals.

Workforce Support Request

Staff reached out to the Department to discuss the questions that arose during the figure setting process. The Department response is below. The staff recommendation remains unchanged from figure setting. **Staff recommends an appropriation of $500,000 General Fund to continue a workforce program in the Office of Early Childhood that focuses on early childhood.**

Early Childhood Workforce

1. Are these programs truly workforce programs? If so, why are they contained in DHS and not the Department of Labor and Employment?

No, the programs and scholarships identified in the Department's request are not traditional workforce programs. However, they support and create opportunities for the early childhood workforce to advance their education and professional development. Some of these programs and scholarships are currently provided by the Department and contractors.

2. How many individuals have been helped through this program from inception to today? What were the results and costs? Please speak to the effectiveness or lack thereof in the program.

Since 2000, 13,662 individuals have been supported by the Expanding Quality for Infant Toddler Care (EQIT) initiative. Findings from a 2013 research study show that EQIT alone, and EQIT with eight or more hours of coaching, were more effective in changing provider practice than an equivalent community college course. Practices were measured using a modified version of the Infant and Toddler Classroom Assessment Scoring System (CLASS®) tool and results indicated improvement in emotional and behavioral support and more significant improvement in support for language and learning. Data also indicated that completion of EQIT and EQ RELATE Coaching increased the likelihood that infant toddler early care educators planned to stay in the field.

Since 1998, Qualistar Colorado has supported 2,337 early childhood teachers and directors with the T.E.A.C.H. scholarship. With federal Race to the Top Early Learning Challenge Grant funds, Colorado invested $795,000 to support the T.E.A.C.H. Early Childhood® Scholarship program. With these funds, Qualistar Colorado awarded 407 scholarships and incentives between January 2014 and September 2017 (Race to the Top funding ended in September 2017). Turnover for T.E.A.C.H. scholarship recipients is only 4%, which is much lower than the industry average of 30%. Most T.E.A.C.H. scholarship recipients have reported that they would not have been able to take college classes without the support of the scholarships.

The Foundation for Colorado Community Colleges awarded scholarships during the three year contract period (academic years 2015-16 and 2016-17) with the State. The Colorado Department of Education (CDE) dedicated $247,500 in grant awards to the program, and participating community colleges raised an additional $177,000 in matching scholarships. The Foundation reported in July 2016 that 81 students at 7 colleges had been awarded $84,882 in early childhood education scholarships. All of the remaining scholarship funding was awarded for the 2016-17 academic year to a total of 17 colleges. With both funding from CDE and the community college match, a total of 344 students received scholarships for early childhood education. As the Colorado Community College System full-time tuition is around $4,000, the average scholarship amount of $1,113 made a significant contribution to these students' ability to afford advancing their education.

3. What is the return on investment for these programs?

Research shows that investing in early childhood produces better results for children later in life. The scholarships and programs outlined in the Department's request present an opportunity to bolster early childhood professionals' knowledge and skills, which in turn means they are better prepared to educate their students. Findings in a new report, *Bearing the Cost of Early Care and Education in Colorado: An Economic Analysis*, include:

- Every dollar spent on early care and education contributes $2.25 to the State's economy. In 2014, Colorado's early care and education sector generated nearly $640 million in revenue, comparable to the State's advertising industry.

- Research shows that children who are cared for consistently in high-quality facilities with knowledgeable and skilled early educators obtain higher short- and long-term social-emotional and academic outcomes.

- Due to cost drivers such as wages, regional market rates, public reimbursement structures, program size, and provision of infant/toddler care, programs are forced to pay workers low wages.

- Nationally, approximately 46% of the workforce receives public subsidy (food stamps, Medicaid, etc.) due to their low wages. In Colorado, this costs taxpayers an estimated $20 million or more annually. This makes it difficult for educators who want to pursue professional development to be able to do so.

• Low wages contribute to high staff turnover rates, ranging from 15 – 30% annually.

Opportunities to access professional development and ongoing education programs for this workforce remain a critical recruitment and retention strategy to keep qualified teachers in the classrooms and support better outcomes for children.

4. *Who operates these programs for the Department and how long have they been operating it?*

Qualistar has operated the T.E.A.C.H. model since inception in Colorado in 1998. Qualistar is affiliated with the national Teacher Education and Compensation Helps Early Childhood® initiative of the Child Care Services Association, and holds the state license to offer scholarships in Colorado.

The Colorado Department of Human Services has funded the Expanding Quality for Infant Toddler Care Initiative for eighteen years.

The Department does not have data for the Foundation for Colorado Community Colleges.

5. *How many individuals would be helped with the staff recommendation as compared to the Department request?*

Based on historical cost and number of individuals supported on an annual basis, the Department estimates that its request would support approximately 1,100 individuals. With the staff recommendation, the number of individuals supported would be approximately 550.

6. *Please discuss how this program fits into the broader early childhood system.*

These opportunities will help recruit, retain, and support individuals in the early childhood profession, which typically suffers a high turnover rate due to low wages and stressful working conditions. Qualified professionals are key to children's positive early learning and development. Research shows that skilled early childhood professionals are crucial to providing children with the early experiences necessary to foster children's positive learning and development. Child care quality has been found to predict children's social and academic outcomes. Adequate workforce preparation and professional development for early childhood professionals and program administrators are strategies to support high-quality early learning experiences for children.

Overall, research has shown that early childhood teacher quality drives better long term outcomes for kids. Therefore, enhancing Colorado's early childhood workforce through the strategies outlined in the request will lead to those better outcomes for children.

MEMORANDUM

TO	Members of the JBC
FROM	Steve Allen, JBC Staff (303-866-4961)
DATE	March 15, 2018
SUBJECT	Staff comeback for the Judicial Branch

Part I, Tabled Items. During figure setting for the Judicial Branch, the Committee did not make decisions on the following items, which are presented in more detail later in this document. In the case of the *Contractor Rate Increase* decision item, staff has added a recommendation that was not made during figure setting.

TABLED JUDICIAL BRANCH RECOMMENDATIONS AND REQUESTS

RECOMMENDATION AND REQUEST	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
JUD R1 System Maintenance Study (The request would increase salaries for 54 Judicial Department job classes by more than the common-policy salary-survey increase. The recommendation would restrict almost all the additional increases to two Judicial job classes with high turnover rates.)						
Staff recommendation	$2,858,691	$2,782,916	$75,775	$0	$0	0.0
Agency request	4,138,738	3,974,756	163,982	0	0	0.0
Request Above/(Below) Recommendation	1,280,047	1,191,840	88,207	0	0	0.0
JUD R5 IT Project Management and Information Security Staff (The request and recommendation would establish an IT Project Management Office and hire additional information security staff. The JBC asked the Joint Technology Committee (JTC) to review the request. The JTC will complete its review on Wed, March 14. Staff will report the JTC's opinion during the comeback presentation.)						
Staff recommendation	840,015	840,015	0	0	0	7.0
Agency request	840,015	840,015	0	0	0	7.0
Request Above/(Below) Recommendation	0	0	0	0	0	0.0
JUD R7 Courthouse Furnishing and Infrastructure Maintenance (Staff was asked to provide information on bills that have been introduced this session that would provide funding for courthouses. The bills are H.B. 18-1055 *Increase Surcharge for Court Security Cash Fund* and H.B. 18-1058 *Financial Assistance for County Jails and Courts*. Both bills have been postponed indefinitely.)						
Staff recommendation	3,153,360	2,653,360	500,000	0	0	0.0
Agency request	3,153,360	3,153,360	0	0	0	0.0
Request Above/(Below) Recommendation	0	500,000	(500,000)	0	0	0.0
JUD BA10.2 IT staff and pay adjustments (The request and recommendation would fill a funding hole that has developed as the Judicial Department has matched or partially matched offers that some of its IT employees have received from potential employers. This has reduced the amount of the IT personal services appropriations that are available to hire IT staff.)						
Staff recommendation	80,775	80,775	0	0	0	(2.0)
Agency request	80,775	80,775	0	0	0	(2.0)
Request Above/(Below) Recommendation	0	0	0	0	0	0.0
JUD Probation Programs line item (The Committee delayed a decision on this line item. No decision items are involved.)						
Staff recommendation	86,423,825	77,019,115	9,404,710	0	0	0.0
Agency request	86,423,825	77,019,115	9,404,710	0	0	0.0
Request Above/(Below) Recommendation	0	0	0	0	0	0.0

TABLED JUDICIAL BRANCH RECOMMENDATIONS AND REQUESTS						
RECOMMENDATION AND REQUEST	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Contractor Rate Increase for OADC (Office of Alternate Defense Counsel), OCR (Office of Child's Representative), and ORPC (Office of Respondent Parents' Counsel). For most attorneys, the hourly rate would rise from $75 per hour to $80, which is a 6.6 percent increase. The agencies are also requesting increases for the other professionals who support those attorneys, such as paralegals, social workers, and investigators.) If the JBC approves the request, staff recommends an appropriation of $5,437,351 General Fund, which provides the same rate increase for contract attorneys who are hired by the Judicial Department (i.e. by the courts).						
Staff recommendation	0	0	0	0	0	0.0
Staff recommendation if the JBC approves the request (not presented during Judicial figure setting)	5,437,351	5,437,351	0	0	0	0.0
Combined request	5,115,705	5,115,705	0	0	0	0.0
Request by agency:						
OADC R3	2,306,291	2,306,291	0	0	0	0.0
OCR R2	1,893,531	1,893,531	0	0	0	0.0
ORPC R3	915,883	915,883	0	0	0	0.0
Combined Request Above/(Below) Recommendation	5,115,705	5,115,705	0	0	0	0.0
OCR R4 Social Services Professional Coordinator						
Staff recommendation	0	0	0	0	0	0.0
Agency request	107,963	107,963	0	0	0	1.0
Request Above/(Below) Recommendation	107,963	107,963	0	0	0	1.0

PART II, TECHNICAL CORRECTIONS. During figure setting for the Judicial Branch, staff recommended two items that require technical corrections:

TECHNICAL CORRECTION FOR INDIRECT COSTS. The indirect cost plan for the Judicial Department that the Committee approved was in the indirect cost appendix of the Judicial figure-setting document. This appendix contained technical errors. The departmental and statewide cash fund assessments approved by the Committee in Table 4 of that appendix should have been $209,052 higher and the federal funds assessments should have been $263,858 lower. In combination, this amounts to a $54,806 reduction of indirect cost assessments relative to those shown in the appendix. The corrections affect three divisions. Judicial indirect cost assessments offset General Fund in the General Courts Administration line item. Hence this correction increases the General Fund appropriation for that line item by $54,806 and reduces the reappropriation of indirect assessments by $54,806. **Staff recommends that the Committee approve these adjustments to the appropriation.** The revised assessments are shown in the following table.

