

# JOINT BUDGET COMMITTEE

## STAFF BUDGET BRIEFING SUMMARY



FY 2021-22

# STATE OF COLORADO

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## MEMORANDUM

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**TO:** Members of the General Assembly  
**FROM:** Joint Budget Committee  
**SUBJECT:** FY 2021-22 Staff Budget Briefing  
**DATE:** Summary January 13, 2021

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For the past two months, Joint Budget Committee (JBC) staff have been briefing the JBC on each executive and judicial department's budget request for FY 2021-22. The staff briefing is a written and oral presentation aimed at stimulating discussion about each department's operations and budget, issues of efficiency and effectiveness, and budget-related policy issues. During the briefing, JBC members identify issues they want to discuss during a formal hearing with each department's executive director. This hearing allows the department to discuss its budget and policy priorities with the Committee. We thank all of you who joined us for these staff briefings and department hearings.

This report summarizes departments' operating budget requests for FY 2021-22, as well as the Governor's requests for capital projects. Individual sections for each department provide:

- an overview of the department's responsibilities;
- the department's FY 2021-22 operating budget request compared to FY 2020-21 appropriations, including a brief description of each requested incremental funding change; and
- a summary of issue briefs presented by JBC staff.

For more detailed information, you can access individual staff briefing documents online:

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

We have also included a JBC staff assignment list at the end of this report. JBC staff are available to help you with any questions you might have about department budgets and operations. We hope this budget briefing summary will help you become familiar with the FY 2021-22 budget requests and major issues that impact the State budget. We look forward to working with you over the next few months to craft the State budget for FY 2021-22.

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# OVERVIEW OF FY 2021-22 BUDGET REQUESTS

## SUBMISSION OF BUDGET REQUESTS

On Monday November 2, the Governor submitted his budget request for the fiscal year beginning July 1, 2021. The Governor's annual request is a comprehensive plan that is comprised of several elements:

- Amounts requested by Executive Branch agencies for ongoing operations, to be appropriated through the annual general appropriation act (the "Long Bill");
- Placeholders for amounts that will be appropriated for Legislative Branch operations and amounts that will be appropriated through the Long Bill for ongoing operations of Judicial Branch agencies and those Executive Branch agencies that operate under another elected official (i.e., the Departments of Law, State, and Treasury);
- Amounts the Governor is requesting to fund state facilities and infrastructure;
- Amounts that will be distributed or transferred pursuant to existing constitutional or statutory requirements; and
- Placeholders for amounts that the Governor is proposing be appropriated or transferred through separate legislation.

The Governor's budget request is typically predicated on the most recent revenue forecast prepared by the Office of State Planning and Budgeting (OSPB). The Governor's FY 2021-22 request is based on the OSPB September 2020 forecast, with an update concerning the estimated ending General Fund balance for FY 2019-20.

Each of the Judicial Branch agencies, the Attorney General, the Secretary of State, and the State Treasurer all submit their own budget requests for the ongoing operations of their respective agencies. These requests are not reviewed by OSPB, and they typically differ from the placeholder amounts that are included in the Governor's budget request.

Finally, please note that these budget requests were submitted prior to the general election, and thus do not reflect the fiscal impact of any statewide ballot measures that were approved by voters.

## DEPARTMENT REQUESTS FOR ONGOING OPERATIONS

The existing *FY 2020-21* budget that supports state government operations includes General Fund appropriations totaling \$10.9 billion, down 9.7 percent from the \$12.0 billion adjusted appropriation for FY 2019-20. Most of the annual funding for state government operations is appropriated through the annual Long Bill (e.g., H.B. 20-1360) and the annual appropriation bill for the Legislative Branch (e.g., H.B. 20-1345).

## MID-YEAR CHANGES TO FY 2020-21 BUDGET

The Governor's budget request reflects a \$1,285.5 million increase in General Fund appropriations, expenditures, and transfers for *FY 2020-21*. This is comprised of six types of mid-year adjustments:

- An increase of \$64,940 General Fund for interim supplemental operating requests that were approved by the Joint Budget Committee in September 2020;
- A *decrease* of \$232.2 million General Fund for anticipated supplemental operating requests, including a \$148.9 million decrease in appropriations to the Department of Health Care Policy and Financing (HCPF) that was reflected in a recent Executive Order to transfer General Fund to the Disaster Emergency Fund and \$83.3 million in additional anticipated mid-year reductions;
- A reflection of the \$148.9 million anticipated expenditure of the redirected HCPF appropriations to provide one-time direct stimulus payments to certain individuals;
- An increase of \$302.8 million General Fund for anticipated stimulus-related supplemental requests;

- A placeholder of \$200.0 million for top priorities of the General Assembly related to one-time efforts to promote economic stimulus and recovery; and
- Proposed transfers of \$865.9 million from the General Fund to various cash funds, including:
  - \$200.0 million for transportation;
  - \$20.0 million for capital construction;
  - \$266.2 million for several economic and workforce development and wildfire-related purposes; and
  - \$379.6 million for State emergency reserves.

*Appendix A* details these mid-year budget adjustments that are reflected in the Governor’s budget request. Please note that some of these requests were addressed through legislation passed during the recent Extraordinary Legislative Session.

### REQUESTS FOR FY 2021-22 FOR ONGOING OPERATIONS

Table 1 summarizes the current operating budget for FY 2020-21 and the incremental changes requested by each department for FY 2021-22. The table is sorted by the General Fund changes requested by each agency, with those agencies requesting the largest dollar increases listed first. Overall, departments are requesting an increase of \$2,237.6 million total funds (7.0 percent), including an increase of \$1,683.0 million General Fund (15.5 percent).

TABLE 1 REQUESTED CHANGES IN APPROPRIATIONS FOR FY 2021-22, BY DEPARTMENT AND FUND SOURCE SORTED BY INCREMENTAL GENERAL FUND CHANGE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION (excludes appropriations included in legislation passed during the recent Extraordinary Legislative Session):						
<b>TOTAL</b>	<b>\$31,983,805,064</b>	<b>\$10,861,089,752</b>	<b>\$9,649,003,034</b>	<b>\$1,527,430,586</b>	<b>\$9,946,281,692</b>	<b>61,741.9</b>
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$31,983,805,064	\$10,861,089,752	\$9,649,003,034	\$1,527,430,586	\$9,946,281,692	61,741.9
Education	776,815,142	579,587,846	233,358,038	487,719	(36,618,461)	(10.0)
Higher Education	1,053,636,054	506,650,753	73,878,841	473,231,148	(124,688)	(0.5)
Health Care Policy and Financing	302,175,127	326,551,309	(95,750,479)	(1,915,556)	73,289,853	15.2
Treasury	274,794,720	181,367,902	39,376,224	54,050,594	0	3.5
Corrections	20,831,883	36,663,273	(1,461,089)	(7,615,264)	(6,755,037)	(43.3)
Human Services	41,210,742	35,814,193	9,756,026	(2,791,509)	(1,567,968)	13.9
Judicial	3,987,980	12,729,311	(5,967,551)	(2,773,780)	0	(194.0)
Revenue	8,771,630	4,874,493	2,437,945	1,451,759	7,433	4.1
Personnel	4,621,179	3,053,895	(2,550,874)	4,118,158	0	(3.1)
Natural Resources	(15,088,069)	2,469,168	(18,031,985)	357,807	116,941	5.1
Agriculture	1,211,511	1,565,308	(361,294)	7,497	0	1.0
Public Health and Environment	(8,704,718)	821,499	(11,128,641)	(983,151)	2,585,575	8.7
Labor and Employment	(156,681,181)	560,663	(280,185)	(81,803)	(156,879,856)	7.7
Military and Veterans Affairs	411,083	299,585	102,900	4,583	4,015	(0.9)
Law	3,480,482	278,489	(88,320)	3,266,691	23,622	13.9
Regulatory Agencies	2,832,329	224,332	2,039,983	147,835	420,179	6.1
Legislature	0	0	0	0	0	0.0
State	961,538	0	961,538	0	0	(0.5)
Transportation	(79,397,496)	(1,000,000)	(91,055,478)	32,300	12,625,682	0.0
Governor	(6,055,249)	(1,460,597)	3,537,405	(8,276,491)	144,434	1.8
Local Affairs	(3,117,833)	(3,789,244)	200,772	395,182	75,457	(2.0)
Public Safety	10,919,477	(4,292,727)	11,782,591	4,622,066	(1,192,453)	38.5

**TABLE 1**  
**REQUESTED CHANGES IN APPROPRIATIONS FOR FY 2021-22, BY DEPARTMENT AND FUND SOURCE**  
**SORTED BY INCREMENTAL GENERAL FUND CHANGE**

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>TOTAL</b>	<b>\$34,221,421,395</b>	<b>\$12,544,059,203</b>	<b>\$9,799,759,401</b>	<b>\$2,045,166,371</b>	<b>\$9,832,436,420</b>	<b>61,607.1</b>
<b>INCREASE/(DECREASE)</b>	<b>\$2,237,616,331</b>	<b>\$1,682,969,451</b>	<b>\$150,756,367</b>	<b>\$517,735,785</b>	<b>(\$113,845,272)</b>	<b>(134.8)</b>
Percentage Change	7.0%	15.5%	1.6%	33.9%	-1.1%	-0.2%

The General Fund increases requested by the Department of Education and the Department of Higher Education account for nearly two-thirds of the overall increase. The Governor’s budget letter describes the effect of the most significant increases requested by each of these departments:

- the Department of Education’s budget request for school finance would restore the budget stabilization factor to the FY 2019-20 level of \$572 million; and
- the Department of Higher Education’s request includes \$494 million to restore operating support for institutions of higher education to the FY 2019-20 level.

Staff has highlighted below a few of the significant statewide common policies that are reflected in each department’s request for FY 2021-22:

- The budget request restores funding for PERA Direct Distribution, which was eliminated for FY 2020-21 for budget balancing purposes through H.B. 20-1379. This funding restoration includes an increase of \$170.9 million General Fund appropriated directly to the Treasury Department to reduce the unfunded liabilities for the School and Denver Public School PERA divisions, plus approximately \$30 million General Fund that is appropriated to various other departments (along with other sources of funds) and is then transferred to the Treasury Department to reduce the unfunded liability for the State and Judicial PERA divisions.
- The request restores the \$57.8 million General Fund total reduction to departments’ appropriations for health, life, and dental benefits. This reduction was taken in lieu of a 5.0 percent General Fund personal services base reduction.
- The request does not include any additional funding for an across-the-board increase in state employee salaries.
- The request does not include any additional funding for an across-the-board increase in rates paid to community service providers.

The incremental changes requested by each department are addressed in more detail in the individual department sections that follow this overview section.

While Table 1 focuses on requested incremental increases, Table 2 details the total appropriations requested by each department for FY 2021-22.

**TABLE 2**  
**SUMMARY OF BUDGET REQUESTS FOR FY 2021-22**  
**SUBMITTED NOVEMBER 2, 2020**

DEPARTMENT	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Agriculture	\$57,025,095	\$12,909,470	\$37,583,447	\$2,583,073	\$3,949,105	300.5
Corrections	970,813,383	877,940,595	46,190,970	43,749,393	2,932,425	6,419.8
Education <sup>1</sup>	6,570,929,493	4,508,598,767	1,280,880,644	40,487,447	740,962,635	599.0
Governor	369,393,262	51,302,097	28,827,356	282,545,558	6,718,251	1,180.7

**TABLE 2**  
**SUMMARY OF BUDGET REQUESTS FOR FY 2021-22**  
**SUBMITTED NOVEMBER 2, 2020**

DEPARTMENT	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health Care Policy and Financing <sup>1</sup>	12,336,010,874	3,511,257,312	1,671,617,925	44,040,969	7,109,094,668	571.9
Higher Education <sup>1</sup>	5,017,353,349	1,111,169,093	2,975,550,435	904,908,033	25,725,788	26,732.8
Human Services	2,319,886,960	996,243,222	429,992,961	206,187,307	687,463,470	5,192.5
Judicial	820,397,650	593,099,148	169,529,785	53,343,717	4,425,000	4,751.8
Labor and Employment	109,020,422	19,054,990	81,229,127	6,306,397	2,429,908	1,298.4
Law	95,054,116	14,562,957	19,371,180	58,726,122	2,393,857	531.9
Legislature	54,872,111	53,636,489	90,000	1,145,622	0	306.5
Local Affairs <sup>1</sup>	330,574,917	37,767,193	195,201,322	15,573,845	82,032,557	197.4
Military and Veterans Affairs	132,697,308	10,643,375	1,744,594	167,750	120,141,589	2,533.7
Natural Resources	316,750,121	35,168,251	247,277,826	7,528,169	26,775,875	1,517.0
Personnel	214,156,355	17,103,350	11,321,778	185,731,227	0	405.7
Public Health and Environment <sup>1</sup>	589,420,474	60,780,014	177,020,984	48,063,877	303,555,599	1,405.7
Public Safety	515,155,345	147,726,256	247,261,344	51,442,222	68,725,523	1,944.3
Regulatory Agencies	121,585,128	2,164,972	111,876,106	5,681,189	1,862,861	606.9
Revenue	415,257,177	122,274,792	283,578,097	8,360,342	1,043,946	1,596.7
State	32,064,719	0	32,064,719	0	0	146.5
Transportation	1,905,094,886	0	1,255,781,127	7,110,396	642,203,363	3,326.0
Treasury <sup>1</sup>	928,060,323	360,656,814	495,919,671	71,483,838	0	41.4
<b>OPERATING TOTAL</b>	<b>\$34,221,573,468</b>	<b>\$12,544,059,157</b>	<b>\$9,799,911,398</b>	<b>\$2,045,166,493</b>	<b>\$9,832,436,420</b>	<b>61,607.1</b>

<sup>1</sup> Includes General Fund Exempt.

### GOVERNOR'S REQUESTS THAT REQUIRE STATUTORY CHANGES

The Governor's letter also indicates that many of the requests that are included within departments' ongoing operating requests will require statutory changes. Thus, funding for these requests would need to be included in separate legislation. These proposals include appropriation increases and decreases; in total, the proposed bills account for \$721.3 million of the total requested funding increases and transfers (including \$427.3 million of the requested General Fund increases and transfers). The Governor is requesting that the Joint Budget Committee (JBC) consider sponsoring legislation for several of these items, and that the JBC set aside funding within its budget proposal to cover the costs of the remaining items.

Table 3 lists each of these items, along with one additional item noted in the Governor's letter that is not included as part of a department's budget request. Please note that some of these legislative proposals were addressed through legislation passed during the recent Extraordinary Legislative Session.

**TABLE 3**  
**GOVERNOR'S FY 2021-22 DECISION ITEMS THAT REQUIRE STATUTORY CHANGES**

DEPARTMENT	REQUEST TITLE	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
Agriculture	Agricultural Climate Resilience Office	\$0	\$0	\$0
Education	State Share of District Total Program Increase	810,909,134	578,471,080	232,438,054
Education	Repurposing Early Intervention Evaluation Funding	0	0	0
Education	Maintain JBC Reductions from FY 2020-21	(925,255)	(925,255)	0
Education	Clean-up of Outdated Long Bill Appropriations and Program Susp.	(1,276,222)	(212,222)	(1,064,000)
Education	Reduce Capital Construction Assistance Funding	(4,591,038)	0	(4,591,038)
Education	Return Unused Fund Balances	(250,000)	0	(250,000)

**TABLE 3**  
**GOVERNOR'S FY 2021-22 DECISION ITEMS THAT REQUIRE STATUTORY CHANGES**

DEPARTMENT	REQUEST TITLE	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
Governor Colorado Energy Office	Wind Down ReNew Our Schools Program	(134,626)	(134,626)	0
Governor, Office of Economic Development and International Trade (OEDIT)	Cannabis Opportunity Program	150,000	0	150,000
Governor, OEDIT	Increase Support to Minority Owned Businesses [transfer to the Strategic Fund]	4,000,000	4,000,000	0
Health Care Policy and Financing (HCPF)	Remote Supports for HCBS Program	(716,616)	(348,345)	(368,271)
HCPF	Transfer HAS Fee	0	(80,000,000)	80,000,000
HCPF	Provider Rate Adjustments	(41,349,862)	(15,751,002)	(25,598,860)
HCPF	Behavioral Health Program Adjustments	(89,357,696)	(23,578,390)	(65,779,306)
HCPF	Financing and Grant Program Adjustments	(10,013,985)	(15,882,005)	5,868,020
HCPF	Increased Medicaid Match for Financing Payments	(9,314,184)	(4,358,071)	(4,956,113)
Higher Education, History Colorado	Financial Sustainability for History Colorado	0	(930,632)	930,632
Higher Education, History Colorado	Sustain Cumbres & Toltec Scenic Railroad	521,500	0	521,500
Higher Education	State Operating Funding for Public Higher Education	84,367,842	0	84,367,842
Higher Education	Realign Funding for Colorado Student Leader Institute	(218,825)	(218,825)	0
Higher Education	Continue Open Educational Resources	100,838	0	100,838
Higher Education	RISE Fund for Higher Education	10,000,000	10,000,000	0
Human Services	Extended Eligibility for Foster Care Youth	0	0	0
Human Services	Early Intervention Program Changes	(2,636,345)	(2,636,345)	0
Human Services	Adjust Market Rate Study Frequency	(55,000)	(55,000)	0
Labor and Employment	Realign Hospitality Education Grant Program	(401,947)	(401,947)	0
Natural Resources	Wildfire Risk Mitigation and Watershed Restoration [transfer of \$5.0 million to the Forest Restoration and Wildfire Risk Mitigation Grant Program and \$5.0 million to the Colorado Water Conservation Board Watershed Restoration Grant Program ]	15,000,000	10,000,000	5,000,000
Natural Resources	Support for Remote Avalanche Control Systems	85,637	0	85,637
Personnel	Decentralization of Collections Services	(1,653,571)	0	(1,653,571)
Personnel	Recovery Audit Program Closure	(64,714)	(64,714)	0
Public Health and Environment	Discontinue Underutilized Waste Tire End User Program	(6,525,000)	0	(6,525,000)
Public Health and Environment	Redirect Marijuana Health Effects Monitoring Funding	(40,981)	0	(40,981)
Public Health and Environment	Extend JBC Reduction to Marijuana Education Campaign	(3,700,000)	0	(3,700,000)
Public Safety	Community Corrections Grants	(22,000,000)	(22,000,000)	0
Regulatory Agencies	Colorado Option Health Insurance	864,026	0	864,026
Regulatory Agencies	Prescription Drug Affordability	371,370	0	371,370
Revenue	Savings from Adopting Virtual Government	(803,477)	(611,854)	(191,623)
Statewide	Extend Pause Annual Depreciation Lease Payment	(9,008,102)	(7,049,341)	(1,958,761)
Statewide	Cash Fund Solvency Proposal <i>(not a decision item)</i>	0	0	0
<b>TOTAL</b>		<b>\$721,332,901</b>	<b>\$427,312,506</b>	<b>\$294,020,395</b>

**GOVERNOR'S PLACEHOLDERS FOR SEPARATE LEGISLATION**

Finally, the Governor's request includes a placeholder for \$70.0 million General Fund to be transferred to the Capital Construction Fund for capital projects to be funded in FY 2021-22.



## SUMMARY

Based on the budget requests submitted November 2, 2020, the General Assembly will be considering proposed changes in General Fund expenditures or transfers totaling \$2.7 billion during the 2021 legislative session. Table 4 summarizes these changes based on the nature of the request. Again, some of the Governor's stimulus-related proposals for FY 2020-21 were addressed through legislation passed during the recent Extraordinary Legislative Session. The next section of this document provides more detail concerning the \$1.7 billion in requested changes in General Fund operating appropriations for FY 2021-22.

TABLE 4 SUMMARY OF REQUESTED GENERAL FUND CHANGES REFLECTED IN THE BUDGET REQUESTS SUBMITTED BY THE GOVERNOR, INDEPENDENT ELECTED OFFICIALS, AND JUDICIAL BRANCH AGENCIES <sup>1</sup>	
<b>FY 2020-21: Proposed Mid-year Changes</b>	
Interim Supplemental Operating Requests Approved by the Joint Budget Committee (Appendix A)	\$64,940
Governor's Planned FY 2020-21 Supplemental Operating Requests (Appendix A)	(232,161,592)
Governor's Planned FY 2020-21 Stimulus-related Supplemental Operating Appropriation Requests (Appendix A)	302,811,260
Governor's Planned FY 2020-21 Stimulus-related Supplemental Operating Transfer Requests (Appendix A)	865,862,559
Subtotal	\$936,577,167
<b>FY 2021-22: Incremental Changes Requested</b>	
Requested Changes in Appropriations for FY 2021-22 (Table 1)	\$1,682,969,451
Governor's Requests for FY 2021-22 for Capital Projects	70,000,000
Subtotal	\$1,752,969,451
<b>TOTAL</b>	<b>\$2,689,546,618</b>

1/ This table excludes General Fund changes that are required under current law, including rebates and expenditures and statutorily authorized transfers.

## Department of Agriculture

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including: regulatory and inspection services relating to agriculture; investigations and hearings; standardizing, grading, inspecting, labeling, handling, storage, and marketing of agricultural products; and agriculture-related policy analysis. The Department's FY 2020-21 appropriation consists of consists of 20.3 percent General Fund, 68.0 percent cash funds, 4.6 percent reappropriated funds, and 7.1 percent federal funds.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF AGRICULTURE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$56,294,892	\$11,501,978	\$38,268,233	\$2,575,576	\$3,949,105	299.5
Other Legislation	(481,308)	(157,816)	(323,492)	0	0	0.0
<b>TOTAL</b>	<b>\$55,813,584</b>	<b>\$11,344,162</b>	<b>\$37,944,741</b>	<b>\$2,575,576</b>	<b>\$3,949,105</b>	<b>299.5</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$55,813,584	11,344,162	\$37,944,741	\$2,575,576	\$3,949,105	299.5
R1 Agricultural climate resilience office	0	0	0	0	0	0.0
R2 Industrial hemp enforcement	95,189	0	87,826	7,363	0	1.0
R3 Budget and operational efficiencies	(1,213,239)	(261,942)	(951,297)	0	0	(1.0)
NP1 DPA Center for organizational effectiveness	4,964	3,524	1,440	0	0	0.0
NP2 Annual fleet vehicle request	131,888	51,436	80,452	0	0	0.0
NP3 Extend pause depreciation lease payment	(461,617)	0	(461,617)	0	0	0.0
NP4 OIT Budget request package	(107,429)	(77,256)	(30,173)	0	0	0.0
Centrally appropriated line items	1,509,827	643,579	866,114	134	0	0.0
Annualize prior year budget actions and legislation	1,251,928	1,205,967	45,961	0	0	1.0
<b>TOTAL</b>	<b>\$57,025,095</b>	<b>\$12,909,470</b>	<b>\$37,583,447</b>	<b>\$2,583,073</b>	<b>\$3,949,105</b>	<b>300.5</b>
<b>INCREASE/(DECREASE)</b>	<b>\$1,211,511</b>	<b>\$1,565,308</b>	<b>(\$361,294)</b>	<b>\$7,497</b>	<b>\$0</b>	<b>1.0</b>
Percentage Change	2.2%	13.8%	(1.0%)	0.3%	0.0%	0.3%

**R1 AGRICULTURAL CLIMATE RESILIENCE OFFICE:** The request includes a net zero long bill reorganization that would create the new Agricultural Climate Resilience Office within the Conservation Services line of the Agricultural Services Division. The new office would take two existing programs, the Advancing Colorado's Renewable Energy and Energy Efficiency (ACRE3) and the Soil Health Intuitive, and consolidate them under the Agricultural Services Division. The ACRE3 program currently resides within the Agricultural Development Board within the Agricultural Markets Division. If approved the request would result in the Agricultural Development Board line item being zeroed out.

**R2 INDUSTRIAL HEMP ENFORCEMENT FTE:** The request includes an increase of \$95,189 total funds including \$87,286 cash funds from the Industrial Hemp Registration Program Cash Fund and \$7,363 reappropriated funds for FY 2021-22 for the purposes of hiring an additional Hemp Enforcement Specialist.

**R3 BUDGET AND OPERATIONAL EFFICIENCIES:** The request includes a reduction of \$1,213,239 total funds, including \$261,942 General Fund and \$951,297 cash funds, relating to both permanent and one-time reductions across various line items throughout the Department consisting of:

- A net zero consolidation of the Adult Agriculture Leadership Grant Program and the Agriculture Workforce Development Program. A footnote is included as part of this request.
- A net zero consolidation of the Pet Animal Care Facilities Act from the Animal Services Division into the Inspection and Consumer Services Division.
- A reduction of \$59,831 cash funds from the IT Asset Maintenance line to better reflect historical expenditures
- A continuing one-time reduction of \$89,300 cash funds to the State Insectary as initially proposed in the FY 2020-21 budget request. The program has federal funds available to sustain this reduction for one more year.
- A one-time reduction of \$1 million cash fund spending authority to the Agricultural Management Fund. The Agricultural Management Fund historically does not expend the entirety of its appropriation, and can absorb this request for one year using roll forward spending authority and a healthy cash fund balance in the case of an unexpected increase in expenditures.
- A reduction of \$172,642 General Fund and refinancing, in part, with an increase of \$108,534 cash funds across various divisions as follows:

REDUCTIONS TO SPENDING AUTHORITY BY DIVISION						
DIVISION	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Commissioner's Office	(\$10,000)	(\$10,000)	\$0	\$0	\$0	0.0
Animal Industry Division	(30,822)	(40,822)	10,000	0	0	0.0
Plants Division	(5,821)	(29,355)	23,534	0	0	0.0
Inspection and Consumer Services Division	(5,821)	(55,821)	50,000	0	0	0.0
Conservation Division	(5,822)	(20,822)	15,000	0	0	0.0
Markets Division	(5,822)	(15,822)	10,000	0	0	0.0
<b>Total</b>	<b>(\$64,108)</b>	<b>(\$172,642)</b>	<b>\$108,534</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**NON-PRIORITIZED REQUEST ITEMS:** The request includes a decrease of \$432,194 total funds, including \$22,296 General Fund, for adjustments related to budget requests from the Department of Personnel for its annual fleet vehicle request and the Governor’s Office of Information Technology package of request items for FY 2021-22. *These request items will be addressed in separate staff briefings for the Department of Personnel and the Governor’s Office.*

NON-PRIORITIZED DECISION ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP1 DPA Center for organizational effectiveness	\$4,964	\$3,524	\$1,440	\$0	\$0	0.0
NP2 Annual fleet vehicle request	131,888	51,436	80,452	0	0	0.0
NP3 Extend pause depreciation lease payment	(461,617)	0	(461,617)	0	0	0.0
NP4 OIT Budget request package	(107,429)	(77,256)	(30,173)	0	0	0.0
<b>TOTAL</b>	<b>(\$432,194)</b>	<b>(\$22,296)</b>	<b>(\$409,898)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

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

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT adjustment	\$910,590	\$654,839	\$255,751	\$0	\$0	0.0
Depreciation of Laboratory Building	461,617	0	461,617	0	0	0.0
Payment to risk management / property funds adjustment	120,809	73,246	47,563	0	0	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	63,360	(47,584)	110,944	0	0	0.0
Legal services adjustment	48,757	0	48,757	0	0	0.0
PERA Direct Distribution	8,859	(9)	8,868	0	0	0.0
CORE adjustment	1,025	139	752	134	0	0.0
AED adjustment	(46,136)	(17,864)	(28,272)	0	0	0.0
SAED adjustment	(46,136)	(17,864)	(28,272)	0	0	0.0
ALJ adjustment	(8,890)	0	(8,890)	0	0	0.0
Short-term disability adjustment	(2,928)	(1,106)	(1,822)	0	0	0.0
Workers' compensation adjustment	(1,100)	(218)	(882)	0	0	0.0
<b>TOTAL</b>	<b>\$1,509,827</b>	<b>\$643,579</b>	<b>\$866,114</b>	<b>\$134</b>	<b>\$0</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS AND LEGISLATION:** The request includes adjustments that reflect the second- and third-year impact of prior year legislation and prior year budget actions that have an impact on the current year's request. The following table summarizes those changes:

ANNUALIZE PRIOR YEAR BUDGET ACTIONS AND LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend DD to PERA	\$481,308	\$157,816	\$323,492	\$0	\$0	0.0
FY 20-21 GF HLD reduction	345,284	345,284	0	0	0	0.0
FY 20-21 FFA and 4H Funding reduction	275,000	125,000	150,000	0	0	0.0
FY 20-21 R9 Implementing budget efficiencies	188,660	89,300	99,360	0	0	1.0
FY 20-21 R8 Unused spending authority	130,000	0	130,000	0	0	0.0
FY 20-21 50k marketing reduction	50,000	50,000	0	0	0	0.0
SB18-200 PERA unfunded liability	6,604	2,127	4,477	0	0	0.0
FY 20-21 Personal services refinancing	0	436,440	(436,440)	0	0	0.0
FY 20-21 BA2 Hemp center for excellence	(103,403)	0	(103,403)	0	0	0.0
FY 20-21 R5 PACFA licensing repair	(69,625)	0	(69,625)	0	0	0.0
FY 20-21 BA1 Industrial hemp compliance	(51,900)	0	(51,900)	0	0	0.0
<b>TOTAL</b>	<b>\$1,251,928</b>	<b>\$1,205,967</b>	<b>\$45,961</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges of the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2020-21 General Fund appropriations to the Department of Agriculture by \$1.2 million. The General Assembly's actions made an additional \$150,000 available for balancing purposes by reducing cash funds appropriations. These adjustments helped to limit the net increase of total funds, and contributed to the net decrease in the Department's General Fund budget for FY 2020-21.

**R-02 INDUSTRIAL HEMP ENFORCEMENT FTE:** The Department requests an increase of \$95,189 total funds, including \$87,826 cash funds from the Industrial Hemp Registration Cash Fund, \$7,363 in reappropriated funds, and 1.0 FTE to hire a Hemp Enforcement Specialist for FY 2021-22 and beyond.

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## *Department of Corrections*

The Department of Corrections is responsible for the following activities:

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

The Department's FY 2020-21 appropriation represents approximately 7.7 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF CORRECTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$959,178,595	\$850,333,207	\$47,793,269	\$51,364,657	\$9,687,462	6,463.1
Other legislation	(9,197,095)	(9,055,885)	(141,210)	0	0	0.0
<b>TOTAL</b>	<b>\$949,981,500</b>	<b>\$841,277,322</b>	<b>\$47,652,059</b>	<b>\$51,364,657</b>	<b>\$9,687,462</b>	<b>6,463.1</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$949,981,500	841,277,322	\$47,652,059	\$51,364,657	\$9,687,462	6,463.1
R04 Align adult parole services	(5,333,158)	(5,333,158)	0	0	0	(13.8)
R05 Align cash & reappropriated spending authority	(9,377,659)	0	(2,292,605)	(7,085,054)	0	0.0
R06 Take TWO Expansion	400,000	400,000	0	0	0	0.0
Annualize prior year budget actions	16,718,101	22,918,101	0	0	(6,200,000)	(34.0)
Annualize prior year legislation	11,642,176	10,846,417	795,759	0	0	4.5
Centrally appropriated line items	9,294,370	9,108,821	185,549	0	0	0.0
Non-prioritized decision items	(1,973,863)	(1,814,992)	(158,871)	0	0	0.0
Indirect cost assessment	(538,084)	538,084	9,079	(530,210)	(555,037)	0.0
<b>TOTAL</b>	<b>\$970,813,383</b>	<b>\$877,940,595</b>	<b>\$46,190,970</b>	<b>\$43,749,393</b>	<b>\$2,932,425</b>	<b>6,419.8</b>
<b>INCREASE/(DECREASE)</b>	<b>\$20,831,883</b>	<b>\$36,663,273</b>	<b>(\$1,461,089)</b>	<b>(\$7,615,264)</b>	<b>(\$6,755,037)</b>	<b>(43.3)</b>
Percentage Change	2.2%	4.4%	(3.1%)	(14.8%)	(69.7%)	(0.7%)

**R01-R03:** R01, R02, and R03 requested a total reduction of \$30.6 million General Fund. These requests were withdrawn by OSPB following a letter delivered to the Committee on November 2<sup>nd</sup>, so they were not included in the table on the previous page.

- R01 was a caseload reduction of \$22.0 million General Fund, primarily in the Payments to In-State Private Prisons line item.
- R02 was a reduction of \$287,088 General Fund and 3.0 FTE, mainly in centrally appropriated line items and the PPMU personal services line item.
- R03 was medical caseload reduction of \$8.3 million General Fund to reflect fewer DOC inmates in state prisons and projected cost changes for pharmaceuticals.

**R04 ALIGN ADULT PAROLE SERVICES:** The Department requests a net reduction of \$5.3 million General Fund and 13.8 FTE in FY 2021-22 and an additional reduction of \$92,966 General Fund and 1.2 FTE for FY 2022-23. The Parole Subprogram would see a net reduction in appropriations and an increase in FTE; the Community Supervision Subprogram would see a decrease in both appropriations and FTE. The request also reduces funding for some contract services like electronic monitoring.

**R05 ALIGN CASH & REAPPROPRIATED FUNDS SPENDING AUTHORITY:** The Department requests a reduction of \$2.3 million cash funds and \$7.1 million reappropriated funds in FY 2021-22 and future years. These reductions are in the Utilities Subprogram, operating expenses for the Education Subprogram, and various line items for Correctional Industries. The purpose of the request is to align spending authority with actual expenditures.

**R06 TAKE TWO EXPANSION:** The Department requests one-time increase of \$400,000 General Fund in FY 2021-22 for the Transitional Work Opportunity (TWO) program at the Buena Vista Correctional Complex. The Department would use the funding to renovate an existing building to allow an additional 28 inmates to participate in the program, bringing total participation to 72.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$16.7 million total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY20-21 GF HLD reduction	\$19,465,170	\$19,465,170	\$0	\$0	\$0	0.0
Contract mental health staff salary adjustment	370,738	370,738	0	0	0	0.0
CARES Act funding	0	6,200,000	0	0	(6,200,000)	0.0
Skyline closure/La Vista bed reduction	(3,117,807)	(3,117,807)	0	0	0	(34.0)
<b>TOTAL</b>	<b>\$16,718,101</b>	<b>\$22,918,101</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,200,000)</b>	<b>(34.0)</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$11.6 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend PERA direct distribution	\$9,388,586	\$9,128,730	\$259,856	\$0	\$0	0.0
SB18-200 PERA unfunded liability	976,928	970,703	6,225	0	0	0.0
HB 20-1153 Colorado partnership for quality jobs	535,078	5,400	529,678	0	0	4.5
HB 20-1398 Modify auto funding capital construction	307,843	307,843	0	0	0	0.0
HB 17-1144 Depreciation calculation	222,799	222,799	0	0	0	0.0
Annualize sentencing bills	210,942	210,942	0	0	0	0.0
<b>TOTAL</b>	<b>\$11,642,176</b>	<b>\$10,846,417</b>	<b>\$795,759</b>	<b>\$0</b>	<b>\$0</b>	<b>4.5</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes a net increase of \$9.3 million for centrally appropriated line items.