Judicial Department: Indirect Cost Assessments				
Division	Indirect Cost Assessments			Estimated Indirect Cost Recoveries from Federal Grants
	Total	Cash Funds	Other Funds	
Supreme Court/Court of Appeals	$334,535	$334,535	$0	$0
Courts Administration	858,754	835,821	22,933	0
Trial Courts	0	0	0	0
Probation and Related Services	1,065,621	1,065,621	0	0
Amounts Reflected Within Grants Line Items	288,842	0	0	288,842
Total Indirect Cost Assessment for FY 2018-19	**$2,547,752**	**$2,235,977**	**$22,933**	**$288,842**

TECHNICAL CORRECTION FOR A LONG BILL FOOTNOTE. The JBC approved a $20,000 appropriation for a contract researcher to evaluate the Social Worker Pilot Program in the Office of the Respondent Parents' Counsel. Due to uncertainty regarding the timing of the evaluation, the Committee also approved a $20,000 appropriation for FY 2018-19 with a roll forward into FY 2019-20. Staff stated that this would be accomplished with a roll-forward *letter note*, which is incorrect because a roll-forward requires a *footnote*. **Consequently, staff recommends the following roll-forward footnote:**

N Judicial Department, Office of the Respondent Parents' Counsel, Personal Services – Of this appropriation, $20,000 remains available for expenditure through June 30, 2020.

➔ JUD R1 SYSTEM MAINTENANCE STUDY

REQUEST. The Judicial Department requests an increase of $4,138,738 total funds, including $3,974,756 General Fund, to pay salary survey adjustments that change the salary ranges for 54 job classes in the Judicial Department and include approximately one third of the Department's employees. The increase for the average affected worker equals 5.4%. Two thirds of the Department's employees were in positions judged not to require adjustment. The salary survey was performed by Segal Waters, a third-party compensation consulting company with expertise regarding judicial salaries. For comparison, Segal Waters looked at similar positions from the following:

1. Mercer 2017 Information Technology Survey
2. State of Colorado Executive Branch
3. City and County of Denver Job Specifications and Pay Ranges
4. Arkansas Judiciary
5. Maryland Judiciary
6. Minnesota Judiciary
7. Nebraska Judiciary
8. Nevada Judiciary
9. North Carolina Judiciary
10. Tennessee Judiciary
11. Washington Judiciary

Other sources of data that were used for the survey include:

1. Mountain States Employers Council Benchmark Compensation 2017
2. Mountain States Employers Council Information Technology Compensation 2017
3. MarketPay Systems

The survey adjusts for the relative cost of living in the comparison areas and notes that Colorado's overall cost of living is 11% greater than the national average. The Department compares its salaries to the median salary ranges of each position; if the deviation is greater than 3% from the market median, an adjustment to match the market is requested. If the Department determines the median for a given job class needs to be increased, it requests enough to give everyone in that job class the same percentage raise.

RECOMMENDATION. Staff recommends an increase of $2,858,691 total funds, including $2,782,916 General Fund, to pay salary survey adjustments that change the salary ranges for 54 job classes in the Judicial Department. For 52 job classes, the adjustments work as they do in Colorado's Executive Branch: if an employee is below the bottom of the range after the range is adjusted upward by a salary survey, that employee receives just enough extra salary to move him or her up to the bottom of the range. If an employee is within the range after the range shifts, there is no raise. Staff recommends exceptions for two job classes for which the Judicial Department is experiencing high turnover. For individuals in these job classes, staff recommends enough funding to move everyone up within the salary range by the same percentage. The two job classes are *Court Judicial Assistant (CJA)* and *Support Services*. Support Services workers had the highest turnover rate in the Judicial Department in FY 2016-17 at 16.7%. Court Judicial Assistants had the second highest turnover rate at 16.6 percent. By comparison, the overall turnover rate for the Department is 10.7 percent.

➔ JUD R5 IT PROJECT MANAGEMENT AND INFORMATION SECURITY STAFF

(The JBC asked the Joint Technology Committee to review this bill.)

REQUEST AND RECOMMENDATION. The Judicial Department requests and staff recommends an increase of $840,015 General Fund and 7.0 FTE to establish an IT Project Management Office and hire additional information security staff. The JBC requested that the Joint Technology Committee (JTC) review this request and express an opinion on its merit. The JTC held a meeting on Monday, March 12 to consider this matter and will hold a second meeting on Wednesday, March 14, which is before the deadline for the document you are reading. Staff will report the JTC's opinion while presenting this document to the JBC.

➔ JUD R7 COURTHOUSE FURNISHINGS AND INFRASTRUCTURE MAINTENANCE AND RELATED QUESTIONS

(The JBC asked staff for (1) information on 2018-session bills that would provide increased state support for county courthouse costs and (2) information on appropriations in the Long Bill that provide state support for county courthouse costs.)

REQUEST. The Judicial Department requests an appropriation of $3,153,360 General Fund to address required infrastructure and courthouse furnishing needs with $1,269,530 appropriated on the Information Technology Infrastructure line in Courts Administration and $1,883,830 appropriated on the Courthouse Furnishings and Infrastructure Maintenance line in Centrally Administered Programs.

RECOMMENDATION. Staff recommends an appropriation of $3,153,360 total funds ($2,653,360 General Fund, $500,000 cash funds) with $1,269,530 ($769,530 General Fund, $500,000 cash funds) appropriated on the Information Technology Infrastructure line in Courts Administration and

$1,883,830 General Fund appropriated on the Courthouse Furnishings and Infrastructure Maintenance line in Centrally Administered Programs.

APPROPRIATIONS IN THE LONG BILL THAT PROVIDE STATE SUPPORT FOR COUNTY COURTHOUSE COSTS:

- *The Courthouse Security Grant Program* provides grants to counties to help them meet their court security needs. Statute prioritizes grants to counties with population, per capital income, or property tax revenue below the state median, or population in poverty above the state median. Staff refers to these as indicators of the "neediness" of counties. (GF = $0.5 million and CF = $2.2 million in FY 2017-18)
- *Courthouse Furnishings and Infrastructure Maintenance:* Statute requires counties to provide and maintain courthouses (including courthouse security) and requires the state to provide staff, furnishings, infrastructure, IT, communication, and audio visual equipment for the courts in those courthouses. Support is unrelated to the neediness of counties. (GF = $2.6 million and CF = $0.8 million in FY 2017-18)
- *The Underfunded Courthouse Facilities Grant Program* provides supplemental funding for courthouse facility projects to address needs that arise from expanding caseloads, additional judges assigned to a district, aging facilities, natural disasters, or code compliance issues. (GF = $2.0 million and CF = $0 in FY 2017-18)

A review of recent grants for Courthouse Security and Underfunded Courthouses, shows a marked tendency to provide them to counties that are needier. For example, 46 percent of 2018 grants for court security went to Bent, Lincoln, Baca, Crowley, Custer, Archuleta, Saguache, Rio Grande, Las Animas, Prowers, Conejos, Sedgwick, Yuma, Huerfano, Kit Carson, Kiowa, Dolores, and Costilla counties. Each of these counties meets all four of the statutory preference criteria for courthouse security grants. Underfunded Courthouse Grants since FY 2014-15 (the program's first year) have gone to Alamosa, Archuleta, Custer, Delta, Dolores, Fremont, Gilpin, Hinsdale, Huerfano, Kit Carson, Lake, Las Animas, Mineral, Montezuma, Otero, Ouray, Phillips, Prowers, Rio Grande, Saguache, and Yuma counties. By contrast, the Courthouse Furnishings and Infrastructure Maintenance appropriations go to all counties, which reflects the statutory requirement that the state provide court furnishings and infrastructure with no reference to measures of county neediness.

A table of underfunded courthouse facilities grants appears at the end of this document.

HAVE THERE BEEN SIGNIFICANT REVERSIONS IN THE *THE UNDERFUNDED COURTHOUSE FACILITIES GRANT PROGRAM?* No, reversions have been relatively small. There are two appropriations associated with the Underfunded Courthouse Grant Program. The first appropriation puts General Fund into the Underfunded Courthouse Cash Fund, the second funds grants from the cash fund. Counties typically have two years to spend a grant before it reverts. For this reason it may appear that counties are not spending their grants when in reality they have simply failed to spend it in the year it was received. A review of grants made in FY 2014-15 and FY 2015-16 shows that only 3.1 percent of grants made in those years ultimately reverted. Grants that do revert stay in the cash fund and are available for granting the next year.

2018 SESSION BILLS TO HELP COUNTIES WITH THEIR COURTHOUSE COSTS: Two bills were introduced this session that would have provided increased state support for county courthouse costs. Both have been postponed indefinitely. The bills are:

H.B. 18-1055 Increase Surcharge for Court Security Cash Fund. This bill would have increased the court security surcharge on filings from $5 to $10 and allocated the revenue to the county where the revenue was obtained. Extra revenue would equal $1.8 million in FY 2018-19 and $2.0 million in FY 2019-20 and future years.

H.B. 18-1058 Financial Assistance for County Jails and Courts. This bill would have expanded the Underfunded Courthouse Facility Program to include grants for jail construction or renovation in addition to expanded grants for improvements to court facilities. The bill also required that $30.0 million of General Fund be provided each year for five years for jail and courthouse grants.

➔ JUD BA10.2 IT STAFF AND PAY ADJUSTMENTS

REQUEST: The request seeks to address a problem the Judicial Department has encountered as it tries to retain IT employees. In the past few years, the Department has matched or partially matched some of the offers its IT employees have received from other employers in an effort to keep them. The ongoing expenditure required when match offers are accepted has forced the Department to hold other IT positions vacant for extended periods. With this request the Department seeks $80,775 General Fund to fill the funding hole that has been created by the last 10 "successful" matching offers the Department extended to its IT employees. The Department offers in return 2.0 vacant FTE positions that it has little hope of filling.

RECOMMENDATION: Staff recommends that the Committee approve this request. IT staff are important to keep, but hard to hold onto. Pay matching, which is allowed under state personnel rules, is a reasonable alternative under the circumstances.

➔ PROBATION PROGRAMS

The Committee delayed action on this line item. No decision items are involved.

The Probation Programs line item provides funding for both personal services and operating expenses for probation programs in all judicial districts. Cash funds sources include: the Offender Services Fund, the Alcohol and Drug Driving Safety Program Fund, the Correctional Treatment Cash Fund (drug offender surcharge fee revenues), various fees and cost recoveries, and the Offender Identification Fund.

REQUEST: The Department requests $86,423,825, including $77,019,115 General Fund and $9,404,710 cash funds, and 1,184.7 FTE.

RECOMMENDATION: Staff recommends approving the request. The only change to the appropriation relative to FY 2017-18 is the annualizations of FY 2017-18 salary survey.

➔ CONTRACTOR RATE INCREASES FOR THE OADC, OCR, ORPC

REQUEST: Three Judicial Branch agencies, the Office of the Alternate Defense Council, the Office of the Child's Representative, and the Office of the Respondent Parents Council, request coordinated rate increases for the contract attorneys who provide legal representation for the clients that these agencies serve. The agencies also request increases for the contract professionals who support those attorneys, such as paralegals, social workers, and investigators. For most attorneys, the hourly rate would rise from $75 per hour to $80, which is a 6.6 percent increase. The cost of the requested increases are as follows:

AGENCY	REQUESTED INCREASE TO PAY HIGHER RATES
Office of the Alternate Defense Council	$2,306,291
Office of the Child's Representative	1,893,531
Office of the Respondent Parents Council	915,883
Total	**$5,115,705**

RECOMMENDATION: Staff recommends that this request not be approved.

STAFF RECOMMENDATION IF THE REQUEST IS APPROVED: The Judicial Department also utilizes contract attorneys. These attorneys are paid at the same base rate and are paid from the *Trial Courts, Costs, and Court-appointed Counsel* line item. If the Committee approves a rate increase, staff recommends that contract attorneys who work for the Judicial Department receive the same increase. The cost of a $5 rate increase for all affected agencies is as follows:

AGENCY	REQUESTED INCREASE TO PAY HIGHER RATES
Office of the Alternate Defense Council	$2,306,291
Office of the Child's Representative	1,893,531
Office of the Respondent Parents Council	915,883
Judicial Department	321,646
Total	**$5,437,351**

REASONS FOR THE STAFF RECOMMENDATION: During briefing, staff looked at the history of the rate that the Office of the Alternate Defense Counsel (OADC) has been paying since the year 1999. Staff showed that the rate paid to attorneys is now 9 percent higher than it was in 1999, when adjusted for inflation.

Staff also examined data on net income and billing rates that was gathered by the Colorado Bar Association in 2008 and 2016 surveys. The staff analysis of that data suggested that OADC attorney contractors are currently in approximately the same position relative to other private sector attorneys that they were in 2008. The net income numbers for private Colorado attorneys show that even without an inflation adjustment, the income of criminal attorneys and family law attorneys has declined. The net income of solo law practitioners has also struggled to keep up with inflation.

Subsequently, staff looked at Colorado provider rate increases since the year 1999 and found that they have cumulatively raised payments to providers by 61 percent over this period. Over this same period the rate paid to OADC attorneys rose 59.5%. Thus contract attorneys have seen their pay rise by very close to the same amount that community providers have seen their payments from the state rise.

In response to a Committee request, staff examined whether surveys of legal salaries were used as a reference to evaluate the 2014 increase of the contract attorney rate. This was the last time that the contract rate was increased. At that time the rate rose from $65 to $75, an increase that was requested by the Office of the Alternate Defense Counsel and the Office of the Child's Representative. Quoting from the February 2014 figure setting document:

> From 1990 through FY 2005-06, the hourly rate for court appointed counsel was increased once (by $5 in January 2001). In 2003, the Judicial Department performed a study of rates paid for comparable work in the government sector. It analyzed national and regional data and studies; consulted the Colorado Bar Association, various attorneys, judges, and court administrators; and considered the compensation levels for attorneys in the OSPD, the OADC, and the Department of Law, and for county and district attorneys. Factoring in the cost of overhead expenses, the study indicated that the following hourly rates would be comparable for similar government sector work:
>
> - $68 per hour for attorneys;
> - $43 per hour for investigators; and
> - $30 per hour for paralegals.
>
> In FY 2005-06…the agencies proposed phasing in hourly rate increases for attorneys to reach $75 by FY 2008-09. [The plan was partially funded and in FY 2013-14] the hourly rates paid to attorneys, investigators, and paralegals all remain below the market rates that were identified in 2003.

Thus the FY 2014-15 rate increase for contract attorneys was based in part on salary comparisons, but those comparisons were more than a decade old. Current JBC staff did not explore this approach further because it is very difficult to convert hourly payments to a contract attorney into an equivalent salary. A contract attorney must pay numerous costs out of an hourly payment that would not be paid by a salaried attorney who is an employee, including the costs of maintaining an office, support staff at the office, health insurance, disability insurance, and retirement. Staff does not know how much these things would cost an independent contract attorney and thus does not know how to make the necessary adjustments for a valid comparison. The best income comparisons that staff could find were provided by the Colorado Bar Association in their *Economic Surveys,* and staff did consult those when making a recommendation.

➔ OCR R4 Social Services Professional Coordinator

The Committee asked for more information on the analysis that the Office of the Child's Representative (OCR) offered in support of this request.

Request: The Office of the Child's Representative requests $107,963 General Fund and 1.0 FTE for a new position, Social Service Professional (SSP) Coordinator.

Recommendation: Staff recommends that the Committee not approve this request.

JBC staff analysis of the request: There is reason to believe that social workers can improve outcomes in court proceedings involving children, though staff is less convinced that social workers can be justified on a cost-benefit basis. The key reason why staff does not recommend this request is the ongoing project ORPC R1, *Continuation of Social Worker Pilot Program,* which is being undertaken by the Office of the Respondent Parent's Counsel. In the fall of 2019, the evaluation report for that project will give the Committee useful information on the value of social workers in Colorado Dependency and Neglect cases. If social workers prove effective for ORPC, it may be time to consider expanding their use at the OCR.

OCR Analysis of the request for a Social Service Professional Coordinator:

Last week, staff asked the OCR to provide a summary of the reasons for its Social Services Professional Coordinator request. In response, the OCR submitted the following.

Fact Sheet Regarding OCR's Request for FTE
Social Service Professional Coordinator (OCR R-4)

OCR's Request The OCR seeks a FTE Social Services Professional (SSP) Coordinator to coordinate, oversee, and support the effective and efficient use of SSPs by GALs (Guardians ad Litem).

What is an SSP? SSPs are professionals who have expertise in social work, counseling, child development, education, and other related fields. A growing body of research demonstrates the benefits of child welfare attorneys' use of SSPs.

GALs' Use of SSPs The representation of children requires "significant expertise." §13-91-102(1)(a), C.R.S. GALs' determinations of children's best interests require not only legal expertise but also a comprehensive understanding of child development, the impact of trauma on children and families, educational needs, and familial issues such as substance abuse, domestic violence, mental illness, and developmental disabilities. SSP expertise enhances the quality of GAL decisions. SSPs may also perform some of the independent investigative activities required for each GAL appointment, such as observing the child's interaction with respondent parents, attending staffings, and gathering information from relatives, school personnel, therapists, and treatment providers.

Why GALs Cannot Rely on County Caseworker Contacts and Recommendations Colorado law assigns independent investigative and advocacy responsibilities to GALs for a reason. County departments are adversarial parties in litigation. Their caseworkers' recommendations and perspectives are influenced by county policies and budget. GALs' assessment of children's placement, service, and other needs must be independently determined by the GAL, who has no objective or loyalty other than the best interests of the child. The independence of the GAL is one of the most important safeguards for children involved in Colorado's courts.

Distinctions Between OCR's SSP Request and ORPC's Social Work Pilot Program OCR's budget request outlines the specific responsibilities an SSP coordinator would perform. It is important to note that OCR's intended SSP programming differs significantly from the ORPC pilot. First, OCR seeks to contract with a broader array of professionals than that covered by ORPC's pilot. Second, SSPs directly perform GAL investigative activities in addition to sharing their expertise and experience. Third, SSPs working on behalf of GAL must have specialized knowledge regarding children. For these reasons, ORPC's evaluation will not provide sufficient information to assess effective use of SSPs by GALs.

OCR's Need for an FTE SSP Coordinator The OCR's requested SSP rate of $44/hour (see OCR's R-2 decision item) is significantly lower than OCR's attorney rate, creating a potential for SSPs to enhance GALs' investigation and advocacy in a cost-neutral manner. However, supports and oversight are necessary to ensure efficient and effective use of SSPs.

The OCR's current staffing structure does not provide for FTE expertise in social work or related fields. This places the OCR at a significant disadvantage in its oversight and programming. Moreover, the OCR's lean staffing structure does not allow existing staff sufficient time to develop protocols and programs to maximize effective and efficient use of SSPs.

In November 2018, the Office of the Child's Representative submitted the following more complete description of its Social Services Professional Coordinator request.

OCR R-4: FTE Social Service Professional Coordinator

Summary of Request

OCR is requesting $107,963 to fund a new FTE position, Social Service Professional (SSP) Coordinator.

Problem and Opportunity

In creating the Office of the Child's Representative, the General Assembly recognized the unique challenges of representing children and that the representation of children requires "significant expertise." § 13-91-102(1)(a), C.R.S. GALs must make ongoing, independent determinations about the best interests of children, taking into consideration their unique factual circumstances and developmental needs, family's strengths and challenges, and immediate and long-term safety and well-being. Engagement with SSPs, who by definition have expertise and experience in social work, counseling, child development, education, and other fields, enhances the quality of the positions GALs take on behalf of children.

The use of SSPs can be implemented in a cost-effective manner. To account for the unique vulnerabilities of children and the independence of the GAL role, CJD 04-06 mandates specific investigate tasks a GAL must perform within the first 45 days of each D&N appointment and throughout the appointment. To the OCR's knowledge, no other attorney in Colorado is required to complete such prescribed investigative tasks. Deliberately, the directive allows other qualified professionals acting as an agent of the GAL to perform many of those tasks. The following table illustrates the breakdown of which activities the GAL must personally perform and which activities the GAL may assign to SSPs.

CJD 04-06 First 45 Day Investigation Requirement	
Activities Personally Assigned to GAL	***Activities a SSP May Perform***
Meet with the child in person (30 days) Observe the child with caregiver (30 days) Interview each respondent parent	Observe the child's interaction with respondent parents Review court files and other records, reports, and documents Obtain first-had information from: • Caseworkers • CASA volunteers • Relatives • School personnel • Therapists • Treatment providers • Other professionals and persons necessary to assess child's best interests Confirm and, if necessary, independently conduct diligent search Visit home from which child was removed, when appropriate

As illustrated by this chart, a GAL may engage a SSP to perform many investigative activities when the GAL determines doing so is appropriate for the case. In addition to assisting with the investigation required during the first 45 days of appointment, SSPs may assist GALs' ongoing investigation requirements. Throughout the case, the GAL must personally visit each child in placement within 30 days of any change of placement and maintain contact with the child in a manner that promotes ongoing case assessment and communication; however, most other investigative tasks may be assigned to a SSP as indicated by the case needs. Such tasks might include additional placement visits and observations, as well as ongoing contact and communication with professionals and families. The OCR's requested SSP rate of $44/hour allows these tasks to be completed at a rate significantly lower than what an attorney would bill.

The National Association of Counsel for Children has recognized the use of social workers as a best practice. Its 2006 Child Welfare Law Office Guidebook's Guideline C-4 states: "A child welfare law office needs to incorporate the expertise of other disciplines to best represent its clients, given the complexity of social, economic, and cultural influences at issue in child welfare cases." A growing body of research supports the use of SSPs for child welfare law practitioners, associating attorney's use of social workers with decreased time to permanency and case resolution, increased reunification, improved preservation of family connections, and increased adoption.[1] Attorneys and social workers surveyed as part of OCR's evaluation of the MDLO pilot identified many benefits associated with the use of SSPs, and both independent contract attorneys and attorneys working within the MDLO structure reported a belief that attorney's collaboration with SSPs benefited children.[2] El Paso County GAL Office staff recently identified the "three vital needs" served by SSPs to include "educational, access to best appropriate placement, and access to best treatment provider with focus on understanding the child's history, family culture, strengths and needs."