**NON-PRIORITIZED DECISION ITEMS:** The request includes a net decrease of \$2.0 million for non-prioritized decision items like the OIT Budget Request package and the annual fleet vehicle request.

**INDIRECT COST ASSESSMENT:** The request includes a net decrease of \$538,084 for the Department's indirect cost assessments.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** This issue discusses budget balancing actions during the 2020 legislative session that affected the Department of Corrections.

**SUMMARY OF FEDERAL FUNDING AND EXECUTIVE ORDERS:** This informational brief summarizes federal funds allocated to the DOC to respond to the coronavirus pandemic. It will also describe past and present executive orders that have impacted the Department during the pandemic. This description includes data on parolees and inmates who have returned to the community and total vacancies in the prison system.

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## *Department of Education*

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2020-21 appropriation represents approximately 18.1 percent of statewide operating appropriations and 36.2 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$6,328,385,349	\$4,652,659,058	\$1,015,987,081	\$40,151,896	\$619,587,314	612.0
HB 20-1418 (School Finance)	(532,382,433)	(722,777,639)	32,401,424	0	157,993,782	(3.0)
Other legislation	(1,888,565)	(870,498)	(865,899)	(152,168)	0	0.0
<b>TOTAL</b>	<b>\$5,794,114,351</b>	<b>\$3,929,010,921</b>	<b>\$1,047,522,606</b>	<b>\$39,999,728</b>	<b>\$777,581,096</b>	<b>609.0</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$5,794,114,351	\$3,929,010,921	\$1,047,522,606	\$39,999,728	\$777,581,096	609.0
R1 Total program increase	810,909,134	578,471,080	232,438,054	0	0	0.0
R2 Categorical programs increase	8,611,834	0	8,611,834	0	0	0.0
R3 State match for Colorado imagination library	410,221	0	410,221	0	0	0.0
R4 Repurpose early intervention funding	0	0	0	0	0	0.0
R5 Maintain FY 2020-21 reductions	(925,255)	(925,255)	0	0	0	(0.4)
R6 Outdated appropriations and additional program suspensions	(1,276,222)	(212,222)	(1,064,000)	0	0	(0.2)
R7 Reduce capital construction assistance	(4,591,038)	0	(4,591,038)	0	0	0.0
R8 Personal services and operating reductions	(1,716,123)	(617,981)	(797,894)	(300,248)	0	(9.8)
R9 Return unused fund balances	(250,000)	0	(250,000)	0	0	0.0
Annualize prior year budget actions	913,216	913,216	0	0	0	0.0
Centrally appropriated items	658,659	(157,225)	(9,652)	686,575	138,961	0.0
Indirect cost assessment	267,274	0	32,502	0	234,772	0.0
Annualize prior year legislation	(36,052,592)	2,183,569	(1,398,705)	154,738	(36,992,194)	0.4
Non-prioritized items	(143,966)	(67,336)	(23,284)	(53,346)	0	0.0
<b>TOTAL</b>	<b>\$6,570,929,493</b>	<b>\$4,508,598,767</b>	<b>\$1,280,880,644</b>	<b>\$40,487,447</b>	<b>\$740,962,635</b>	<b>599.0</b>
<b>INCREASE/(DECREASE)</b>	<b>\$776,815,142</b>	<b>\$579,587,846</b>	<b>\$233,358,038</b>	<b>\$487,719</b>	<b>(\$36,618,461)</b>	<b>(10.0)</b>
Percentage Change	13.4%	14.8%	22.3%	1.2%	(4.7%)	(1.6%)

**R1 TOTAL PROGRAM INCREASE:** The request includes a net increase of \$810.9 million total funds (including \$578.5 million General Fund and \$232.4 million cash funds) for the state share of districts' total program funding. Based on the Office of State Planning and Budgeting (OSP) September 2020 Revenue Forecast, and including OSPB's



projection of local revenues, the proposal would: (1) increase statewide average per pupil funding by \$902 (11.2 percent); and (2) decrease the dollar value of the budget stabilization factor by \$601.1 million (from \$1.17 billion in FY 2020-21 to \$572.4 million in FY 2021-22), returning the dollar value of the budget stabilization factor to the same level as in FY 2019-20. The request does not specify a budget stabilization factor for FY 2022-23 or subsequent years. The Committee should note that this request requires separate legislation.

**R2 CATEGORICAL PROGRAMS INCREASE:** Amendment 23 requires the General Assembly to increase total state funding for all categorical programs (in aggregate) by at least the rate of inflation in FY 2020-21. The request, based on the OSPB-projected inflation rate for CY 2020 (2.5 percent), seeks an increase of \$8.6 million cash funds from the State Education Fund to support the required increase. The request proposes to allocate the increase among six programs. The following table shows the requested allocation of additional funds by program. See Appendix C for a discussion of the Department’s response to a request for information associated with categorical funding.

R2 Requested Increases in <i>State</i> Funding for Categorical Programs				
Long Bill Line Item	FY 2020-21 Appropriation	FY 2020-21 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$206,223,158	\$211,086,792	\$4,863,634	2.4%
English Language Proficiency Program	24,105,549	25,569,664	1,464,115	6.1%
Public School Transportation	61,582,729	63,093,912	1,511,183	2.5%
Career and Technical Education Programs	27,778,242	28,370,549	592,307	2.1%
Special Education - Gifted and Talented Children	12,844,494	13,021,531	177,037	1.4%
Expelled and At-risk Student Services Grant Program	9,493,560	9,493,560	0	0.0%
Small Attendance Center Aid	1,314,250	1,317,226	2,976	0.2%
Comprehensive Health Education	1,131,396	1,131,978	582	0.1%
<b>Total</b>	<b>\$344,473,378</b>	<b>\$353,085,212</b>	<b>\$8,611,834</b>	<b>2.5%</b>

**R3 STATE MATCH FOR COLORADO IMAGINATION LIBRARY PROGRAM:** The request includes an increase of \$410,221 cash funds from the Marijuana Tax Cash Fund for FY 2021-22 (increasing to \$907,140 in FY 2022-23) to provide a state match for the Colorado Imagination Library Program created in S.B. 20-185 (the Colorado Imagination Library Program). Subject to available appropriations, S.B. 20-185 requires the State Librarian to contract with a Colorado non-profit organization and operation of the Colorado Imagination Library Program, which would mail one book per month to participating children statewide from birth to age 5. However, the bill did not provide any appropriation to support the program in FY 2020-21. Rather, the bill authorized the Department to seek and accept gifts, grants, and donations to support the program. According to the Department, no external funding has materialized. The request is seeking \$410,221 as a state match to stand up the program in FY 2021-22, with increasing costs in subsequent years as more local affiliates (and children) participate. The Governor’s Office estimates that the request would enable 32,305 additional children to participate in FY 2021-22 (above the approximately 11,500 that are currently participating through local affiliates), with increasing numbers in subsequent years. Please note that JBC Staff questions whether this program qualifies as an authorized use of the Marijuana Tax Cash fund under current law and suggests that the request may require separate legislation.

**R4 REPURPOSE EARLY INTERVENTION FUNDING:** The request proposes a “technical legislative change” to correspond with a request to transfer authority for special education early intervention evaluations from the Department of Education to the Department of Human Services. As framed, the request would: (1) transfer early intervention evaluation authority to the Department of Human Services; and (2) make \$2.7 million currently dedicated to such evaluations within the Special Education Programs for Children with Disabilities line item available for services provided to students from age 3 to 21 (rather than supporting the evaluations for children between birth and age 2). Staff is aware of concerns among school districts and special education directors about this request. Please note that this request is contingent upon the approval of a corresponding request in the Department of Human Services (R6 – Early Intervention Program Changes).

**R5 MAINTAIN FY 2020-21 REDUCTIONS:** Request R5 proposes to continue FY 2020-21 budget balancing actions totaling \$925,255 General Fund and 0.4 FTE. The 2020 School Finance Bill (H.B. 20-1418) suspends both of these programs *for FY 2020-21 only*. As a result, both components of R5 would require statutory change. The proposed General Fund reductions include:

- \$675,255 and 0.4 FTE to further delay implementation of the Local School Food Purchasing Program created in H.B. 19-1132 (School Incentives to Use Colorado Food and Producers). House Bill 19-1132 created two grant programs to promote the use of Colorado food products in school meal programs. As a budget balancing action for FY 2020-21, H.B. 20-1418 delays implementation of the program for one year (until FY 2021-22). Request R5 proposes to extend the suspension of the program.
- \$250,000 for Computer Science Education Grants originally required by H.B. 19-1277 (Computer Science Grant Program). As created in H.B. 19-1277, the program would provide grants to public schools to increase participation of traditionally underrepresented students in computer science education. The bill requires an annual appropriation of \$250,000 General Fund to support the program. House Bill 20-1418 eliminates the requirement to appropriate those funds in FY 2020-21 but would require the appropriation again in FY 2021-22. Again, the request would extend the suspension of the program.

**R6 OUTDATED APPROPRIATIONS AND ADDITIONAL PROGRAM SUSPENSIONS:** Request R6 includes reductions totaling \$1.3 million total funds (including \$212,222 General Fund and \$1.1 million cash funds) and 0.2 FTE associated with three line items. The Committee should note that all three reductions require statutory change. The proposed reductions include:

- \$212,222 General Fund and 0.2 FTE to eliminate the FY 2021-22 appropriation for the *Workforce Diploma Pilot Program* created in H.B. 19-1236 (Workforce Diploma Pilot Program). The program makes performance payments to qualified providers of dropout recovery services for eligible adult students (residents of Colorado that are at least 21 years old and do not have a high school diploma) who achieve specific education milestones. As discussed in the first issue brief in this document, the General Assembly's FY 2020-21 balancing actions reduced the appropriation for this program by \$800,000 General Fund (from \$1.0 million in FY 2019-20 to \$212,222 in FY 2020-21). Request R6 would eliminate funding for the program in FY 2021-22 and includes a statutory change to suspend the program for one year.
- \$1,014,000 cash funds from the State Education Fund associated with a proposal to suspend the administration of fourth- and seventh grade *social studies assessments* for FY 2020-21. Under current statute, the Department administers social studies assessments on a sampling basis (one third of fourth- and seventh-grade students take the assessments in a given year). Given current circumstances (budgetary challenges as well as the pandemic), the Department is proposing to suspend administration for one year, which requires statutory change.
- \$50,000 cash funds from the State Education Fund to eliminate funding for the *Basic Skills Placement or Assessment Tests* line item originally authorized in H.B. 12-1345 (School Finance). This line item reimburses schools for the administration of basic skills placement or assessment tests to high school students. However, since the creation of the line item in 2012, the Department has provided a total of \$13,000 in reimbursements (with no payments in most years). The request includes a statutory change to eliminate the requirement that the Department provide reimbursements for the assessments.

**R7 REDUCE CAPITAL CONSTRUCTION ASSISTANCE:** Request R7 includes reductions to two capital construction-related programs totaling \$4.6 million cash funds from the Public School Capital Construction Assistance Fund (PSCCAF). The Committee should note that the request requires statutory change. The proposed reductions include:

- \$3.0 million from *cash grants under the Building Excellent Schools Today (B.E.S.T.) program* (from \$60.0 million appropriated in FY 2020-21 to \$57.0 million in FY 2021-22, a 5.0 percent reduction). As discussed in the first issue brief in this document, the General Assembly's FY 2020-21 appropriation reduced B.E.S.T. cash grants by

\$100.0 million in FY 2020-21 (from \$160.0 million required under previous law to \$60.0 million in H.B. 20-1418) and transferred \$100.0 million from the PSCCAF to the State Public School Fund to support school finance. The request would further reduce cash grants in FY 2021-22. The reduction does not require statutory change. However, the transfer to the State Public School Fund would require legislation.

- \$1,591,038 from the State Aid to Charter School Facilities line item (also a 5.0 percent reduction below the FY 2020-21 appropriation). This line item provides distributions to charter schools on a formula (per pupil) basis. The reduction in appropriations and the transfer to the State Public School Fund would both require statutory change.

**R8 PERSONAL SERVICES AND OPERATING REDUCTIONS:** Request R8 includes reductions to 22 line items totaling \$1.7 million total funds (\$617,981 General Fund, \$797,894 cash funds, and \$300,248 reappropriated funds) and 9.8 FTE. In contrast to the other decision items proposing balancing adjustments (R4, R5, R6, R7, and R9), the reductions in request R8 focus on the Department’s internal/administrative funding and FTE rather than distributions outside of the Department. The following table summarizes the proposed reductions by line item.

R8 PERSONAL SERVICES AND OPERATING REDUCTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Financial transparency system maintenance <sup>a</sup>	(\$387,000)	\$0	(\$387,000)	\$0	0.0
Special education programs for gifted and talented	(226,000)	0	(226,000)	0	(1.0)
School finance administration	(224,905)	0	0	(224,905)	(2.5)
General department and program administration	(176,193)	(100,850)	0	(75,343)	(2.0)
Educator effectiveness unit admin	(130,500)	(118,000)	(12,500)	0	(1.0)
Library programs administration	(100,000)	(100,000)	0	0	(1.0)
Health, life, and dental	(78,847)	(78,847)	0	0	0.0
Accountability and improvement planning	(64,568)	(64,568)	0	0	(1.0)
Statewide assessment program	(50,000)	0	(50,000)	0	(1.0)
Leased space	(37,000)	0	(37,000)	0	0.0
Reprinting and distributing laws concerning education <sup>a</sup>	(35,480)	0	(35,480)	0	0.0
State Board of Education	(35,417)	(35,417)	0	0	0.0
Amortization equalization disbursement (AED)	(33,076)	(33,076)	0	0	0.0
Supplemental amortization equalization disbursement (SAED)	(33,076)	(33,076)	0	0	0.0
Breakfast after the bell	(24,897)	(24,897)	0	0	(0.3)
B.E.S.T. financial assistance priority assessment	(15,000)	0	(15,000)	0	0.0
Content specialists	(15,000)	0	(15,000)	0	0.0
ELL technical assistance	(15,000)	(15,000)	0	0	0.0
Information technology services	(10,000)	(10,000)	0	0	0.0
Reimbursement for juveniles held in jail	(10,000)	0	(10,000)	0	0.0
Preschool to postsecondary education alignment	(9,914)	0	(9,914)	0	0.0
Longitudinal analyses of student assessment results	(4,250)	(4,250)	0	0	0.0
<b>TOTAL</b>	<b>(\$1,716,123)</b>	<b>(\$617,981)</b>	<b>(\$797,894)</b>	<b>(\$300,248)</b>	<b>(9.8)</b>

<sup>a</sup> These requests may require separate legislation and statutory change.

**R9 RETURN UNUSED FUND BALANCES:** Request R9 includes three components to assist with budget balancing in FY 2021-22:

- A reduction of \$250,000 cash funds from the State Education Fund to better align the appropriation for At-risk Supplemental Aid with anticipated expenditures in FY 2021-22. This program provides supplemental assistance to charter schools serving increased numbers of at-risk students, and the Department reports that reversions have averaged \$547,410 per year for the past three years. The request would reduce the appropriation by \$250,000 to make those funds available for other uses (such as school finance) in FY 2021-22. This component of the request does not require statutory change and could be accomplished through the Long Bill.
- A statutory transfer of \$2.0 million from the Early Literacy Fund ELF to the State Education Fund to make those funds available for other uses (such as school finance in FY 2021-22). As discussed in the first issue brief in this document, the FY 2020-21 balancing actions included a transfer of \$3.5 million in excess fund balance from the ELF to the State Education Fund. According to the Department, the ongoing pandemic has limited the Department’s use of additional funds for in-person activities such as training and the Department anticipates an available balance of at least \$2.0 million at the end of FY 2020-21, making those funds available for transfer to the State Education Fund. This transfer would require separate legislation.
- A proposal to revert \$750,000 in undistributed funds associated with the Comprehensive Quality Physical Education Instruction Pilot Program created in S.B. 19-246 (School Finance) to the Marijuana Tax Cash Fund (MTCF). Senate Bill 19-246 appropriated \$1.1 million from the MTCF to support the program in FY 2019-20 and made those funds available to the Department through FY 2023-24.<sup>1</sup> According to the Department, \$750,000 of that original amount remains undistributed at this time. Based in part on concerns about the Department’s ability to ensure fidelity of implementation of the program given the pandemic<sup>2</sup>, the request proposes to return the unspent funds to the MTCF. Given that S.B. 19-246 makes the funds available through FY 2023-24, reverting the funds to the MTCF would require statutory change.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$913,216 General Fund to restore the FY 2020-21 Health, Life, and Dental reduction taken in lieu of a 5.0 percent personal services base reduction.

**CENTRALLY APPROPRIATED ITEMS:** The request includes a net increase of \$658,659 total funds related to employee benefits and other centrally appropriated items. The following table summarizes the requested changes.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental	\$487,499	\$113,649	\$59,265	\$181,449	\$133,136	0.0
Payment to risk management / property funds	295,955	295,955	0	0	0	0.0
Capitol Complex leased space	163,283	48,985	19,562	31,758	62,978	0.0
PERA direct distribution	37,405	(467,715)	(2,622)	507,742	0	0.0
Vehicle lease payments	10,844	10,844	0	0	0	0.0
Administrative law judges	8,445	0	6,987	1,458	0	0.0
Legal services	2,667	1,542	1,057	68	0	0.0
Leased space	0	0	0	0	0	0.0
AED	(66,014)	(26,285)	(26,835)	4,041	(16,935)	0.0
SAED	(66,014)	(26,285)	(26,835)	4,041	(16,935)	0.0
Payments to OIT	(64,566)	(27,802)	(9,614)	(27,150)	0	0.0

<sup>1</sup> See section 22-99-105, C.R.S.

<sup>2</sup> According to the Department, of the three recipient schools, one is operating in-person, one is full-time remote, and one is operating under a hybrid model.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Workers' compensation	(58,845)	(26,284)	(7,679)	(3,977)	(20,905)	0.0
CORE operations	(55,030)	(21,314)	(21,318)	(12,398)	0	0.0
Shift differential	(30,214)	(30,214)	0	0	0	0.0
Short-term disability	(6,756)	(2,301)	(1,620)	(457)	(2,378)	0.0
<b>TOTAL</b>	<b>\$658,659</b>	<b>(\$157,225)</b>	<b>(\$9,652)</b>	<b>\$686,575</b>	<b>\$138,961</b>	<b>0.0</b>

**INDIRECT COST ASSESSMENT:** The request includes an increase in the Department's indirect cost assessments.

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net decrease of \$36.1 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, as summarized in the following table. The reduction is largely driven by the elimination of \$37.0 million in one-time federal funding associated with COVID-19 and reflected in H.B. 20-1418 (School Finance).

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 (Suspend PERA DD)	\$1,220,885	\$870,498	\$198,219	\$152,168	\$0	0.0
HB 20-1032 (Timing K12 Education Standards Review)	131,515	131,515	0	0	0	0.0
SB 18-200 PERA unfunded liability	19,753	6,301	3,076	2,570	7,806	0.0
HB 20-1418 (School Finance)	(37,424,745)	1,175,255	(1,600,000)	0	(37,000,000)	0.4
<b>TOTAL</b>	<b>(\$36,052,592)</b>	<b>\$2,183,569</b>	<b>(\$1,398,705)</b>	<b>\$154,738</b>	<b>(\$36,992,194)</b>	<b>0.4</b>

**NON-PRIORITIZED ITEMS:** The request includes decreases totaling \$143,966 total funds (including \$67,336 General Fund) for items requested by other agencies that impact this department. The table below itemizes the two non-prioritized items requested for FY 2021-22.

NON-PRIORITIZED ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
DPA Center for Organizational Effectiveness	\$12,410	\$0	\$0	\$12,410	\$0	0.0
OIT Budget request package	(156,376)	(67,336)	(23,284)	(65,756)	0	0.0
<b>TOTAL</b>	<b>(\$143,966)</b>	<b>(\$67,336)</b>	<b>(\$23,284)</b>	<b>(\$53,346)</b>	<b>\$0</b>	<b>0.0</b>

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Education. (Please note that the following request was funded through H.B. 20B-1001 (Grants to Improve Internet Access in P-12 Education), which the General Assembly enacted during the 2020 Special Session.)

**S1 STATEWIDE BROADBAND INITIATIVES:** The stimulus supplemental requests include a statewide increase of \$160.0 million General Fund to improve broadband infrastructure. That total includes \$20.0 million for the Department of Education that is specifically intended to improve broadband access for public school students and teachers. Framed

as a second round of the Connecting Colorado Students Grant (CCSG) program (round one was supported by \$2.0 million in federal funds CARES Act funds), the request indicates that the Colorado Broadband Office will work with the Department of Education to distribute the funds. While the first round of the CCSG specifically targeted schools and districts with high populations of low-income students, the request indicates that the second round seeks to improve access for all students with a focus on “innovative solutions for connecting students’ homes with reliable, future-proof, sustainable infrastructure” and to “increase the single project dollar value for maximum impact.” The request also seeks to address school district connectivity and broadband infrastructure needs.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took a actions that reduced appropriations to the Department of Education by \$8.9 million total funds (\$0.9 million General Fund and \$8.0 million cash funds) in FY 2019-20. Fiscal year 2020-21 appropriations to the Department were further reduced by \$568.4 million total funds (\$463.5 million General Fund). The balancing actions in FY 2020-21 included \$112.5 million in reductions to cash funds appropriations to a variety of programs in order to make those revenues available for school finance (and offset a portion of the reduction in General Fund appropriations).

**REQUEST R8 – PERSONAL SERVICES AND OPERATING REDUCTIONS:** Most of the budget balancing actions for the Department of Education (including those approved by the General Assembly for FY 2020-21 and those proposed by the Department for FY 2021-22) impact discrete programs that distribute funds to schools and school districts. In contrast, request R8 proposes reductions totaling \$1.7 million and 9.8 FTE, spread over 22 line items affecting the Department’s internal administration and operations.

**2021 SESSION MILL LEVY LEGISLATION:** For the past four years (starting with the FY 2017-18 budget process), the Committee has discussed taxpayer inequity in the local share of school finance and the resulting impacts on the state share of total program funding, the distribution of state funds for school finance, and the overall state budget. With the enactment of H.B. 20-1418 (School Finance) during the 2020 Session, the General Assembly determined that the Department of Education had erred in reducing many school districts’ mill levies after the districts were no longer subject to the TABOR revenue limits. The bill began to address the issue by correcting those mill levies and instituting a system of property tax credits to avoid any immediate change in the amounts actually paid by taxpayers. Staff recommends that the General Assembly enact legislation during the 2021 Session to begin phasing out the property tax credits created in H.B. 20-1418 to correct the error. Doing so will improve the equity of the system and generate additional local revenues. Staff further recommends that the bill move early in the Session to allow for the submission of an interrogatory to the Supreme Court to determine the constitutionality of the mill levy corrections.

**SCHOOL FINANCE ADMINISTRATION:** Since FY 2009-10, the General Assembly has appropriated funding for School Finance Administration by withholding total program funding that would otherwise be distributed to schools and school districts. The General Assembly originally approved the rescission mechanism as a budget balancing measure to reduce General Fund expenditures (General Fund supported the line item in FY 2008-09). However, in the context of the budget stabilization factor, this mechanism no longer serves that purpose. Based on concerns about the transparency of the rescission mechanism as well as concerns about the Department’s use of the rescission funding, staff intends to recommend eliminating the rescission mechanism and again appropriating General Fund for this purpose during figure setting. The General Assembly may wish to consider legislation to eliminate the rescission mechanism and clarify the eligible uses of school finance administration funds.

**FEDERAL COVID-19 FUNDING:** The Department has received a total of \$683.0 million in federal funds from the CARES Act related to the COVID-19 pandemic. That amount includes: (1) \$510.0 million from the federal Coronavirus Relief Fund that was distributed on a per pupil basis; (2) \$121.0 million from the Elementary and Secondary Education Emergency Relief Fund that was distributed based on the federal Title I allocation formula; (3) \$37.0 million from the Coronavirus Relief Fund that was distributed as part of FY 2020-21 total program funding to assist with increased costs for at-risk students; and (4) \$15.0 million from the Coronavirus Relief Fund that was originally allocated to the Department of Public Health and Environment but then reallocated to the Department of Education to support Safe Schools Reopening Grants.

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## Office of the Governor

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, Office of Information Technology, and Colorado Energy Office. The Office's FY 2020-21 appropriation represents 1.2 percent of statewide operating appropriations and 0.5 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$389,113,937	\$43,115,696	\$46,715,872	\$292,708,552	\$6,573,817	1,178.0
Other legislation	(13,665,426)	9,646,998	(21,425,921)	(1,886,503)	0	0.9
<b>TOTAL</b>	<b>\$375,448,511</b>	<b>\$52,762,694</b>	<b>\$25,289,951</b>	<b>\$290,822,049</b>	<b>\$6,573,817</b>	<b>1,178.9</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$375,448,511	52,762,694	\$25,289,951	\$290,822,049	\$6,573,817	1,178.9
<b>COLORADO ENERGY OFFICE</b>						
(CEO) R1 Wind down ReNew Our Schools program	(134,626)	(134,626)	0	0	0	0.0
(CEO) R2 Redirect funds from cultivators energy management	(130,419)	(130,419)	0	0	0	0.0
<b>OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE</b>						
(OEDIT) R1 Increase support for minority-owned businesses (withdrawn)	4,000,000	0	4,000,000	0	0	2.0
(OEDIT) R2 Cannabis Opportunity Program	150,000	0	150,000	0	0	1.0
(OEDIT) R3 One-time reductions	(1,620,000)	(1,620,000)	0	0	0	0.0
(OEDIT) R4 Reprioritize recovery funding	(2,846,000)	(2,846,000)	0	0	0	0.0
<b>OFFICE OF INFORMATION TECHNOLOGY (OIT)</b>						
(OIT) R1 Central Admin operating efficiencies	(1,490,782)	0	0	(1,490,782)	0	0.0
(OIT) R2 Applications operating efficiencies	(5,012,009)	(74,000)	(153,000)	(4,785,009)	0	0.0
(OIT) R3 Project management operating efficiencies	(77,539)	0	0	(77,539)	0	0.0
(OIT) R4 End user service operating efficiencies	(452,236)	0	0	(452,236)	0	0.0
(OIT) R5 Network operating efficiencies	(599,987)	0	(48,600)	(551,387)	0	0.0
(OIT) R6 Infrastructure operating efficiencies	(3,001,889)	0	0	(3,001,889)	0	0.0
(OIT) R7 Security operating efficiencies	(1,427,886)	0	0	(1,427,886)	0	0.0
(OIT) R8 Public Safety Network technical	(2,000,000)	0	0	(2,000,000)	0	0.0
(OIT) R9 Leased space savings	(750,000)	0	0	(750,000)	0	0.0
<b>OTHER CHANGES</b>						
Annualize prior year budget actions	7,764,607	7,218,172	(10,786)	557,221	0	2.5
Centrally appropriated line items	4,442,451	2,386,749	(221,627)	2,132,980	144,349	0.0
Non-prioritized request items	2,087,651	(44,312)	0	2,131,963	0	(3.5)
Annualize prior year legislation	(4,956,585)	(6,216,161)	(178,582)	1,438,073	85	(0.2)
<b>TOTAL</b>	<b>\$369,393,262</b>	<b>\$51,302,097</b>	<b>\$28,827,356</b>	<b>\$282,545,558</b>	<b>\$6,718,251</b>	<b>1,180.7</b>
<b>INCREASE/(DECREASE)</b>	(\$6,055,249)	(\$1,460,597)	\$3,537,405	(\$8,276,491)	\$144,434	1.8
Percentage Change	(1.6%)	(2.8%)	14.0%	(2.8%)	2.2%	0.2%



## COLORADO ENERGY OFFICE (CEO)

**(CEO) R1 WIND DOWN ReNEW OUR SCHOOLS PROGRAM:** The request includes a reduction of \$134,626 General Fund in FY 2021-22 currently appropriated to the CEO, annualizing to a \$173,000 General Fund reduction in FY 2022-23 and ongoing. The Renew Our Schools program reports its historical average electricity savings for participating schools is 7.0 percent. The CEO is also requesting the Committee introduce companion legislation to transfer \$38,374 that is stranded in the repealed Public Schools Energy Efficiency Cash Fund to the General Fund in FY 2021-22. The requested \$38,374 GF in FY 2021-22 will retain the alumni portion of the program and the Office intends to use those funds to offer grants to past applicants based on their approved energy efficiency proposals. In FY 2022-23 the program is set to terminate.

**(CEO) R2 REDIRECT FUNDS FROM CULTIVATORS ENERGY MANAGEMENT:** The request includes a reduction of \$130,419 General Fund in FY 2021-22 and ongoing from funds appropriated to the Colorado Cultivator's Energy Management program, which launched as a pilot program in FY 2019-20. The Colorado Energy Office (CEO) administers the program, which provides energy management services to 15 licensed marijuana grow operations. Adopting this request will result in the discontinuation of program. In requesting this change, the CEO notes that much of its General Fund appropriations support programs that receive some degree of federal matching funds. The Colorado Cultivator's Energy Management program is one that is unable to secure matching funds to support.

## OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE (OEDIT)

~~**(OEDIT) R1 INCREASE SUPPORT FOR MINORITY-OWNED BUSINESSES WITHDRAWN:**~~ The request initially included an increase of \$4.0 million General Fund to seed funding targeted towards minority-owned businesses through direct grants, increased technical assistance, and leveraging funds through partnerships with outside organizations, with the goal of increasing investment in and access to capital for historically marginalized owners. PLEASE NOTE: The funding requested by this item was expedited and addressed by S.B. 20B-001, which was adopted by the General Assembly during the Special Session convened by the Governor in December 2020. As a result of those actions, the **Office of Economic Development and International Trade (OEDIT) respectfully withdraws** this item from their FY 2021-22 request.

~~**(OEDIT) R2 CANNABIS OPPORTUNITY PROGRAM WITHDRAWN:**~~ The **Office of Economic Development and International Trade (OEDIT) respectfully withdraws** this item from their FY 2021-22 request, however, a similar request is anticipated to be submitted for the FY 2020-21 supplemental budget cycle. *Original request information:* The request includes an increase of \$150,000 from the Marijuana Tax Cash Fund on an ongoing basis and 1.0 FTE to establish a new cannabis opportunity program, as well as workshops and business support staff for the program. This program, which will have associated authorizing legislation, will authorize a variety of ways, both technical and financial, in which OEDIT can support cannabis entrepreneurs, including those that meet the criteria established by the Marijuana Enforcement Division (MED) of the Department of Revenue for their Social Equity licenses established in H.B. 20-1424. OEDIT anticipates increasing opportunities by providing technical assistance services and establishing a capital incentive program, dependent upon future appropriations becoming available to the program.

**(OEDIT) R3 ONE-TIME REDUCTIONS:** The request includes a decrease of \$1.6 million General Fund to extend some of the other budget balancing actions taken in FY 2020-21 for one additional year in FY 2021-22. These items had their funding restored through annualization of prior year budget actions, which total nearly \$5.0 million General Fund. See the budget balancing issue in this packet for more information on prior year actions. These will be included again with funding restored in the base as annualizations in FY 2022-23. The changes proposed by the Office include:

- \$1.0 million General Fund to the Colorado First Customized Job Training Program;
- \$500,000 to the Colorado Tourism Office’s Destination Development program; and
- \$120,000 to the Office of Outdoor Recreation (OREC)

**(OEDIT) R4 REPRIORITIZE RECOVERY FUNDING:** The request includes an ongoing reduction of \$2.8 million General Fund to continue some actions taken to balance the budget in FY 2021-22. The Office of Economic Development and International Trade wishes to focus its remaining funds on programs that are high priorities for economic recovery. Such efforts include, e.g., providing immediate relief and recovery aid to small businesses most affected by the COVID-19 pandemic; stimulating growth and investment in Colorado’s advanced industries; expanding access to capital for vulnerable populations; and setting aside money to enable a nimble and evolving response to Colorado’s most pressing economic problems. The programs that the Office requests to continue operating under the reduced appropriations provided to it in FY 2020-21 include:

- \$2,000,000 to the Colorado Office of Tourism’s Promotion line item;
- \$500,000 to the Office of Film, TV, and Media’s Film Incentive Program;
- \$270,000 to the Marketing and Communications Division of OEDIT’s Global Business Development (GBD) Division; and
- \$76,000 to the Colorado Small Business Development Center Network’s (SBDCN) Leading Edge Program.

**OFFICE OF INFORMATION TECHNOLOGY (OIT)**

Budget changes requested by the Office of Information Technology will often reference an assessment made by the Office to describe the risk changes proposed have to impact OIT customers. The following table provides a key to understanding those customer impacts.

KEY FOR UNDERSTANDING RISK ASSESSED BY OIT ON BUDGET REQUESTS	
CUSTOMER IMPACT	DEFINITION
<b>High</b>	OIT customers directly impacted. OIT will be unable to keep services operational for customers.
<b>Medium</b>	OIT internal impact on service delivery, but little to no impact on external service delivery to customers and keeping services operational.
<b>Low</b>	No anticipated OIT internal or external customer impact on service delivery.

**(OIT) R1 CENTRAL ADMIN OPERATING EFFICIENCIES:** The request is to reduce the appropriation to the Governor’s Office of Information Technology for its Central Administration line item by almost \$1.5 million reappropriated funds, which originate as revenue collected from state agencies utilizing the services offered. The reductions to the Central Administration budget comprise specific costs associated with holding vacancies open, reducing the Learning and Development Center, and continuing to align specific contracts to actual need and utilization. The finance and human resources offices within Central Administration will leave 4.0 FTE vacancies unfilled to realize additional savings. This results in ongoing reductions of \$1,490,782 reappropriated funds beginning in FY 2021-22. JBC staff estimates the General Fund impact of adopting this request is a reduction between \$550,000

and \$600,000, which estimate is based on the proportion of General Fund to total funds as requested in FY 2021-22 to fund the Payments to OIT line items (but not including new requests that may affect the line item in individual agencies).

**(OIT) R2 APPLICATIONS OPERATING EFFICIENCIES:** The request includes a reduction about \$5.0 million total funds, including a decrease of \$74,000 General Fund, to the appropriations funding the Applications portfolio, which include support for over 1,100 applications for state agencies. The request affects three program areas including Applications Administration, Shared Services, and Agency Services; however, the majority of the amount requested was appropriated for the HRWorks project, which accounts for \$4.3 million of the requested reduction. The Department of Personnel ended development on HRWorks in May 2020.