The OCR has taken several measures to support GALs' use of SSPs. The El Paso County GAL Office has employed SSPs since its inception, and the OCR has allowed the use of SSPs by independent contractors through its non-attorney billable rate. Additionally, through its recently concluded MDLO pilot, described in Section D(5) of the Agency Overview, the OCR supported the formalized implementation of multidisciplinary services in two of Colorado's busiest judicial districts and learned about effective and efficient use of SSPs in GAL practice. This year, the OCR has contracted with a Licensed Professional Counselor with experience working as a SSP in a GAL practice to pilot a social work accessibility program in Colorado's Third, Tenth, Twelfth, Fifteenth, and Sixteenth Judicial Districts. This program targets some of the OCR's most high-needs and attorney shortage judicial districts. Through the pilot, the OCR plans to contract with SSPs to assist with GALs' independent investigation and advocacy. OCR's LPC contractor will also hold weekly office hours to provide case-specific consultation to the attorneys in those districts and will hold bimonthly online "case staffings" GALs across Colorado can join to discuss difficult issues in their cases. GALs in the targeted districts have expressed strong support for this program, and GALs in other districts have already asked OCR to expand the program to their districts.

The OCR has engaged in these efforts without FTE expertise in social work or related fields. This places the OCR at a significant disadvantage. Moreover, the OCR's lean staffing structure does not allow existing staff sufficient time to manage its SSP program. The Office of Respondent Parents' Counsel and the Office of Alternate Defense Counsel each have a FTE social work staff to manage similar programs. The OCR has learned much from the SSP programs developed by those agencies. Given the unique demands of GAL practice, the OCR is well-situated to create efficiencies and enhance representation through the development of a centralized SSP program.

Proposed Solution

OCR requests $107,963 to fund a SSP Coordinator (1 FTE).

If funded, the SSP Coordinator would perform the following tasks:

- Continue to implement and evaluate OCR's SSP accessibility pilot in the 3rd, 10th, 12th, 15th, and 16th Judicial Districts.

[1] The OCR's March 2017 Evaluation of Multidisciplinary Law Office Pilot Project, available http://www.coloradochildrep.org/wp-content/uploads/2017/03/MDLO-Report-Full-Large.pdf, references these studies on pages 8-10.
[2] *See id.* at pages 23-24 and Appendix B (National Council of Juvenile and Family Court Judges 2016 Research Report: Evaluation of Colorado's Multidisciplinary Law Office Program)

- Refine and expand the pilot program to other judicial districts in Colorado, as indicated by the evaluation. Engage with GALs and judicial officers in each district to ensure the program meets district needs.
- Recruit potential SSPs throughout Colorado, and develop and implement a SSP contract process.
- Oversee and support SSP contractors throughout Colorado.
- Explore alternative models for providing SSP services to GALs, such as the use of interns and graduate students.
- Develop protocols, training, and tools for effective use of SSPs.

Anticipated Outcomes and Impact on the OCR's Performance Plan

A FTE SSP coordinator would increase GALs' access to SSPs throughout Colorado, advancing efficiencies in attorney practice (*Goal 2*) and attorneys' up-to-date knowledge of social science research and evidence-based services (*Goal 3*). Additionally, enhanced and effective use of SSPs will assist GALs in assessing children's interests (*Goal 1.A*) and allow the OCR to continue its investigation of alternative models of providing legal representation (*Goal 1.G)*

Underfunded Courthouse Facilities Grant Program

	FY15				FY16					FY17					FY18				
	Requests	**Awards**	**Expenses**	**Remaining**	**Requests**	**Awards**	**Expenses**	**Remaining**	**Reverted**	**Requests**	**Awards**	**Expenses**	**Remaining**	**Reverted**	**Requests**	**Awards**	**Expenses**	**Remaining**	**Reverted**
Alamosa	$2,066,541	$66,541	$0	$66,541			$66,541	$0					$0					$0	
Archuleta	$50,000	$60,000	$0	$60,000			$60,000	$0					$0					$0	
Dolores	$7,615	$7,615	$0	$7,615			$7,615	$0					$0					$0	
Fremont	$25,000	$25,000	$0	$25,000			$3,943	$0	$21,057				$0					$0	
Huerfano	$125,000	$60,000	$0	$60,000			$44,842	$15,158				$15,158	$0					$0	
Lake	$40,000	$40,000	$0	$40,000			$9,713	$30,287				$30,287	$0					$0	
Montezuma	$75,000	$75,000	$0	$75,000			$75,000	$0					$0					$0	
Ouray	$75,000	$75,000	$0	$75,000			$45,711	$29,289				$29,289	$0					$0	
	$2,464,156	**$409,156**	**$0**	**$409,156**			**$313,366**	**$74,733**	**$21,057**			**$74,733**	**$0**	**$0**			**$0**	**$0**	**$0**
Alamosa					$2,000,000	$1,143,358	$0	$1,143,358				$437,400	$705,958				$705,958	$0	
Custer					$25,000	$40,000	$0	$40,000				$34,988	$0	$5,012			$0	$0	
Huerfano					$75,000	$75,000	$0	$75,000				$75,000	$0				$0	$0	
Lake					$86,272	$86,272	$0	$86,272				$63,822	$0	$22,450			$0	$0	
Montezuma					$586,300	$586,300	$267,029	$319,271				$319,271	$0				$0	$0	
Otero					$14,963	$17,000	$0	$17,000				$17,000	$0				$0	$0	
Prowers					$100,250	$100,250	$13,208	$87,042				$73,517	$0	$13,525			$0	$0	
Rio Grande 1					$30,000	$40,000	$0	$40,000				$0	$40,000				$0	$40,000	
Rio Grande 2					$4,220	$4,220	$2,300	$0	$1,920			$0	$0				$0	$0	
Saguache					$75,000	$95,000	$0	$95,000				$0	$95,000				$0	$95,000	
					$2,997,005	**$2,187,400**	**$282,537**	**$1,902,943**	**$1,920**			**$1,020,998**	**$840,958**	**$40,987**			**$705,958**	**$135,000**	**$0**
Alamosa										$1,600,000	$0	$0	$0		$1,600,000	$0	$0	$0	
Archuleta										$300,000	$200,000	$0	$200,000		$300,000	$200,000	$0	$200,000	
Custer 1										$7,742	$7,742	$0	$7,742		$7,742	$7,742	$1,944	$5,798	$5,798
Custer 2										$145,000	$145,000	$0	$145,000		$145,000	$145,000	$0	$0	$145,000
Delta										$14,500	$14,500	$14,500	$0		$14,500	$14,500	$0	$0	
Gilpin										$556,050	$0	$0	$0		$556,050	$0	$0	$0	
Hinsdale 1										$38,000	$38,000	$0	$38,000		$38,000	$38,000	$38,000	$0	
Hinsdale 2										$55,000	$55,000	$0	$55,000		$55,000	$55,000	$55,000	$0	
Huerfano 1										$365,612	$325,000	$0	$325,000		$365,612	$325,000	$0	$325,000	
Huerfano 2										$614,388	$325,000	$122,392	$202,608		$614,388	$325,000	$143,767	$58,841	
Lake										$1,000,000	$0	$0	$0		$1,000,000	$0	$0	$0	
Mineral										$30,000	$30,000	$10,361	$19,639		$30,000	$30,000	$15,872	$3,767	$3,767
Montezuma										$513,137	$513,137	$214,855	$298,282		$513,137	$513,137	$298,282	$0	
Phillips										$4,875	$4,875	$0	$4,875		$4,875	$4,875	$4,515	$0	$361
Prowers										$100,000	$100,000	$58,014	$0	$41,986	$100,000	$100,000	$0	$0	
Yuma										$897,545	$219,546	$108,621	$110,925		$897,545	$219,546	$110,925	$0	
										$6,241,849	**$1,977,800**	**$528,743**	**$1,407,071**	**$41,986**	**$6,241,849**	**$1,977,800**	**$668,305**	**$593,406**	**$154,926**
Alamosa															$90,594	$73,196			
Fremont															$272,500	$0			
Huerfano															$12,500	$25,000			
Kit Carson															$200,000	$200,000			
Las Animas															$160,000	$260,000			
Mineral															$695,925	$845,925			
Ouray															$1,500,000	$832,075			
															$2,931,519	**$2,236,196**			
Grand Total	**$2,464,156**	**$409,156**	**$0**	**$409,156**	**$2,997,005**	**$2,187,400**	**$595,903**	**$1,977,676**	**$22,977**	**$6,241,849**	**$1,977,800**	**$1,624,474**	**$2,248,029**	**$82,973**	**$0**	**$0**	**$705,958**	**$135,000**	**$0**

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee Members
FROM	Carolyn Kampman, JBC Staff (303-866-4959)
DATE	March 15, 2018
SUBJECT	Staff Comeback Concerning DOLA, Staff-initiated #1 (Modify Use of Energy Impact Funds for Administration)

On February 7, 2018, the Committee tabled one staff-initiated change to the use of energy impact funds for Department of Local Affairs (DOLA) administrative expenses. Staff has included below the relevant excerpt from the figure setting document for DOLA. The staff recommendation would reduce appropriations of energy impact funds for Department administrative functions by a total of $1,390,567, and require an increase of $1,390,567 General Fund. This action would increase the amount of funding that is available for local government grants by $1,390,567.

During the Committee's discussion, Representative Rankin raised questions about whether the new methodology should go further and eliminate the use of energy impact funds for administrative expenses in the Division of Property Taxation and the Division of Housing. Should the Committee choose to adopt this alternative approach, the General Fund impact would be closer to $2 million as it would require an additional $239,640 for the Division of Property Taxation and $287,909 for the Division of Housing, plus additional amounts for centrally appropriated benefits.

➔ STAFF-INITIATED #1: MODIFY USE OF ENERGY IMPACT FUNDS FOR ADMINISTRATION

RECOMMENDATION: **Staff recommends that the Committee consider implementing fund source adjustments for FY 2018-19 to establish a methodology for using energy impact funds for Department administrative functions that is better aligned with workload related to serving energy-impacted communities and administering energy impact grant and direct distribution programs.** Based on information provided by the Department, staff recommends adjustments to several line items that would reduce appropriations of energy impact funds for Department administrative functions by a total of $1,390,567. This action would increase the amount of funding that is available for local government grants. This plan would require General Fund appropriations to increase by $1,390,567 to maintain existing funding for operations of the Division of Property Taxation and the Division of Local Government.

ANALYSIS:

Request for Information

The Department of Local Affairs receives fifty percent of severance tax revenue and 40 percent of most federal mineral lease revenue. These funds support direct distributions to local governments (via formula) and a grant program that primarily supports local infrastructure projects. This money is also used to support some Department administrative functions. Legislative practice has been to appropriate funds for administration and to treat funding for grants and direct distributions as continuous appropriations. For FY 2017-18, a total of $7,342,843 is appropriated for administrative purposes. These amounts appear as reappropriated funds, as they are transferred from the Local

Government Mineral and Energy Impact Grants and Disbursements line item. Based on the existing $100.0 million appropriation for this line item, approximately 7.3 percent of energy impact funds are currently used to support various Department administrative functions.

While there is no specific statutory authority concerning the use of energy impact funds for departmental administration, the Joint Budget Committee (JBC) began recommending that the General Assembly refinance General Fund appropriations with energy impact funds starting in FY 2001-02. The share of administrative funding from this source has increased in recent years. At this point neither Department staff nor JBC staff can explain the current methodology for the use of energy impact funds for departmental administration. Thus, last spring JBC staff recommended that the Committee include the following request for information in the letter to the Governor:

2 Department of Local Affairs, Executive Director's office – The Department of Local Affairs is requested to submit a report by September 1, 2017 on the use of local government severance tax and mineral impact funds for Department administration. This report should compare:
- workload related to serving energy-impacted communities;
- workload related to administering energy impact grant and direct distribution programs; and
- the appropriation of energy impact funds throughout the Department.

The report should address whether the amount of local government severance tax and mineral impact funds appropriated for administration in the Department's budget is reasonable. The report may provide more than one approach to the analysis.

The Department submitted the report as requested. Staff provided a summary of the report in the staff budget briefing document dated November 30, 2017, and staff committed to work with the Department with a goal of presenting a detailed proposal for the Committee's consideration as part of the 2018 figure setting process. This recommendation is intended to establish a clear, consistent, transparent methodology for administrative appropriations using severance tax revenue and mineral impact funds.

Staff Recommendation

The Department concluded that the uses of severance tax and mineral impact funds to support personal services, operating expenses, and program costs in the Department are largely appropriate, and the Department did not submit a request for any related funding adjustments. However, the Department identified some areas in which the severance activity workload is not sufficient to justify the current appropriation provided from energy impact funds, as well as areas where the appropriation of energy impact funds could be better aligned based on workload activities. **Staff recommends that the Committee consider implementing fund source adjustments for FY 2018-19 to establish a methodology for using energy impact funds for Department administrative functions that is better aligned with workload**. The following table details the adjustments that are reflected in staff's funding recommendations, followed by a brief description of these adjustments.

The Committee could choose to approve all, a portion, or none of the recommended adjustments for FY 2018-19. For purposes of informing consideration of partial implementation, **staff has listed below the total General Fund impact of the recommended adjustments for each division:**
- **Division of Housing: - $64,399**
- **Division of Local Government: +$489,456**
- **Division of Property Taxation: +$965,510**

Recommended Adjustments Related to the Use of Energy Impact Funds			
		Reappropriated Funds	
Division and Line Item	General Fund	Transfer from the Local Government Mineral and Energy Impact Grants and Disbursements line item	Total Funds
Executive Director's Office			
Health, Life, and Dental	$60,358	($60,358)	$0
Short-term Disability	1,910	(1,910)	0
Amortization Equalization Disbursement	52,116	(52,116)	0
Supplemental Amortization Equalization Disbursement	52,116	(52,116)	0
Reduction in indirect cost assessments available to reduce General Fund appropriations	305,809	0	305,809
Subtotal	472,309	(166,500)	305,809
Property Taxation			
Division of Property Taxation	711,213	(711,213)	0
Indirect Cost Assessment	0	(138,691)	(138,691)
Subtotal	711,213	(849,904)	(138,691)
Division of Housing			
Community and Non-Profit Services, Administration			
Personal Services	101,264	(101,264)	0
Field Services			0
Affordable Housing Program Costs	(156,600)	156,600	0
Indirect Cost Assessment	0	1,352	1,352
Subtotal	(55,336)	56,688	1,352
Division of Local Government			
Local Government and Community Services, Administration			
Personal Services	83,123	(83,123)	0
Field Services			
Program Costs	179,258	(179,258)	0
Indirect Cost Assessment	0	(168,470)	(168,470)
Subtotal	262,381	(430,851)	(168,470)
TOTAL	**$1,390,567**	**($1,390,567)**	**$0**

Overall, the recommended adjustments would require an increase of $1,390,567 General Fund. These adjustments would reduce expenditures of energy impact funding for administrative functions by the same amount, thereby increasing the amount available for grants. Staff has described each type of adjustment below.

Adjustments to Appropriations of Energy Impact Funds for Division-level Activities

- **Division of Property Taxation (+$711,213 GF):** This program was fully funded from the General Fund through FY 2003-04. Since FY 2004-05, approximately 30 percent of this line item has been funded from energy impact funds. The Department has been unable to ascertain the original basis for this level of support from severance tax and mineral impact funds. The Division indicates that based on workload conducted in areas of the state with significant severance industry activities, only $191,057 of the existing $902,270 appropriation from energy impact funds can be directly justified. Staff understands that this dollar amount is based on the costs for 1.0 FTE that is fully devoted to providing technical assistance related to taxation issues concerning energy production activities, as well as a small portion of the costs of other Division staff positions that spend a small portion of their time on such issues. The recommendation includes a *General Fund increase of $711,213* and an equal reduction in the appropriation of energy impact funds.

- **Division of Housing (-$55,336 General Fund):** For the *Community and Non-Profit Services* subsection, $101,264 of the $2,267,957 appropriation for Personal Services is currently appropriated from energy impact funds. These funds are supposed to represent workload for the Division that are driven by affordable housing needs (typically workforce housing) in areas of the state impacted by severance industry activities. However, it is not clear why these funds have been included in this subsection since Field Services staff handle most of these responsibilities. The recommendation thus includes a *General Fund increase of $101,264* and an equal reduction in the appropriation of energy impact funds for this subsection.

  For the *Field Services* subsection, $76,019 of the $1,765,417 appropriated for the Affordable Housing Program Costs line item is currently appropriated from energy impact funds. The Division indicates that three of ten field staff positions are devoted to workforce housing issues in energy-impacted areas of the state. The staff recommendation would appropriate energy impact funds to support the full cost of these three positions. The current personal services appropriation for this subsection supports a portion of the $232,619 in personal services expenses for these positions. The recommendation thus includes a *General Fund decrease of $156,600* for this subsection.

- **Division of Local Government (+$262,381 General Fund):** While the rationale for supporting functions of this division with energy impact dollars is more straightforward than other divisions, the history and rational for such financing is not obvious or consistent. For the *Local Government and Community Services* subsection, one option identified by the Department to provide a more rational basis for the use of energy impact funds is to eliminate the use of energy impact funds for staff in the State Demography Office based on the statewide nature of the services provided by this office. The recommendation includes an *increase of $83,123 General Fund* for this purpose.

  For the *Field Services* subsection, 1.0 FTE in the Program Costs line item is supported by the Local Government Limited Gaming Impact Fund, and the remaining 23.9 FTE that are supported by state funds are supported by $2,594,927 from energy impact funds. The Department indicates that most of the work performed by these field staff pertains to refining, advising, and monitoring energy impact grants. However, regional managers spend approximately 20 of their time providing general technical support to local governments (e.g., budgeting, land use and environmental planning, elections, various compliance issues, and capital improvement project proposals). The Department indicates that $179,258 General Fund would be required to eliminate the use of energy impact funds for this portion of the field staff workload. The recommendation thus includes an *increase of $179,258 General Fund*.

Centrally Appropriated Amounts Associated with Above Adjustments (+$166,500 General Fund)
If the adjustments described above are approved, the associated appropriations for employee benefits require similar fund source adjustments. Based on information provided by the Department, the recommendation includes an *increase of $166,500 General Fund.*

Reduction in Indirect Cost Assessments (+$305,809 General Fund)
Similar to other sources of state and federal funds, the Department collects indirect cost assessments on energy impact funds appropriations that support Departments personnel. If these appropriations are reduced, the amount collected through indirect cost assessments will decline. The above table reflects reductions to Indirect Cost Assessment line items totaling $305,809 reappropriated funds. As this revenue is used to offset what would otherwise be General Fund expenditures in the Executive Director's Office, this requires a *General Fund increase of $305,809*.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Tom Dermody, JBC Staff (303-866-4963)
DATE	March 15, 2018
SUBJECT	Figure Setting Comeback – Department of Natural Resources, Aquatic Nuisance Species

The following recommendation requires action by the Joint Budget Committee.

➔ (5) DIVISION OF PARKS AND WILDLIFE, (B) SPECIAL PURPOSE, S.B. 08-226 AQUATIC NUISANCE SPECIES LINE ITEM DETAIL

S.B. 08-226 AQUATIC NUISANCE SPECIES

S.B. 08-226 established aquatic nuisance species laws to prevent, control, contain, monitor, and eradicate aquatic nuisance species from state waters. The bill created the Division of Parks and Outdoor Recreation Aquatic Nuisance Species Fund and the Division of Wildlife Aquatic Nuisance Species Fund, which are both continuously appropriated. Both funds receive transfers from Tier II of the Severance Tax Operational Fund. This line item is funded from the separate ANS accounts, but combines duplicate line items from the former Parks and Outdoor Recreation and Wildlife subdivisions. The appropriation is included in the Long Bill for informational purposes only.

STATUTORY AUTHORITY: Sections 33-10.5-101 to 33-10.5-108, C.R.S.

REQUEST: The Department requests an appropriation of $3,899,590 cash funds and 4.0 FTE for FY 2018-19. This includes the annualization of prior year salary survey and merit pay.

RECOMMENDATION: **Staff recommends approval of this recommendation.**

The ANS Program has been reliant on Tier II severance tax funding; however, based on the most recent projects there will be no Tier II severance tax distributions in FY 2018-19 or FY 2019-20. As of March 2018, the Division of Parks and Wildlife estimates that the Parks and Outdoor Recreation Aquatic Nuisance Species Fund and the Division of Wildlife Aquatic Nuisance Species Fund have a combined balance of $4.8 million. The Division believes that this is enough funding to support the ANS Program through the 2018 boating season.

The goal of the ANS program is to prevent any waters being infected and closed to recreation due to the presence of aquatic nuisance species. On August 18, 2017, state and federal officials confirmed the presence of invasive quagga mussel larvae in Green Mountain Reservoir.

DIVISION OF PARKS AND WILDLIFE, SPECIAL PURPOSE, S.B. 08-226 AQUATIC NUISANCE SPECIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	$3,887,561	$0	$3,887,561	$0	$0	4.0
TOTAL	**$3,887,561**	**$0**	**$3,887,561**	**$0**	**$0**	**4.0**
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	$3,887,561	$0	$3,887,561	$0	$0	4.0
Annualize prior year budget actions	12,029	0	12,029	0	0	0.0
TOTAL	**$3,899,590**	**$0**	**$3,899,590**	**$0**	**$0**	**4.0**
INCREASE/(DECREASE)	**$12,029**	**$0**	**$12,029**	**$0**	**$0**	**0.0**
Percentage Change	0.3%	n/a	0.3%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	**$3,899,590**	**$0**	**$3,899,590**	**$0**	**$0**	**4.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

MEMORANDUM

JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Scott Philip Thompson, JBC Staff (303-866-4957)
DATE March 15, 2017
SUBJECT Dept. of Personnel R2 Cybersecurity Liability Insurance Program

➔ R2 CYBERSECURITY LIABILITY INSURANCE POLICY

REQUEST: The Department of Personnel & Administration is requesting $375,000 in reappropriated funds for allocation through the FY 2018-19 Risk Management common policy line item titled "Payment to Risk Management and Property Funds."

RECOMMENDATION: Staff recommends the Committee approve the Department request.