**(OIT) R3 PROJECT MANAGEMENT OPERATING EFFICIENCIES:** The request includes a reduction to the Project Management budget of \$77,539 reappropriated funds. The request would eliminate the travel budget and removing funds OIT receives from the Colorado Department of Human Services (CDHS) for the TRAILS Project related to project management. The travel reduction will affect the common policy allocation for state departments supported by OIT. The TRAILS reduction only affects CDHS, which is unable to fully expend all of the state funding they are currently appropriated for the TRAILS project due to federal matching requirements.

**(OIT) R4 END USER SERVICE OPERATING EFFICIENCIES:** The request includes a decrease of \$452,236 reappropriated funds from the End User Services portfolio, which would reduce spending on **Service Desk Services** and **Deskside Support Services**.

SERVICE DESK SERVICES manages the service desk at OIT as the central point of access and support services for IT especially in the areas of system trouble, network connectivity, and the use of supported desktop applications. The service desk team provides documents and responds to requests using the enterprise ticketing system to resolve and close the issues.

DEKSIDESIDE SUPPORT SERVICES manages implementation and ongoing support of the statewide end user hardware and software for multiple state departments. The program provides daily break/fix resolutions of hardware/software and technical support for end user computer operating systems, so that secure end user devices are achieved.

**(OIT) R5 NETWORK OPERATING EFFICIENCIES:** The request includes a reduction \$599,987 total funds, including \$48,600 cash funds and \$551,387 reappropriated funds, in FY 2021-22 and ongoing to the OIT Network Long Bill group, including the Network Administration, Colorado State Network CORE, Voice and Data, and Public Service Communication Network (PSCN) appropriations. Network services provide quality, broadband data communications and internet access statewide to Colorado state departments, schools, libraries, city and county government, health care providers, and institutions of higher education. OIT also maintains critical services including, network monitoring and core network availability. The PSCN team is responsible for maintaining the Digital Trunk Radio System across the state, allowing for communication between public safety, public service, and other governmental agencies as either their primary source, or for interoperability emergency and operable communications. The reduction identified for the PSCN is cash fund spending authority that is being underutilized currently and thus has a very low risk of affecting emergency communications.

**(OIT) R6 INFRASTRUCTURE OPERATING EFFICIENCIES:** The request includes a reduction of just over \$3.0 million reappropriated funds in FY 2021-22 and ongoing from its infrastructure budget, an 8.8 percent reduction to its infrastructure appropriations. OIT has assessed the proposed reductions to have low to medium impacts on OIT customers. The following table summarizes the components that sum to the total request.

<b>(OIT) R6 INFRASTRUCTURE OPERATING EFFICIENCIES SUMMARY</b>			
<b>CUSTOMER IMPACT<sup>1</sup></b>	<b>LONG BILL LINE ITEM</b>	<b>PROGRAM NAME OR DESCRIPTION</b>	<b>PROPOSED CHANGE FOR FY 2021-22 AND ONGOING</b>
Medium	IT Server Management	Server Overhead	(\$1,040,132)
Medium	Infrastructure Admin	Contract Reductions	(831,806)
Medium	Mainframe	Contract Reductions	(370,500)
Medium	IT Server Management	Contract Reductions (VMware)	(250,000)
Low	Infrastructure Admin	Chief Technology Officer, Data Strategy Office Overhead	(150,000)
Low	Infrastructure Admin	General Operating	(137,367)
Low	Mainframe	General Operating	(106,943)
Low	IT Server Management	Reduction to CDHS TRAILS	(69,760)
Low	IT Server Management	Travel and Training	(30,000)
Medium	Data Center Services	General Operating	(10,910)
Low	Infrastructure Admin	Travel	(2,320)
Low	Data Center Services	Travel	(2,151)
<b>TOTAL</b>			<b>(\$3,001,889)</b>

<sup>1</sup>See the table at the beginning of OIT incremental budget change descriptions for more information about the meaning of these impact assessments.

**(OIT) R7 SECURITY OPERATING EFFICIENCIES:** The request includes a reduction of \$1.4 million reappropriated funds to the Information Security budget, including reductions of \$5,000 for Security Administration, \$956,286 from Security Operations, and \$466,600 related to Security Governance. The reductions requested in the information security program were selected by the administration in an effort to minimize the impact on OIT customers and **not jeopardize the information security of the state**. OIT selected only low- and medium-impact reductions, including: holding select vacant positions open, reducing operating spending, delaying specific contractor work, renegotiating contracts by working with vendors and suppliers, and delaying some projects that require special tools and licenses.

**(OIT) R8 PUBLIC SAFETY NETWORK TECHNICAL:** The request includes a decrease of \$2.0 million reappropriated funds to correct a technical error in the annualization of H.B. 18-1325 (Trunked Radios System Coverage Gaps). Two years of General Fund transfers were included in the bill, which would annualize out of the budget in FY 2020-21 as prior year legislation. While the \$2.0 million General Fund annualization was correctly removed from the FY 2020-21 Long Bill, the associated reappropriated funds spending authority was overlooked by executive branch and JBC staff. These reappropriated funds are not part of the ones reallocated to state agencies through the common policy.

**(OIT) R9 LEASED SPACE SAVINGS:** The request is to reduce leased space appropriations made to OIT by \$750,000 reappropriated funds beginning in FY 2021-22 and ongoing. OIT maintains three leases funded through the Leased Space appropriation, which totaled about \$3.5 million reappropriated funds in FY 2020-21. The space includes two data centers, the eFORT Data Center and the Lakewood Data Center (LDC), as well as office and meeting space at the Pearl Plaza HQ. OIT is exploring the potential to reduce lease rates or restructure the terms of space it leases to reduce overhead allocated to other state agencies through the common policy. JBC staff suggests the Committee think about the amount identified in this item as a placeholder because the final amount is dependent upon the outcome of OIT’s negotiations, which it initiated in spring 2020 with the vendor that supports the eFORT Data Center. OIT indicated negotiations are nearing final agreement and OIT expects to provide JBC staff with more certainty prior to making figure setting recommendations. OIT is using the following principles to guide its leased space decisions:

- Reducing utility expenses;

- Reducing co-located office space that is separate from the physical data center;
- Structuring contracts to require larger lease payments in late stages of the contract period to give the state more flexibility in FY 2021-22 and FY 2022-23; and
- Finding better market pricing for services and facilities.

## OTHER CHANGES

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$7.8 million total funds for prior year budget actions, summarized in the following table:

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
(OEDIT) Reinstate funding for one-time reductions	\$4,946,000	\$4,946,000	\$0	\$0	\$0	1.0
(OIT) FY20-21 R11 Long Bill reorganization	2,272,172	2,272,172	0	0	0	0.0
(OIT) FY20-21 R6 Improve network stability	686,691	0	0	686,691	0	0.0
(OIT) FY20-21 R3 Data sharing pilot	417,477	0	0	417,477	0	1.5
(OIT) FY20-21 Trails	(309,920)	0	0	(309,920)	0	0.0
(OIT) FY20-21 OGCC filing system	(112,200)	0	0	(112,200)	0	0.0
(OIT) FY20-21 Replace DHS phone systems	(105,792)	0	0	(105,792)	0	0.0
(OEDIT) FY20-21 R7 Creative Districts interest	(10,786)	0	(10,786)	0	0	0.0
(OIT) FY20-21 R4 Customer focused tools	(9,632)	0	0	(9,632)	0	0.0
(OIT) FY20-21 R5 Disaster recovery staff	(9,403)	0	0	(9,403)	0	0.0
<b>TOTAL</b>	<b>\$7,764,607</b>	<b>\$7,218,172</b>	<b>(\$10,786)</b>	<b>\$557,221</b>	<b>\$0</b>	<b>2.5</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$4.4 million total funds, including an increase of \$2.4 million General Fund, for adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; indirect cost assessments, vehicle lease payments; workers' compensation; legal services; payment to risk management and property funds; Capitol Complex leased space; and Payments to OIT.

**NON-PRIORITIZED REQUEST ITEMS:** The request includes an increase of \$2.1 million total funds including a net decrease of \$44,312, for the following non-prioritized request items, which are linked to decision items in other departments and common policy decisions.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
(OIT) HCPF Behavioral Health claims process	\$2,223,000	\$0	\$0	\$2,223,000	\$0	0.0
(OIT) HCPF Patient access and interoperability	150,000	0	0	150,000	0	0.0
(GOV) DPA Center for Organizational Effectiveness	12,699	3,162	0	9,537	0	0.0
(OIT) DPA printing and mailing for DOR	(250,574)	0	0	(250,574)	0	(3.5)
(GOV) OIT Budget request package	(47,474)	(47,474)	0	0	0	0.0
<b>TOTAL</b>	<b>\$2,087,651</b>	<b>(\$44,312)</b>	<b>\$0</b>	<b>\$2,131,963</b>	<b>\$0</b>	<b>(3.5)</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net decrease of just less than \$5.0 million total funds, including a decrease of \$6.2 million General Fund to reflect the out-year impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB20-1379 Suspend PERA direct distribution	\$2,427,624	\$230,830	\$58,019	\$2,138,775	\$0	0.0
HB20-1153 Partnership for CO Jobs	27,906	0	27,906	0	0	0.1
SB18-200 PERA unfunded liability	6,234	561	149	5,439	85	0.0
SB19-006 E-Sales and Use Tax Simplification	(6,447,552)	(6,447,552)	0	0	0	0.0
SB19-005 Import Canadian Prescription Medication	(296,160)	0	0	(296,160)	0	0.0
HB18-1323 Pay for Success pilot	(264,656)	0	(264,656)	0	0	0.0
SB20-162 Federal Family First	(242,250)	0	0	(242,250)	0	0.0
SB19-073 Medical Directive System	(126,456)	0	0	(126,456)	0	0.0
HB19-1287 Opioids and Substance-use Treatment	(32,611)	0	0	(32,611)	0	(0.3)
SB20-163 School Immunizations	(8,664)	0	0	(8,664)	0	0.0
<b>TOTAL</b>	<b>(\$4,956,585)</b>	<b>(\$6,216,161)</b>	<b>(\$178,582)</b>	<b>\$1,438,073</b>	<b>\$85</b>	<b>(0.2)</b>

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Office of the Governor:

FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021 <sup>1</sup>						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION</b>						
HB 20-1360 (Long Bill)	\$340,715,119	\$42,892,873	\$0	\$290,931,655	\$6,890,591	1,151.5
Other legislation	1,475,295	0	0	1,475,295	0	2.3
<b>TOTAL</b>	<b>\$342,190,414</b>	<b>\$42,892,873</b>	<b>\$0</b>	<b>\$292,406,950</b>	<b>\$6,890,591</b>	<b>1,153.8</b>
<b>FY 2020-21 PROPOSED COVID-19 STIMULUS PACKAGE</b>						
FY 2020-21 Appropriation	\$342,190,414	\$42,892,873	\$0	\$292,406,950	\$6,890,591	1,153.8
<b>COLORADO ENERGY OFFICE (CEO)</b>						
CEO S1 Clean Energy Finance Stimulus	40,000,000	40,000,000	0	0	0	0.0
<b>OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE (OEDIT)</b>						
OEDIT S1 Creation of Colorado Startup Loan Fund	30,000,000	30,000,000	0	0	0	0.0
OEDIT S2 One-Time Infusion to Advanced Industries Accelerator Grant Program	10,000,000	10,000,000	0	0	0	0.0
OEDIT S3 One-Time Infusion to Strategic Fund	15,000,000	15,000,000	0	0	0	0.0
OEDIT S4 Restaurant, Bar, and Small Business Relief Package	105,000,000	105,000,000	0	0	0	0.0
Funding for Business Relief addressed during the December 2020 Special Session (HB 20B-1001 and SB20B-001)	(105,000,000)	(105,000,000)	0	0	0	0.0
<i>OEDIT Subtotal</i>	<i>\$55,000,000</i>	<i>\$55,000,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

**FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021<sup>1</sup>**

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>OFFICE OF INFORMATION TECHNOLOGY (OIT)</b>						
OIT S1 Statewide Broadband Initiatives	160,000,000	160,000,000	0	0	0	0.0
Funding for Broadband addressed during the December 2020 Special Session (HB 20B-1001)	(20,000,000)	(20,000,000)	0	0	0	0.0
<i>OIT Subtotal</i>	<i>\$140,000,000</i>	<i>\$140,000,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<b>TOTAL</b>	<b>\$577,190,414</b>	<b>\$277,892,873</b>	<b>\$0</b>	<b>\$292,406,950</b>	<b>\$6,890,591</b>	<b>1,153.8</b>
<b>INCREASE/(DECREASE)</b>	<b>\$235,000,000</b>	<b>\$235,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	68.7%	547.9%	n/a	0.0%	0.0%	0.0%

<sup>1</sup> The General Fund amounts listed for the COVID-19 Stimulus Package above are reflected as General Fund appropriations, even if the proposal involves the *transfer* of General Fund to another fund. Details about the proposed funding mechanism are described below. The proposed Stimulus Package also includes budget requests for FY 2021-22, which do not appear in this table. Current request items are included in the Summary: FY 2020-21 Appropriation & FY 2021-22 Request table above.

**FY 2020-21 COVID-19 STIMULUS ITEM DESCRIPTIONS**

**CEO S1 CLEAN ENERGY FINANCE:** The request includes a transfer of \$40,000,000 General Fund to the Energy Fund (24-38.5-102.4 C.R.S.) to invest in market-proven clean energy finance programs that will help stimulate Colorado’s economy and build back better than before. Lack of accessible and affordable capital is one of the largest market barriers to increasing investments in renewable energy, energy efficiency, and electric vehicles. To address this, CEO operates public-private partnership programs that facilitate private capital investments into clean energy technologies. This stimulus funding would provide one-time investments into these established and market-proven programs, allowing for the deployment of limited state dollars to leverage significantly larger amounts of private capital. To expedite results expected from this investment, CEO expects that funds provided can be deployed into existing financing entities or programs by the end of FY 2020-21. These programs include the Colorado Clean Energy Fund (CCEF), the Colorado New Energy Improvement District, and CEO’s RENU loan program to scale their impact and drive economic activity in their sectors.

**OEDIT S1 CREATION OF COLORADO STARTUP LOAN FUND:** The request includes a one-time transfer of General Fund into its Strategic Fund, for the creation of the Colorado Startup Loan Fund. This fund will provide lending capital to historically underserved entrepreneurs, including women, people of color, veterans, and rural residents, as well as entrepreneurs bankrupted or shut down as a result of COVID-19. As part of the Governor’s stimulus package proposal, this request provides direct financial support for starting up new businesses to fill the needs created by business closures due to COVID-19. The Office would prioritize funding new businesses, though some could also go to re-start businesses that were temporarily closed but capable of resuming operations.

**OEDIT S2 ONE-TIME INFUSION TO ADVANCED INDUSTRIES ACCELERATOR GRANT PROGRAM:** The request includes a one-time transfer of \$10.0 million in General Fund to the Advanced Industries Accelerator Grant Program Cash Fund to promote Colorado’s economic and public health recovery efforts. As part of the Governor’s stimulus package proposal, this request provides financial support for businesses that can accelerate Colorado’s recovery by creating high-paying jobs, directly contribute to our public health efforts, and help maintain our diversified economy. This program requires a match rate from outside investors that equals twice the amount provided by the grant, thereby bringing additional new money into the economy, which will be particularly beneficial leading into recovery from the pandemic recession.

**OEDIT S3 ONE-TIME INFUSION TO STRATEGIC FUND:** The request includes one-time transfer of \$15.0 million General Fund to the Strategic Fund. OEDIT intends to leverage unique economic development opportunities by providing cash incentives to businesses that will provide significant numbers of new jobs and stimulate investment in the Colorado economy. As part of the Governor’s stimulus package proposal, this request provides the resources to attract a large headquarters or support other efforts that create net new jobs and will bolster the economy in an expedient manner.

**OEDIT S4 RESTAURANT, BAR, AND SMALL BUSINESS RELIEF PACKAGE:** The request includes a legislative placeholder asking for \$105.0 million General Fund to provide a one-time stimulus for restaurants, bars, and other small businesses via sales tax retention. Items included in this request were completely dispensed with during special session via passage of S.B. 20B-001 and H.B. 20B-1001.

**OIT S1 STATEWIDE BROADBAND INITIATIVES:** Documents provided along with the November 2, 2020 budget submission identified a forthcoming FY 2020-21 supplemental request for \$160.0 million General Fund to address lacking broadband infrastructure throughout Colorado. The Governor’s Office and the Office of Information Technology are still determining exactly how this request will be implemented, but, desire to prioritize expedited disbursement of relief support, targeting broadband programs already in place in other agencies which may already have legal authority to make grants for similar purposes, but are unable to make grants due to lacking funds. To complicate an incomplete request further, \$20.0 million of the initial \$160.0 million requested was included in H.B. 20B-1001 and appropriated to the Department of Education, which was adopted during the December 2020 Special Session. OIT indicated to JBC staff that while this item may have appeared in other agencies JBC staff briefings, the coordination of efforts to increase broadband access, if approved, is OIT’s responsibility.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**INFORMATIONAL ISSUE: 2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced FY 2020-21 appropriations to the Department by \$8.1 million total funds and \$6.2 million General Fund. The General Assembly’s actions made an additional \$3.2 million available for balancing purposes by reducing cash funds appropriations. These adjustments contributed to the net decrease in the Department’s General Fund and total funds budget for FY 2020-21.

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## *Department of Health Care Policy and Financing*

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2019-20 appropriation represents approximately 37.6 percent of statewide operating appropriations and 29.3 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATE D FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$12,048,019,640	\$3,370,498,402	\$1,582,848,138	\$48,000,598	\$7,046,672,502	560.6
Other Legislation	(14,183,893)	(185,792,399)	184,520,266	(2,044,073)	(10,867,687)	(3.9)
<b>TOTAL</b>	<b>\$12,033,835,747</b>	<b>\$3,184,706,003</b>	<b>\$1,767,368,404</b>	<b>\$45,956,525</b>	<b>\$7,035,804,815</b>	<b>556.7</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$12,033,835,747	3,184,706,003	\$1,767,368,404	\$45,956,525	\$7,035,804,815	556.7
R1 Medical Services Premiums	329,669,130	198,145,197	(26,212,193)	(5,066)	157,741,192	0.0
R2 Behavioral Health	(55,261,248)	(18,371,642)	8,251,231	0	(45,140,837)	0.0
R3 Child Health Plan Plus	(31,086,304)	10,398,339	(8,994,295)	0	(32,490,348)	0.0
R4 Medicare Modernization Act	21,592,081	21,592,081	0	0	0	0.0
R5 Office of Community Living	32,484,690	36,115,020	707,025	0	(4,337,355)	0.0
R6 Remote supports for HCBS programs	(716,616)	(348,345)	(9,962)	0	(358,309)	0.0
R7 Nurse advice line	0	898,265	(88,166)	0	(810,099)	0.0
R8 Supported living services flexibility	940,718	470,359	0	0	470,359	0.0
R9 Patient access rule compliance	2,862,999	(1,552)	0	0	2,864,551	1.0
R10 Convert contractor funds to FTE	(1,028,965)	0	(21,609)	0	(1,007,356)	13.5
R11 Medicaid for Connect for Health	4,509,043	0	2,007,893	0	2,501,150	0.0
R12 ARRA-HITECH Funding transition	0	0	0	0	0	0.0
R13 Family medicine residency funding	1,208,936	379,468	0	225,000	604,468	0.0
R14 Technical adjustments	(728,105)	(364,052)	0	0	(364,053)	0.0
R15 HAS Fee offset GF	0	(80,000,000)	80,000,000	0	0	0.0
R16 Provider rate adjustments	(41,349,862)	(15,751,002)	0	0	(25,598,860)	0.0
R17 Medicaid benefit adjustments	(7,164,645)	(3,614,741)	0	0	(3,549,904)	0.0
R18 Behavioral health performance incentives and SUD implementation	(89,357,696)	(23,578,390)	0	0	(65,779,306)	0.0
R19 Financing and grant programs	(10,013,985)	(15,882,005)	0	0	5,868,020	0.0
R20 MMIS Annualization delay	(7,376,207)	(2,035,713)	0	0	(5,340,494)	0.0
R21 Federal match for cash funds	(9,314,184)	(4,358,071)	3,822,119	(3,916,431)	(4,861,801)	0.0
R22 Personal services reduction	(445,628)	(445,628)	0	0	0	0.0
R23 Behavioral health eligibility and claims systems consolidation	7,466,780	7,488,276	0	0	(21,496)	0.0
R24 Addressing health care disparities	5,900,000	1,000,000	0	0	4,900,000	0.0
Annualize prior year budget actions	149,441,221	211,945,305	(155,163,156)	2,044,523	90,614,549	0.7
Centrally appropriated items	1,125,946	787,476	(39,826)	(263,582)	641,878	0.0
Human Services	(1,113,175)	2,116,351	0	0	(3,229,526)	0.0
Transfers to other state agencies	(50,717)	(24,147)	0	0	(26,570)	0.0
Tobacco forecast	(19,080)	(9,540)	(9,540)	0	0	0.0
<b>TOTAL</b>	<b>\$12,336,010,874</b>	<b>\$3,511,257,312</b>	<b>\$1,671,617,925</b>	<b>\$44,040,969</b>	<b>\$7,109,094,668</b>	<b>571.9</b>
<b>INCREASE/(DECREASE)</b>	<b>\$302,175,127</b>	<b>\$326,551,309</b>	<b>(\$95,750,479)</b>	<b>(\$1,915,556)</b>	<b>\$73,289,853</b>	<b>15.2</b>
Percentage Change	2.5%	10.3%	(5.4%)	(4.2%)	1.0%	2.7%

## DESCRIPTION OF INCREMENTAL CHANGES

**R1 MEDICAL SERVICES PREMIUMS:** The Department requests a net increase of \$329.7 million total funds, including \$198.1 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Medical Services Premiums line item. *See the issue brief "Forecast Trends" for more information.*

**R2 BEHAVIORAL HEALTH PROGRAMS:** The Department requests a net decrease of \$55.3 million total funds, including a decrease of \$18.4 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for behavioral health services. *See the issue brief "Forecast Trends" for more information.*

**R3 CHILD HEALTH PLAN PLUS:** The Department requests a net decrease of \$31.1 million total funds, including an increase of \$10.4 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Children's Basic Health Plan. *See the issue brief "Forecast Trends" for more information.*

**R4 MEDICARE MODERNIZATION ACT:** The Department requests an increase of \$21.6 million General Fund for the projected state obligation, pursuant to the federal Medicare Modernization Act, to pay the federal government in lieu of the state covering prescription drugs for people dually eligible for Medicaid and Medicare. *See the issue brief "Forecast Trends" for more information.*

**R5 OFFICE OF COMMUNITY LIVING:** The Department requests a net increase of \$32.5 million total funds, including \$36.1 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for services for people with intellectual and developmental disabilities. *See the issue brief "Forecast Trends" for more information.*

**R6 REMOTE SUPPORTS FOR HCBS PROGRAMS:** The Department requests a decrease of \$716,616 total funds, including \$348,345 General Fund, to implement a remote support option into existing electronic monitoring services in several HCBS waivers. ***Implementing a remote support option in the HCBS Elderly, Blind, and Disabled waiver program would require a statutory change.*** *See the issue brief "Remote Support for HCBS Programs" for more information.*

**R7 NURSE ADVICE LINE:** The Department requests a net \$0 change in total funds, but an increase of \$898,265 General Fund for continued operation of the nurse advice line despite a discontinuation of federal funds. The Governor's budget navigator identifies this as an initiative to save people money on healthcare.

**R8 SUPPORTED LIVING SERVICES FLEXIBILITY:** The Department requests \$940,718 total funds, including \$470,359 General Fund, to provide additional HCBS services and supports to members on the Supported Living Services waiver who are in need of services that exceed the service plan authorization limit. The Governor's budget navigator identifies this as a health initiative to serve vulnerable Coloradoans. *See the issue brief "Supported Living Services Flexibility" for more information.*

**R9 PATIENT ACCESS RULE COMPLIANCE:** The Department requests a net increase of \$2.9 million total funds, including a decrease of \$1,552 General Fund, and 1.0 FTE to implement new federal rules regarding Medicaid client access to health records.

**R10 CONVERT CONTRACTOR FUNDS TO FTE:** The Department requests a net decrease of \$1.0 million total funds and an increase of 13.5 FTE to bring work previously done by contractors in-house.

**R11 MEDICAID FOR CONNECT FOR HEALTH:** The Department requests an increase of \$4.5 million total fund for expected eligibility work by Connect for Health that can be certified as public expenditures to match federal funds.

**R12 ARRA-HITECH FUNDING TRANSITION:** The Department requests a net \$0 change to reflect a change in the federal financing authority for the Health Information Exchange and a consolidation of line items.

**R13 FAMILY MEDICINE RESIDENCY FUNDING:** The Department requests \$1.2 total funds, including \$379,468 General Fund, to partially restore an FY 2020-21 reduction in funding for family medicine residency placements.

**R14 TECHNICAL ADJUSTMENTS:** The Department requests a net reduction \$728,105 total funds, including a reduction of \$364,052 General Fund, to collapse the funding for Community Centered Boards and Single Entry Points into one line item, make a handful of transfers of contract funds between line items to improve transparency, and eliminate a transfer from the Department of Public Health and Environment that is no longer necessary due to a lack of federal matching funds for the transfer.

**R15 HAS FEE OFFSET GF:** The Department requests a net \$0 change in total funds, but a decrease of \$80.0 million General Fund, to temporarily use money from the Healthcare Affordability and Sustainability (HAS) Fee to offset the need for General Fund. This is a budget balancing proposal similar to what the General Assembly authorized in H.B. 20-1386. *Using the HAS Fee to offset General Fund would require a statutory change.*

**R16 PROVIDER RATE ADJUSTMENTS:** The Department requests a net decrease of \$41.3 million total funds, including a decrease of \$15.8 million General Fund, for changes to provider rates. *The proposed modification to nursing home rates would require a statutory change.*

R16 PROVIDER RATE ADJUSTMENTS					
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Nursing facilities	No auto adjust	(\$13,741,537)	(\$6,870,769)	\$0	(\$6,870,768)
Lab testing	80% of Medicare	(12,587,595)	(2,923,654)	(699,548)	(8,964,393)
Hospital outpatient physician administered drugs	340B drug price discount	(6,546,978)	(1,805,502)	(323,572)	(4,417,904)
Anesthesia	100% of Medicare	(5,959,562)	(1,904,319)	(245,399)	(3,809,844)
Prosthetics, orthotics, ambulatory surgical centers	100% of Medicare	(1,360,741)	(546,717)	(35,307)	(778,717)
Allergy test antigen preparation	Commercial benchmark	(694,456)	(161,298)	(38,594)	(494,564)
Pulse oximeter rental	10% of purchase price	(458,993)	(184,413)	(11,910)	(262,670)
Cash Fund Transfer to Offset the General Fund		0	(1,354,330)	1,354,330	0
<b>TOTAL</b>		<b>(\$41,349,862)</b>	<b>(\$15,751,002)</b>	<b>\$0</b>	<b>(\$25,598,860)</b>

**R17 MEDICAID BENEFIT ADJUSTMENTS:** The Department requests a net decrease of \$7.2 million total funds, including \$3.6 million General Fund, for targeted Medicaid benefit reductions. Specifically, the Department proposes setting a limit on outpatient speech therapy evaluations, implementing an enrollment cap on the Program of All-Inclusive Care for the Elderly (PACE), and eliminating funding for the state-only preventive dental hygiene program for people with intellectual and developmental disabilities. Nearly 90 percent of the savings comes from the enrollment cap on PACE.

**R18 BEHAVIORAL HEALTH PERFORMANCE INCENTIVES AND SUD IMPLEMENTATION:** The Department requests a reduction of \$89.4 million total funds, including \$23.6 million General Fund, for behavioral health programs composed of: (1) a 25 percent decrease in incentive payments that are based on provider service performance and quality metrics to save \$9.3 million total funds, including \$4.7 million General Fund; and (2) an adjustment to funding for the new Substance Use Disorder (SUD) benefit based on lower estimates of provider capacity and consequent utilization to save \$80.0 million total funds, including \$18.9 million General Fund.

**R19 FINANCING AND GRANT PROGRAMS:** The Department requests a net reduction of \$10.0 million total funds, including a decrease of \$15.9 million General Fund, to: (1) temporarily restructure the Primary Care Fund Program in a way that would draw a federal match and save \$10.0 million General Fund while increasing total payments to providers by about 5.0 percent; (2) eliminate \$10.8 million total funds, including \$5.4 million General Fund, for the pediatric specialty hospital payment that goes to Children's Hospital; and (3) eliminate the Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training Grant Program to free up \$500,000 from the Marijuana Tax Cash Fund that would be used to offset General Fund for Medical Services Premiums. *The proposed restructure of the Primary Care Fund Program would require a bill and a resolution declaring a fiscal emergency. Using the savings from eliminating the SBIRT Training Grant Program to offset General Fund for Medical Services Premiums may also require a statutory change.*

**R20 MMIS ANNUALIZATION DELAY:** The Department requests a reduction of \$7.4 million total funds, including a decrease of \$2.0 million General Fund, for a reduction in funding for a services integrator vendor. The Department was originally scheduled to procure a full-time and on-going services integrator vendor beginning in FY 2020-21, but in a budget balancing move the General Assembly delayed funding until FY 2021-22. The Department proposes delaying the start of funding for the vendor for another year to FY 2022-23 to achieve one more year of savings.

**R21 FEDERAL MATCH FOR CASH FUNDS:** The Department requests legislation to use the temporary increase in the federal match available through the federal Families First Coronavirus Response Act for certain financing payments in order to provide General Fund relief. Specifically, the Department would: (1) use any federal funds earned from certified public expenditures in excess of 50 percent benefit to offset the General Fund; and (2) reduce General Fund appropriations for an intergovernmental transfer from the University of Colorado by the amount of matching federal funds received in excess of 50 percent. In addition to the fiscal impact on the Department there would be another \$4.5 million General Fund savings in the Department of Higher Education. The financing of both the certified public expenditures and the intergovernmental transfer lag behind when services are delivered. Thus, when an extension of the federal public health emergency declaration increased the amount of time Colorado will receive an enhanced federal match in FY 2020-21, it impacts the financing payments in FY 2021-22. *Implementing this change requires legislation, similar to H.B. 20-1385.*

**R22 PERSONAL SERVICES REDUCTION:** The Department requests a reduction of \$445,628 General Fund, or 2.5 percent of the personal services salary base. The request is to convert half of the one-time 5.0 percent reduction to the personal services salary base that was approved by the General Assembly last year into an ongoing reduction.

**R23 BEHAVIORAL HEALTH ELIGIBILITY AND CLAIMS SYSTEM CONSOLIDATION:** The Department requests a net increase of \$7.5 million, including \$7.5 million General Fund, to integrate eligibility determinations, claims processing, and data reporting for various behavioral health programs statewide. The proposal attempts to leverage existing systems used by the Department in order to serve programs operated by other departments, and so the Department of Health Care Policy and Financing is taking the lead on the request. The Governor's budget navigator identifies this as a strategic investment and stimulus in information technology to strengthen the state response to behavioral health needs.

**R24 ADDRESSING HEALTH CARE DISPARITIES:** The Department requests \$5.9 million total funds, including \$1.0 million General Fund, to support data transfers from community partners and provide data analytics to identify health disparities by race and ethnicity. The Department's goals are to better target outreach, training, and technical assistance and eventually to condition value-based payments to providers on evidence that they are improving health outcomes where disparities exist. The Governor's budget navigator identifies this as a strategic investment and stimulus to create a more equitable Colorado.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes adjustments for out-year impacts of prior year legislation and budget actions, summarized in the table below. The titles of the annualizations begin with either a bill number or the relevant fiscal year. For budget decisions made in the Long Bill, the title includes a reference to the priority number the Department used in that year for the initiative, if relevant. If there is no reference to a bill number or priority number, then the change was initiated by an action other than a bill or request from the Department.

The largest General Fund increases are for the expiration of one-time budget balancing measures implemented by the General Assembly, including:

- H.B. 20-1386 that used money from the Healthcare Affordability and Sustainability (HAS) Fee to offset the need for General Fund
- FY 20-21 R11 Patient placement and benefit – SUD that adjusted the budget for a delay in the implementation of the substance use disorder (SUD) benefit
- H.B. 20-1385 that captured the benefit to certain cash funds provided by a temporary increase in the federal match rate and converted that benefit to General Fund relief
- FY 20-21 Refinance GF with IDD CF that used a balance in the Intellectual and Developmental Disabilities Services Cash Fund to offset the need for General Fund

There is a smaller General Fund increase of \$5.5 million for local minimum wage rate adjustment that can be broken down into the following pieces:

- \$2.7 million total funds, including \$1.4 million General Fund, for the increase in nursing home rates required by H.B. 19-1210
- \$5.4 million total funds, including \$2.7 million General Fund, for the second half of mid-year rate adjustments the General Assembly approved in FY 2020-21 for personal care, homemaker services, health maintenance activities, residential habilitation, and consumer directed services
- \$2.8 million total funds, including \$1.4 million General Fund, for further increases for the same subset of rates to keep pace with scheduled increases in the Denver minimum wage in FY 2021-22

The last component of the local minimum wage rate adjustment is potentially discretionary, if the General Assembly directed the Department to take a different approach.

The largest decreases in General Fund are for the second year of H.B. 20-1362 that temporarily limits the maximum allowable increase in nursing home rates to 2.0 percent (rather than 3.0 percent) for FY 2020-21 and FY 2021-22 and for implementation of FY 20-21 R12 Work number verification that uses automated tools to verify income at application and reduce the Medicaid applicants initially determined eligible who are later determined ineligible.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
Item	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 R11 Patient placement and benefit - SUD	\$130,401,052	\$25,611,411	\$8,628,370	\$0	\$96,161,271	0.0
FY 20-21 R18/BA9 Public School Health Services	37,499,413	0	18,724,706	0	18,774,707	0.0
FY 20-21 Federal match rate non-forecast line items	12,816,638	860,909	12,816,638	0	(860,909)	0.0
FY 20-21 Local minimum wage rate adjustment	10,919,423	5,459,713	0	0	5,459,710	0.0
SB 20-212 Telehealth services	5,068,377	(1,489,630)	307,030	0	6,250,977	0.0
FY 19-20 OeHI Operating	4,507,691	2,411,350	0	0	2,096,341	0.0
FY 20-21 R12 Medicaid enterprise operations	4,345,924	1,146,549	550,721	0	2,648,654	0.2
HB 20-1385 Capture federal match to cash funds	4,310,802	24,733,945	(24,733,945)	2,021,766	2,289,036	0.0
SB 19-005 Import prescription drugs	985,162	985,162	0	0	0	0.9
HB 20-1379 Suspend direct distribution to PERA	977,212	880,628	74,277	22,307	0	0.0
FY 20-21 Increase funding for IDD enrollments	625,141	312,570	0	0	312,571	0.0
FY 20-21 R7 Payment reform	125,405	156,340	82,237	0	(113,172)	0.0

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS**

Item	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 R19 Leased space	120,606	50,003	10,300	0	60,303	0.0
HB 19-1210 Local government minimum wage	109,500	54,750	0	0	54,750	0.1
SB 19-197/SB 15-011 Spinal cord injury	109,318	54,982	0	0	54,336	0.0
FY 20-21 R16 Employment First initiatives	75,000	0	75,000	0	0	0.0
SB 18-200 PERA unfunded liability	19,504	7,272	1,511	450	10,271	0.0
FY 20-21 R14 OCL governance	12,696	6,348	0	0	6,348	0.0
FY 20-21 BA11 Convert contractors to FTE	1,963	1,381	2,621	0	(2,039)	1.2
HB 20-1386 Use HAS Fee to offset GF	0	161,000,000	(161,000,000)	0	0	0.0
FY 20-21 Refinance GF with IDD CF	0	6,727,431	(6,727,431)	0	0	0.0
FY 20-21 R20 Safety net provider payments	0	0	0	0	0	0.0
SB 20-033 Medicaid buy-in age 65 and over	0	(50,000)	50,000	0	0	0.0
FY 20-21 R12 Work number verification	(23,661,933)	(3,947,813)	(1,487,069)	0	(18,227,051)	0.0
FY 20-21 R7 Pharmacy pricing and technology	(10,884,371)	(2,508,920)	(724,243)	0	(7,651,208)	0.0
HB 20-1362 Nursing home provider rates	(9,495,334)	(4,965,012)	0	0	(4,530,322)	0.0
HB 20-1384/SB 19-195 Wraparound services	0	0	0	0	0	(1.1)
HB 20-1361 Reduce the adult dental benefit	(5,565,000)	331,462	(1,802,326)	0	(4,094,136)	0.0
FY 20-21 R10 Provider rate adjustments	(4,452,887)	(1,509,535)	(182,541)	0	(2,760,811)	0.0
FY 20-21 R15 Medicaid recovery 3rd party liability	(3,312,544)	(1,434,905)	426,973	0	(2,304,612)	0.5
HB 18-1326 Support for transition	(2,709,791)	(1,354,896)	0	0	(1,354,895)	2.9
FY 20-21 R17 Single assessment tool financing	(2,038,259)	(1,019,129)	0	0	(1,019,130)	0.0
FY 20-21 R13 Long term care utilization	(624,535)	(308,666)	(3,602)	0	(312,267)	0.0
FY 20-21 BA12 Nursing home closure	(250,000)	0	(250,000)	0	0	0.0
FY 20-21 R6 Electronic visit verification	(235,364)	(73,551)	0	0	(161,813)	(4.0)
FY 20-21 R9 Adult LTHH/PDN assessment	(195,373)	(97,687)	0	0	(97,686)	0.0
HB 19-1176 Health care cost savings	(92,649)	(92,649)	0	0	0	0.0
FY 20-21 Correction to CICP federal match	(40,187)	0	0	0	(40,187)	0.0
HB 19-1038 Dental services pregnant women	(31,379)	5,492	(2,383)	0	(34,488)	0.0
<b>TOTAL</b>	<b>\$149,441,221</b>	<b>\$211,945,305</b>	<b>(\$155,163,156)</b>	<b>\$2,044,523</b>	<b>\$90,614,549</b>	<b>0.7</b>

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

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

**TRANSFERS TO OTHER STATE AGENCIES:** The Department requests a net reduction of \$50,717 total funds, including \$24,147 General Fund, for transfers to programs administered by other departments, primarily for the Facility Survey and Certification program in the Department of Public Health and Environment.

**TOBACCO FORECAST:** The Department requests a reduction of \$19,080 total funds, including \$9,540 General Fund for a new forecast of tobacco tax revenues available to finance the Children's Basic Health Plan.

**SUPPLEMENTALS**

**SET ASIDE FOR SUPPLEMENTALS:** The Governor's budget letter includes a set aside in FY 2020-21 including a decrease of \$232.7 million General Fund for potential supplementals for the Department of Health Care Policy and Financing, including \$234.2 million for the most recent forecast of enrollment and expenditures and \$1.5 million for

the FY 2020-21 impact of discretionary requests. Although the Governor’s official supplemental request is not due until January 2021, the budget request for the Department includes projected FY 2020-21 impacts associated with the following requests.

FY 2020-21 SET-ASIDE FOR SUPPLEMENTALS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R1 Medical Services Premiums	(\$17,878,041)	(\$148,915,698)	(\$94,492,764)	(\$49,482)	\$225,579,903
R2 Behavioral Health	(98,830,829)	(42,281,674)	1,731,561	0	(58,280,716)
R3 Child Health Plan Plus	(52,581,053)	(14,035,710)	(3,609,731)	0	(34,935,612)
R4 Medicare Modernization Act	(14,430,417)	(14,430,417)	0	0	0
R5 Office of Community Living	(4,860,971)	(14,512,191)	1,637,257	0	8,013,963
R7 Nurse Advice Line	966,896	1,117,028	0	0	(150,132)
R11 Medicaid for Connect for Health	4,049,364	0	1,827,019	0	2,222,345
R13 Family medicine residency funding	1,204,207	353,723	0	211,050	639,434
<b>TOTAL</b>	<b>(\$182,360,844)</b>	<b>(\$232,704,939)</b>	<b>(\$92,906,658)</b>	<b>\$161,568</b>	<b>143,089,185</b>

### POTENTIAL LEGISLATION

- In *R6 Remote Supports for HCBS Programs*, the Department proposes implementing a remote support option into existing electronic monitoring services in several Home and Community Based Services waivers. A statutory change would be required to expand the definition of electronic monitoring to allow for a remote support option in the Elderly, Blind, and Disabled waiver program.
- In *R15 HAS Fee offset GF* the Department proposes using revenue from the HAS Fee to offset the need for General Fund in Medical Services Premiums. The amount in the decision item is \$80.0 million, but there are several other Department requests that would result in savings to the HAS Fee and the Department proposes using the HAS Fee savings to offset the need for General Fund. These additional offsets could be aggregated and added to the same bill to increase the total offset of General Fund to \$90.2 million. The table below shows the *R15 HAS Fee offset GF* plus the other requests where the Department proposed using the HAS Fee savings to offset General Fund.

GENERAL FUND RELIEF BY HAS FEE OFFSET			
	FY 2021-22	FY 2022-23	FY 2023-24
R15 HAS Fee offset GF	(\$80,000,000)	\$0	\$0
R16 Provider rate adjustments	(1,354,330)	(1,408,896)	0
R18 Behavioral health performance incentives and SUD implementation	(8,082,157)	(5,021,430)	(5,344,849)
R20 MMIS Annualization delay	(777,659)	0	0
<b>Total</b>	<b>(\$90,214,146)</b>	<b>(\$6,430,326)</b>	<b>(\$5,344,849)</b>

- In *R16 Provider rate adjustments* the Department proposes removing the statutory formula that annually adjusts nursing home rates to the lesser of actual allowable costs or 3.0 percent General Fund growth (2.0 percent in FY 2021-22 pursuant to H.B. 20-1362). This would make annual decisions about whether and how much to adjust nursing home rates part of the annual budget process.
- In *R19 Financing and grant programs* the Department proposes a resolution declaring a fiscal emergency plus legislation to temporarily restructure the Primary Care Fund Program in a way that would draw a federal match and save General Fund while increasing payments to providers. The Department also proposes eliminating the SBIRT Training Grant Program and reallocating the Marijuana Tax Cash Fund to offset General Fund and the Department assumes this would require a statutory change.
- In *R21 Federal match for cash funds* the Department requests legislation to use the temporary increase in the federal match available through the federal Families First Coronavirus Response Act for certain financing payments to

provide General Fund relief. This is essentially an extension of what the General Assembly approved for FY 2020-21 in H.B. 20-1385.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of Health Care Policy and Financing by \$24.7 million. Fiscal year 2020-21 appropriations to the Department were further reduced by \$51.2 million and the General Assembly took actions to temporarily refinance \$192.5 million General Fund with cash funds. The General Assembly's actions made an additional \$2.4 million available for balancing purposes by reducing cash funds appropriations. These adjustments helped to limit the net increase in the Department's General Fund and total funds budget for FY 2020-21.

**FORECAST TRENDS:** Requests R1 through R5 are based on the Department's most recent forecasts of enrollment and expenditures under current law and policy. Combined they drive a \$298.4 million increase in total funds, including a \$247.9 million increase in General Fund. These requests explain what drives the budget, but they are non-discretionary, as they represent the expected obligations under current law and policy. It would take a change to current law or policy to change the trends.

**BEHAVIORAL HEALTH:** The Department submitted two major requests related to behavioral health. In *R23 Behavioral health eligibility and claims system consolidation* the Department proposes a net increase of \$7.5 million, including \$7.5 million General Fund, to integrate eligibility determinations, funds distribution, and data reporting for various behavioral health programs statewide. The request is one piece of a broader set of initiatives recommended by the Behavioral Health Task Force. As part of *R18 Behavioral health performance incentives and SUD implementation* the Department proposes a reduction of \$80.0 million total funds, including \$12.9 million General Fund, to reflect lower assumptions about provider capacity to implement the new substance use disorder (SUD) benefits authorized by H.B. 18-1136.

**PROVIDER RATES:** This issue brief discusses proposed changes in provider rates. Through *R16 Provider rates* the Department requests several targeted rate reductions that together would reduce appropriations by \$41.3 million total funds, including \$15.8 million General Fund. In addition, as part of *R18 Behavioral health performance incentives and SUD implementation* the Department proposes a 25 percent decrease in incentive payments to behavioral health providers that are based on service performance and quality metrics to save \$9.3 million total funds, including \$4.7 million General Fund. The Department indicates the purpose of the reductions is to meet the projected budget shortfall and better align rates with appropriate benchmarks. Finally, the request includes an annualization adding \$10.9 million total funds, including \$5.5 million General Fund, for a local minimum wage rate adjustment for Denver.

**PRIMARY CARE FUND DISTRIBUTION:** The Department's *R19 Financing and grant programs* includes, among other provisions, a request to temporarily restructure the Primary Care Fund Program in a way that would draw a federal match and save \$10.0 million General Fund while increasing total payments to providers by about 5.0 percent. This issue brief provides some additional explanation of the complicated financing that would require legislation and a resolution declaring a fiscal emergency.

**HCBS WAIVER SERVICES:** The Department currently operates ten Home and Community Based Services (HCBS) programs to help members remain in their home and community. HCBS members receive support and assistance with activities of daily living, including bathing, dressing, and preparing meals, and are provided transportation and



day programming services when necessary. The COVID-19 pandemic created the need for the Department and providers to develop new processes through which members can continue to receive some services.

**SUPPORTED LIVING SERVICES PROGRAM FLEXIBILITY:** The Department currently operates ten Home and Community Based Services (HCBS) programs to help members remain in their home and community. HCBS members receive support and assistance with activities of daily living, including bathing, dressing, and preparing meals, and are provided transportation and day programming services when necessary. The COVID-19 pandemic created the need for the Department and providers to develop new processes through which members can continue to receive some services.

**DAY PROGRAMMING FOR INDIVIDUALS WITH IDD:** The Department currently operates ten Home and Community Based Services (HCBS) programs to help members remain in their home and community. HCBS members receive support and assistance with activities of daily living, including bathing, dressing, and preparing meals, and are provided transportation and day programming services as identified in their case plan. The COVID-19 pandemic created the need for the Department and providers to develop new processes through which members can continue to receive some services.

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## Department of Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2020-21 appropriation represents approximately 12.3 percent of statewide operating appropriations and 5.5 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$3,972,963,677	\$610,162,421	\$2,903,252,129	\$433,698,651	\$25,850,476	26,733.3
Other legislation	(9,246,382)	(5,644,081)	(1,580,535)	(2,021,766)	0	0.0
<b>TOTAL</b>	<b>\$3,963,717,295</b>	<b>\$604,518,340</b>	<b>\$2,901,671,594</b>	<b>\$431,676,885</b>	<b>\$25,850,476</b>	<b>26,733.3</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$3,963,717,295	604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
R1 State operating funding for public higher education	84,367,840	43,530,352	0	40,837,488	0	0.0
R2 Tuition spending authority	74,406,003	0	74,406,003	0	0	0.0
R3 Fort Lewis Native American tuition waiver	2,889,596	2,889,596	0	0	0	0.0
R4 Wind down professional student exchange program	(126,025)	0	0	(126,025)	0	0.0
R5 Restore Cybercoding Cryptology program	4,000,000	2,000,000	0	2,000,000	0	0.0
R6 Realign funding for Colorado Student Leader Institute	(218,825)	(218,825)	0	0	0	(1.0)
R7 Continue Open Educational Resources program	100,838	0	0	100,838	0	1.0
R8 RISE Fund for higher education	10,000,000	10,000,000	0	0	0	0.0
R9 Restore Educator Loan Forgiveness program	2,898,963	2,898,963	0	0	0	0.5
HC1 Financial sustainability for History Colorado	0	0	(930,632)	930,632	0	0.0
HC2 Cumbres and Toltec operating appropriation	521,500	0	0	521,500	0	0.0
NP1 DPA Center for Organizational Effectiveness	3,604	0	0	3,604	0	0.0
NP2 Extend pause annual depreciation lease payment	(4,689,432)	(4,689,432)	0	0	0	0.0
NP3 OIT budget request package	(39,151)	0	(39,151)	0	0	0.0
NP4 Increased Medicaid match for financing payments	(8,904,766)	(4,452,383)	0	(4,452,383)	0	0.0
Annualize prior year budget actions	883,603,790	450,726,406	0	432,877,384	0	0.0
Annualize prior year legislation	4,209,000	3,754,100	235,513	152,815	66,572	(1.0)
Lease purchase payment adjustments	666,466	103,023	424,449	138,994	0	0.0
Auraria Higher Education Center	100,000	0	0	100,000	0	0.0
Centrally appropriated line items	(152,347)	108,953	(217,341)	147,301	(191,260)	0.0
WICHE dues	(1,000)	0	0	(1,000)	0	0.0
<b>TOTAL</b>	<b>\$5,017,353,349</b>	<b>\$1,111,169,093</b>	<b>\$2,975,550,435</b>	<b>\$904,908,033</b>	<b>\$25,725,788</b>	<b>26,732.8</b>
<b>INCREASE/(DECREASE)</b>	<b>\$1,053,636,054</b>	<b>\$506,650,753</b>	<b>\$73,878,841</b>	<b>\$473,231,148</b>	<b>(\$124,688)</b>	<b>(0.5)</b>
Percentage Change	26.6%	83.8%	2.5%	109.6%	(0.5%)	(0.0%)

**R1 STATE OPERATING FUNDING FOR PUBLIC HIGHER EDUCATION:** The request includes an increase of \$84,367,840 General Fund for public higher education (state governing boards, local district colleges, and area technical colleges). The request includes an overall increase of \$83,353,669 for student stipends, fee-for-service contracts, and grants for the public governing boards, local district colleges, and area technical colleges, allocated based on the H.B. 20-1366 funding model. It also adds \$1,014,171 to align stipend amounts for students attending private institutions with stipends for students at the public institutions, as required by statute. In combination with a component to annualize one-time FY 2020-21 funding reductions, the request restores total funding for the governing boards to the FY 2019-20 level.

As requested, the state-operated boards would receive total appropriations that range from 0.8 percent below their FY 2019-20 level to 0.8 percent above their FY 2019-20 level, based on the results of the performance section of the H.B. 20-1366 model. The request is paired with the R2 request for tuition spending authority.

The request includes a proposed statutory change to suspend the requirement that financial aid increase at the same rate as funding for the governing boards for FY 2021-22. Without such a change, an additional appropriation for financial aid would be required or a portion of the requested funding for public institutions would need to be allocated to financial aid. Although funding for the governing boards was reduced in FY 2020-21, most funding for financial aid was not.

**R2 TUITION SPENDING AUTHORITY:** The request holds resident undergraduate tuition to an increase of 3.0 percent for FY 2021-22 but proposes that the Colorado Commission on Higher Education be allowed to authorize additional increases. The request includes \$74.4 million in cash funds spending authority for state public institutions' tuition revenue for resident and nonresident students. The request proposes that Long Bill footnotes restrict undergraduate resident tuition increases, with no restrictions on non-resident or graduate tuition or mandatory fees.

**R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER:** The request includes an increase of \$2,889,596 General Fund (13.3 percent) for the Fort Lewis College Native American tuition waiver. This will bring total waiver payments to \$24,680,191 General Fund. Waiver payments are mandated by Section 23-52-105 (1)(b)(I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates. The vast majority of funds support Native American students who are not Colorado residents.

**R4 WIND DOWN PROFESSIONAL STUDENT EXCHANGE PROGRAM:** The request proposes to phase-out funding for the Western Interstate Commission on Higher Education (WICHE) professional student exchange program. The program allows residents of WICHE members states pursuing a professional degree in certain health fields who do not have the opportunity to study in their own state to enroll in an in-region institution in another state and receive tuition support from their home state. Colorado currently supports only optometry students, as medical and veterinary programs are available in Colorado. Students receive annual support of \$18,830 in return for a commitment to return to Colorado for four years, or the grant converts to a loan. As a budget balancing measure, the General Assembly reduced the program by \$74,025 in FY 2020-21, eliminating funding for new students to enter (4 slots would have been available) and anticipated a further reduction in FY 2021-22. The Department's request reduces the program by \$126,025 (6 slots) in FY 2021-22, \$171,775 (9 slots) in FY 2022-23, and \$78,800 in FY 2023-24 (4 slots), when the program would end after the last cohort graduates.

**R5 RESTORE CYBERCODING CRYPTOLOGY PROGRAM:** The request is to fully restore funding for the Cybercoding Cryptology Program to the level in FY 2019-20, eliminating a cut of \$2,000,000 General Fund, which is then reappropriated to the governing boards, that was taken in FY 2020-21 as a budget balancing measure.

**R6 REALIGN FUNDING FOR COLORADO STUDENT LEADERS INSTITUTE:** The request proposes to eliminate funding for the Colorado Student Leaders Institute (COSLI), providing savings of \$218,825 General Fund and 1.0 FTE. COSLI is a four-week residential summer program on the University of Colorado Denver campus for up to 100 Colorado students in tenth and 11th grade. Students must be nominated by their district or charter school and selected by the COSLI Board. Students who complete the program receive three hours of college credit. Actual participation in the program has typically ranged from 60-75 students per year, with about 50% who are first-generation college students and 40-50 percent who are both first generation and eligible for free or reduced lunch. The Department indicates that other programs, such as the Colorado Opportunity Scholarship Initiative program, are more effectively targeted at low-income, underrepresented minority, and first-generation students. In order to eliminate funding, a bill is required to clarify that program funding is subject to available appropriation. The Department requests the Committee sponsor the bill.

**R7 CONTINUE OPEN EDUCATIONAL RESOURCES:** The request includes \$100,838 reappropriated funds and 1.0 FTE in FY 2021-22 and ongoing for the continuation of the Open Educational Resources (OER) program. This request would allow the Department to maintain a state-level Director of Open Educational Resources and OER Council to support the further development of free digital textbooks and course materials at Colorado's public institutions of higher education. The proposed fund source is reappropriated funds from indirect cost collections, which the Department proposes to reallocate from the Professional Student Exchange Program. (Staff note: both the R4 savings and R7 request may be viewed as General Fund, as the indirect cost collections offset General Fund that is otherwise required.) The OER program is set to repeal on November 1, 2021. The Department requests that the JBC sponsor legislation to reauthorize the program for an additional five years.

**R8 RISE FUND FOR HIGHER EDUCATION:** The Department requests a one-time appropriation of \$10,000,000 General Fund in FY 2021-22 to expand on the Response Innovation, and Student Equity (RISE) Education Fund created by the Governor in the summer of 2020. The funds would be dedicated to providing grants, in partnership with the Department of Higher Education, to Colorado's public institutions of higher education to support institution-led initiatives to reduce costs, improve operational efficiency, and adapt and lead in the post-pandemic "new normal". The program would be administered by the same staff that administer the \$32.7 million federally-funded RISE Education Fund in the Governor's Office. The Department requests that the JBC sponsor legislation establishing the program.

**R9 RESTORE EDUCATOR LOAN FORGIVENESS PROGRAM:** The Department requests \$2,898,963 General Fund and 0.5 FTE in FY 2021-22 to restore the Educator Loan Forgiveness Program established by S.B. 19-003. The law authorized the Department to make payments on qualified loans on behalf of a limited number of qualifying teachers, principals, and special service providers, with educators serving rural and hard-to-fill positions prioritized. The program was de-funded in FY 2019-20 and ongoing in order to balance the FY 2020-21 budget. The request would provide sufficient funding to prepay the full cost of one cohort of 100 teachers receiving 5 years of \$5,000 in loan forgiveness per year. Under Executive Order D 2020 050, the program was discontinued in 2020 and no awards were made, despite the receipt of over 1,300 applications, and the program did not accept applications for FY 2020-21.

**HC1 FINANCIAL SUSTAINABILITY FOR HISTORY COLORADO:** The Department requests that the JBC sponsor legislation that would redirect \$930,532 in FY 2021-22 and \$1.9 million in FY 2022-23 through FY 2038-39 to support History Colorado Certificate of Participation payments. Under current law, these amounts are to be used to support Capitol Complex Master Plan implementation. Although the request is identified as from reappropriated funds, the source of the money is General Fund amounts that are transferred to the Capitol Complex Master Plan Implementation Fund under current law.

**HC2 CUMBRES AND TOLTEC OPERATING APPROPRIATION:** The Department requests that the JBC sponsor legislation that would redirect \$521,500 in FY 2021-22 only to support Cumbres and Toltec Railroad operations. Under current law, this amount is to be used to support Capitol Complex Master Plan implementation. Although the request is identified as from reappropriated funds, the source of the money is General Fund amounts that are transferred to the Capitol Complex Master Plan Implementation Fund under current law. Staff assumes that, if the JBC approves this request, a single bill would be used to modify transfers to the Capitol Complex Master Plan Implementation Fund, and this would encompass both HC1 and HC2.

**NP1 DPA CENTER FOR ORGANIZATIONAL EFFECTIVENESS:** The request includes the Department’s share of a request from the Department of Personnel (DPA) to restructure financing for DPA’s Center for Organizational Effectiveness.

**NP2 EXTEND PAUSE ANNUAL DEPRECIATION LEASE PAYMENT:** The request includes the Department’s share of a statewide request for new legislation to extend a suspension of the annual depreciation lease equivalent payment. This mechanism for supporting capital construction expenditures was suspended in FY 2020-21 pursuant to H.B. 20-1398.

**NP3 OIT BUDGET REQUEST PACKAGE:** The request includes the Department’s share of the Governor’s Office of Information Technology’s budget package adjustments.

**NP4 INCREASED MEDICAID MATCH FOR FINANCING PAYMENTS:** The request includes the Department’s share of a request in the Department of Health Care Policy and Financing that will require new legislation related to H.B. 20-1385 (Use of Increased Medicaid Match). H.B. 20-1385 enables the state to capture additional federal Medicaid match provided through the Families First Coronavirus Response to offset General Fund expenditures; however, the request indicates a need for technical statutory adjustment that would allow additional savings to the General Fund into FY 2021-22 and FY 2022-23. Staff notes that due to a technical error in the base request, which did not annualize the prior year bill on this topic, *savings in FY 2021-22 will actually be \$2.0 million less than the amount shown.*

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS** The request includes a net increase of \$883.6 million total funds, including \$450.7 million General Fund, for prior year budget actions, summarized in the following table. As shown, almost all of the increase is to reverse a one-time reduction in FY 2020-21 to funding for the public governing boards. A Long Bill footnote explained the General Assembly’s intent that, of the 58.0 percent reduction to the public institutions of higher education in FY 2020-21, all but 5.0 percentage points was expected to be one-time only. This portion of the request annualizes the FY 2020-21 cut consistent with the footnote, restoring all but 5.0 percentage points of the funding. The balance is restored in request R1, so that the total request restores total funding to the public institutions to the FY 2019-20 level.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TA7 Annualize ongoing reduction to public institutions	\$883,548,906	\$450,671,522	\$0	\$432,877,384	\$0	0.0
FY20-21 GF HLD reduction	54,884	54,884	0	0	0	0.0
<b>TOTAL</b>	<b>\$883,603,790</b>	<b>\$450,726,406</b>	<b>\$0</b>	<b>\$432,877,384</b>	<b>\$0</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION** The request includes a net increase of \$4.2 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1398 Depreciation Lease Equivalent Adjustment (restore)	\$3,461,717	\$3,461,717	\$0	\$0	\$0	0.0
HB 20-1398 Depreciation Lease Equivalent Adjustment (annualize)	1,227,716	1,227,716	0	0	0	0.0
HB 20-1379 PERA Direct Distribution	478,087	25,566	233,519	152,559	66,443	0.0
SB18-200 PERA unfunded liability	2,656	277	1,994	256	129	0.0
HB 18-1331 Open Educational Resources	(961,176)	(961,176)	0	0	0	(1.0)
<b>TOTAL</b>	<b>\$4,209,000</b>	<b>\$3,754,100</b>	<b>\$235,513</b>	<b>\$152,815</b>	<b>\$66,572</b>	<b>(1.0)</b>

Staff anticipates that funds associated with several additional bills not included in the request will need to be annualized in FY 2021-22 based on current law. This includes most Marijuana Tax Cash Fund awards to the University of Colorado for programs related to opioid addiction prevention and treatment and funding in H.B. 20-1385 (Use of Increased Medicaid Match).

**LEASE PURCHASE PAYMENT ADJUSTMENTS:** The request includes annual technical adjustments to three lease purchase obligations: the University of Colorado Health Sciences Center at Fitzsimons lease purchase authorized by H.B. 03-1256; the Higher Education Federal Mineral Lease Revenues lease purchase that supported the construction of various higher education capital construction projects in 2008; and the lease purchase for the new History Colorado Center authorized in 2008.

**AURARIA HIGHER EDUCATION CENTER:** The request increases spending authority for the Auraria Higher Education Center by \$100,000 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

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

**WICHE DUES:** The request includes a reduction for fees paid to the Western Interstate Commission on Higher Education, which provides research services and runs inter-state student exchange programs used by the department and public institutions of higher education.

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor’s 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor’s proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Higher Education.

FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021 <sup>1</sup>						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION</b>						
HB 20-1360 (Long Bill)	\$3,972,963,677	\$610,162,421	\$2,903,252,129	\$433,698,651	\$25,850,476	26,733.3
Other legislation	(9,246,382)	(5,644,081)	(1,580,535)	(2,021,766)	0	0.0
<b>TOTAL</b>	<b>\$3,963,717,295</b>	<b>\$604,518,340</b>	<b>\$2,901,671,594</b>	<b>\$431,676,885</b>	<b>\$25,850,476</b>	<b>26,733.3</b>

**FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021<sup>1</sup>**

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 PROPOSED COVID-19 STIMULUS</b>						
FY 2020-21 Appropriation	\$3,963,717,295	\$604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
S1 Colorado's Plan for Workforce and Economic Recovery - Colorado Opportunity Scholarship Initiative	15,000,000	15,000,000	0	0	0	0.0
<b>TOTAL</b>	<b>\$3,978,717,295</b>	<b>\$619,518,340</b>	<b>\$2,901,671,594</b>	<b>\$431,676,885</b>	<b>\$25,850,476</b>	<b>26,733.3</b>
<b>INCREASE/(DECREASE)</b>	\$15,000,000	\$15,000,000	\$0	\$0	\$0	0.0
Percentage Change	0.4%	2.5%	0.0%	0.00%	0.00%	0.0

<sup>1</sup> The General Fund amounts listed for the COVID-19 Stimulus Package above are reflected as General Fund appropriations, even if the proposal involves the *transfer* of General Fund to another fund. Details about the proposed funding mechanism are described below. The proposed Stimulus Package also includes budget requests for FY 2021-22, which do not appear in this table. Current request items are included in the Summary: FY 2020-21 Appropriation & FY 2021-22 Request table above.

**S1 COLORADO’S PLAN FOR WORKFORCE AND ECONOMIC RECOVERY - COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE:** The request includes an increase of \$150.0 million General Fund for the Colorado Opportunity Scholarship Initiative (COSI) Program for its Displaced Worker Program. In 2020, COSI expanded its scholarship and wraparound support program to address the COVID crisis by creating this program focused on workers displaced by the pandemic who have some college but no degree. Currently, COSI’s Displaced Worker program is used to incentivize colleges to redirect existing COSI scholarship funds or create new scholarships for displaced workers, but extra funding for scholarships has not been provided. The new funds would be used to: (1) provide approximately \$3,000 per academic year for 3,150 displaced workers from highly impacted industries who are seeking primarily certificates and associates degrees (\$9.45 million)

**SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE**

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of Higher Education by \$1.8 million<sup>0F</sup>. Fiscal year 2020-21 appropriations to the Department were further reduced by \$507.0 million (45.6 percent). The General Assembly also reduced cash funds appropriations by \$1.3 million and suspended a \$2.1 million cash funds transfer to the Department, thereby increasing cash funds available for balancing purposes. These adjustments contributed to the net decrease in the Department’s General Fund and total funds budget for FY 2020-21.

**INFORMATIONAL ISSUE: PUBLIC HIGHER EDUCATION FINANCE -- BUDGET BALANCING IN THE TIME OF COVID-19:** Fiscal impacts of the COVID-19 pandemic on public institutions of higher education have thus far been less severe than was feared. However, institutions have taken a wide range of cost-cutting measures and drawn from reserves to balance their budgets while also providing educational services in a complex pandemic-affected environment.

**HIGHER EDUCATION FUNDING MODEL FOR FY 2021-22:** A new model for allocating funds among the higher education governing boards will be in effect beginning in FY 2021-22. This issue discusses how the Department proposes to use this model and other options that the JBC and General Assembly could consider.

**REPLACING THE COLLEGE OPPORTUNITY FUND STIPEND:** This issue explores the rationale and potential risks of replacing the current system of funding higher education institutions through a combination of student stipends and fee-for-service contracts with a system that relies entirely on fee-for-service contracts.

**HIGHER EDUCATION CAPITAL CONSTRUCTION: CAPITAL** construction for higher education presents particular challenges in an environment in which little funding is available for capital construction at either the state or institutional level. This issue reviews state-issued certificates of participation that were used in 2020 and in some prior years to fund higher education capital projects and discusses institutional expenditures for building and maintaining higher education facilities.

**HISTORY COLORADO:** The General Assembly took a number of actions to assist History Colorado during the 2020 legislative session. However, the agency continues to face serious financial challenges due to loss of revenue related to the pandemic.

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## *Department of Human Services*

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare programs in the state. The Department's FY 2020-21 appropriation consists of 42.9 percent General Fund, 18.5 percent cash funds, 9.0 percent reappropriated funds, and 29.6 percent federal funds.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF HUMAN SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$2,286,142,552	\$974,723,623	\$420,761,170	\$210,141,860	\$680,515,899	5,187.6
Other legislation	(7,466,334)	(14,294,594)	(524,235)	(1,163,044)	8,515,539	(9.0)
<b>TOTAL</b>	<b>\$2,278,676,218</b>	<b>\$960,429,029</b>	<b>\$420,236,935</b>	<b>\$208,978,816</b>	<b>\$689,031,438</b>	<b>5,178.6</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$2,278,676,218	960,429,029	\$420,236,935	\$208,978,816	\$689,031,438	5,178.6
R1 Behavioral health services for children in crisis	910,000	910,000	0	0	0	0.0
R2 Family First Prevention Services Act	1,791,157	1,656,730	0	0	134,427	3.6
R3 Support for early childhood educator workforce	1,200,000	1,200,000	0	0	0	0.0
R4 Extend eligibility for foster care youth	0	0	0	0	0	0.0
R5 National school lunch commodity storage and distribution	720,739	238,400	57,339	0	425,000	0.4
R6 Early intervention program changes	(2,636,345)	(2,636,345)	0	0	0	1.0
R7 Substance use treatment	(11,419,598)	(11,419,598)	0	0	0	0.0
R8 Early childhood programs refinance	0	(1,378,696)	0	0	1,378,696	0.0
R9 Align youth services facilities with caseload	(4,721,930)	(4,721,930)	0	0	0	(4.0)
R10 Align youth parole services with caseload	(2,000,000)	(2,000,000)	0	0	0	0.0
R11 Preserve Mindsource core purpose	(900,000)	(450,000)	0	(450,000)	0	0.0
R12 CCCAP early childhood educator salary increase	3,000,000	0	0	0	3,000,000	0.0
R13 Adjustment to funding for older Coloradans	3,390,204	(7,020,044)	7,020,044	0	3,390,204	0.0
R14 Nurse Home Visitor program	513,801	0	513,801	0	0	0.0
R15 Community behavioral health services	(2,833,334)	(1,500,000)	(1,333,334)	0	0	0.0
R16 Transition single-district program	(1,015,325)	(1,015,325)	0	0	0	0.0
R17 Adjustments to Colorado youth detention continuum	(1,326,913)	(1,326,913)	0	0	0	0.0
R18 Adjust market rate study frequency	(55,000)	(55,000)	0	0	0	0.0
R19 Adjust public awareness campaigns	(134,520)	(114,000)	0	0	(20,520)	0.0
R20 Adjust Veteran Community Living Centers	0	(2,669,922)	2,669,922	0	0	0.0
R21 PACE State Ombudsman refinance	0	0	0	0	0	0.0
R22 Adjust collaborative management incentive funding	(750,000)	(750,000)	0	0	0	0.0
R23 Align contracted youth services with caseload	(2,374,300)	(2,310,266)	0	101,896	(165,930)	0.0
R24 Administration efficiency and vacancy savings	(1,430,375)	(1,230,073)	0	(200,302)	0	(13.5)
R25 Colorado Works STEP	3,999,360	0	0	0	3,999,360	0.0
R26 Meal interagency agreement true-up	140,827	0	0	140,827	0	0.0
R27 Reduce child welfare public awareness campaign	(500,000)	(500,000)	0	0	0	0.0

DEPARTMENT OF HUMAN SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R28 Reduce appropriations for child welfare funding model	(150,000)	(150,000)	0	0	0	0.0
R29 Refinance child welfare	0	(10,000,000)	0	0	10,000,000	0.0
R30 Reduction of central administrative staff	(550,270)	(339,032)	(611)	(199,117)	(11,510)	(7.0)
Annualize prior year balancing action	66,149,422	65,211,787	(1,486,317)	563,596	1,860,356	(0.1)
Centrally appropriated line items	17,102,391	6,386,065	3,067,946	(2,165,155)	9,813,535	(0.5)
Annualize prior year legislation	2,347,570	9,276,078	620,367	960,412	(8,509,287)	11.1
Indirect cost assessment	3,336,231	697	423,901	1,250,080	1,661,553	0.0
Technical correction	0	0	0	0	0	1.2
Nonprioritized budget requests	(5,324,795)	(3,076,333)	0	(1,931,957)	(316,505)	0.0
Annualize prior year budget actions	(25,268,255)	5,597,913	(1,797,032)	(861,789)	(28,207,347)	21.7
<b>TOTAL</b>	<b>\$2,319,886,960</b>	<b>\$996,243,222</b>	<b>\$429,992,961</b>	<b>\$206,187,307</b>	<b>\$687,463,470</b>	<b>5,192.5</b>
<b>INCREASE/(DECREASE)</b>	<b>\$41,210,742</b>	<b>\$35,814,193</b>	<b>\$9,756,026</b>	<b>(\$2,791,509)</b>	<b>(\$1,567,968)</b>	<b>13.9</b>
Percentage Change	1.8%	3.7%	2.3%	(1.3%)	(0.2%)	0.3%

**R1 BEHAVIORAL HEALTH SERVICES FOR CHILDREN IN CRISIS:** The request includes an increase of \$910,000 General Fund in FY 2021-22 for improved hotline, walk-in, and mobile crisis services for children and youth. The request includes three components.