ANALYSIS:

INFORMATION REQUESTED DURING FIGURE SETTING ON FEBRUARY 22, 2018
During the figure setting presentation for the Department of Personnel, the Committee asked for additional information about the Cybersecurity insurance policy including:
Provide an example of reputational harm attributable to a cyber attack.

- One example could be a data breach where emails were leaked that contained information about vendor performance; the leaked information may affect a business's ability to earn revenue. The cyber policy covers expenses for public relations consultants that will work to mitigate the negative media attention resulting from a cyber event.

How did the Department determine the cost of the insurance plan?

- The Risk Management Insurance Broker, using general information provided by OIT, received preliminary bids from insurance companies. The premium cost of $325,000 was provided by an insurance company that responded to a request for information and estimate from the State's insurance broker. Additionally, the request includes an estimate of possible claims of $50,000, which was provided by the Risk management actuary in order to be consistent with the methodology used in the Risk Management common policy.

Have other states implemented similar policies?

- According to the National Association of State Chief Information Officers (NASCIO) 2017 State CIO Survey published in October 2017, 38% of respondents reported their states have obtained cyber insurance, compared to 20% in 2015. The Department is aware of a few states that currently have cyber insurance policies, including Montana, Utah, Georgia, Idaho and Tennessee. These states policy values range anywhere from $2 million (Montana) to $100 million (Georgia), with annual premiums between $230K and $1.8 million annually (which depend on the scope), with deductibles between $100K and $1 million per incident. Montana was the first state to purchase a cyber insurance policy in 2011, so there is limited information available on experiences by state.

Is the Statewide Internet Portal Authority (SIPA) included in the policy?

- No; the Risk Management Program's insurance broker worked in collaboration with OIT to get a quote that would cover all branches (Executive, Legislative & Judicial), with the exception of Higher Education institutions not covered by OIT. The following list shows agencies that will be covered by the proposed cyber policy:
    - Agriculture
    - Corrections
    - Education
    - Governor's Office
    - Health Care Policy & Finance
    - History Colorado
    - Human Services
    - Judicial
    - Labor & Employment
    - Law
    - Legislature
    - Local Affairs
    - Military & Veteran Affairs
    - Natural Resources
    - Personnel & Administration
    - Public Health
    - Public Safety
    - Regulatory Agencies
    - Revenue
    - Secretary of State
    - Transportation
    - Treasury

Was the Cyber Security Advisory Committee involved in developing the budget request for cyber security?

- The Department worked closely with OIT, including the statewide security officer, to develop the decision item request. At the time the decision item was written, the Cyber Security Advisory Committee had not met within the last several months, so the request was not discussed with the committee in advance of the November 1 deadline.

Provide an example of how the cyber security policy would have impacted the recent CDOT breach.

- If the cybersecurity liability insurance policy had been in place at the time of the CDOT breach, the Liability fund would have paid for expenses related to the event for the first $1 million through the deductible, and the cybersecurity liability insurance policy would have covered the next $5 million. Without the policy in place, depending on the source of the data breach, either CDOT or OIT will be responsible for paying for any expenses related to the CDOT breach. The cybersecurity liability insurance policy would have provided the following services and coverage to CDOT:
    - Loss mitigation services: the insured parties will have access to tools and resources needed to address and gauge key areas of cyber security risks before an event occurs. This includes training for all employees.
    - Post-incident services – a diverse team of experts in the legal, computer forensics, notification, call center, public relations, fraud consultation, credit monitoring, and identity restoration service areas to help limit exposure to a loss.
    - Third-Party Coverage, which protects the insured for liability resulting from the loss of personal and confidential information:
        - A team of legal and forensic experts would work with CDOT to determine how the breach happened and who would be affected as a result.
        - Depending upon the affected people and/or entities that had private or confidential information compromised, the team of experts would help to notify the impacted parties, offer credit monitoring, and public relations consultation.

    - The policy will cover any fees, fines, or expenses that occur as a result of the data breach (payment card loss, regulatory proceedings, copyright & trademark infringement, etc).
- First-Party Coverage, which is designed to minimize the effects of a cyber event. The policy would cover the following expenses:
    - Cyber incident response: expenses related to legal fees, forensics, privacy notification, credit monitoring, and public relations.
    - Business interruption: loss of revenue or expenses incurred from interrupting business systems
    - Data recovery and restoration, including increased costs of labor and equipment
    - Telephone toll fraud
    - Network extortion
- Cyber crime coverage, which covers expenses related to
    - Computer fraud, such as a web-based attack, phishing or malicious code.
    - Funds transfer fraud
    - Social engineering fraud

PREVIOUSLY PRESENTED INFORMATION

Cybersecurity at state and local governments has never been as critical at safeguarding the personal information of residents and employees of the State of Colorado as it is in 2017. A number of data breaches have affected the state ranging from lost/stolen property to inadvertent posting of confidential information unencrypted online. The 2016 U.S. Government Cybersecurity Report, a study that graded over 600 government agencies on IT security, noted that within state governments, agencies often retain legacy systems longer than other private organizations which increases their exposure to vulnerabilities.

Several states have experienced cyber-attacks that have resulted in millions of dollars of additional expenses. One example of a significant cyber-attack in the public sector is the state of South Carolina, which experienced a data breach in 2012 that resulted in 3.8 million personal financial records stolen from the state's Department of Revenue. This event not only impacted millions of taxpayers, but the hackers stole information on nearly 1.9 million dependents and nearly 700,000 businesses as well. As a result, South Carolina agreed to pay approximately $12 million to provide a free year of credit monitoring and identity theft prevention to anyone affected.

The Department notes that although the Office of Information Technology was appropriated additional funding in FY 2017-18 for "Secure Colorado," which will fund several initiatives related to the State's cybersecurity program, cybersecurity is not solely a technology matter for the IT Department to solve.

The Department of Personnel & Administration is requesting $375,000 in reappropriated funds for allocation through the FY 2018-19 Risk Management common policy line item titled "Payment to Risk Management and Property Funds." The Department has worked in collaboration with the Office of Information Technology (OIT) on improving cybersecurity across the state while mitigating potential risks. This request will help to mitigate potential cyber risk by adding a cybersecurity liability insurance policy to the Risk Management Program for all state agencies that choose to participate.

The request includes $325,000 for the annual insurance premium and $50,000 for coverage of smaller breaches internally. The premium provides $5.0 million coverage in the event of a data breach and requires a deductible of $1.0 million. The policy also provides annual cybersecurity training for Executive Branch agencies.

This insurance policy will be purchased through the Risk Management Program insurance broker and added to the Liability program; the estimated costs associated with the cybersecurity liability insurance policy will be included in the Liability allocable cost pool of the Risk Management common policies and allocated to all participating agencies.

Cybersecurity insurance policies are becoming more prevalent in the United States as more states adopt data breach notification requirements. Some surveys estimate 30 percent of private businesses already have purchased some form of this insurance and the Department explains that most if not all states either have a policy already or are seeking to purchase one soon.

WHAT IS CYBERSECURITY INSURANCE?

Cybersecurity insurance transfers some of the financial risk of a security breach to the insurer. First-party insurance typically covers damage to digital assets, business interruptions and, sometimes, reputational harm. Third-party insurance covers liability and the costs of forensic investigations, customer notification, credit monitoring, public relations, legal defense, compensation and regulatory fines.

In the event of a cyber-attack, the deductible will cover the first $1.0 million of services through the self-insured Liability fund, and the commercial cybersecurity liability insurance policy will cover the next $5 million per occurrence. This takes up to a $6.0 million burden off of individual state agencies per occurrence. It will allow for individual agencies to proactively budget and plan for the established common policy allocations, rather than reactively scrambling to come up with the funds to pay for unanticipated and potentially large expenses related to cyber-attacks.

The following bullet points summarize the benefits and services provided by the insurance in the event of a breach.

THIRD-PARTY LIABILITY COVERAGE: protects the state for liability resulting from the loss of personal and confidential information, e.g.:

- Cyber, Privacy, and Network Security Liability -- Failure to protect private or confidential information of others, and failure to prevent a cyber incident from impacting others' systems.
- Payment Card Loss -- Contractual liabilities owed as a result of a cyber incident.
- Regulatory Proceedings -- Defense for regulatory actions and coverage for fines and penalties.
- Media Liability -- Copyright and trademark infringement within scope of defined media content.

FIRST-PARTY COVERAGE: provides services designed to minimize the effects of a cyber event:

- Cyber Incident Response -- Legal fees, forensics, privacy notification expenses, credit monitoring, public relations, etc.

- Business Interruption -- Loss of revenues and extra expenses as a result of interruptions of insured's systems.
- Digital Data Recovery -- Costs to restore or replace lost or damaged data or software, including cost of labor and equipment.
- Telephone Toll Fraud -- Costs incurred as phone bill charges due to fraudulent calling.
- Network Extortion -- Payments to prevent digital destruction or impairments, which explicitly includes Bitcoin and other cryptocurrencies.

- Coverage of Cyber Crime by Endorsement:
- Computer Fraud -- Third party accessing insured's computers to take money.
- Funds Transfer Fraud -- Third party tricking a bank into transferring funds from insured's account.
- Social Engineering Fraud -- Third party tricking an employee into transferring money (this can include web-based attacks, phishing, malicious code, etc.).

JBC staff believes adopting a cybersecurity insurance policy is a good safeguard against the many forces pressuring state employees and the data infrastructure. It does not take the place of other hardware and software tools, such as those being implemented by OIT with funding from the "Secure Colorado" budget request approved in FY 2017-18.

It is difficult to compare the cost of this policy because most providers do not publish their rates. One report from 2013 estimated private companies could obtain cybersecurity insurance for coverage of $1.0 million for $35,000, annually. Because the State has many public-facing websites managed by a diverse set of individuals across many agencies rather than a concentrated department within a private business, and the revelation of many more data breaches from trusted private companies, it does not seem unreasonable for the cost to be nearly double per $1.0 million coverage in 2017. JBC staff recommends approving the Department request.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Scott Philip Thompson, JBC Staff (303-866-4957)
DATE	March 15, 2017
SUBJECT	Dept. of Personnel R5 Division of Central Services Long Bill reorganization comeback

➔ R5 DIVISION OF CENTRAL SERVICES ADMINISTRATION REALIGNMENT

REQUEST: The Department requests a total-appropriation neutral transfer of the Fleet Management and the Capital Complex programs from Central Services to a new Division of Capital Assets as Division 7. The request also included renaming Central Services to the Division of Central Services. Included in the request is a bill request to change references in Title 24 from "Central Services" to "the Department of Personnel".

RECOMMENDATION: JBC staff recommends the Committee approve the Department request, including requesting a bill draft from the Office of Legislative Legal Services. JBC staff requests permission to work with Department of Personnel staff during drafting to ensure all references are updated. **The bill is number 66 JBC list of potential bills but has not yet been approved for drafting**. JBC staff recommends the bill run as part of the Long Bill package.