- \$250,000 for the development and first-year implementation of child, youth, and family-specific training for crisis system staff.
- \$200,000 for the development and first-year implementation of training in specific interventions for children and youth with disabilities.
- \$160,000 for hotline staff and clinical providers to attend the trainings. This would be administered via regional payments to the seven regional Administrative Services Organizations (ASOs) and reimbursements to hotline staff.
- \$300,000 for 3.0 FTE for the hotline vendor for additional follow-up services.

The request would annualize to \$530,000 General Fund in FY 2022-23.

**R2 FAMILY FIRST PREVENTION SERVICES ACT:** The request includes an increase of \$1,791,157 total funds, including \$1,656,730 General Fund, and 3.6 FTE for the implementation of the federal Family First Prevention Services Act of 2018.

**R3 SUPPORT FOR EARLY CHILDHOOD EDUCATOR WORKFORCE:** The requests includes \$1.2 million General Fund in FY 2021-22 and ongoing to create and fund a Recruitment and Retention Grant and Scholarship Program. The Department anticipates that this program will provide financial assistance 400-600 individuals currently employed in or planning to join the early childhood educator workforce. The Program would help those individuals earn credits, credentials, and degrees, and to meet licensing requirements to serve as qualified, high quality early childhood educators.

**R4 EXTEND ELIGIBILITY FOR FOSTER CARE YOUTH:** The request seeks JBC sponsorship of a bill that will extend foster care services to currently emancipated youth in order to improve the safety and well-being of youth transitioning from foster care to adulthood. While this requested legislation is reported to have a net zero fiscal impact FY 2020-21, the request annualizes to \$712,054 total funding, including \$302,623 General Fund in FY 2022-23.

**R5 NATIONAL SCHOOL LUNCH COMMODITY STORAGE AND DISTRIBUTION:** The request includes \$720,739 total funds, including \$238,400 General Fund, and 0.4 FTE to establish a warehouse and distribution system to support Colorado implementation of the National School Lunch Program. This commodity food program provides a stable, reliable, and less costly source of USDA Foods for participating schools and child care providers in the state.

**R6 EARLY INTERVENTION PROGRAM CHANGES:** The request includes a reduction of \$2,636,345 General Fund and an increase of 1.0 FTE in FY 2021-22 and ongoing to account for programmatic changes that reduced the caseload for Early Intervention services and for the transfer of the federal Individuals with Disabilities Education Act, Part C authority for evaluations from the Department of Education to the Department of Human Services. There are two components to this request:

- A reduction of \$5,187,658 General Fund due to programmatic changes to the provision of Early Intervention services; and
- An increase of \$2,551,313 General Fund and 1.0 FTE to accommodate the transfer of the federal Individuals with Disabilities Education Act, Part C authority for evaluations from the Department of Education to the Department of Human Services.

This request has a companion request in the Department of Education (R4) and requires legislations. The Department requests that the Joint Budget Committee sponsor this legislation.

**R7 SUBSTANCE USE TREATMENT:** The request includes a one-time decrease of \$11.4 million General Fund and a reallocation of \$5.4 million of cash funds from the Marijuana Tax Cash Fund for substance use disorder (SUD) treatment services. The request is based on expected impacts of the residential SUD benefit that will be included as a Medicaid benefit beginning in January 2021. This request is discussed in the second briefing issue.

**R8 EARLY CHILDHOOD PROGRAMS FEDERAL FUNDS REFINANCE:** The request includes a net zero refinance of \$1,378,696 General Fund with an equivalent amount of federal Child Care Development Fund funds in FY 2021-22 and ongoing. This refinance would affect the Infant-Toddler Quality and Availability and Early Childhood Mental Health programs.

**R9 ALIGN YOUTH SERVICES FACILITIES WITH CASELOAD:** The request includes a decrease of \$4,721,930 General Fund and 4.0 FTE to: 1) cease operations at the Clear Creek Youth Services Center on the Campus at Lookout Mountain, 2) close one living unit each at the Mount View Youth Services Center and Pueblo Youth Services Center, and 3) revert ongoing vacancy savings in behavioral health and medical staff.

**R10 ALIGN YOUTH PAROLE SERVICES WITH CASELOAD:** The request includes a decrease of \$2.0 million General Fund to align Parole and Transition Programs appropriations with caseload.

**R11 PRESERVE MINDSOURCE CORE PURPOSE:** The request includes a one-time decrease of \$0.9 million total funds, including \$450,000 General Fund, for the Colorado Brain Injury Program. The request is to continue the FY 2020-21 JBC staff recommended one-time budget balancing action.

**R12 CCCAP EARLY CHILDHOOD EDUCATOR SALARY INCREASE:** The request includes \$3.0 million in federal Child Care Development Fund funds for FY 2021-22 and ongoing to create and implement a pilot grant program studying the impact of subsidized wages for early childhood educators. The program would target child care providers that are serving families in the Colorado Child Care Assistance Program and who are rated in the Colorado Shines Quality Rating and Improvement System (CO Shines) at a level 3 or above.

**R13 ADJUSTMENT TO FUNDING FOR OLDER COLORADANS:** The request includes \$3,390,204 total funds, including a one-time refinance of \$7,020,044 General Fund with an equivalent amount of cash funds from the Older Coloradans Cash Fund and an increase of \$3,390,204 federal funds from the Older Americans Act.

**R14 NURSE HOME VISITOR PROGRAM:** The request includes \$513,801 cash funds from the Nurse Home Visitor Program Fund to support the higher costs of the program and the continuation of the services provided.

**R15 COMMUNITY BEHAVIORAL HEALTH SERVICES:** The request includes a decrease of \$2.8 million total funds for a one-time balancing request that impacts two line items.

- Mental Health Services for Juvenile and Adult Offenders (a decrease of \$1.3 million cash funds from the Marijuana Tax Cash Fund): this line item funds community based behavioral health services for justice-involved individuals, which can sometimes overlap with services paid by parole and/or probation. Base funding for this line item is \$5.7 million cash funds.
- Jail-Based Behavioral Health (a decrease of \$1.5 million General Fund): this line item provides funding to county sheriffs for screening, assessment, and treatment for substance use disorders and co-occurring substance use and mental health disorders to people who need such services while they are in jails. This line item has experienced reversions in prior years. Base funding for this line item is \$14.5 million total funds, including \$7.3 million General Fund.

**R16 TRANSITION SINGLE-DISTRICT PROGRAM:** The request includes a decrease of \$1,015,325 General Fund to discontinue the Department's contract with the Boulder IMPACT Program.

**R17 ADJUSTMENTS TO COLORADO YOUTH DETENTION CONTINUUM:** The request includes a 10.0 percent decrease of \$1,326,913 General Fund in appropriations for the S.B. 91-94 Program (Colorado Youth Detention Continuum).

**R18 ADJUST MARKET RATE STUDY FREQUENCY:** The request includes a reduction of \$55,000 General Fund and the renaming of the applicable Long Bill line item. This request requires legislation to change the statutory requirements for an annual market rate study. The Department requests the Joint Budget Committee sponsor legislation to require the market rate study tri-annually, instead of annually.

**R19 ADJUST PUBLIC AWARENESS CAMPAIGNS:** The request includes a one-time decrease of \$134,520 total funds, including \$114,000 General Fund, for the public awareness campaigns associated with Foster and Adoptive Parent Recruitment, Training and Support.

**R20 ADJUST VETERANS COMMUNITY LIVING CENTERS:** The request includes a one-time net zero adjustment to refinance \$2,669,922 General Fund with cash funds from the Central Fund for Veterans Community Living Centers (Central Fund). The request also includes a one-time transfer of \$5.0 million from the Central Fund to the General Fund in FY 2021-22.

**R21 PACE STATE OMBUDSMAN REFINANCE:** The request includes a net zero transfer of \$163,250 General Fund from the State Funding for Senior Services line item to the State Ombudsman Program line item to provide ongoing funding for the PACE State Ombudsman. The position was established by S.B. 16-199 (Program of All-inclusive Care For The Elderly) and the funding for the program is set to expire at the end of FY 2020-21.

**R22 ADJUST COLLABORATIVE MANAGEMENT INCENTIVE FUNDING:** The request includes a one-time decrease of \$750,000 General Fund for Collaborative Management Program incentives.

**R23 ALIGN CONTRACTED YOUTH SERVICES WITH CASELOAD:** The request includes a decrease of \$2,374,300 total funds, including \$2,310,266 General Fund, to reflect savings incurred based on a lower caseload forecast of committed youth and a reduction in contracted services.

**R24 ADMINISTRATION EFFICIENCY AND VACANCY SAVINGS:** The request includes a decrease of \$1,430,375 total funds, including \$1,230,073 General Fund, and 13.5 FTE. Reductions include the elimination of the Medical Management Oversight Unit, a reduction in FTE in Client Management staff, a reduction in Administrative Review Division personnel, and a reduction in the Division of Youth Services Research Unit.

**R25 COLORADO WORKS STEP:** The requests includes \$3,999,360 in federal Temporary Assistance for Needy Families (TANF) funds for FY 2021-22 through FY 2023-24 to reinstate the Colorado Works Subsidized Training and Employment Program (CW STEP).

**R26 MEAL INTERAGENCY AGREEMENT TRUE-UP:** The request includes an increase of \$140,827 reappropriated funds to address rising costs of staffing, food, and operations related to the Departments interagency agreement with the Colorado Department of Corrections to provide meals for offenders at San Carolos Correctional Facility, La Vista Correctional Facility, and the Youth Offender System.

**R27 REDUCE CHILD WELFARE PUBLIC AWARENESS CAMPAIGN:** The request includes a decrease of \$500,000 General Fund for the child welfare public awareness campaign.

**R28 REDUCE APPROPRIATION FOR CHILD WELFARE FUNDING MODEL:** The request includes a one-time decrease of \$150,000 General Fund for the child welfare funding required pursuant to S.B. 18-254 (Child Welfare Reforms).

**R29 REFINANCE CHILD WELFARE:** The request includes a net zero refinance of \$10.0 million General Fund with federal Temporary Assistance for Needy Families block grant funds.

**R30 REDUCTION OF CENTRAL ADMINISTRATIVE STAFF:** The request includes a decrease of \$538,149 total funds, including a decrease of \$339,032 General Fund and \$199,117 reappropriated funds, as the result of personal services cost savings strategies implemented in FY 2020-21. This request eliminates 7.0 vacant positions in the Financial Services and Administrative Solutions offices.

**ANNUALIZE PRIOR YEAR BALANCING ACTIONS:** The request includes an increase of \$66.1 million total funds for prior year balancing actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BALANCING ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 20-21 Ft. Logan personal services reduction	\$14,482,717	\$14,482,717	\$0	\$0	\$0	0.0
FY20-21 GF HLD reduction	10,956,710	10,956,710	0	0	0	0.0
FY 20-21 provider rate reduction	8,701,887	5,353,890	1,322,998	113,596	1,911,403	0.0
FY 20-21 JBC one-time adjustments	7,115,707	18,505,162	(11,338,408)	0	(51,047)	(0.6)
FY 20-21 Delay HB 19-1287	5,000,000	0	5,000,000	0	0	0.0
FY 20-21 Circle program treatment reduction	3,081,081	581,081	2,500,000	0	0	0.0
FY 20-21 R25 Substance use treatment	2,800,000	1,300,000	1,500,000	0	0	0.0
FY 20-21 AND program reduction	2,700,000	2,700,000	0	0	0	0.0
FY 20-21 Delay SB 19-008	1,146,861	1,146,861	0	0	0	0.5
Prior year R12 Contract physician salary adjustment	1,127,667	1,127,667	0	0	0	0.0
FY 20-21 Jail-based behavioral health reduction	1,100,000	1,100,000	0	0	0	0.0
FY 20-21 Services for Juvenile and Adult Offenders reduction	1,000,000	0	1,000,000	0	0	0.0
FY 20-21 Assertive Community Treatment reduction	1,000,000	1,000,000	0	0	0	0.0

ANNUALIZE PRIOR YEAR BALANCING ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 20-21 Brain Injury Trust Fund	900,000	450,000	0	450,000	0	0.0
FY 20-21 Forensic services reduction	807,479	807,479	0	0	0	0.0
FY 20-21 Contract Medical Services reduction	750,000	750,000	0	0	0	0.0
FY 20-21 STIRRT program reduction	750,000	750,000	0	0	0	0.0
FY 20-21 Delay SB 19-228	652,376	0	652,376	0	0	0.0
FY 20-21 Community Transition Services reduction	600,000	600,000	0	0	0	0.0
FY 20-21 Crisis system public information campaign	600,000	600,000	0	0	0	0.0
FY 20-21 Secure transportation pilot program	546,639	0	546,639	0	0	0.0
FY 19-20 Budget balancing adjustment	126,689	126,689	0	0	0	0.0
FY 20-21 Budget balancing adjustment	114,418	114,418	0	0	0	0.0
FY 20-21 Forensic community -based services reduction	89,191	89,191	0	0	0	0.0
FY 20-21 Veterans Community Living Center	0	2,669,922	(2,669,922)	0	0	0.0
<b>TOTAL</b>	<b>\$66,149,422</b>	<b>\$65,211,787</b>	<b>(\$1,486,317)</b>	<b>\$563,596</b>	<b>\$1,860,356</b>	<b>(0.1)</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental	\$7,080,752	\$1,744,065	\$1,975,981	(\$2,603,794)	\$5,964,500	0.0
Payments to OIT	4,116,031	1,592,904	0	2,523,127	0	0.0
SAED	1,163,153	731,927	522,074	(1,876,124)	1,785,276	0.0
AED	1,162,907	730,465	522,146	(1,875,310)	1,785,606	0.0
Payment to risk management / property funds	1,026,962	721,954	0	305,008	0	0.0
Shift differential	951,686	766,069	76,469	23,545	85,603	0.0
PERA Direct Distribution	841,552	(89,609)	(74,354)	1,005,515	0	0.0
Indirect cost assessment	355,624	0	29,214	190,456	135,954	0.0
Workers' compensation	195,523	109,884	0	85,639	0	0.0
Capitol Complex leased space	147,843	53,371	0	94,472	0	0.0
ALJ	46,915	16,608	0	30,307	0	0.0
Legal services	30,526	18,177	0	12,349	0	(0.5)
Short-term disability	7,022	3,508	16,416	(69,498)	56,596	0.0
CORE	(24,105)	(13,258)	0	(10,847)	0	0.0
<b>TOTAL</b>	<b>\$17,102,391</b>	<b>\$6,386,065</b>	<b>\$3,067,946</b>	<b>(\$2,165,155)</b>	<b>\$9,813,535</b>	<b>(0.5)</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$2.3 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend DD to PERA	\$7,450,138	\$5,576,328	\$74,354	\$1,799,456	\$0	0.0
HB 20-1398 Funding Capital Construction	1,561,967	1,561,967	0	0	0	0.0
HB 20-1153 Colorado partnership	809,172	809,172	0	0	0	5.8
SB18-200 PERA unfunded liability	625,620	528,252	0	97,368	0	0.0
HB 20-1391 Behavioral Health programs	546,013	0	546,013	0	0	3.0
SB 20-162 Family First	120,990	1,142,189	0	(936,412)	(84,787)	2.3
SB 20-029 COLA for CO Works	(8,424,500)	0	0	0	(8,424,500)	0.0
HB 20-1390 DYS pilot	(331,170)	(331,170)	0	0	0	0.0
SB 20-028 Substance use disorder recovery	(10,660)	(10,660)	0	0	0	0.0
<b>TOTAL</b>	<b>\$2,347,570</b>	<b>\$9,276,078</b>	<b>\$620,367</b>	<b>\$960,412</b>	<b>(\$8,509,287)</b>	<b>11.1</b>

**INDIRECT COST ASSESSMENT:** The request includes net adjustments to indirect costs across all divisions.

**TECHNICAL CORRECTION:** The request includes corrections to line item appropriations in the Division of Youth Services and the Division of Child Welfare.

**NONPRIORITIZED REQUEST ITEMS:** The request includes the following nonprioritized request items, which are linked to decision items in other departments and common policy decisions.

NONPRIORITIZED BUDGET REQUESTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP2 Annual fleet vehicle request	\$128,767	\$65,027	\$0	\$63,740	\$0	0.0
NP1 COE program financial restructure	82,960	46,458	0	36,502	0	0.0
NP4 OIT FY22 budget request package	(3,315,170)	(1,282,971)	0	(2,032,199)	0	0.0
NP3 Extend pause annual depreciation lease payment	(1,561,967)	(1,561,967)	0	0	0	0.0
NP5 OIT FY22 budget request package	(659,385)	(342,880)	0	0	(316,505)	0.0
<b>TOTAL</b>	<b>(\$5,324,795)</b>	<b>(\$3,076,333)</b>	<b>\$0</b>	<b>(\$1,931,957)</b>	<b>(\$316,505)</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net decrease of \$25.3 million total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 20-21 R3 CCCAP MOE	\$1,906,795	\$1,102,968	\$1,102,968	\$0	(\$299,141)	0.0
FY 20-21 R4 L2 Operating and staffing	976,683	976,683	0	0	0	20.5
FY 20-21 EDO personal services reduction	396,186	396,186	0	0	0	1.0
FY 20-21 R10 Child support pass-through	153,569	153,569	0	0	0	0.0
FY 20-21 R1 Improve child care quality	122,101	0	0	0	122,101	0.2
FY 20-21 Child welfare targeted provider rate increase	119,425	0	0	119,425	0	0.0
FY 20-21 R1 CMHIP reduction	113,639	113,639	0	0	0	0.0
FY 20-21 Plan Successful Gambling Addiction Program	50,000	0	50,000	0	0	0.0
FY 20-21 R30 Revert evaluation funding	50,000	0	50,000	0	0	0.0
FY 20-21 R33 Older Coloradans Cash Fund refinance	0	3,000,000	(3,000,000)	0	0	0.0
FY 20-21 Necessary expenditures due to COVID-19	(26,125,246)	0	0	0	(26,125,246)	0.0
FY 20-21 County Block Grant Support Fund	(1,500,000)	0	0	0	(1,500,000)	0.0
FY 20-21 Statewide indirect cost recoveries	(977,295)	0	0	(977,295)	0	0.0
FY 20-21 R27 CCCAP redistribution	(405,061)	0	0	0	(405,061)	0.0
FY 20-21 R19 Replace phone systems	(105,792)	(105,792)	0	0	0	0.0
FY 20-21 R34 MH technical correction	(30,000)	(30,000)	0	0	0	0.0
FY 20-21 Family First policy	(10,660)	(10,660)	0	0	0	0.0
FY 20-21 R15 HR staffing	(2,599)	1,320	0	(3,919)	0	0.0
<b>TOTAL</b>	<b>(\$25,268,255)</b>	<b>\$5,597,913</b>	<b>(\$1,797,032)</b>	<b>(\$861,789)</b>	<b>(\$28,207,347)</b>	<b>21.7</b>

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor’s 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor’s proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Human Services.

**FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021<sup>1</sup>**

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION</b>						
HB 20-1360 (Long Bill)	\$2,286,142,552	\$974,723,623	\$420,761,170	\$210,141,860	\$680,515,899	5,187.6
Other legislation	(7,466,334)	(14,294,594)	(524,235)	(1,163,044)	8,515,539	(9.0)
<b>TOTAL</b>	<b>\$2,278,676,218</b>	<b>\$960,429,029</b>	<b>\$420,236,935</b>	<b>\$208,978,816</b>	<b>\$689,031,438</b>	<b>5,178.6</b>
<b>FY 2020-21 PROPOSED COVID-19 STIMULUS</b>						
FY 2020-21 Appropriation	\$2,278,676,218	960,429,029	\$420,236,935	\$208,978,816	\$689,031,438	5,178.6
S1 Early child care provider sustainability grants	35,000,000	35,000,000	0	0	0	0.0
S2 Employer-based child care capital grants	5,000,000	5,000,000	0	0	0	0.0
S3 Child Care Fellows grants	10,000,000	10,000,000	0	0	0	0.0
<b>TOTAL</b>	<b>\$2,328,676,218</b>	<b>\$1,010,429,029</b>	<b>\$420,236,935</b>	<b>\$208,978,816</b>	<b>\$689,031,438</b>	<b>5,178.6</b>
<b>INCREASE/(DECREASE)</b>	\$50,000,000	\$50,000,000	\$0	\$0	\$0	0.0
Percentage Change	2.2%	5.2%	0.0%	0.0%	0.0%	0.0%

<sup>1</sup> The General Fund amounts listed for the COVID-19 Stimulus Package above are reflected as General Fund appropriations, even if the proposal involves the *transfer* of General Fund to another fund. Details about the proposed funding mechanism are described below. The proposed Stimulus Package also includes budget requests for FY 2021-22, which do not appear in this table. Current request items are included in the Summary: FY 2020-21 Appropriation & FY 2021-22 Request table above.

**S1 EARLY CHILD CARE PROVIDER SUSTAINABILITY GRANTS:** The request includes an increase of \$35.0 million General Fund to implement a new grant program for existing child care providers to mitigate increased costs of child care during the pandemic and to ensure that providers remain open. *The First Extraordinary Session of the 72<sup>nd</sup> General Assembly is considering this request, as addressed by H.B 20B-1002 (Emergency Relief Programs For Child Care Sector).*

**S2 EMPLOYER-BASED CHILD CARE CAPITAL GRANTS:** The request includes an increase of \$5.0 million General Fund to implement a new grant program to provide grants to employers to make capital improvements needed to provide on-site or near-site child care. The program would require grantees to provide matching funds: 50.0 percent for for-profit employers and 25.0 percent for non-profit or government employers.

**S3 CHILD CARE FELLOWS GRANTS:** The request includes an increase of \$10.0 million General Fund to implement a new Child Care Fellows grant program that would provide one-time grants to support the start-up of new child care homes and centers, as well as the expansion of existing child care programs. Priority in grant awards would be place on applicants from areas in the State that have been identified as having capacity shortages. *The First Extraordinary Session of the 72<sup>nd</sup> General Assembly is considering this request, as addressed by H.B 20B-1002 (Emergency Relief Programs For Child Care Sector).*

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of Human Services by \$27.1 million. Fiscal year 2020-21 appropriations to the Department were further reduced by \$88.5 million. The General Assembly’s actions made an additional \$17.2 million available for balancing purposes by refinancing General Fund appropriations with cash funds and federal funds. These adjustments contributed to the net decrease in the Department’s General Fund and total funds budget for FY 2020-21.



**R7 SUBSTANCE USE TREATMENT:** The Department requests a one-time reduction of \$11.4 million General Fund in FY 2021-22 for the administration of substance use disorder treatment services in the Office of Behavioral Health. This request is based on the expectation that current clients receiving services will be eligible for the new Medicaid benefit, beginning January 1, 2021.

**BEHAVIORAL HEALTH TASK FORCE:** In September 2020, the Governor’s Behavioral Health Task Force released a behavioral health “blueprint” and full report, which include the task force’s set of recommendations and findings. This briefing issue previews Phase One items expected to have a budgetary impact.

**CHILD WELFARE SYSTEM REFORM 2.0:** The State of Colorado embarked on a journey to rethink and reform its child welfare system in 2018. With the enactment of S.B. 18-254 (Child Welfare Reforms), S.B. 20-162 (Changes Related to Federal Family First Policy), and the federal Family First Prevention Services Act of 2018, stakeholders have worked countless hours to improve the delivery of child welfare services to children and families involved in or at risk of becoming involved in the State’s child welfare system, but more work remains to be done.

**RURAL INTERPRETING SERVICES PROJECT:** The Rural Interpreting Services Project was created through a Joint Budget Committee (JBC) action during the FY 2018-19 budget process. During FY 2020-21 figure setting, the JBC approved the continuation of the program on an ongoing basis. Its intent is to increase access to American Sign Language/English interpreting services in rural areas of the State for individuals who are deaf, hard of hearing, and deafblind.

**FUNDING REQUESTS FOR NON-STATUTORY PROGRAMS:** The Office of Early Childhood and the Office of Self Sufficiency have submitted FY 2021-22 funding requests for programs that do not have specific statutory authority. These requests may be justified by broad interpretations of current law, but funding programs in this manner carries risks for oversight and accountability in future years.

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## Judicial Department

The Judicial Department interprets and administers the law, resolves disputes, and supervises adult and juvenile offenders on probation. The Judicial Branch also includes seven independent agencies. The four largest agencies provide legal representation for children, juveniles, or indigent adult defendants in certain types of cases. The Independent Ethics Commission provides advice and guidance on ethics-related matters concerning public officers, members of the General Assembly, local government officials, and government employees. The Office of the Child Protection Ombudsman receives, investigates, and seeks resolution of complaints concerning child protection services and makes recommendations to improve such services. The Office Public Guardianship operates a pilot program in Denver that provides guardianship services for incapacitated and indigent adults who lack resources and family or friends who can serve as guardians. The Department's FY 2020-21 appropriation represents 2.6 percent of statewide operating appropriations and 5.3 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

JUDICIAL DEPARTMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$827,340,205	\$590,680,495	\$176,117,213	\$56,117,497	\$4,425,000	4,945.8
Other legislation	(10,930,535)	(10,310,658)	(619,877)	0	0	0.0
<b>TOTAL</b>	<b>\$816,409,670</b>	<b>\$580,369,837</b>	<b>\$175,497,336</b>	<b>\$56,117,497</b>	<b>\$4,425,000</b>	<b>4,945.8</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$816,409,670	580,369,837	\$175,497,336	\$56,117,497	\$4,425,000	4,945.8
Annualize prior year budget actions	12,975,263	13,069,243	(109,190)	15,210	0	2.7
Centrally appropriated line items	7,575,020	9,801,567	(2,231,478)	4,931	0	0.0
JUD R6 Mental health diversion	1,970,675	0	1,970,675	0	0	0.0
JUD R3 Courthouse furnishings and infrastructure	1,100,723	1,100,723	0	0	0	0.0
Annualize prior year legislation	470,463	467,693	2,704	66	0	0.0
JUD R2 Appropriation consolidation	0	0	0	0	0	0.0
JUD R1 General Fund reduction	(10,212,799)	(4,445,971)	(5,766,828)	0	0	(196.7)
OADC R1 Caseload decrease	(4,520,835)	(4,520,835)	0	0	0	0.0
OCR R1 Caseload adjustment	(1,984,079)	(1,984,079)	0	0	0	0.0
JUD R5 Long Bill adjustment	(1,792,533)	0	1,110,942	(2,903,475)	0	0.0
Non-prioritized requests	(789,412)	(789,412)	0	0	0	0.0
JUD R4 Carr Building	(786,506)	48,382	(944,376)	109,488	0	0.0
OCPO R1 Base reduction	(18,000)	(18,000)	0	0	0	0.0
<b>TOTAL</b>	<b>\$820,397,650</b>	<b>\$593,099,148</b>	<b>\$169,529,785</b>	<b>\$53,343,717</b>	<b>\$4,425,000</b>	<b>4,751.8</b>
<b>INCREASE/(DECREASE)</b>	<b>\$3,987,980</b>	<b>\$12,729,311</b>	<b>(\$5,967,551)</b>	<b>(\$2,773,780)</b>	<b>\$0</b>	<b>(194.0)</b>
Percentage Change	0.5%	2.2%	(3.4%)	(4.9%)	0.0%	(3.9%)

In the preceding table:

- "JUD" indicates a request from the Chief Justice for the courts or for probation programs;
- "OSPD" indicates a request from the Office of the State Public Defender;
- "OADC" indicates a request from the Office of the Alternate Defense Counsel;
- "OCR" indicates a request from the Office of the Child's Representative;
- "ORPC" indicates a request from the Office of the Respondent Parents' Counsel;
- "OCPO" indicates a request from the Office of the Child Protection Ombudsman;

- "IEC" indicates a request from the Independent Ethics Commission;
- "OPG" indicates a request from the Office of Public Guardianship; and
- "CDAC" indicates a request from the Colorado District Attorneys' Council.

Each of these entities submits an independent budget request that is not reviewed or approved by the Governor's Office of State Planning and Budgeting though the common policy elements of those requests almost always parallel OSPB decisions for executive branch agencies. The Chief Justice reviews only the "JUD" requests. Thus the General Assembly is the only entity that will evaluate the merits of these requests relative to those of other agencies of state government.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$13.0 million total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY20-21 GF HLD reduction	\$14,798,008	\$14,798,008	\$0	\$0	\$0	0.0
OSPD FY 20-21 R1 Staffing requirements	18,518	18,518	0	0	0	2.7
OSPD FY 20-21 R7 Denver grant funding	15,000	0	15,000	0	0	0.0
OCR FY 20-21 R2 New staff attorney	9,956	0	0	9,956	0	0.0
ORPC FY 20-21 R7 Carrie Ann Lucas Fellowship	5,254	0	0	5,254	0	0.0
FY 20-21 Delay of Implementation of SB 19-1229	0	125,230	(125,230)	0	0	0.0
JUD Annualize prior year decision items	(1,790,083)	(1,791,123)	1,040	0	0	0.0
OSPD FY 20-21 R2 IT	(81,390)	(81,390)	0	0	0	0.0
<b>TOTAL</b>	<b>\$12,975,263</b>	<b>\$13,069,243</b>	<b>(\$109,190)</b>	<b>\$15,210</b>	<b>\$0</b>	<b>2.7</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes a net increase of \$7.6 million total funds for centrally appropriated items, summarized in the following table.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
PERA Direct Distribution	\$7,099,162	\$6,754,189	\$344,973	\$0	\$0	0.0
Payment to risk management / property funds	548,420	548,420	0	0	0	0.0
AED	105,198	583,181	(478,503)	520	0	0.0
SAED	105,198	583,181	(478,503)	520	0	0.0
Short-term disability	67,348	90,312	(22,928)	(36)	0	0.0
Workers' compensation	19,804	19,804	0	0	0	0.0
Health, life, and dental	(290,802)	1,329,476	(1,624,205)	3,927	0	0.0
CORE	(74,129)	(74,129)	0	0	0	0.0
Legal services	(5,179)	(32,867)	27,688	0	0	0.0
<b>TOTAL</b>	<b>\$7,575,020</b>	<b>\$9,801,567</b>	<b>(\$2,231,478)</b>	<b>\$4,931</b>	<b>\$0</b>	<b>0.0</b>

**JUD R6 MENTAL HEALTH DIVERSION:** The request includes \$1,970,675 cash funds in FY 2021-22 for the District Attorney Adult Pretrial Diversion Program. The source of these funds is an anticipated award from the Competency Fines Subcommittee, established by the Consent Decree in the case, *Center for Legal Advocacy v. Barnes and Marshall*, No. 11-CV-02285-NYW (D. Colo.).

Budget balancing reductions were made to the Mental Health Diversion and the Adult Diversion programs in FY 2019-20 and 2020-21. To mitigate the effects of these funding reductions, the State Court Administrator’s Office is pursuing funding from the Competency Fines Subcommittee for the Adult Pretrial Diversion Program.

**JUD R3 COURTHOUSE FURNISHINGS AND INFRASTRUCTURE:** The request includes \$1,100,723 General Fund for the State’s share of county-initiated courthouse infrastructure projects in four counties in FY 2021-22. This request is discussed in the second briefing issue.

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$470,463 total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 20-162 Federal Family First	\$389,760	\$389,760	\$0	\$0	\$0	0.0
SB18-200 PERA unfunded liability	80,703	77,933	2,704	66	0	0.0
<b>TOTAL</b>	<b>\$470,463</b>	<b>\$467,693</b>	<b>\$2,704</b>	<b>\$66</b>	<b>\$0</b>	<b>0.0</b>

**JUD R2 APPROPRIATION CONSOLIDATION:** The request includes the consolidation of multiple long bill lines to gain programmatic efficiency, provide budgetary flexibility, and have budgets better align with actual operating practices. Requested consolidations include:

- Moving the Law Library funding into the Appellate Court Program;
- Moving the Child Support Enforcement funding into General Courts Administration;
- Moving 1.0 FTE and \$50,000 from the Underfunded Courthouse Facilities Grant Program to the General Courts Administration appropriation; and
- Moving the Collections Investigators appropriation into the Trial Court Program line item and the General Courts Administration line item.

Additionally, the Department is requesting that the Joint Budget Committee sponsor legislation to eliminate the Collections Enhancement Cash Fund and the Fines Collection Cash Fund. Under the proposal, the revenues and fund balance from these funds would be redirected to the Judicial Stabilization Cash Fund.

**JUD R1 GENERAL FUND REDUCTION:** The request includes a reduction of \$10.2 million total funds, including \$4.4 million General Fund, for budget balancing consideration. Reductions include:

- *Appellate Courts Program:* \$429,225 General Fund and 5.4 FTE
- *General Courts and Administration:* \$1,405,760 General Fund and 14.9 FTE
- *Restorative Justice:* \$120,000 cash funds and 1.0 FTE
- *Courthouse Security:* \$500,000 cash funds and 1.0 FTE
- *Trial Courts Program:* \$4,614,439 and 122.7 FTE, of which \$1,217,611 is General Fund and \$3,396,828 is cash funds
- *Probation Programs:* \$3,143,375 and 53.7 FTE

This request is based on the Office of State Planning and Budgeting (OSPB) guidance to executive branch departments to target a 10.0 percent reduction from FY 2019-20 General Fund appropriations.

**OADC R1 CASELOAD DECREASE:** The request includes a \$4,230,957 General Fund decrease for Conflicts of Interest Contracts and a \$289,878 General Fund decrease for Mandated Costs, totaling \$4,520,835 General Fund, to adjust for the Agency’s projected caseload for FY 2021-22.

**OCR R1 CASELOAD ADJUSTMENT:** The request includes a reduction of \$1,984,079 General Fund to reflect a projected decrease in attorney caseload and workload.

**JUD R5 LONG BILL ADJUSTMENT:** The request includes three technical changes to the Judicial Department portion of the Long Bill:

- 1 Adjusts the spending authority in the Underfunded Courthouse Facilities Grant Program to align with balancing actions taken in FY 2020-21.
- 2 Eliminates a double transfer in the Probation Programs line to the Office of Behavioral Health in the Department of Human Services.
- 3 Aligns the Correctional Treatment Cash Fund FY 2021-22 spending authority to the Correctional Treatment Board’s approved spending plan.

**NON-PRIORITIZED REQUESTS:** The request includes a net decrease of \$789,412 General Fund for prioritized requests in other departments summarized in the following table.

NON-PRIORITIZED REQUESTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP1 Annual fleet vehicle request	\$83,633	\$83,633	\$0	\$0	\$0	0.0
JUD NP2 DA mandated costs	80,750	80,750	0	0	0	0.0
JUD NP3 OIT common policy	(953,795)	(953,795)	0	0	0	0.0
<b>TOTAL</b>	<b>(\$789,412)</b>	<b>(\$789,412)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**JUD R4 CARR BUILDING:** The request includes a reduction of \$786,506 total funds, including an increase of \$48,382 General Fund and \$109,488 reappropriated funds, and a decrease of \$944,376 cash funds. The request addresses two components:

- An increase of \$48,382 General Fund for the 1.8% annual increase in lease space payments for the Ralph L. Carr Colorado Judicial Center.
- A reduction of \$834,888 for the Carr Center debt service payment to align with the debt service payments to be made in FY 2021-22.

**OCPO R1 BASE REDUCTION:** The request includes an \$18,000 general fund reduction for the Office of the Child Protection Ombudsman, submitted in an effort to comply with OSPB recommendations for budget reductions.

Since submitting this request in November, the OCPO has experienced an increased caseload. As a result, the Office has notified JBC Staff of their intention to submit a budget amendment in January for approximately \$108,000 General Fund and 1.0 FTE. This budget amendment would modify the November request to eliminate the proposed reduction, hire 1.0 FTE to address the caseload increase, and move one position from part-time to full-time.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations

to the Judicial Branch by \$11.6 million. Fiscal year 2020-21 appropriations to the Department were further reduced by \$31.6 million General Fund.

**R3 COURTHOUSE CAPITAL AND INFRASTRUCTURE MAINTENANCE:** The General Assembly annually appropriates funds for facilities-related expenses, including the Courthouse Furnishings and Infrastructure Maintenance line item. For FY 2021-11, the request includes \$1.1 million General Fund for four counties: Adams, Archuleta, San Juan, and Weld.

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## *Department of Labor and Employment*

The Department of Labor and Employment is responsible for administering unemployment insurance programs, supporting the state's system of one-stop workforce centers and workforce development programs, enforcing the state's labor laws, regulating workers' compensation insurance, administering vocational rehabilitation programs, and inspecting a variety of industries from retail fuel locations to amusement park rides. The Department's FY 2020-21 appropriation represents approximately 0.8 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF LABOR AND EMPLOYMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$273,448,021	\$21,714,537	\$81,583,758	\$9,699,764	\$160,449,962	1,283.1
Other legislation	(7,746,418)	(3,220,210)	(74,446)	(3,311,564)	(1,140,198)	7.6
<b>TOTAL</b>	<b>\$265,701,603</b>	<b>\$18,494,327</b>	<b>\$81,509,312</b>	<b>\$6,388,200</b>	<b>\$159,309,764</b>	<b>1,290.7</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$265,701,603	18,494,327	\$81,509,312	\$6,388,200	\$159,309,764	1,290.7
R1 Launching Colorado's just transition	283,568	283,568	0	0	0	1.5
R2 Strengthening enforcement of Colorado labor law	99,622	0	99,622	0	0	0.0
R3 Realign hospitality education grant program	(401,947)	(401,947)	0	0	0	(0.5)
NP OIT budget request package	(554,323)	(136,015)	(418,308)	0	0	0.0
NP DPA Center for Organizational Effectiveness	20,978	0	20,978	0	0	0.0
Annualize prior year legislation	2,483,703	503,390	812,780	11,814	1,155,719	6.7
Annualize prior year budget actions	276,218	276,218	0	0	0	0.0
Centrally appropriated line items	(722,061)	35,449	(790,554)	(93,617)	126,661	0.0
Other	(4,703)	0	(4,703)	0	0	0.0
<b>TOTAL</b>	<b>\$267,182,658</b>	<b>\$19,054,990</b>	<b>\$81,229,127</b>	<b>\$6,306,397</b>	<b>\$160,592,144</b>	<b>1,298.4</b>
<b>INCREASE/(DECREASE)</b>	<b>\$1,481,055</b>	<b>\$560,663</b>	<b>(\$280,185)</b>	<b>(\$81,803)</b>	<b>\$1,282,380</b>	<b>7.7</b>
Percentage Change	0.6%	3.0%	(0.3%)	(1.3%)	0.8%	0.6%

**R1 LAUNCHING COLORADO'S JUST TRANSITION:** The Department requests \$283,568 General Fund and 1.5 FTE in FY 2021-22 and ongoing to support implementation of Colorado's Just Transition Plan, which will be released by December 31 2020. The request will enable the Just Transitions Office to work with coal workers and communities across the State that are affected by the transition from coal-based power production by bringing the total appropriation for the Office to \$442,920 and 3.5 FTE. The Just Transition Plan will be released in December 2020, setting the stage for the Office to begin implementation in late 2020-21. Outcomes of the Office are expected to include: a package of training, job search, and relocation support services for workers transitioning from a coal-based economy, similar to the federal Trade Adjustment Assistance program; assist affected communities in developing local transition program; and aligning and coordinating existing state programs to support local transition plans.

**R2 STRENGTHENING ENFORCEMENT OF COLORADO LABOR LAW:** The Department requests an ongoing increase of \$99,622 cash funds spending authority from the Wage Theft Enforcement Fund for the Labor Standards Unit to support enforcement of Colorado labor law. The funding source derives from fines on employers who violate labor law. The request would be used to produce wage law informational materials in additional languages (\$41,944), purchase software licenses for recently hired staff (\$27,617), and increase payments for legal services to defend challenges to agency rulings (\$30,051). The unit investigates an average of over 3,500 unpaid wage claims and responds to nearly 3,400 labor law inquiries annually. Based on new legislation, the Labor Standards Unit has added six additional programs since 2019: H.B. 19-1025 (Limits on Job Applicant Criminal History Inquiries); Employer Provided Paid Sick Leave (S.B. 20-205); Whistleblowing and PPE During Public Health Emergencies (H.B. 20-1415); Colorado Partnership for Quality Jobs and Services (20-1153); Colorado Quality Apprenticeship Training Act of 2019 (S.B. 19-196). The request indicates that fiscal notes for these programs did not incorporate the related software license costs. It states that an increase in the diversity of the workforce is leading to an increased need for interpreter services to translate workplace posters and for witness testimony. Additionally, the agency anticipates an increase of 3-4 legal appeals annually, resulting in increased legal services costs.

**R3 REALIGN HOSPITALITY EDUCATION GRANT PROGRAM:** The request proposes to eliminate funding for the Hospitality Education Grant Program (\$401,497 General Fund and 0.5 FTE). The program was created by S.B. 14-015 to expand development of the hospitality industry career pathway by awarding grants to hospitality programs operating in secondary schools. All funds have been awarded annually to the Colorado Restaurant Foundation for its two-year ProStart pre-apprenticeship program, which serves 50 schools statewide and enables high school students to obtain industry certification as food handlers and managers. Since 2015, more than 4,500 students have completed the program and almost 1,500 have received concurrent/dual enrollment credit from Metropolitan State University of Denver. The request notes that the program faces significant uncertainty due to the pandemic and states that other programs in the Department are better suited to supporting the struggling hospitality sector in the current environment.

**NP OIT BUDGET REQUEST PACKAGE:** The request includes a decrease for the Department’s portion of various budget adjustments in the Governor’s Office of Information Technology.

**NP DPA CENTER FOR ORGANIZATIONAL EFFECTIVENESS:** The request includes an increase for the Department’s portion of increased support for the Center for Organizational Effectiveness in the Department of Personnel.

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

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend direct distribution to PERA	\$2,035,721	\$126,776	\$757,183	\$11,564	\$1,140,198	0.0
SB 19-196 Modification of procurement	294,900	294,900	0	0	0	4.4
HB 20-1153 Colorado partnership	68,934	0	68,934	0	0	0.6
SB 19-085 Equal pay for equal work	44,570	44,570	0	0	0	0.9
SB 20-205 Employer provided paid sick leave	35,293	35,293	0	0	0	0.8
SB18-200 PERA unfunded liability	27,588	1,851	9,966	250	15,521	0.0
HB 20-1415 Whistleblower protection	(18,600)	0	(18,600)	0	0	0.0
HB 19-1210 Local government minimum wage	(4,703)	0	(4,703)	0	0	0.0
<b>TOTAL</b>	<b>\$2,483,703</b>	<b>\$503,390</b>	<b>\$812,780</b>	<b>\$11,814</b>	<b>\$1,155,719</b>	<b>6.7</b>



**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request reverses the 5.0 percent reduction in funding for personal services that was applied in the health/life/dental line item of each department in FY 2020-21.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items outlined in the table below.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$955,614	\$132,270	\$280,511	\$29,697	\$513,136	0.0
Payment to risk management / property funds adjustment	92,432	1,849	27,730	0	62,853	0.0
Leased space adjustment	60,346	0	60,346	0	0	0.0
Statewide indirect cost recoveries common policy adjustment	36,726	0	0	0	36,726	0.0
Capitol Complex leased space adjustment	4,375	0	4,375	0	0	0.0
Shift differential adjustment	1,656	0	0	0	1,656	0.0
Payments to OIT adjustment	(1,158,564)	(128,441)	(534,958)	(156,485)	(338,680)	0.0
ALJ adjustment	(393,977)	0	(393,977)	0	0	0.0
Legal services adjustment	(136,143)	(10,891)	(54,457)	0	(70,795)	0.0
CORE adjustment	(57,545)	0	(28,772)	0	(28,773)	0.0
PERA Direct Distribution	(41,823)	6,970	(37,020)	6,509	(18,282)	0.0
Workers' compensation adjustment	(28,150)	(1,126)	(7,882)	0	(19,142)	0.0
AED adjustment	(23,870)	17,394	(50,859)	13,146	(3,551)	0.0
SAED adjustment	(23,870)	17,394	(50,859)	13,146	(3,551)	0.0
Short-term disability adjustment	(9,142)	30	(4,732)	370	(4,810)	0.0
Vehicle lease payments adjustment	(126)	0	0	0	(126)	0.0
<b>TOTAL</b>	<b>(\$722,061)</b>	<b>\$35,449</b>	<b>(\$790,554)</b>	<b>(\$93,617)</b>	<b>\$126,661</b>	<b>0.0</b>

**OTHER:** The request includes other technical adjustments.

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Labor and Employment.

FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021 <sup>1</sup>						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION</b>						
HB 20-1360 (Long Bill)	\$273,448,021	\$21,714,537	\$81,583,758	\$9,699,764	\$160,449,962	1,283.1
Other legislation	(7,746,418)	(3,220,210)	(74,446)	(3,311,564)	(1,140,198)	7.6
<b>TOTAL</b>	<b>\$265,701,603</b>	<b>\$18,494,327</b>	<b>\$81,509,312</b>	<b>\$6,388,200</b>	<b>\$159,309,764</b>	<b>1,290.7</b>
<b>FY 2020-21 PROPOSED COVID-19 STIMULUS</b>						
FY 2020-21 Appropriation	\$265,701,603	\$18,494,327	\$81,509,312	\$6,388,200	\$159,309,764	1,290.7

**FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021<sup>1</sup>**

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<i>Benefits for low- and mid-income earners with job loss (distributed by executive order prior to legislative session; will not require legislative action in this department)</i>	168,000,000	168,000,000	0	0	0	0.0
Plan for Workforce and Economic Recovery	25,000,000	25,000,000	0	0	0	0.0
<b>TOTAL</b>	<b>\$458,701,603</b>	<b>\$211,494,327</b>	<b>\$81,509,312</b>	<b>\$6,388,200</b>	<b>\$159,309,764</b>	<b>1,290.7</b>
<b>INCREASE/(DECREASE)</b>	<b>\$193,000,000</b>	<b>\$193,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage Change	72.6%	1,043.6%	n/a	n/a	n/a	n/a

<sup>1</sup> The General Fund amounts listed for the COVID-19 Stimulus Package above are reflected as General Fund appropriations, even if the proposal involves the *transfer* of General Fund to another fund. Details about the proposed funding mechanism are described below. The proposed Stimulus Package also includes budget requests for FY 2021-22, which do not appear in this table. Current request items are included in the Summary: FY 2020-21 Appropriation & FY 2021-22 Request table above.

**BENEFITS FOR LOW- AND MID-INCOME EARNERS WITH JOB LOSS:** On October 28, 2020, the Governor issued Executive Order D 2020 230, directing the Department of Labor and Employment to make one-time direct stimulus payments to qualifying individual experiencing economic hardship caused by the coronavirus disease (COVID-19). The order directs the department to make one-time direct stimulus payments of \$375 to all qualifying individuals, defined as those who: (1) received at least \$1 of unemployment insurance compensation during the period of time between March 15, 2020 and October 24, 2020; and (2) met eligibility requirements for a weekly benefit amount between \$25 and \$500 during the specified period. The order captures those who have received both federally-funded and state-funded benefits. The restriction on the weekly benefit amount earned is expected to direct the benefit to those with earnings under \$52,000 per year. The payments are expected to be distributed to approximately 435,000 individuals in early December. The total cost, including the benefits and administration, is expected to be no more than \$168,000,000.

The source of funding is the Disaster Emergency Fund, into which the Governor has authority to transfer funds. Most of the funds (\$148.9 million) are from FY 2020-21 appropriations for Medical Services premiums in the Department of Health Care Policy and Financing, based on lower-than-expected growth in the Medicaid population, while \$5.3 million is transferred into the Disaster Emergency Fund from the Controlled Maintenance Trust Fund. The legal basis for grants to individuals is Section 24-33.5-1106, C.R.S., which allows the Governor to make grants of up to \$5,000 to meet the needs of individuals or families adversely affected by a major disaster, which cannot be otherwise adequately met from other means of assistance.

**PLAN FOR WORKFORCE AND ECONOMIC RECOVERY:** The request includes an increase of \$25.0 million General Fund in this department for job training services and scholarships for displaced workers. In this department, the proposal is to distribute \$25.0 million in funding through the state’s 57 workforce centers to provide training services including: occupational skills training, on-the-job training, apprenticeships, incumbent worker training, skill upgrading and retraining, entrepreneurial training, and adult education and family literacy services when needed. The workforce centers are located in the 10 designated local workforce areas to which the State distributes state and federal funds. Nine of the workforce areas are managed by counties, while the tenth is a rural consortium area that is managed by the State. Training services are funded through the Workforce Innovation and Opportunity Act (WIOA) federal funds shown in this department, as well as Pell Grants, partner programs, and other state and local grants. In program year 2017-18, the most recent for which information is available, 6,953 individuals were enrolled in training programs, with 76.0 percent of them subsequently finding employment.

The request indicates that the Department will offer two-year grants to local workforce boards to begin February 2021. Of the amount provided, 90 percent will be used to provide training awards and wraparound services; 10 percent

will be used to hire or modify an existing position to provide programming/services to support individuals accessing training. Training funds will target short-term (up to 6 months) training programs that lead to industry-recognized credentials related to Top Jobs identified in the 2020 Talent Pipeline Report or other in-demand industries determined in collaboration with the Governor's Office of Economic Development and International Trade. The program may also provide short-term training to improve clients' ability to work remotely or use technology.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the 2020-21 General Fund appropriations to the Department by \$5.0 million (27.5 percent). These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21. The General Assembly also transferred \$9.5 million from Department cash funds to the General Fund, assisting the General Assembly in balancing the budget statewide.

**UNEMPLOYMENT INSURANCE:** The COVID-19 pandemic has placed unprecedented pressure on the unemployment insurance system. Claimant numbers have surged, driving the Unemployment Insurance Trust Fund deeply into the red. New federal and state programs have launched, benefitting Coloradans but challenging state administrative resources.

**FAMILY AND MEDICAL LEAVE INSURANCE:** Proposition 118, approved by the voters on November 3, 2020, creates a Family and Medical Leave Insurance program that will be administered as a TABOR enterprise by the Colorado Department of Labor and Employment. When fully implemented in FY 2023-24, this will be a \$1.2 billion per year social insurance program supported by a complex information technology system and approximately 200.0 state FTE.

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## Department of Law

The Attorney General is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of Law, the Attorney General represents and defends the legal interests of the people of the State of Colorado and serves as the legal counsel and advisor to state agencies. The Department's FY 2020-21 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF LAW						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$91,244,902	\$14,760,572	\$19,397,708	\$54,716,387	\$2,370,235	509.7
Other legislation	328,732	(476,104)	61,792	743,044	0	8.3
<b>TOTAL</b>	<b>\$91,573,634</b>	<b>\$14,284,468</b>	<b>\$19,459,500</b>	<b>\$55,459,431</b>	<b>\$2,370,235</b>	<b>518.0</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$91,573,634	14,284,468	\$19,459,500	\$55,459,431	\$2,370,235	518.0
Annualize prior year legislation	1,468,992	51,961	(217,724)	1,634,325	430	8.0
Centrally appropriated line items	2,719,809	506,075	832,414	1,334,934	46,386	0.0
R1 One-time reduction in legal services revenue for budget balancing	0	0	0	0	0	0.0
Technical adjustments	(96,450)	(10,308)	(167,424)	81,282	0	5.8
Annualize prior year budget actions	(408,948)	(145,985)	(160,206)	(96,120)	(6,637)	0.1
Non-prioritized request items	(300,960)	(123,254)	(34,789)	(133,478)	(9,439)	0.0
Indirect cost assessment	95,966	0	(342,664)	445,748	(7,118)	0.0
<b>TOTAL</b>	<b>\$95,052,043</b>	<b>\$14,562,957</b>	<b>\$19,369,107</b>	<b>\$58,726,122</b>	<b>\$2,393,857</b>	<b>531.9</b>
<b>INCREASE/(DECREASE)</b>	<b>\$3,478,409</b>	<b>\$278,489</b>	<b>(\$90,393)</b>	<b>\$3,266,691</b>	<b>\$23,622</b>	<b>13.9</b>
Percentage Change	3.8%	1.9%	(0.5%)	5.9%	1.0%	2.7%

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$1.5 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB20-1153 Partnership for CO jobs	\$1,111,623	\$0	(\$219,609)	\$1,331,232	\$0	7.0
HB20-1001 Nicotine produce regulation	204,672	0	0	204,672	0	1.1
HB20-1369 Deputy District Attorney training	150,000	150,000	0	0	0	0.0
SB20-204 Protect Air Quality Whistleblowers	50,102	0	0	50,102	0	0.3
SB18-200 PERA unfunded liability	16,553	(98,039)	1,885	112,277	430	0.0
SB20-200 Secure Savings Program	(42,638)	0	0	(42,638)	0	(0.2)
SB20-028 Substance Use Recovery Disorder	(10,660)	0	0	(10,660)	0	(0.1)
SB20-162 Fed Family First program	(10,660)	0	0	(10,660)	0	(0.1)
<b>TOTAL</b>	<b>\$1,468,992</b>	<b>\$51,961</b>	<b>(\$217,724)</b>	<b>\$1,634,325</b>	<b>\$430</b>	<b>8.0</b>

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

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$1,347,735	\$597,442	\$362,297	\$373,872	\$14,124	0.0
PERA Direct Distribution	1,212,659	297,982	189,543	725,134	0	0.0
Judicial Center leased space	61,136	(151,120)	78,967	131,287	2,002	0.0
Payment to risk management / property funds adjustment	56,369	6,275	12,064	36,401	1,629	0.0
Legal services adjustment	18,941	7,275	11,666	0	0	0.0
Vehicle lease payments adjustment	18,328	8,307	2,820	5,488	1,713	0.0
AED adjustment	15,710	(118,501)	85,835	34,776	13,600	0.0
SAED adjustment	15,710	(118,501)	85,835	34,776	13,600	0.0
Payments to OIT adjustment	0	0	0	0	0	0.0
Workers' compensation adjustment	(12,268)	(12,837)	2,161	(1,254)	(338)	0.0
CORE adjustment	(9,664)	(5,172)	(361)	(3,858)	(273)	0.0
Short-term disability adjustment	(4,274)	(5,075)	2,160	(1,688)	329	0.0
ALJ adjustment	(573)	0	(573)	0	0	0.0
<b>TOTAL</b>	<b>\$2,719,809</b>	<b>\$506,075</b>	<b>\$832,414</b>	<b>\$1,334,934</b>	<b>\$46,386</b>	<b>0.0</b>

**R1 ONE-TIME REDUCTION IN LEGAL SERVICES REVENUE FOR BUDGET BALANCING:** The request includes a one-time decrease of \$5 million revenue collected from client-agencies through the legal services common policy. This revenue reduction will save \$5 million in spending across the state enterprise and will not compromise the long-term viability of the Legal Services to State Agencies (LSSA) Cash Fund. Additionally, the Department estimates this revenue reduction will generate a one-time \$1.3 million savings in GF expenditures. The LSSA Cash Fund consists of revenue that has accumulated over the life of the fund. This revenue cannot be currently spent, due to the annual spending authority established by the General Assembly through the Long Bill and special bills. The actual General Fund impact of the revenue reduction will be dependent upon fund source splits for legal services hours determined at each Department. The estimated General Fund savings are based on the FY 2020-21 legal services allocations between the General Fund, cash funds, reappropriated funds, and federal funds.

**TECHNICAL ADJUSTMENTS:** The request includes five technical changes, as detailed in the table below.

TECHNICAL ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Revenue adjustment to match request	\$25,929	\$0	\$25,929	\$0	\$0	0.0
Attorney registration and CLE	9,452	(10,308)	6,128	13,632	0	0.0
Annualize POTS to indirect recoveries	0	0	(199,481)	199,481	0	0.0
Correction to FTE allocation	0	0	0	0	0	6.8
Informational funds estimate adjustment	(131,831)	0	0	(131,831)	0	(1.0)
<b>TOTAL</b>	<b>(\$96,450)</b>	<b>(\$10,308)</b>	<b>(\$167,424)</b>	<b>\$81,282</b>	<b>\$0</b>	<b>5.8</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes adjustments related to prior year budget actions.

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

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
LAB Legal Request	\$30,061	\$0	\$0	\$30,061	\$0	0.0
DPA Center for Organizational Effectiveness	8,126	1,916	1,318	4,659	233	0.0
OIT Budget request package	(339,147)	(125,170)	(36,107)	(168,198)	(9,672)	0.0
<b>TOTAL</b>	<b>(\$300,960)</b>	<b>(\$123,254)</b>	<b>(\$34,789)</b>	<b>(\$133,478)</b>	<b>(\$9,439)</b>	<b>0.0</b>

**INDIRECT COST ASSESSMENT:** The request includes net adjustments to indirect costs across these Divisions.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2020-21 General Fund appropriations to the Department of Law by \$1.0 million. The General Assembly’s actions made an additional \$1.0 million available for balancing purposes by reducing cash funds appropriations. These adjustments contributed to the net decrease in the Department’s General Fund and total funds budget for FY 2020-21.

**MAJOR LITIGATION PENDING AGAINST THE STATE:** The Department of Law submits an annual report to the State Controller discussing pending litigation against the State that could have a significant financial impact. The 2021-22 report includes cases involving the Department of Corrections related to hepatitis C medications for inmates, inmate work programs, and alleged violations of discrimination against transgendered inmates; the Department of Health Care Policy and Financing related to the Children’s Basic Health Plan, operations at the Pueblo Regional Center, hepatitis C drugs for Medicaid beneficiaries, and the hospital provider fee; the Department of Higher Education related to tuition and student fees paid for the spring 2020 semester at four higher education institutions; the Department of Law related to a claim by Castle Law Group; the Department of Natural Resources related to water litigation; and the Department of Public Health and Environment related to the Heartland Biogas Facility.

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## *Department of Local Affairs*

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2020-21 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF LOCAL AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$337,148,712	\$41,432,649	\$200,338,105	\$13,420,858	\$81,957,100	199.8
Other Legislation	(3,455,962)	123,788	(5,337,555)	1,757,805	0	(0.4)
<b>TOTAL</b>	<b>\$333,692,750</b>	<b>\$41,556,437</b>	<b>\$195,000,550</b>	<b>\$15,178,663</b>	<b>\$81,957,100</b>	<b>199.4</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$333,692,750	41,556,437	\$195,000,550	\$15,178,663	\$81,957,100	199.4
R5 Law Enforcement Community Services Grant Program	200,000	0	200,000	0	0	0.0
R6 Geothermal Energy Impact Grants one-time elimination	(50,000)	0	(50,000)	0	0	0.0
R8 Personal services reductions	(124,658)	(124,658)	0	0	0	(1.0)
R7 Refinance Firefighter Heart and Circulatory Malfunction Benefits	(150,000)	(150,000)	0	0	0	0.0
R1 Defense Counsel on First Appearance Grant Program realignment	(687,625)	(687,625)	0	0	0	0.0
R3 Crime Prevention Initiative Grants continued adjustment	(1,000,000)	(1,000,000)	0	0	0	0.0
R2 Gray & Black Market Marijuana Enforcement restructure	(4,000,000)	0	(4,000,000)	0	0	0.0
R4 Affordable Housing Funds adjustment	(4,681,311)	(4,544,962)	0	(136,349)	0	(1.7)
Annualize prior year budget actions	6,244,859	2,482,163	3,750,000	12,696	0	0.0
Annualize prior year legislation	945,686	415,539	45,434	483,833	880	0.7
Centrally appropriated line items	298,050	(174,489)	279,348	85,116	108,075	0.0
Non-prioritized requests	(59,201)	(5,212)	(12,397)	(25,543)	(16,049)	0.0
Indirect cost assessment	(53,633)	0	(11,613)	(24,571)	(17,449)	0.0
<b>TOTAL</b>	<b>\$330,574,917</b>	<b>\$37,767,193</b>	<b>\$195,201,322</b>	<b>\$15,573,845</b>	<b>\$82,032,557</b>	<b>197.4</b>
<b>INCREASE/(DECREASE)</b>	<b>(\$3,117,833)</b>	<b>(\$3,789,244)</b>	<b>\$200,772</b>	<b>\$395,182</b>	<b>\$75,457</b>	<b>(2.0)</b>
Percentage Change	(0.9%)	(9.1%)	0.1%	2.6%	0.1%	(1.0%)

**R1 DEFENSE COUNSEL ON FIRST APPEARANCE GRANT PROGRAM REALIGNMENT:** The request includes a one-time reduction of \$687,625 General Fund for the Defense Counsel on First Appearance (DCFA) Grant Program, for a total FY 2021-22 appropriation of \$1,309,520. This program was established by H.B. 18-1353 (Defense Counsel in Municipal Court Grant Program) to reimburse local governments for the costs associated with the provision of defense counsel to defendants making their first appearances in municipal courts. Funding for the DCFA Grant Program was reduced by \$1,560,000 General Fund in FY 2019-20 as part of the Governor's sequestration order. The appropriation for FY 2020-21 was reduced from the request amount of \$1,997,145 to \$1,000,000 for budget balancing purposes. Despite these reductions, the Department expects some portion of the FY 2020-21 appropriation to roll-forward into FY 2021-22.

**R2 GRAY & BLACK MARKET MARIJUANA ENFORCEMENT RESTRUCTURE:** The request includes a one-time reduction of \$4.0 million Marijuana Tax Cash Funds to the Gray & Black Market Marijuana Enforcement Grant Program. The Program provides grants to local governments, law enforcement agencies, and district attorneys to assist with the enforcement of unlicensed and illegal marijuana cultivation and related crimes. A reduction of the same amount was made in FY 2020-21 at the Department's request. Grant spending had not met the program appropriation level in its first years, resulting in a large amount of funds carried forward annually. The program was further reduced by \$1.0 million in FY 2020-21 for budget balancing purposes, leaving \$950,673 of the \$5,950,673 base appropriation intact.

**R3 CRIME PREVENTION INITIATIVE GRANTS CONTINUED ADJUSTMENT:** The request includes a one-year continuation of the \$1.0 million General Fund reduction to the Crime Prevention Initiative Grant Program made during budget balancing in the 2020 Session. The Program, created through H.B. 17-1326 (Justice Reinvestment Crime Prevention Initiative), was appropriated \$3.0 million General Fund annually since FY 2017-18 until being reduced to \$2.0 million in FY 2020-21. In FY 2019-20, 43 organizations in the target communities of North Aurora and southeast Colorado Springs received funding through this line item. Grants focus on recidivism reduction, substance use, safety for homeless persons, trafficking prevention, and addressing systemic causes of disparities. Geographic diversity, makeup of the organization (i.e. minority led), and diversity of persons served are all considered in grant criteria. The Denver Foundation, the organization that oversees the program, stated that only 21 grantees received funding in FY 2020-21 due to the reduction. The program has expended its full appropriation each year since its inception.

**R4 AFFORDABLE HOUSING FUNDS ADJUSTMENT:** The request includes a one-time reduction of \$4.5 million General Fund to the Affordable Housing Construction Grants and Loans line item, and a corresponding reduction of 1.7 FTE in Affordable Housing Program Costs. The Department has identified this option for General Fund savings with the expectation that it will receive a more than offsetting influx of affordable housing funds in FY 2021-22 from transfers related to recent legislation. House Bill 19-1245 (Affordable Housing Funding from Vendor Fee Changes) made changes to the State's vendor fee that resulted in additional sales tax revenue to the State, including a transfer to the Housing Development Grant Fund (HDGF) at the end of each fiscal year. Legislative Council Staff's September 2020 economic forecast estimates that the HDGF will not receive a transfer in FY 2020-21, but anticipates a transfer of \$24.3 million in FY 2021-22 and \$25.4 million in FY 2022-23. Additionally, H.B. 20-1427 (Cigarette Tobacco and Nicotine Products Tax), approved by voters in the November 2020 General Election, estimates that \$11.2 million will be transferred to the HDGF in FY 2020-21 through FY 2022-23.

**R5 LAW ENFORCEMENT COMMUNITY SERVICES GRANT PROGRAM:** The request includes an ongoing increase of \$200,000 cash funds spending authority from the Law Enforcement Community Services (LECS) Grant Program Fund to being making grants. The LECS Grant Program was created by H.B. 18-1020 (Civil Forfeiture Reforms) with a mission of supplementing local efforts focused on drug intervention, prevention, treatment, and recovery. Eligible applicants for these funds include law enforcement agencies, local governments, and community organizations. The program was intended to begin grantmaking in FY 2020-21, however, the fund has not been accruing revenue as quickly as originally estimated due to the unpredictable nature of the revenue stream coming from the sale of seized assets.



**R6 GEOTHERMAL ENERGY IMPACT GRANTS ONE-TIME ELIMINATION:** The request includes a one-time elimination of the \$50,000 cash funds appropriation for the Local Government Geothermal Energy Impact Grants line item. The Geothermal Resource Leasing Fund was created for the deposit of all revenue from sales, bonuses, royalties, leases, and rentals related to the State’s geothermal resources. The Local Government Geothermal Energy Impact Grants program was created to provide grants to state agencies, school districts, and political subdivisions affected by the development and production of geothermal resources as authorized by federal law. The Department has not had the occasion to provide grants for the statutorily specified purposes over the past six years and therefore proposes transferring the balance of this fund to supplement the General Fund in FY 2021-22.

**R7 REFINANCE FIREFIGHTER HEART AND CIRCULATORY MALFUNCTION BENEFITS:** The request includes a one-time reduction of \$150,000 General Fund to the Firefighter Heart and Circulatory Malfunction Benefits line item, with a corresponding increase spent from the program’s fund balance. The program underwent a similar refinancing as part of the 2020 Session balancing actions to reduce the General Fund appropriation by \$250,000. If this request is approved, there will be no available fund balance remaining at the close of FY 2021-22. The program will therefore require the full General Fund appropriation of \$870,000 in future years to continue operating.

**R8 PERSONAL SERVICES REDUCTIONS:** The request includes ongoing personal services reductions of \$49,658 General Fund and 1.0 FTE in the Property Taxation Division and \$75,000 General Fund in the Division of Housing, Community and Non-Profit Services subdivision. The Property Tax position is a high-turnover role that is currently vacant; duties associated with this position have been absorbed elsewhere. The Division of Housing reduction comes from a series of cost savings identified throughout the Community and Non-Profit Services subdivision.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$6,244,859 total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Annualize Gray & Black Market Marijuana reduction	\$4,000,000	\$0	\$4,000,000	\$0	0.0
Annualize Crime Prevention Initiative Grants reduction	1,000,000	1,000,000	0	0	0.0
Annualize Defense Counsel on First Appearance Grants reduction	997,145	997,145	0	0	0.0
FY 2020-21 GF HLD reduction	235,018	235,018	0	0	0.0
FY 2019-20 NP1/HCPF R14 Community Living	12,696	0	0	12,696	0.0
Annualize Firefighter Benefits funds adjustment	0	250,000	(250,000)	0	0.0
<b>TOTAL</b>	<b>\$6,244,859</b>	<b>\$2,482,163</b>	<b>\$3,750,000</b>	<b>\$12,696</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$945,686 total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 18-1326 Transition from Institutional Settings	\$552,840	\$552,840	\$0	\$0	\$0	0.0
HB 19-1245 Affordable Housing Vendor Fee Changes	365,097	0	0	365,097	0	1.7
HB 20-1379 Suspend PERA Direct Distribution	323,311	161,219	44,897	117,195	0	0.0
HB 20-1095 Water Elements in Local Gov’t Plans	36,240	36,240	0	0	0	0.5
SB18-200 PERA unfunded liability	4,182	1,224	537	1,541	880	0.0
HB 20-1019 Prison Population Reduction	(250,000)	(250,000)	0	0	0	0.0
HB 19-1239 Census Outreach Grant Program	(85,984)	(85,984)	0	0	0	(1.5)
<b>TOTAL</b>	<b>\$945,686</b>	<b>\$415,539</b>	<b>\$45,434</b>	<b>\$483,833</b>	<b>\$880</b>	<b>0.7</b>

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

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT adjustment	\$206,144	\$35,712	\$71,208	\$83,071	\$16,153	0.0
Health, life, and dental adjustment	118,364	28,328	14,270	42,727	33,039	0.0
Capitol Complex leased space adjustment	66,839	28,178	(1,855)	47,764	(7,248)	0.0
Payment to risk management / property funds adjustment	30,171	9,802	4,391	15,978	0	0.0
PERA Direct Distribution	21,841	(60,204)	(572)	9,968	72,649	0.0
AED adjustment	5,347	(218)	(6,715)	6,182	6,098	0.0
SAED adjustment	5,347	(218)	(6,715)	6,182	6,098	0.0
Legal services adjustment	(124,713)	(205,734)	221,021	(140,000)	0	0.0
CORE adjustment	(26,549)	(7,232)	(11,700)	10,940	(18,557)	0.0
Workers' compensation adjustment	(3,212)	(2,397)	(3,543)	2,728	0	0.0
Short-term disability adjustment	(1,529)	(506)	(442)	(424)	(157)	0.0
<b>TOTAL</b>	<b>\$298,050</b>	<b>(\$174,489)</b>	<b>\$279,348</b>	<b>\$85,116</b>	<b>\$108,075</b>	<b>0.0</b>

**NON-PRIORITIZED REQUESTS:** The request includes adjustments related to non-prioritized request that originate in the Governor's Office of Information Technology (OIT) and the Department of Personnel.