ANALYSIS: The Department of Personnel & Administration is requesting a net zero adjustment to its Long Bill to realign the (4) Central Services' (DCS) organizational structure. During the last half of FY 2016-17, the Department's executive management team implemented a new organizational structure for the Division of Central Services with the intent of flattening the Department's organization. The goal of the reorganization was to create better alignment within working groups, provide greater agility and improve communications between programs.

There were two principle changes included in the Department's reorganization. First, the State Fleet Management (SFM) and the Facilities Maintenance - Capitol Complex (known colloquially as CCLS) programs were consolidated into a single working group named the Division of Capital Assets. Second, the reorganization kept the Integrated Documents Solutions (IDS) program and the Address Confidentiality Program together and under the DCS name, but also placed the Colorado State Archives program under the DCS. The new DCS and Capital Assets programs are now organizational peers at the Long Bill group level. The following table provides a summary of the old appropriation structure and the requested changes by program.

SUMMARIZED LONG BILL STRUCTURE CHANGE (ONLY INCLUDES AFFECTED PROGRAMS)	
OLD STRUCTURE	REQUESTED STRUCTURE
(1) Executive Director's Office	(4) Division of Central Services
(B) Statewide Special Purpose	Administration
Colorado State Archives	Integrated Document Solutions
(4) Central Services	Colorado State Archives
Administration	(7) Division of Capital Assets
Integrated Document Solutions	Administration
Fleet Management Program and Motor Pool Services	Facilities Maintenance - Capitol Complex
Facilities Maintenance - Capitol Complex	Fleet Management Program and Motor Pool Services

Current Statute authorizes the Department to provide a variety of services to other state agencies, including printing, document management, mail processing, fleet management, and facilities management. Following the restructure of the Division within the Long Bill through this change request, the Department anticipates the need for legislation to adjust references to the two new divisions in Sections 24-30-1101 through 1118, C.R.S., Section 24-82-103 (5)(a), C.R.S., and Section 24-80-1401 (2), C.R.S.

JBC staff believes the new budget structure will provide the Department with more accurate information to allocate overhead costs to programs funded by fees paid by user agencies and thus better serve the State of Colorado.

The Department is also requesting the Joint Budget Committee to sponsor legislation to adjust references to "Central Services" in statute to reference the "Department of Personnel" instead. JBC staff cannot justify any reason to identify specific divisions in statute when directing a Department to perform activities. Further, budget structure changes are often requested by the Executive Branch and referencing divisions as opposed to the Department seems like an unreasonable barrier to gaining efficiencies when they are identified.

JBC staff recommends the Committee approve the Department request, including requesting a bill draft to change references to "Central Services" in statute. JBC staff requests permission to work with OLLS and Department of Personnel staff to ensure all references identified need to be changed and are included in the bill.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Christina Beisel
DATE	March 15, 2018
SUBJECT	R2 Man Therapy

During figure setting for the Department of Public Health on March 8, 2018, the Joint Budget Committee tabled action on the R2 Man Therapy decision item. Included below is the staff write up on the decision item for the Committee's reference.

➔ R2 MAN THERAPY

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

RECOMMENDATION: Staff recommends approval of the Department request.

Background

Suicides have been increasing in Colorado (and across the nation) since 2009. In 2015, Colorado recorded the highest number of suicide deaths to date and had the ninth highest suicide rate in the United States. Of the 1,093 suicide deaths in Colorado in 2015, 572 deaths, or 52.3 percent, were among working age men, ages 25 to 64. Not only do working age men account for the highest number of suicide deaths among any demographic, they are the least likely to access traditional mental health services.

The Man Therapy website, www.mantherapy.org, was launched in 2012 by CDPHE, the Carson J Spencer Foundation (a Colorado-based suicide prevention nonprofit organization), and Cactus (a Denver advertising agency), with seed funding of $400,000 from the Anschutz Foundation. Following the launch, small foundation grants and small amounts of Office of Suicide Prevention General Fund dollars were used for limited promotion using social media, small media buys, and dissemination of printed materials such as posters, coasters, and business cards.

Man Therapy is designed specifically to change the social norms around men's mental health, increase male help-seeking behavior, and reduce the suicide rate among Colorado working age men. The website includes a self-assessment, tools, tips, and resources, including information on local and national crisis services and mental health services.

In developing the website, the Department and the Man Therapy partners identified eight approaches based on research, existing literature, interviews, and focus groups.[1]

1. Take mental health language out of the communication.

[1] "Man Therapy: An Innovative Approach to Suicide Prevention for Working Aged Men" White Paper. http://mantherapy.org/pdf/ManTherapy.pdf.

2. Present role models.
3. Connect physical symptoms with emotional issues.
4. Meet men where they are instead of trying to turn them into something they are not. This includes messaging and location of the message.
5. Target men with the highest risk factors who are the least likely to seek help.
6. Offer opportunities to give back.
7. Coach those closest/around men at greatest risk.
8. Give men a chance to self-assess and self-help.

These approaches are sprinkled throughout the Man Therapy website in a variety of ways. Visitors to the website are guided by a fake therapist named Dr. Rich Mahogany, who uses dark humor and stereotypically male behavior to encourage self-help and access to services. Information on the website is presented using humor, direct communication, and non-mental health/medical language. Items on the website include both non-traditional messages and the promotion of traditional mental health services.

Media Buys and Site Visits

Since launching the site, the Department's media buys have varied in volume due to availability of funding. To date, the program has produced one 30-second television spot, three Man Therapy spots, a variety of billboard and bus poster designs, and taglines for electronic and social media, which are ready and available for promotional and advertising opportunities. Currently, the Department is experiencing an average of 791 visits to the site per month. The Department's target is 4,167 monthly visits, based on traffic during times when the program had additional funding for website promotion.

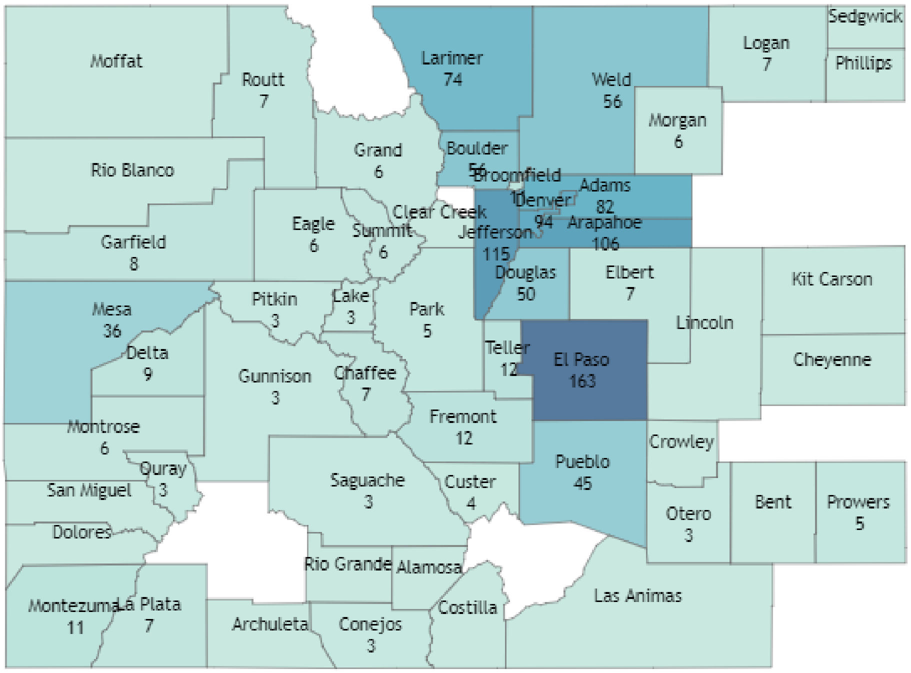
The Department believes that the reduced traffic to the website is related to the Department's limited ability to fund promotional spots, based on experiences in other locations, as well as the Department's experience in other public awareness campaigns. Both Utah and Australia have licensed Man Therapy, and have invested in advertising dollars. In both locations, following the launch of their advertising campaigns, visits to the sites increased from both locations, and exceeded visits from Colorado. The Department also cites the example of a story on NBC News following the death of musician Chris Cornell, which referenced Man Therapy. In the week prior to the article, there were approximately 400 United States visits to the website per day. In the days following the news story, there were 2,633 and 1,266 daily U.S. visits.

CDPHE runs an advertising campaign to promote the Colorado Quitline, a tobacco cessation program. Without advertising, the website experiences approximately 4,000 unique sessions. During advertisement campaigns, the website reports 20,000-24,000 unique monthly sessions.

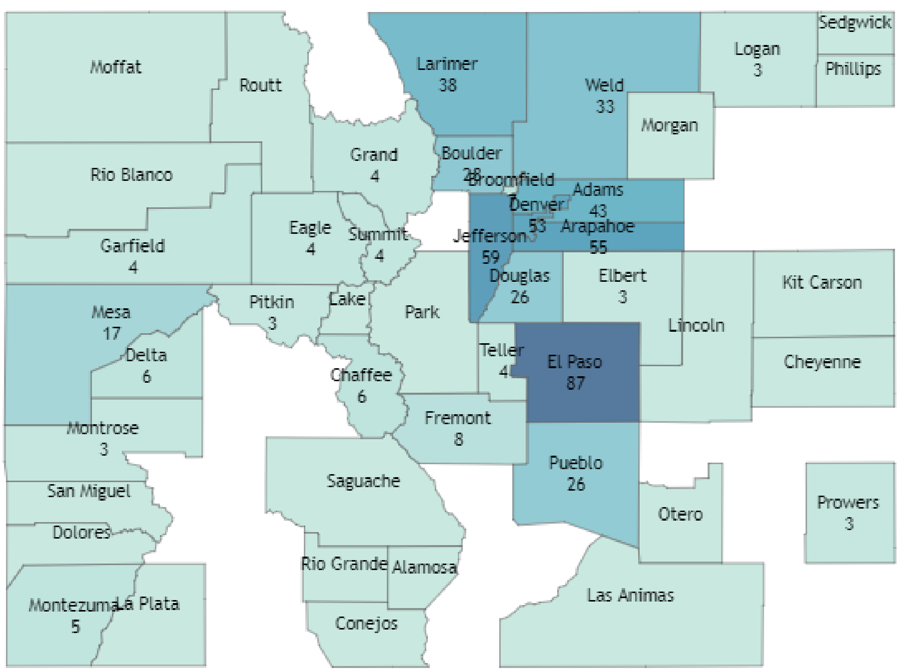
Request

The Department is requesting $400,000 General Fund in FYs 2018-19 and 2019-20 to fund an expanded strategy to reach Man Therapy's target audience via television and radio buys, billboard and bus buys, ongoing digital media, and direct printed advertising. Funding will also be used for evaluation. Media buys will be focused on professional sports games, with ads on Root Sports, Altitude Sports, and KOA radio during Rockies, Avalanche, Nuggets, and Broncos games. Television, radio, and bus buys will target local markets in El Paso, Pueblo, Mesa, and Larimer counties, which carry a considerable burden of suicide deaths among working age men in Colorado, and are counties of emphasis for the Department's Office of Suicide Prevention. The map below shows suicides in the state, by county.

Suicides in Colorado in 2015, by county.*



Suicides among men ages 25-64 in 2015.