NON-PRIORITIZED REQUESTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP2 Annual fleet request	\$23,506	\$17,630	\$0	\$5,876	\$0	0.0
NP1 DPA Center for Organizational Effectiveness	3,247	897	487	1,233	630	0.0
NP3 OIT Budget request package	(85,954)	(23,739)	(12,884)	(32,652)	(16,679)	0.0
<b>TOTAL</b>	<b>(\$59,201)</b>	<b>(\$5,212)</b>	<b>(\$12,397)</b>	<b>(\$25,543)</b>	<b>(\$16,049)</b>	<b>0.0</b>

**INDIRECT COST ASSESSMENT:** The request includes net adjustments to indirect costs across all divisions.

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Local Affairs.

**S1 EMERGENCY HOUSING AND DIRECT CASH ASSISTANCE:** The Governor's supplemental request will propose \$45.0 million General Fund for emergency housing assistance and \$5.0 million General Fund for emergency direct cash assistance. Approximately \$35.3 million has been provided to the Division of Housing (DoH) for emergency rental and mortgage assistance since March; the Division projects that all of these funds will be fully expended by December 31, 2020. The Center for Disease Control issued an eviction moratorium in September that expires on December 31<sup>st</sup>; Governor Polis also issued a statewide moratorium on October 21<sup>st</sup> that will likely be extended through December 31<sup>st</sup>. Advocates worry a flood of evictions will be filed when tenant back rent comes due on January 1<sup>st</sup> without additional aid to help catch up on payments. The \$5.0 million for direct cash assistance will be focused on individuals who are not eligible for other assistance, such as unemployment insurance, food assistance, and federal stimulus payments. Based on current average payments, the Division anticipates serving up to 19,000 households with the additional rental assistance funds and 5,000 households with direct cash assistance.

**S2 RENEW INITIATIVE GRANTS FUNDING LINE ITEM:** The Governor’s supplemental request proposes creating the RENEW Grants Program line item with a \$5.0 million General Fund appropriation. The Renewable and Clean Energy Initiative was launched in summer 2019 using a \$12.0 million set aside from Energy/Mineral Impact Assistance Funds. There is currently a \$4.0 million shortage in funding for projects in the immediate pipeline, and an additional \$11.0 million gap in projects in the planning stages. Sharp declines in severance and federal mineral lease revenue make it unlikely that these projects will move forward in the near future without additional funding. Projects are expected to begin within six months of being fully funded.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**INFORMATIONAL ISSUE – 2020 SESSION BUDGET BALANCING ACTIONS:** This issue describes actions taken in response to budget challenges in the 2020 Session. The Joint Budget Committee and the General Assembly took actions that reduced FY 2020-21 General Fund appropriations to the Department of Local Affairs by \$4.6 million. The General Assembly’s actions also made an additional \$1.0 million available in the Marijuana Tax Cash Fund for balancing purposes, and transferred \$2.5 million from DOLA cash funds to the General Fund. These adjustments contributed to a net decrease in the Department’s General Fund and total funds budget for FY 2020-21.

**INFORMATIONAL ISSUE – COVID-19 FUNDS IN THE DEPARTMENT OF LOCAL AFFAIRS:** This issue summarizes the large influx of state and federal funds to DOLA in the 2020 calendar year to combat the effects of the COVID-19 pandemic. The CARES Act provided approximately \$72.3 million directly to DOLA to supplement existing U.S. Department of Housing and Urban Development (HUD) programs. The Department also received transfers of Coronavirus Relief Funds and Disaster Emergency Funds through executive orders and legislation totaling \$35.3 million to provide emergency housing assistance. Additionally, DOLA was directed to distribute \$275.0 million Coronavirus Relief Funds to local governments that did not receive a distribution directly from the federal government.

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## Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's Army and Air National Guard to protect the safety and health of Colorado's residents and serve as a reserve force for the U.S. Armed Forces. The Department also administers state programs that assist U.S. military veterans. The Department's FY 2020-21 appropriation represents approximately 0.4 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$132,612,501	\$10,666,526	\$1,645,234	\$163,167	\$120,137,574	2,534.6
HB 20-1379	(238,282)	(234,742)	(3,540)	0	0	0.0
HB 20-1398	(87,994)	(87,994)	0	0	0	0.0
<b>TOTAL</b>	<b>\$132,286,225</b>	<b>\$10,343,790</b>	<b>\$1,641,694</b>	<b>\$163,167</b>	<b>\$120,137,574</b>	<b>2,534.6</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$132,286,225	10,343,790	\$1,641,694	\$163,167	\$120,137,574	2,534.6
R1 Reductions for DMVA	(479,910)	(565,910)	86,000	0	0	(1.0)
R2 Continuing tuition assistance funding for a lower demand	(425,000)	(425,000)	0	0	0	0.0
Non-prioritized items	(29,790)	(81,606)	0	0	51,816	0.0
Annualize prior year budget action	517,577	512,994	0	4,583	0	0.1
Annualize prior year legislation	443,191	436,795	3,596	0	2,800	0.0
Centrally appropriated line items	384,419	422,312	12,708	0	(50,601)	0.0
Indirect cost adjustment	596	0	596	0	0	0.0
<b>TOTAL</b>	<b>\$132,697,308</b>	<b>\$10,643,375</b>	<b>\$1,744,594</b>	<b>\$167,750</b>	<b>\$120,141,589</b>	<b>2,533.7</b>
<b>INCREASE/(DECREASE)</b>	<b>\$411,083</b>	<b>\$299,585</b>	<b>\$102,900</b>	<b>\$4,583</b>	<b>\$4,015</b>	<b>(0.9)</b>
Percentage Change	0.3%	2.9%	6.3%	2.8%	0.0%	(0.0%)

**R1 REDUCTIONS FOR DMVA:** This request implements reductions across all Divisions for an overall reduction of \$479,910 total funds and \$565,910 General Fund. This constitutes a 10 percent reduction in General Fund appropriations to the Department.

**R2 CONTINUING TUITION ASSISTANCE FUNDING FOR LOWER DEMAND:** This request continues budget balancing reductions for tuition assistance by \$425,000 total funds due to anticipated decreased demand for the program.

**NON-PRIORITIZED ITEMS:** The request includes four non-prioritized items summarized in the table below totaling a \$29,790 reduction.

**ANNUALIZE PRIOR YEAR BUDGET ACTION:** The request includes an increase of \$517,577 total funds for the annualization of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Restore one time tuition assistance reduction	\$425,000	\$425,000	\$0	\$0	\$0	0.0
Restore annual depreciation lease equivalent payment	87,994	87,994	0	0	0	0.0
Annualization of WROS admin	4,583	0	0	4,583	0	0.1
<b>TOTAL</b>	<b>\$517,577</b>	<b>\$512,994</b>	<b>\$0</b>	<b>\$4,583</b>	<b>\$0</b>	<b>0.1</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes an increase of \$443,191 total funds for the annualization of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 PERA direct distribution	\$438,388	\$434,848	\$3,540	\$0	\$0	0.0
SB18-200 PERA unfunded liability	4,803	1,947	56	0	2,800	0.0
<b>TOTAL</b>	<b>\$443,191</b>	<b>\$436,795</b>	<b>\$3,596</b>	<b>\$0</b>	<b>\$2,800</b>	<b>0.0</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$384,419 total funds for centrally appropriated line items.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$133,723	\$117,706	\$15,884	\$0	\$133	0.0
Payment to risk management / property funds adjustment	121,628	121,628	0	0	0	0.0
PERA direct distribution	43,796	44,066	(270)	0	0	0.0
Payments to OIT adjustment	38,854	38,854	0	0	0	0.0
Centralized personnel plan	28,277	38,528	0	0	(10,251)	0.0
AED adjustment	24,230	42,899	(1,423)	0	(17,246)	0.0
SAED adjustment	24,230	42,899	(1,423)	0	(17,246)	0.0
Leased space adjustment	1,898	1,898	0	0	0	0.0
Capitol complex leased space adjustment	1,719	1,719	0	0	0	0.0
Workers' compensation adjustment	271	271	0	0	0	0.0
Legal services adjustment	(25,886)	(25,886)	0	0	0	0.0
Shift differential adjustment	(4,813)	0	0	0	(4,813)	0.0
CORE adjustment	(3,290)	(3,290)	0	0	0	0.0
Short term disability adjustment	(218)	1,020	(60)	0	(1,178)	0.0
<b>TOTAL</b>	<b>\$384,419</b>	<b>\$422,312</b>	<b>\$12,708</b>	<b>\$0</b>	<b>(\$50,601)</b>	<b>0.0</b>

**INDIRECT COST ADJUSTMENT:** The request includes an increase of \$596 cash funds for the indirect cost adjustment.

**CAPITAL CONSTRUCTION:** The Committee should also be aware of the Department's request from the Capital Construction Fund for the design and construction of a new Army National Guard Readiness Center in Jefferson County. The total state funds include \$614,750 for design in FY 2021-22 and \$6.1 million for construction in the third year. Total project costs will be supplemented with \$31.1 million federal funds over five years. The request states that the new readiness center will supplement existing sites in Longmont and Colorado Springs that are over 60 years old and past their useful lives.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** This issue provides an overview of budget balancing actions during the 2020 legislative session that impacted the Department of Military and Veterans Affairs.

**R2 NATIONAL GUARD TUITION ASSISTANCE:** This issue provides more information and background on the Department's request to continue decreased General Fund for the Tuition Assistance program based on anticipated decreased demand.

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## *Department of Natural Resources*

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The Department's FY 2020-21 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF NATURAL RESOURCES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$308,568,368	\$33,219,716	\$241,432,970	\$7,256,748	\$26,658,934	1,511.9
Other legislation	23,269,822	(520,633)	23,876,841	(86,386)	0	0.0
<b>TOTAL</b>	<b>\$331,838,190</b>	<b>\$32,699,083</b>	<b>\$265,309,811</b>	<b>\$7,170,362</b>	<b>\$26,658,934</b>	<b>1,511.9</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$331,838,190	32,699,083	\$265,309,811	\$7,170,362	\$26,658,934	1,511.9
R01 Wildfire risk mitigation and watershed restoration	5,000,000	0	5,000,000	0	0	0.0
R02 Fishers Peak staff and operating support	208,385	0	208,385	0	0	2.0
R03 Habitat connectivity and transportation coordinator	109,410	0	109,410	0	0	1.0
R04 Support for remote avalanche control systems	85,637	0	0	85,637	0	0.8
R06 Maintaining veterans free state parks access	(125,000)	(125,000)	0	0	0	0.0
Centrally appropriated line items	1,901,924	854,726	511,184	436,168	99,846	0.0
Annualize prior year budget actions	989,107	1,038,129	(44,925)	(4,097)	0	0.1
Technical corrections	236,254	0	236,254	0	0	0.0
Indirect cost assessment	203,626	209,569	192,133	(209,569)	11,493	0.0
Annualize prior year legislation	(23,104,703)	525,954	(23,719,004)	87,481	866	1.2
Non-prioritized decision items	(592,709)	(34,210)	(525,422)	(37,813)	4,736	0.0
<b>TOTAL</b>	<b>\$316,750,121</b>	<b>\$35,168,251</b>	<b>\$247,277,826</b>	<b>\$7,528,169</b>	<b>\$26,775,875</b>	<b>1,517.0</b>
<b>INCREASE/(DECREASE)</b>	(\$15,088,069)	\$2,469,168	(\$18,031,985)	\$357,807	\$116,941	5.1
Percentage Change	(4.5%)	7.6%	(6.8%)	5.0%	0.4%	0.3%

**R01 WILDFIRE RISK MITIGATION AND WATERSHED RESTORATION:** The Department requests that the JBC sponsor legislation to transfer a total of \$10.0 million from the General Fund to the Forest Restoration and Wildfire Risk Mitigation Grant Program (FRWRM, \$5.0 million) and the Colorado Water Conservation Board (CWCB) Watershed Restoration Grant Program (\$5.0 million) in FY 2021-22. The table above only shows the \$5.0 million for the Watershed Restoration Grant Program, which would require a corresponding cash funds appropriation in the Long Bill; the FRWRM Grant Program is continuously-appropriated.

**R02 FISHERS PEAK STAFF AND OPERATING SUPPORT:** The Department requests \$208,385 cash funds starting in FY 2021-22 for a Park Ranger and a Park Resource Technician. In FY 2022-23, the Department would add an additional Park Ranger. The request also includes spending authority for temporary staffing, utilities, supplies, and fleet vehicles. The funds would come from the Parks and Outdoor Recreation Cash Fund, which is primarily supported by revenue from state parks passes, GOCO, and lottery disbursements.

**R03 HABITAT CONNECTIVITY AND TRANSPORTATION COORDINATOR:** The request includes \$109,410 cash funds for 1.0 FTE starting in FY 2021-22. This FTE would coordinate between CPW, the U.S. Department of the Interior, the Colorado Department of Transportation, and other parties to improve migration corridors and big game winter ranges. The funds would come from the Wildlife Cash Fund, which is primarily supported by revenue from hunting and fishing licenses.

**R04 SUPPORT FOR REMOTE AVALANCHE CONTROL SYSTEMS:** The request includes an increase of \$85,637 reappropriated funds and 0.8 FTE for the Colorado Avalanche Information Center (CAIC) starting in FY 2021-22. The CAIC would use these funds to increase maintenance and installation of state-owned avalanche control equipment. Funding will come from the Colorado Department of Transportation as part of an ongoing effort to mitigate avalanche risk on the state transportation system. The Department also requests a statutory change to make the Colorado Avalanche Information Center Cash Fund continuously-appropriated.

**R05 TRUE-UP OFF-HIGHWAY REVENUE AND COSTS:** The request is a net-zero technical adjustment the State Park Operations line item to increase the contribution from the Off-highway Vehicle (OHV) Recreation Fund by \$633,626 and decrease the contribution from the Parks and Outdoor Recreation Cash Fund by the same amount. According to the Department, the OHV Recreation Fund currently does not cover the costs necessary for CPW to operate the off-highway vehicle program. This move fixes that problem.

**R06 MAINTAINING VETERANS FREE STATE PARKS ACCESS:** The Department requests an ongoing reduction of \$125,000 General Fund for State Parks beginning in FY 2021-22. CPW has sufficient cash fund resources to absorb this reduction. Veterans will still have free access to state parks.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$1.9 million total funds for centrally appropriated line items.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental	\$1,073,897	\$142,909	\$925,345	(\$34,659)	\$40,302	0.0
Payment to risk management	423,772	32,902	381,788	5,621	3,461	0.0
Payments to OIT	381,029	470,135	(515,128)	357,144	68,878	0.0
PERA Direct Distribution	162,702	47,144	101,486	14,072	0	0.0
Capitol Complex leased space	131,060	24,626	66,570	25,567	14,297	0.0
AED	61,437	40,621	(7,153)	20,479	7,490	0.0
SAED	61,437	40,621	(7,153)	20,479	7,490	0.0
Shift differential	9,164	0	9,164	0	0	0.0
Leased space	6,912	17,263	(10,018)	(2,025)	1,692	0.0
Legal services	(290,387)	(33,227)	(248,358)	34,158	(42,960)	0.0
Workers' compensation	(104,892)	75,104	(172,504)	(6,379)	(1,113)	0.0
Short-term disability	(8,835)	(512)	(8,703)	309	71	0.0
CORE	(5,372)	(2,860)	(4,152)	1,402	238	0.0
<b>TOTAL</b>	<b>\$1,901,924</b>	<b>\$854,726</b>	<b>\$511,184</b>	<b>\$436,168</b>	<b>\$99,846</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$989,107 total funds for prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY20-21 GF HLD reduction	\$1,035,518	\$1,035,518	\$0	\$0	\$0	0.0
FY 19-20 BA01 CAIC equipment maintenance	10,012	0	0	10,012	0	0.1
FY 20-21 R11 Vehicle for water commissioner	2,611	2,611	0	0	0	0.0
FY 20-21 R02 Staff for avalanche center	(40,222)	0	(40,222)	0	0	0.0
FY 20-21 R04 Accounting and procurement staff	(14,109)	0	0	(14,109)	0	0.0
FY 20-21 R07 Water conservation specialist	(4,703)	0	(4,703)	0	0	0.0
<b>TOTAL</b>	<b>\$989,107</b>	<b>\$1,038,129</b>	<b>(\$44,925)</b>	<b>(\$4,097)</b>	<b>\$0</b>	<b>0.1</b>

**TECHNICAL CORRECTION:** The request includes a net increase of \$236,254 cash funds for lease depreciation payments for CPW.

**INDIRECT COST ASSESSMENT:** The request includes a net increase in the indirect cost assessment for these divisions.

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net decrease of \$23.1 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend PERA DD	\$2,936,082	\$520,633	\$2,329,063	\$86,386	\$0	0.0
HB 20-1153 Colorado partnership	135,513	0	135,513	0	0	1.2
SB18-200 PERA unfunded liability	28,374	5,321	21,890	1,095	68	0.0
HB 20-1403 CWCB projects	(26,180,000)	0	(26,180,000)	0	0	0.0
<b>TOTAL</b>	<b>(\$23,080,031)</b>	<b>\$525,954</b>	<b>(\$23,693,534)</b>	<b>\$87,481</b>	<b>\$68</b>	<b>1.2</b>

**NON-PRIORITIZED DECISION ITEMS:** The request includes a net decrease of \$592,709 total funds for non-prioritized decision items.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** This issue provides an overview of budget balancing actions during the 2020 legislative session that impacted the Department of Natural Resources.

**WILDFIRE STIMULUS PACKAGE:** This issue provides additional detail about the package and evaluates the policy preferences indicated by the proposed distribution of funds.

**WOLVES IN COLORADO (PROPOSITION 114):** This issue looks at near-term costs and possible funding sources for wolf reintroduction and management. Livestock compensation is not considered.



**SEVERANCE TAX OPERATIONAL FUND UPDATE:** This informational issue brief summarizes the current Severance Tax Operational Fund revenue and distribution amounts based on the September 2002 revenue forecasts from Legislative Council Services and the Governor's Office of State Planning and Budgeting.

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## Department of Personnel

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 32,000 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies which include: oversight of procurement and financial activities and CORE operations; state archives; maintenance of Capitol Complex buildings, provision of central business services, and management of the State's motor vehicle fleet; administrative law judge services; coordination of capital construction and controlled maintenance projects and centralized lease management; administration of the State's personnel selection, classification, compensation, and employee benefit programs; and oversight of the State's liability, property, and workers' compensation insurance programs. The Department's FY 2020-21 appropriation represents approximately 0.6 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF PERSONNEL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
H.B. 20-1360 (Long Bill)	\$209,825,100	\$14,876,401	\$13,025,558	\$181,923,141	\$0	404.3
Other legislation	(289,924)	(826,946)	847,094	(310,072)	0	4.5
<b>TOTAL</b>	<b>\$209,535,176</b>	<b>\$14,049,455</b>	<b>\$13,872,652</b>	<b>\$181,613,069</b>	<b>\$0</b>	<b>408.8</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$209,535,176	14,049,455	\$13,872,652	\$181,613,069	\$0	408.8
R1 COE program financial restructure	(417,212)	0	(48,962)	(368,250)	0	(1.7)
R2 DOR printing and mail migration to IDS	0	0	0	0	0	0.0
R3 Decentralization of collection services	(1,653,571)	0	(1,653,571)	0	0	(4.3)
R4 OAC translation services	15,000	0	15,000	0	0	0.0
R5 IDS infrastructure refresh	0	0	0	0	0	0.0
R6 Annual fleet request	2,518,094	0	0	2,518,094	0	0.0
R7 Recovery audit program closure	(64,714)	(64,714)	0	0	0	(1.0)
R8 COE Lean reduction	(1,000,000)	0	0	(1,000,000)	0	0.0
R9 Eliminate safety specialist position	(58,323)	0	0	(58,323)	0	(1.0)
R10 Extend pause on ADLE payment	(615,958)	(585,958)	(30,000)	0	0	0.0
R11 Procurement and Contracts vacancy savings	(49,991)	(49,991)	0	0	0	(1.0)
R12 Extend reduction of statewide planning	(980,000)	(980,000)	0	0	0	0.0
Centrally appropriated line items	2,458,617	3,050,512	(155,234)	(436,661)	0	0.0
Technical adjustments	2,302,594	1,000,000	(1,092,720)	2,395,314	0	0.0
Annualize prior year budget actions	1,233,691	893,250	0	340,441	0	0.0
Annualize prior year legislation	1,112,233	448,069	275,672	388,492	0	5.9
Non-prioritized request items	(28,590)	(61,214)	(5,848)	38,472	0	0.0
Indirect cost assessment	(150,691)	(596,059)	144,789	300,579	0	0.0
<b>TOTAL</b>	<b>\$214,156,355</b>	<b>\$17,103,350</b>	<b>\$11,321,778</b>	<b>\$185,731,227</b>	<b>\$0</b>	<b>405.7</b>
<b>INCREASE/(DECREASE)</b>	<b>\$4,621,179</b>	<b>\$3,053,895</b>	<b>(\$2,550,874)</b>	<b>\$4,118,158</b>	<b>\$0</b>	<b>(3.1)</b>
Percentage Change	2.2%	21.7%	(18.4%)	2.3%	n/a	(0.8%)

**R1 COE PROGRAM FINANCIAL RESTRUCTURE:** The request includes a decrease of \$417,212 total funds, including \$48,962 cash funds and \$368,250 reappropriated funds, and 1.7 FTE to restructure and refinance the Center for Organizational Effectiveness. The Center provides statewide training to approximately 26,000 State employees. The Department requests to shift the Center's financing from a fee-for-service model to an operating common policy.

**R2 DOR PRINTING AND MAIL MIGRATION TO IDS:** The request includes a net zero restructure of the Integrated Document Solutions appropriation to consolidate printing and mail volumes to eliminate duplicative activities and to resolve a recommendation from the Office of the State Auditor's 2011 audit report on tax processing (Report #: 2157). The Department anticipates this consolidation will generate statewide savings in the out-years.

**R3 DECENTRALIZATION OF COLLECTION SERVICES:** The request includes a decrease of \$1,653,571 cash funds and 4.3 FTE to restructure how unpaid debts to the State are collected. This restructure would allow individual agencies to contract directly with private collection agencies through statewide price agreements established by the Office of the State Controller. The Central Collections Services, which is granted the authority to collect debts to the State by Section 24-30-202.4 (1), C.R.S., has experienced limitations on collection sources, loss of clients, declining debt quality, and challenges with staff retention, resulting in the program not collecting enough revenue to be sustainable. The Department requests that the Joint Budget Committee sponsor legislation to repeal the Central Collections Services.

**R4 OAC TRANSLATION SERVICES:** The request includes an increase of \$15,000 cash funds to allow the Office of Administrative Courts to contract for interpretation and translation services. These services will ensure that people with limited English proficiency or those who are hearing impaired are able to participate in OAC proceedings. The OAC conducts mediations, holds hearings, and decides cases for more than 50 state departments, agencies, boards, and county departments, as well as serves the State's citizens.

**R5 IDS INFRASTRUCTURE REFRESH:** The request includes a net zero restructure of the Integrated Document Solutions appropriation to create a new and temporary line item for the purpose of funding a new capital lease for a new Continuous-feed Production Inkjet press to replace current equipment. The current equipment is at the end of its lease and functional life, and will be returned to the vendor. The required return of the current machine necessitates the lease of new equipment in order to continue serving IDS print customers. The Department intends to lease the new equipment from the same vendor to avoid additional software and IT infrastructure costs.

**R6 ANNUAL FLEET REQUEST:** The request includes an increase of \$2,518,094 reappropriated funds to replace 706 vehicles in the State's fleet. Of the vehicles to be replaced, the Department has identified 389 as potential alternative fuel vehicles (AFV), including 323 hybrids, 65 electric, and one (1) compressed natural gas. For individual State agencies, this request will require an increase of \$2,818,835 in total funding for the respective Vehicle Lease Payments line item appropriations, with an estimated \$547,704 increase in General Fund in FY 2021-22. Replacing the 706 vehicles provides a projected maintenance and fuel savings of \$2,952,720 total funds.

**R7 RECOVERY AUDIT PROGRAM CLOSURE:** The request includes a decrease of \$64,714 General fund and 1.0 FTE from the Recovery Audit program. Following several recovery audits, the Department notes that the resources needed to manage the program exceed the recoveries brought in by the audits. As a result, the Department is seeking to eliminate the program, which will require legislation to repeal the necessary language within Section 24-30-203.5, C.R.S.

**R8 COE LEAN REDUCTION:** The request includes a decrease of \$1.0 million reappropriated funds from the Training Services line item. In support of the Governor's Talent Challenge, in FY 2017-18 the General Assembly approved \$1,000,000 in reappropriated funds spending authority for the COE to offer Lean classes through two external vendors; rates for Lean classes were set to bring in a minimal amount of revenue to COE with the majority going to the outside vendors. The Department is no longer offering the Lean-specific courses through the two separate vendors; therefore, this spending authority is no longer necessary for the Center.

**R9 ELIMINATE SAFETY SPECIALIST POSITION:** The request includes a decrease of \$58,323 reappropriated funds and 1.0 FTE from the Risk Management Program for budget balancing purposes. This reduction represents a 7.0 percent reduction from the current year appropriation and an approximate \$22,441 General Fund saving in common policy appropriations. This position is currently vacant.

**R10 EXTEND PAUSE ON ADLE:** The request includes a decrease of \$615,958 total funds, including \$585,958 General Fund and \$30,000 cash funds, in the Department of Personnel and Administration, for the suspension of the annual depreciations lease equivalent (ADLE) payments. However, on behalf of all State departments, the Department requests a 100.0 percent suspension of the ADLE funding mechanism for Capital Construction, which has an associated reduction of \$8.6 million total funds, including \$7.5 million General Fund and \$1.1 million cash funds. This request requires legislation and will be managed by the JBC staff analyst for Capital Construction, Alfredo Kemm.

**R11 PROCUREMENT AND CONTRACTS VACANCY SAVINGS:** The request includes a decrease of \$49,991 General Fund and 1.0 FTE from the Procurement and Contracts program for budget balancing purposes. This position became vacant in January 2020. The responsibilities and duties of this position can be absorbed by current program staff.

**R12 EXTEND REDUCTION OF STATEWIDE PLANNING:** The request includes a decrease of \$980,000 General Fund for the Statewide Planning Services program. This request is a one-time extension of a reduction approved for the current fiscal year. The Office of the State Architect (OSA) is responsible for managing the Statewide Planning Services program, which was created to assist agencies in developing and creating master plans for construction projects with a total value greater than \$500,000.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Capitol Complex leased space	\$1,568,736	\$2,057,224	\$26,426	(\$514,914)	\$0	0.0
Health, life, and dental adjustment	801,236	864,502	(42,102)	(21,164)	0	0.0
Legal services	694,282	171,606	(8,716)	531,392	0	0.0
Payment to risk management / property funds	384,026	132,998	1,801	249,227	0	0.0
Utilities	307,599	0	9,290	298,309	0	0.0
Shift differential	5,493	0	0	5,493	0	0.0
AED adjustment	680	40,894	(10,767)	(29,447)	0	0.0
SAED adjustment	680	40,894	(10,767)	(29,447)	0	0.0
ALJ	520	2,402	(1,882)	0	0	0.0
Payments to OIT	(1,209,744)	(260,272)	(102,563)	(846,909)	0	0.0
CORE	(60,011)	(12,391)	(5,966)	(41,654)	0	0.0
PERA Direct Distribution	(21,256)	11,326	(6,217)	(26,365)	0	0.0
Workers' compensation	(11,574)	828	(3,330)	(9,072)	0	0.0
Short-term disability adjustment	(2,050)	501	(441)	(2,110)	0	0.0
<b>TOTAL</b>	<b>\$2,458,617</b>	<b>\$3,050,512</b>	<b>(\$155,234)</b>	<b>(\$436,661)</b>	<b>\$0</b>	<b>0.0</b>

**TECHNICAL ADJUSTMENTS:** The request includes the following technical adjustments.

TECHNICAL ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Risk management services adjustment	\$2,278,127	\$0	\$0	\$2,278,127	\$0	0
DPS adjustment	24,467	0	0	24,467	0	0.0
RMP PS base adjustment	0	0	0	0	0	0.0
RMP Op base adjustment	0	0	0	0	0	0.0
Fin Ops refi to balance p-card	0	274,454	(274,454)	0	0	0.0
P&C refinance to balance p-card	0	725,546	(725,546)	0	0	0.0
CORE program base adjustment/refi	0	0	(92,720)	92,720	0	0.0
<b>TOTAL</b>	<b>\$2,302,594</b>	<b>\$1,000,000</b>	<b>(\$1,092,720)</b>	<b>\$2,395,314</b>	<b>\$0</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$1.2 million total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 R10 Statewide planning services	\$980,000	\$980,000	\$0	\$0	\$0	0.0
FY 20-21 R2 Telematics for state fleet	340,441	0	0	340,441	0	0.0
FY 13-14 CP2 Employee engagement survey	215,000	215,000	0	0	0	0.0
FY 15-16 R1 Total comp vendor	(300,000)	(300,000)	0	0	0	0.0
FY 20-21 R4 Streamline electronic docs	(1,750)	(1,750)	0	0	0	0.0
<b>TOTAL</b>	<b>\$1,233,691</b>	<b>\$893,250</b>	<b>\$0</b>	<b>\$340,441</b>	<b>\$0</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$1.1 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend DD to PERA	\$671,727	\$260,140	\$32,065	\$379,522	\$0	0.0
HB 20-1398 Funding for Cap Const	566,806	566,806	0	0	0	0.0
SB 19-196 CO Quality apprenticeship	247,769	247,769	0	0	0	1.4
SB 13-276 Disability investigational pilot	82,000	0	82,000	0	0	0.0
HB 20-1153 CO partnership	81,206	0	81,206	0	0	4.5
HB 13-1286 Suspend state recovery audits	50,000	0	50,000	0	0	0.0
HB 17-1144 Amend Cap Const auto funding mechanism	49,152	19,152	30,000	0	0	0.0
SB18-200 PERA unfunded liability	13,573	4,202	401	8,970	0	0.0
SB 19-135 State procurement disparity study	(650,000)	(650,000)	0	0	0	0.0
<b>TOTAL</b>	<b>\$1,112,233</b>	<b>\$448,069</b>	<b>\$275,672</b>	<b>\$388,492</b>	<b>\$0</b>	<b>5.9</b>

**NON-PRIORITIZED REQUEST ITEMS:** The request includes the following non-prioritized request items, which are linked to decision items in other departments and common policy decisions.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP4 Wildfire stimulus package	\$145,510	\$0	\$0	\$145,510	\$0	0.0
NP2 Annual fleet	23,623	0	0	23,623	0	0.0
NP1 COE Program financial restructure	6,239	1,931	185	4,123	0	0.0
NP3 OIT FY22 budget request package	(203,962)	(63,145)	(6,033)	(134,784)	0	0.0
<b>TOTAL</b>	<b>(\$28,590)</b>	<b>(\$61,214)</b>	<b>(\$5,848)</b>	<b>\$38,472</b>	<b>\$0</b>	<b>0.0</b>

**INDIRECT COST ASSESSMENT:** The request includes net adjustments to indirect costs across these Divisions.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**[INFORMATIONAL] 2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2020-21 appropriations to the Department by \$1.4 million. These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21.

**CENTER FOR ORGANIZATIONAL EFFECTIVENESS:** The Department of Personnel and Administration has requested a restructure and refinance of the Center for Organizational Effectiveness (COE), which would shift its funding from a fee-for-service model to an operating common policy.

**OPERATING COMMON POLICIES – OVERVIEW AND REQUESTS:** The Department of Personnel currently administers centralized budgeting policies described as Operating common policies. These policies refer to an array of statewide services, including Administrative Law Judge Services, Workers' Compensation, Payment to Risk Management and Property Funds, Capitol Complex Leased Space and Utilities, CORE Operations, Vehicle Lease Payments, and the Document Solutions Group.

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## *Department of Public Health and Environment*

The Department of Public Health and Environment is responsible for responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment.. The Department's FY 2020-21 appropriation represents approximately 1.9 percent of statewide operating appropriations and 0.6 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$599,973,495	\$61,588,578	\$188,092,900	\$49,324,190	\$300,967,827	1,395.2
Other Legislation	(1,848,303)	(1,630,063)	56,725	(277,162)	2,197	1.8
<b>TOTAL</b>	<b>\$598,125,192</b>	<b>\$59,958,515</b>	<b>\$188,149,625</b>	<b>\$49,047,028</b>	<b>\$300,970,024</b>	<b>1,397.0</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$598,125,192	59,958,515	\$188,149,625	\$49,047,028	\$300,970,024	1,397.0
R1 Long bill reorganization	0	0	0	0	0	0.0
R2 Opiate antagonist true-up	(950,000)	0	(950,000)	0	0	0.0
R3 EMS and trauma provider true-up	(2,314,561)	0	(2,314,561)	0	0	0.0
R4 Align remediation program personal services	(48,000)	0	(48,000)	0	0	0.0
R5 Discontinue underutilized waste tire end user program	(6,525,000)	0	(6,525,000)	0	0	0.0
R6 Ryan White STI HIV AIDS tobacco revenue true-up	(1,132,894)	0	(1,132,894)	0	0	0.0
R7 Administration and support division efficiencies	(1,033,593)	0	0	(1,033,593)	0	0.0
R8 Redirect marijuana health effects monitoring	(40,981)	0	(40,981)	0	0	0.0
R9 Partial reduction to hotline contractor	(99,079)	(99,079)	0	0	0	0.0
R10 Extend marijuana education campaign reduction	(3,700,000)	0	(3,700,000)	0	0	(1.7)
NP1 Technical adjustments	(364,052)	364,052	0	(728,104)	0	0.0
NP2 DPA center for organizational effectiveness	24,038	2,468	0	21,570	0	0.0
NP3 Annual fleet vehicle request	21,699	(6,842)	59,686	(31,145)	0	0.0
NP4 Extend pause annual lease depreciation payment	(149,531)	(70,348)	(79,183)	0	0	0.0
Annualize prior year legislation	2,974,803	1,800,889	845,719	308,580	19,615	0.7
Centrally appropriated line items	2,575,209	(232,294)	1,768,906	326,349	712,248	0.0
Annualize prior year budget actions	2,167,505	(937,347)	3,104,852	0	0	9.7
Indirect cost assessment	618,655	0	(2,081,798)	153,192	2,547,261	0.0
Other technical adjustments	(728,936)	0	(35,387)	0	(693,549)	0.0
<b>TOTAL</b>	<b>\$589,420,474</b>	<b>\$60,780,014</b>	<b>\$177,020,984</b>	<b>\$48,063,877</b>	<b>\$303,555,599</b>	<b>1,405.7</b>
<b>INCREASE/(DECREASE)</b>	<b>(\$8,704,718)</b>	<b>\$821,499</b>	<b>(\$11,128,641)</b>	<b>(\$983,151)</b>	<b>\$2,585,575</b>	<b>8.7</b>
Percentage Change	(1.5%)	1.4%	(5.9%)	(2.0%)	0.9%	0.6%

**R1 LONG BILL REORGANIZATION:** The request pertains to a net zero reorganization of the Departments Long Bill to better align with the Departments organizational structure. The request takes three of the Departments divisions and restructures them into two. The Office of Emergency Preparedness and Response, Division of Disease Control and Environmental Epidemiology, and Laboratory Services Division will be reorganized into the new Disease Control and Public Health Response division and Office of HIV, Viral Hepatitis and Sexually Transmitted Infections. The

request also creates the Toxicology and Environmental Epidemiology Unit within the Division of Environmental Health and Sustainability.