Counties reporting fewer than three suicides are not included for privacy reasons.

Evaluation
The website tracks visitor behavior and activity via Google Analytics. From 2012-2014, the Department collected more than 500 responses to a website survey, with respondents answering questions about navigability and usefulness of the website, as well as questions about how likely they are to seek profession health after visiting the site (50%) and how likely they would be to recommend Man Therapy to a friend (80%).

Additionally, an evaluation of Man Therapy's impact on changes in behavior of men interacting with the site is currently underway via a four-year Centers for Disease Control and Prevention (CDC) funded study by the University of Maryland Baltimore. The study randomizes participants into a control group and a Man Therapy intervention group. Both groups receive a screening assessment score and referrals to community-based programs.

The Research and Evidence-Based Policy Team with the Office of State Planning and Budgeting (OSPB) reviewed the Man Therapy program through the Results First process. The team noted in the budget request that the evaluation design has a strong logic model and is considered rigorous. Data on depression, anger, suicide ideation, and behavior will be measured over time, which will help to assess the program's long term impact. Given the usual challenges in assessing the impact of public awareness campaigns, staff believes this is a positive component of the request, and could provide useful information in the future for evaluating public awareness campaigns in the state.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Christina Beisel
DATE	March 15, 2018
SUBJECT	R7 Black Market Marijuana Interdiction

During figure setting for the Department of Public Safety on February 20, 2018, the Joint Budget Committee tabled action on the R7 Black Market Marijuana Interdiction decision item. Included below is the staff write up on the decision item for the Committee's reference.

➔ R7 BLACK MARKET MARIJUANA INTERDICTION

REQUEST: The request includes $1,225,202 Marijuana Tax Cash Funds and 8.0 FTE in FY 2018-19 and $1,187,578 and 8.0 FTE in FY 2019-20 and beyond to establish a special unit within CBI to investigate black market marijuana operations.

RECOMMENDATION: Staff recommends approval of the Department request.

The Colorado Bureau of Investigation (CBI) is required to provide assistance to local enforcement agencies in the investigation, detection, and enforcement of Colorado's criminal laws. CBI must be available to local law enforcement agencies 24 hours per day, 7 days a week. Each year, the CBI receives requests for crime scene response, criminal investigation assistance, and rush analysis of evidence from local law enforcement agencies. Additionally, many requests occur in rural areas in remote parts of the state that have limited resources and expertise. In FY 2016-17, the CBI supported other agencies by initiating 371 investigations (including 17 homicides and 5 Officer Use of Force), processing 124 crime scenes (including 61 death investigations and nine Officer Involved Shooting investigations, and providing assistance in over 400 missing persons cases. Within its existing resources, the CBI does not have capacity to provide meaningful marijuana interdiction support to local governments. While many rural counties have requested assistance from the CBI, in most cases, the Department is only able to offer consultation and information sharing with local drug task forces, rather than investigative assistance.

PROBLEM

In 2016, the Colorado Information Analysis Center (CIAC) reported 458 seizure incidents in 42 other states involving marijuana cultivated in Colorado. The Rocky Mountain High Intensity Drug Trafficking Area (RM-HIDTA) has reported the interdiction seizure of marijuana has increased 37 percent from 2013 to 2015. Communities in Southern and Western Colorado in particular have experienced challenges associated with black market marijuana activity. In San Miguel County, there are 187 documented cases of illegal marijuana growing operations on the Wrights Mesa. Additionally, the CBI has assisted with three homicides associated with illegal grow operations in Southern Colorado in the past 2 years. In 2016, the Pueblo County Sheriff's Office seized 1,900 illegally grown plants with $7.6 million at five homes. Arrest warrants were served to suspects from Florida. These "grow and go" operations, in which residents from other states come to Colorado with the intent to get medical licenses and set up grow operations in rental homes, can leave landlords with significant damages to their property. The Department believes that reported seizures may conservatively represent less than 10 percent of actual trafficked marijuana.

As shown in the examples above, investigation of illegal operations often happen across jurisdictions, requiring coordination among agencies. Additionally, investigations require expertise and knowledge of large criminal organizations, and may involve financial analysis.

REQUEST

In order to address these challenges, the Department is proposing the creation of an 8.0 FTE unit in the CBI dedicated to black market marijuana interdiction (the prevention or interception of the movement of prohibited goods). Agents in this unit would provide investigation assistance, including financial backgrounds, surveillance, and other expertise and assistance. In addition, agents would be available to work with District Attorneys to build criminal cases. The Department is requesting 6.0 Criminal Investigator II FTE, 1.0 Criminal Investigator III FTE (Agent in Charge/team lead), and 1.0 Program Assistant FTE. The Criminal Investigator II positions would be located across the state in CBI branches: 2.0 FTE in Pueblo to assist in the San Luis Valley and southeaster Colorado, 2.0 FTE in Grand Junction, and 2.0 FTE in Denver to assist communities in north and northeast Colorado.

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Vance Roper, JBC Staff (303-866-3147)
DATE	March 15, 2018
SUBJECT	Technical Change for Department of Regulatory Agencies

The Department of Regulatory Agencies (DORA) receives regulatory serves from the Department of Law that is accounted for in two separate line items. The first line item is Mortgage Broker Consumer Protection in the Division of Real Estate and the second line item is Securities Fraud Prosecution is the Division of Securities. DORA estimates the expenses for these line items during the budget process and the Department of Law submits the needed appropriation once they have the calculations. The numbers for the needed appropriation came in after the figure setting for DORA was complete. This requires a technical change to make adjustments for the needed appropriation. These specific adjustments are listed below.

Division of Real Estate

MORTGAGE BROKER CONSUMER PROTECTION

This line is used to pay the costs for the investigation and prosecution of mortgage brokers, and mortgage fraud by the Attorney General's Office. Funds are appropriated to the Division and reappropriated to the Department of Law, where the line item is set.

STATUTORY AUTHORITY: Pursuant to Sections 12-61-101, 12-61-103.6, 12-61-301, 12-61-401, 12-61-701, C.R.S.

RECOMMENDATION: **Staff recommends an appropriation of $223,070 cash funds from the Division of Real Estate Cash Fund. This technical change is based on the Department of Law's updated figures for the FY 2018-19 budget year.**

DIVISION OF REAL ESTATE, MORTGAGE BROKER CONSUMER PROTECTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	$208,811	$0	$208,811	$0	$0	0.0
TOTAL	**$208,811**	**$0**	**$208,811**	**$0**	**$0**	**0.0**
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	$208,811	$0	$208,811	$0	$0	0.0
Technical adjustments based on actuals	14,259	0	14,259	0	0	0.0
TOTAL	**$223,070**	**$0**	**$223,070**	**$0**	**$0**	**0.0**
INCREASE/(DECREASE)	**$14,259**	**$0**	**$14,259**	**$0**	**$0**	**0.0**
Percentage Change	6.8%	n/a	6.8%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	**$208,811**	**$0**	**$208,811**	**$0**	**$0**	**0.0**
Request Above/(Below) Recommendation	($14,259)	$0	($14,259)	$0	$0	0.0

Division of Securities

SECURITIES FRAUD PROSECUTION

The Division refers cases to the Securities Fraud Unit within the Department of Law's Criminal, Justice and Appellate Division for investigation and criminal prosecution. Funds appropriated in this line are set in and reappropriated to the Department of Law.

STATUTORY AUTHORITY: Pursuant to Sections 11-51-101, et seq.; 11-53-101, et seq.; 11-59-101, et seq.; 24-75-701, et seq., C.R.S.

REQUEST: The Department requests an appropriation of $1,004,776 cash funds.

RECOMMENDATION: **Staff recommends an appropriation of $1,081,543 cash funds from the Division of Securities Cash Fund. This technical change is based on the Department of Law's updated figures for the FY 2018-19 budget year.**

DIVISION OF SECURITIES, SECURITIES FRAUD PROSECUTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
SB 17-254 (Long Bill)	$1,004,776	$0	$1,004,776	$0	$0	0.0
TOTAL	**$1,004,776**	**$0**	**$1,004,776**	**$0**	**$0**	**0.0**
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	$1,004,776	$0	$1,004,776	$0	$0	0.0
Technical adjustments based on actuals	76,767	0	76,767	0	0	0.0
TOTAL	**$1,081,543**	**$0**	**$1,081,543**	**$0**	**$0**	**0.0**
INCREASE/(DECREASE)	**$76,767**	**$0**	**$76,767**	**$0**	**$0**	**0.0**
Percentage Change	7.6%	n/a	7.6%	n/a	n/a	0.0%
FY 2018-19 EXECUTIVE REQUEST	**$1,004,776**	**$0**	**$1,004,776**	**$0**	**$0**	**0.0**
Request Above/(Below) Recommendation	($76,767)	$0	($76,767)	$0	$0	0.0

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Joint Budget Committee
FROM	Alfredo Kemm, JBC Staff (303.866.4549)
DATE	March 15, 2018
SUBJECT	Dept. of Revenue figure setting comeback – tabled item – Footnotes and RFIs

At Department of Revenue figure setting on February 20th, the Committee tabled a decision on footnotes and requests for information. Staff's recommendations are unchanged and follow.

LONG BILL FOOTNOTES

Staff recommends **CONTINUING** the following footnote:

85 Department of Revenue, Division of Motor Vehicles, Driver Services, Personal Services – The initial fiscal note estimated a total of 66,000 individuals would request an appointment for a S.B. 13-251 document. Continued operations for this program at more than one office are premised on the need to handle the initial surge of applicants. It is the Intent of the General Assembly that once the annual appointments for first-time applicants made available for individuals who are not lawfully present in the United States falls below 5,000 per year or the total persons served reaches 66,000 the Division will reduce the offices that provide the service to one location. Of the amount appropriated to Driver Services, $1.5 million cash funds are for the Colorado Road and Community Safety Act.

COMMENT: Based on the most recent quarterly report submitted by the Department of Revenue, the Colorado Road and Community Safety Act program, enacted in S.B. 13-251, is estimated to reach 66,000 first-time applicants in January 2019. This footnote continues the negotiated budget agreement initiated for FY 2015-16.

REQUESTS FOR INFORMATION

Staff recommends **CONTINUING** the following request for information:

N Department of Revenue, Division of Motor Vehicles, Driver Services -- The Department is requested to submit to the Joint Budget Committee by the first of every quarter, beginning June 30, 2017, a report about the progress made on meeting the demand for services offered under S.B. 13-251, which was estimated at 66,000 individuals. For individuals served who are not lawfully present in the United States, the report should include the number of appointments made available, the number of "no shows" for appointments, the number of appointments that resulted in no document issuance, the number of documents issued, and a justification based in data for why there is a continued need to offer services for individuals who cannot demonstrate a lawful presence in the United States at more than one location. If the number of first time applicants who receive an identification document exceeds 66,000, it is further requested the Department provide written notice to the Joint Budget Committee as soon as practical.

COMMENT: This request will continue monitoring the progress the Department is making to meet the first-time applicant demand for Colorado Road and Community Safety Act driver's licenses and identification products, pursuant to Part 5 of Article 2 of Title 24, C.R.S.