**R2 OPIATE ANTAGONIST BULK PURCHASE FUND TRUE-UP:** The request includes \$950,000 cash fund spending authority reduction from the Opiate Antagonist Bulk Purchase Fund. The program created by SB 19-227 was anticipated to generate revenue requiring cash fund spending authority. The program is currently structured so that subsidized antagonists, such as naloxone, are procured by a third party administrator, and no revenue passes through the Department. Because of this the Department requests the change to eliminate spending authority it does not anticipate using.

**R3 EMS AND TRAUMA PROVIDER SPENDING AUTHORITY TRUE UP:** The request includes a \$2.3 million reduction in cash fund spending authority from the Emergency Medical Services Account, within the Highway Users Tax Fund, to the Emergency Medical Service Provider Grants line item. This proposed reduction is meant to align the Long Bill with actual revenue, which has been in decline. This reduction is not anticipated to affect actual services provided.

**R4 ALIGN REMEDIATION PROGRAM PERSONAL SERVICES:** The request includes a decrease of \$48,000 cash fund spending authority from the Hazardous Substance Response Fund. The personal Services line item for the Contaminated Site Cleanups and Remediation Program currently has an appropriation of \$1 million cash funds, but has reverted large sums of this appropriation over the last five years.

**R5 DISCONTINUE UNDERUTILIZED WASTE TIRE END-USER PROGRAM:** The request includes a decrease of \$6.5 million cash funds from the Waste Tire End-User Program, and requests that the Committee sponsor legislation to repeal the program from statute. The program was repealed, and then reinstated in 2018, but has not had the capabilities of offering rebates to consumers due to a 25 percent reserve requirement for the fund. Since the programs reinstatement the Department has not seen any impact on the rates of recycling and salvage of waste tires since it last disbursed rebates in 2017. The Department also requests that the Committee sponsor legislation to transfer the balance of the fund, an estimated \$3 million, to the General Fund. **This request includes two pieces of legislation for the Committee to consider sponsoring in the 2021 legislative session.**

**R6 RYAN WHITE, STI, HIV, AIDS TRUE-UP WITH TOBACCO REVENUE:** The request includes a decrease of \$1.1 million cash fund spending authority across two line items whose revenue comes from the Tobacco Master Settlement Agreement (MSA), the State Drug Assistance Program (\$366,037) and Sexually Transmitted Infections, HIV and AIDS operating expenses (\$766,857). This request would align spending authority with expected decreases in MSA revenue for the upcoming fiscal year.

**R7 ADMINISTRATION AND SUPPORT DIVISION EFFICIENCIES:** The request includes a decrease of \$1.1 million reappropriated funds through indirect cost recoveries within the Administration and Support division. The Department has identified several instances of spending authority that are no longer needed for operations, including:

- \$300,000 for construction and building improvements
- \$51,746 for records conversion
- \$88,000 for .5 FTE that can be moved to the another division
- \$375,749 for federally funded employee leave payouts
- \$118,098 for unused Sharepoint licenses
- \$100,000 in unused IT related costs.

**R8 REDIRECT MARIJUANA HEALTH EFFECTS MONITORING FUNDING:** The request includes a decrease of \$40,981 cash funds spending authority from the Marijuana Tax Cash Fund to the Marijuana Health Effects Monitoring



Program. This request would result in either the program reducing its budget for new data sources and surveys relating to specific populations (youth, pregnant women, etc) or reducing payment to the Colorado Hospital Association for Tableau dashboards and the Department’s digital library. The Department also requests that the Committee sponsor legislation to transfer the reduced appropriation to the General Fund. **The request includes a piece of legislation for the Committee to consider sponsoring in the 2021 legislative session.**

**R9 PARTIAL REDUCTION TO HOTLINE COORDINATOR:** The request includes a decrease of \$99,079 General Fund to the Poison Control line item. The request represents a 6.2 percent decrease in pass through dollars that go to the Rocky Mountain Poison and Drug Safety Center, representing an estimated 2.2 percent reduction to the contractors overall budget.

**R10 EXTEND JBC REDUCTION TO MARIJUANA EDUCATION CAMPAIGN:** The request includes a one-time decrease of \$3,700,000 cash fund reduction from the Marijuana Tax Cash Fund to the Marijuana Education Research Campaign. The Department also requests that the Committee sponsor legislation to transfer this appropriation to the General Fund. This requests reflects keeping the appropriation the same compared to FY 2020-21 when the line was reduced for balancing purposes. **The request includes a piece of legislation for the Committee to consider sponsoring in the 2021 legislative session.**

**NON-PRIORITIZED DECISION ITEMS:** The request includes several non-prioritized decision items. This items are typically related to decisions made in other Departments and are included in the table below.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
NP1 Technical adjustments	(\$364,052)	\$364,052	\$0	(\$728,104)	0
NP2 DPA center for organizational effectiveness	24,038	2,468	0	21,570	0
NP3 Annual fleet vehicle request	21,699	(6,842)	59,686	(31,145)	0
NP4 Extend pause annual lease depreciation payment	(149,531)	(70,348)	(79,183)	0	0
<b>TOTAL</b>	<b>(\$467,846)</b>	<b>\$289,330</b>	<b>(\$19,497)</b>	<b>(\$737,679)</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$3.0 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend DD to PERA	\$2,671,909	\$1,496,477	\$896,316	\$279,116	\$0	0.0
SB18-200 PERA unfunded liability	212,000	96,619	69,272	29,464	16,645	0.0
HB19-1237 Licensing behavioral health	170,467	98,775	71,692	0	0	1.1
HB20-1380 Move tobacco money to general fund	160,717	0	160,717	0	0	0.0
SB19-227 Harm reduction substance use	83,520	83,520	0	0	0	0.0
HB19-1010 Freestanding emergency dept	49,210	0	49,210	0	0	1.2
HB20-1398 Modify fund capital construction	33,505	33,505	0	0	0	0.0
SB19-073 Statewide system advance medical	23,544	23,544	0	0	0	0.0
HB20-1215 Water wastewater facilities	2,970	0	0	0	2,970	0.0
SB20-055 Incentivize development	(366,894)	0	(366,894)	0	0	(0.9)
HB19-065 Peer assistance emergency medical	(28,394)	0	(28,394)	0	0	(0.4)
SB20-163 School entry immunization	(17,544)	(17,544)	0	0	0	(0.1)
HB19-1174 Out of network health care	(14,007)	(14,007)	0	0	0	(0.2)
HB20-1119 State government regulation	(6,200)	0	(6,200)	0	0	0.0
<b>TOTAL</b>	<b>\$2,974,803</b>	<b>\$1,800,889</b>	<b>\$845,719</b>	<b>\$308,580</b>	<b>\$19,615</b>	<b>0.7</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items for the following:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$1,237,567	(\$330,239)	\$1,175,546	\$97,461	\$294,799	0.0
Payments to OIT adjustment	540,520	110,856	77,532	177,899	174,233	0.0
Payment to risk management / property funds adjustment	422,113	42,594	0	379,519	0	0.0
Leased space adjustment	238,359	36,843	79,183	122,333	0	0.0
AED adjustment	214,208	(92,018)	223,415	(43,807)	126,618	0.0
SAED adjustment	214,208	(92,018)	223,415	(43,807)	126,618	0.0
Legal services adjustment	206,536	21,201	0	185,335	0	0.0
CORE adjustment	124,559	112,997	0	11,562	0	0.0
Capitol Complex leased space adjustment	4,546	317	0	4,229	0	0.0
OIT Budget request package	(522,276)	0	0	(522,276)	0	0.0
ALJ adjustment	(39,353)	(3,924)	0	(35,429)	0	0.0
Workers' compensation adjustment	(35,527)	(32,599)	0	(2,928)	0	0.0
Shift differential adjustment	(19,840)	(865)	(11,545)	0	(7,430)	0.0
Short-term disability adjustment	(10,411)	(5,439)	1,360	(3,742)	(2,590)	0.0
<b>TOTAL</b>	<b>\$2,575,209</b>	<b>(\$232,294)</b>	<b>\$1,768,906</b>	<b>\$326,349</b>	<b>\$712,248</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$2.1 million total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 Restore one time reduction	\$6,056,357	\$1,845,319	\$4,211,038	\$0	\$0	3.7
FY 20-21 GF HLD reduction	1,027,334	1,027,334	0	0	0	0.0
FY 20-21 R1 Oil and gas enforcement compliance	538,310	0	538,310	0	0	5.5
FY 20-21 BA3 Mobile monitoring of oil and gas health	50,785	0	50,785	0	0	0.5
FY 20-21 Immunization CARES Funding	(2,000,000)	(2,000,000)	0	0	0	0.0
FY 20-21 BA1 Leased Space Expansion	(1,695,281)	0	(1,695,281)	0	0	0.0
LPHA CARES Funding	(1,500,000)	(1,500,000)	0	0	0	0.0
FY 2018-19 R07 HIE	(310,000)	(310,000)	0	0	0	0.0
<b>TOTAL</b>	<b>\$2,167,505</b>	<b>(\$937,347)</b>	<b>\$3,104,852</b>	<b>\$0</b>	<b>\$0</b>	<b>9.7</b>

**INDIRECT COST ASSESSMENT:** The request includes net increase of \$618,655 total funds in the Department's indirect cost assessment.

**OTHER TECHNICAL ADJUSTMENTS:** The request includes a net decrease of \$728,936 total funds for other technical adjustments largely relating to the representation of federal funds.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2020-21 General Fund appropriations to the Department of Public Health and Environment by \$3.7 million. The General Assembly's actions made an additional \$5.2 million available for balancing purposes by reducing cash funds appropriations. These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21.

**COVID AND THE PUBLIC HEALTH RESPONSE:** The Department of Public Health and Environment has received \$391.7 million from mostly federal sources to coordinate the public health response to the COVID pandemic in Colorado.

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## *Department of Public Safety*

The Department of Public Safety is responsible for maintaining, promoting, and enhancing public safety through law enforcement, criminal investigations, fire and crime prevention, emergency management, recidivism reduction, and victim advocacy. The Department's FY 2020-21 appropriation represents approximately 1.4 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF PUBLIC SAFETY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360	\$505,823,820	\$153,040,145	\$235,729,989	\$47,135,710	\$69,917,976	1,904.5
Other Legislation	(1,587,952)	(1,021,162)	(251,236)	(315,554)	0	1.3
<b>TOTAL</b>	<b>\$504,235,868</b>	<b>\$152,018,983</b>	<b>\$235,478,753</b>	<b>\$46,820,156</b>	<b>\$69,917,976</b>	<b>1,905.8</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$504,235,868	152,018,983	\$235,478,753	\$46,820,156	\$69,917,976	1,905.8
R01 Wildfire stimulus package	24,399,323	15,256,823	8,542,500	600,000	0	32.7
R02 Community corrections grants	(22,000,000)	(22,000,000)	0	0	0	0.0
R03 Underground market marijuana interdiction unit	890,901	0	890,901	0	0	5.0
R04 Increase body-worn camera grant funding	6,650,000	3,000,000	3,650,000	0	0	0.0
R05 Restructuring evidence-based practice to promote equity	(323,090)	(323,090)	0	0	0	(3.0)
R06 Refinance troopers with vehicle inspection funds	0	(293,962)	293,962	0	0	0.0
R07 Technical spending authority adjustments	0	0	700,000	(700,000)	0	0.0
R08 Administrative efficiency	(169,404)	(169,404)	0	0	0	0.0
Indirect cost adjustment	5,312,913	(2,976,683)	(24,745)	9,295,930	(981,589)	0.0
Centrally appropriated line items	1,868,911	4,332,225	3,626,266	(5,837,475)	(252,105)	0.0
Annualize prior year budget action	1,169,264	2,060,165	(890,901)	0	0	(5.0)
Non-prioritized decision items	1,044,400	(195,644)	1,359,440	(156,841)	37,445	0.0
Technical adjustments	0	0	(9,145)	6,273	2,872	3.7
Annualize prior year legislation	(7,923,741)	(1,893,077)	(6,355,687)	324,099	924	5.1
<b>TOTAL</b>	<b>\$515,155,345</b>	<b>\$148,816,336</b>	<b>\$247,261,344</b>	<b>\$50,352,142</b>	<b>\$68,725,523</b>	<b>1,944.3</b>
<b>INCREASE/(DECREASE)</b>	<b>\$10,919,477</b>	<b>(\$3,202,647)</b>	<b>\$11,782,591</b>	<b>\$3,531,986</b>	<b>(\$1,192,453)</b>	<b>38.5</b>
Percentage Change	2.2%	(2.1%)	5.0%	7.5%	(1.7%)	2.0%

**R01 WILDFIRE STIMULUS PACKAGE:** This request includes an increase of \$24.4 million total funds to continue the Governor's proposed Wildfire Stimulus Package for FY 2020-21 to FY2021-22 and ongoing.

**R02 COMMUNITY CORRECTIONS GRANTS:** The request includes a reduction of \$22.0 million General Fund in FY 2021-22 and future years. A briefing issue provides additional details about this request.

**R03 UNDERGROUND MARKET MARIJUANA INTERDICTION UNIT:** The request includes a continuation of \$890,901 cash fund spending authority from the Marijuana Tax Cash Fund to maintain funding for 5.0 FTE Criminal Investigators who assist rural law enforcement agencies in the investigation of illegal marijuana growing operations.

**R04 INCREASE BODY-WORN CAMERA GRANT FUNDING:** The request includes an increase of \$6.7 million total funds, including \$3.0 million General Fund and \$3.7 million cash funds, for the Body-worn Camera Grant Program in FY 2021-22. The General Fund appropriation would be a transfer into the Body-worn Camera Fund; most of the

requested cash funds are for spending authority. The request aims to provide state and/or local law enforcement agencies with an opportunity to apply for funds to purchase body-worn cameras and comply with S.B. 20-217 (Enhance Law Enforcement Integrity).

**R05 RESTRUCTURING EVIDENCE-BASED PRACTICE TO PROMOTE EQUITY:** The request includes a reduction of \$323,090 General Fund and 3.0 FTE in FY 2021-22 and future years as part of a restructuring of the Evidence-based Practices and Implementation (EPIC) team. The Department would move \$313,958 General Fund and 3.0 FTE from DCJ to the Executive Director’s Office and reduce the DCJ appropriation by an additional \$323,090 General Fund and 3.0 FTE. This would leave 3.0 FTE on the EPIC team. The overall aim of the request is to better address evidence-based policies related to equity, diversity and inclusion within the criminal and juvenile justice systems.

**R06 REFINANCE TROOPERS WITH VEHICLE INSPECTION FUNDS:** The request includes a net neutral refinance of 2.0 FTE and \$293,962 General Fund to the Vehicle Identification Number Inspection (VIN) program for FY 2021-22 and beyond. The refinance would reduce General Fund spending for two State Patrol positions that preform automobile theft investigations.

**R07 TECHNICAL SPENDING AUTHORITY ADJUSTMENTS:** The request includes two net-zero transfers in reappropriated funds spending authority to cash fund appropriations for FY 2021-22 and beyond. The transfers will align spending authorities with expenditures incurred and revenues collected to prevent over-expenditures in State Patrol.

**R08 ADMINISTRATIVE EFFICIENCY:** The request includes a base reduction of \$169,404 General Fund across four Divisions. There is a \$40,000 reduction for each DFPC, CBI, and DHSEM, and a \$49,404 reduction for DCJ. The reduction is based on reductions in travel, conference fees, and equipment as a result of COVID-19 that can be continued in FY 2021-22 and ongoing with minimal program impact.

**INDIRECT COST ASSESSMENT:** The request includes an increase of \$5.3 million total funds, including a decrease of \$3.0 million General Fund, in the Department’s indirect cost assessment.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$1.9 million total funds for centrally appropriated line items.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$1,318,291	\$368,820	\$638,157	\$442,430	(\$131,116)	0.0
Payments to OIT adjustment	386,686	3,776,181	3,068,462	(6,439,634)	(18,323)	0.0
Payment to risk management / property funds adjustment	234,774	0	0	234,774	0	0.0
PERA Direct Distribution	178,494	39,668	101,354	37,472	0	0.0
Capitol complex leased space adjustment	159,519	115,008	37,746	6,765	0	0.0
Shift differential adjustment	20,352	(22)	17,194	3,180	0	0.0
Legal services common policy adjustment	(170,937)	0	0	(170,937)	0	0.0
Workers' compensation adjustment	(95,418)	0	(78,273)	(17,145)	0	0.0
AED adjustment	(69,378)	17,950	(73,366)	36,391	(50,353)	0.0
SAED adjustment	(69,378)	17,950	(73,366)	36,391	(50,353)	0.0
Short-term disability adjustment	(16,719)	(3,020)	(11,642)	(97)	(1,960)	0.0
CORE adjustment	(7,065)	0	0	(7,065)	0	0.0
ALJ adjustment	(310)	(310)	0	0	0	0.0
<b>TOTAL</b>	<b>\$1,868,911</b>	<b>\$4,332,225</b>	<b>\$3,626,266</b>	<b>(\$5,837,475)</b>	<b>(\$252,105)</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes an increase of \$1.2 million total funds for prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY20-21 GF HLD reduction	\$2,064,868	\$2,064,868	\$0	\$0	\$0	0.0
DOR marijuana enforcement division	(890,901)	0	(890,901)	0	0	(5.0)
State recovery section	(4,703)	(4,703)	0	0	0	0.0
<b>TOTAL</b>	<b>\$1,169,264</b>	<b>\$2,060,165</b>	<b>(\$890,901)</b>	<b>\$0</b>	<b>\$0</b>	<b>(5.0)</b>

**NON-PRIORITIZED DECISION ITEMS:** The request includes an increase of \$1.0 million total funds for non-prioritized decision items.

NON-PRIORITIZED DECISION ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
DPA Annual fleet vehicle request	\$1,633,041	(\$36,761)	\$1,422,491	\$209,259	\$38,052	0.0
COE Program financial restructure	31,263	8,495	21,361	1,407	0	0.0
OIT Budget request package	(619,904)	(167,378)	(84,412)	(367,507)	(607)	0.0
<b>TOTAL</b>	<b>\$1,044,400</b>	<b>(\$195,644)</b>	<b>\$1,359,440</b>	<b>(\$156,841)</b>	<b>(\$37,445)</b>	<b>0.0</b>

**TECHNICAL ADJUSTMENT:** The request includes technical adjustments that result in a \$0 net effect in total funds.

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net decrease of \$7.9 million total funds to for prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 PERA direct distribution	\$3,859,353	\$1,021,162	\$2,518,486	\$319,705	\$0	0.0
SB 20-217 Enhance law enforcement integrity	1,700,708	579,690	1,121,018	0	0	2.8
HB 20-1153 Colorado partnership	151,647	151,647	0	0	0	1.0
HB 19-1237 Licensing behavioral health	117,540	0	117,540	0	0	1.0
SB18-200 PERA unfunded liability	48,804	12,147	31,339	4,394	924	0.0
SB 20-197 Aligning state and federal law	6,810	0	6,810	0	0	0.3
SB 17-261 Flood recovery account	(12,824,764)	(3,657,723)	(9,167,041)	0	0	0.0
SB 20-218 CDPHE Hazardous substance response	(983,839)	0	(983,839)	0	0	0.0
<b>TOTAL</b>	<b>(\$7,923,741)</b>	<b>(\$1,893,077)</b>	<b>(\$6,355,687)</b>	<b>\$324,099</b>	<b>\$924</b>	<b>5.1</b>

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Public Safety.

**S1 WILDFIRE STIMULUS PACKAGE:** The Governor's supplemental request proposes a transfer of \$38.0 million General Fund to two cash funds under the Department of Public Safety for the purchase of new equipment and the extension of existing aviation contracts for fire suppression. New equipment costs include the purchase of radios and

drones, the extension of four existing helicopter and air tanker contracts, the addition of one contract for a Large Air Tanker, and the purchase of one Fire Hawk Helicopter.

FY 2020-21 SUPPLEMENTAL WILDFIRE STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021 <sup>a</sup>						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 Proposed Stimulus Package</b>						
<b>DNR</b>						
Forest Restoration and Wildfire Risk Mitigation Grant Program	\$6,000,000	\$6,000,000	\$0	\$0	\$0	0.0
CWCB Watershed Restoration Grant Program	4,000,000	4,000,000	0	0	0	0.0
<i>DNR Subtotal</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<b>Public Safety</b>						
Colorado Firefighting Air Corps	\$32,842,500	\$32,842,500	\$0	\$0	\$0	0.0
Fire Hawk Helicopter	24,000,000	0	24,000,000	0	0	0.0
Large air tanker - 110 day contract	5,362,500	0	5,362,500	0	0	0.0
Local match for federal hazard mitigation grants	3,000,000	3,000,000	0	0	0	0.0
State assistance for local capacity	1,800,000	0	1,200,000	600,000	0	0.0
Wildfire Preparedness Fund	1,726,000	1,726,000	0	0	0	0.0
Helicopter contracts - 230 days per helo (2)	1,361,250	0	1,361,250	0	0	0.0
Single engine air tanker contracts- 240 days per plane (2)	618,750	0	618,750	0	0	0.0
Update radios (126 units)	576,000	0	0	576,000	0	0.0
Mitigation, response, and support equipment	550,000	0	0	550,000	0	0.0
Drones with aerial ignition capacity	300,000	0	300,000	0	0	0.0
Critical programmatic and customer support	242,760	242,760	0	0	0	0.0
<i>Public Safety Subtotal</i>	<i>\$72,379,760</i>	<i>\$37,811,260</i>	<i>\$32,842,500</i>	<i>\$1,726,000</i>	<i>\$0</i>	<i>0.0</i>
<b>TOTAL</b>	<b>\$82,379,760</b>	<b>\$47,811,260</b>	<b>\$32,842,500</b>	<b>\$1,726,000</b>	<b>\$0</b>	<b>0.0</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** This issue describes actions taken by the General Assembly during the 2020 Session to balance the budget in regards to the Department of Public Safety.

**WILDFIRE STIMULUS PACKAGE:** This brief provides an overview of the Governor's Wildfire Stimulus Package, as well as the mechanisms for wildfire and emergency funding.

**R02 COMMUNITY CORRECTIONS GRANTS:** This brief provides an overview of the current community corrections system and discusses the Department's proposed budget reduction and grant-based allocation model.

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## Department of Regulatory Agencies

The Department of Regulatory Agencies is statutorily-tasked with ensuring that individuals and businesses who provide Colorado with professional services are doing so ethically and responsibly. These duties are carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through boards, commissions, and advisory committees. The Department's FY 2020-21 appropriation represents approximately 0.4 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF REGULATORY AGENCIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$119,683,304	\$1,974,831	\$110,668,540	\$5,597,251	\$1,442,682	599.8
Other legislation	(930,505)	(34,191)	(832,417)	(63,897)	0	1.0
<b>TOTAL</b>	<b>\$118,752,799</b>	<b>\$1,940,640</b>	<b>\$109,836,123</b>	<b>\$5,533,354</b>	<b>\$1,442,682</b>	<b>600.8</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$118,752,799	\$1,940,640	\$109,836,123	\$5,533,354	\$1,442,682	600.8
R1 Colorado Option health insurance	864,026	0	864,026	0	0	3.4
R2 Prescription drug affordability	371,370	0	371,370	0	0	2.8
Non-prioritized request items	(145,906)	(7,871)	(138,035)	0	0	0.0
Annualize prior year legislation	1,130,083	132,367	932,371	64,805	540	(0.1)
Centrally appropriated line items	704,926	99,836	99,180	83,030	422,880	0.0
Indirect cost assessment	(92,170)	0	(88,929)	0	(3,241)	0.0
<b>TOTAL</b>	<b>\$121,585,128</b>	<b>\$2,164,972</b>	<b>\$111,876,106</b>	<b>\$5,681,189</b>	<b>\$1,862,861</b>	<b>606.9</b>
<b>INCREASE/(DECREASE)</b>	<b>\$2,832,329</b>	<b>\$224,332</b>	<b>\$2,039,983</b>	<b>\$147,835</b>	<b>\$420,179</b>	<b>6.1</b>
Percentage Change	2.4%	11.6%	1.9%	2.7%	29.1%	1.0%

**R1 COLORADO OPTION HEALTH INSURANCE:** The request includes an increase of \$864,026 cash funds spending authority for FY 2021-22 as well as \$598,036 cash funds spending authority for FY 2022-23 along with 3.4 FTE split between the Legal Services line item in the Executive Director's Office and the Personal Services line item in the Division of Insurance. This will be funded through the Division of Insurance Cash Fund. This request will create a quality, affordable insurance product (Colorado Option) for the individual and small group markets with the goal of improving access to health care for all Coloradans.

**R2 PRESCRIPTION DRUG AFFORDABILITY:** The request includes an increase of \$371,370 cash funds spending authority and 2.8 FTE for FY 2021-22 and \$162,481 ongoing cash funds spending authority for subsequent years along with 1.5 FTE in FY 2022-23 funded by the Division of Insurance Cash Fund. The request will fund the development of a program that creates transparency and accountability, and aims to reduce the costs of prescription drugs.

**NON-PRIORITIZED REQUEST ITEMS:** The request includes a decrease of \$145,906 total funds, including a decrease of \$7,871 General Fund, for items requested by other departments that impact the agencies covered in this briefing document. The following table itemizes each requested non-prioritized decision item.



NON-PRIORITIZED REQUEST ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
NP2 Annual fleet vehicle request	\$44,516	\$0	\$44,516	0.0
NP1 DPA Center for Organizational Effectiveness	9,299	0	9,299	0.0
NP3 OIT Budget request package	(199,721)	(7,871)	(191,850)	0.0
<b>TOTAL</b>	<b>(\$145,906)</b>	<b>(\$7,871)</b>	<b>(\$138,035)</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes an increase of \$1,130,083 total funds, including an increase of \$132,367 General Fund and a decrease of 0.1 FTE, for adjustments related to prior year legislation. The primary reason for the large increase in total funds is HB 20-1379, which suspended distribution of PERA contributions for FY 2020-21. The following table itemizes each annualization.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 20-1379 Suspend DD to PERA	\$1,040,006	\$43,832	\$932,277	\$63,897	\$0	0.0
FY20-21 GF HLD reduction	74,526	74,526	0	0	0	0.0
SB18-200 PERA unfunded liability	14,431	509	12,474	908	540	0.0
Annualize HB 20-1332 Prohibit Discrimination Housing	13,500	13,500	0	0	0	0.0
Annualize HB 20-1158 Insurance Coverage Infertility	4,165	0	4,165	0	0	0.1
Annualize SB 20-030 Consumer Protections Utility	(16,545)	0	(16,545)	0	0	(0.2)
<b>TOTAL</b>	<b>\$1,130,083</b>	<b>\$132,367</b>	<b>\$932,371</b>	<b>\$64,805</b>	<b>\$540</b>	<b>(0.1)</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$704,926 total funds, including \$99,836 General Fund, for adjustments to centrally appropriated line items for the following: leased space; state contributions for health, life, and dental benefits; payments to the Governor's Office of Information Technology (OIT); payment to risk management and property funds; short-term disability; the Department of Law Fraud Prosecution Adjustment; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; legal services; administrative law judges; CORE operations; and workers' compensation. The following table itemizes each requested centrally appropriated line item change.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Leased space adjustment	\$909,813	\$0	\$767,401	\$59,649	\$82,763	0.0
Health, life, and dental adjustment	214,129	89,577	(58,330)	8,636	174,246	0.0
Payments to OIT adjustment	162,581	6,407	156,174	0	0	0.0
Payment to risk management / property funds adjustment	70,900	2,970	57,913	5,547	4,470	0.0
Short-term disability adjustment	65,291	2,301	56,437	4,109	2,444	0.0
Department of Law Fraud Prosecution Adjustment	24,188	0	24,188	0	0	0.0
PERA Direct Distribution	1,356	(7,134)	(32,135)	1,647	38,978	0.0
Legal services adjustment	(593,740)	0	(593,740)	0	0	0.0
ALJ adjustment	(69,650)	(5,561)	(64,089)	0	0	0.0
AED adjustment	(25,777)	6,245	(88,993)	1,465	55,506	0.0
SAED adjustment	(25,777)	6,245	(88,993)	1,465	55,506	0.0
CORE adjustment	(19,988)	(1,611)	(22,256)	(2,139)	6,018	0.0
Workers' compensation adjustment	(8,400)	397	(14,397)	2,651	2,949	0.0
<b>TOTAL</b>	<b>\$704,926</b>	<b>\$99,836</b>	<b>\$99,180</b>	<b>\$83,030</b>	<b>\$422,880</b>	<b>0.0</b>

**INDIRECT COST ASSESSMENTS:** The request includes a net decrease of \$92,170 total funds in the Department’s indirect cost assessment.

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor’s 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor’s proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of [Example].

**S1 EXPAND STATEWIDE BROADBAND ACCESS:** The request includes \$24.3 million General Fund to award two federal broadband grants to eligible unfunded applications for last-mile broadband investment. Last-mile broadband refers to the local network infrastructure closest to the end users. The Public Utilities Commission would administer these grants.

**S2 EXPAND STATEWIDE BROADBAND ACCESS:** The request includes \$25.0 million General Fund to award one-time funds to 15 applications deemed eligible by the Broadband Deployment Board for last-mile broadband investments across Colorado. This funding will go toward improving broadband infrastructure in unserved areas of the state. The Public Utilities Commission would administer these grants.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**INFORMATIONAL ISSUE: 2020 SESSION BUDGET BALANCING ACTIONS:** This issue describes actions taken by the General Assembly during the 2020 Session to balance the budget in the context of the Department of Regulatory Agencies. There were two actions taken to decrease General Fund appropriations, and those were the common policy changes made across all departments. These were the 5.0 percent Health, Life, Dental/Personal Services base reductions, as well as the suspension of PERA Direct Distribution. Further actions taken by the General Assembly included cash fund transfers totaling \$2.9 million from the Division of Insurance Cash Fund, the Division of Banking Cash Fund, the Prescription Drug Monitoring Fund, and the Highway Rail Crossing Signalization Fund. Finally, the General Assembly also eliminated previously scheduled statutory diversions related to SB 20-215 from the General Fund of \$15.0 million in FY 2019-20 and \$40.0 million in FY 2020-21.

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## Department of Revenue

The Department has three functional groups: the Taxation Business Group collects revenue for the state and for many local governments and assists taxpayers in tax related matters; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Specialized Business Group regulates alcohol, tobacco, marijuana, horse racing and off-track betting, limited gaming, and automobile dealers and sales persons. The three functional groups are supported by the Executive Director's Office and Information Technology Divisions. The Department also operates the Colorado Lottery. The Department's FY 2020-21 appropriation represents approximately 1.3 percent of statewide operating appropriations and 1.1 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF REVENUE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$405,987,406	\$118,141,241	\$279,898,954	\$6,910,698	\$1,036,513	1,573.7
Other Legislation	498,141	(740,942)	1,241,198	(2,115)	0	18.9
<b>TOTAL</b>	<b>\$406,485,547</b>	<b>\$117,400,299</b>	<b>\$281,140,152</b>	<b>\$6,908,583</b>	<b>\$1,036,513</b>	<b>1,592.6</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$406,485,547	117,400,299	\$281,140,152	\$6,908,583	\$1,036,513	1,592.6
R1 Lottery re-imagined for beneficiaries	16,921,833	0	16,921,833	0	0	0.0
R2 Sales and use tax simplification system support	2,246,631	2,246,631	0	0	0	5.0
R3 Information Technology reorganization & streamlining	(703,479)	(370,548)	(332,931)	0	0	0.0
R4 Saving from adopting virtual government	(803,477)	(611,854)	(191,623)	0	0	(5.0)
R5 Realign DMV spending	(6,851,411)	0	(6,851,411)	0	0	(16.1)
R6 Realign Specialized Business Group spending	(1,196,200)	0	(1,196,200)	0	0	0.0
R7 Budget savings - Taxation Business Group	(420,722)	(420,722)	0	0	0	0.0
R8 DMV digital transformation	5,040,000	5,040,000	0	0	0	0.0
Non-prioritized requests	(529,318)	384,562	(913,880)	0	0	(5.0)
Annualize prior year budget actions	3,836,222	3,022,125	814,097	0	0	7.0
Annualize prior year legislation	3,317,273	1,388,078	1,926,730	2,138	327	18.2
Indirect cost assessment	1,460,452	(1,354,595)	1,354,595	1,460,452	0	0.0
Technical adjustments	296,233	171,433	124,800	0	0	0.0
Centrally appropriated line items	(13,842,407)	(4,620,617)	(9,218,065)	(10,831)	7,106	0.0
<b>TOTAL</b>	<b>\$415,257,177</b>	<b>\$122,274,792</b>	<b>\$283,578,097</b>	<b>\$8,360,342</b>	<b>\$1,043,946</b>	<b>1,596.7</b>
<b>INCREASE/(DECREASE)</b>	<b>\$8,771,630</b>	<b>\$4,874,493</b>	<b>\$2,437,945</b>	<b>\$1,451,759</b>	<b>\$7,433</b>	<b>4.1</b>
Percentage Change	2.2%	4.2%	0.9%	21.0%	0.7%	0.3%

**R1 LOTTERY REIMAGINED FOR BENEFICIARIES:** The request includes \$16.9 million cash funds to expand lottery game offerings to include monitor games (i.e. Keno) and convert to an incentive based contract with the Lottery's scratch ticket vendor. The increased spending would be funded entirely by newly generated revenue in the Lottery Fund, which is an enterprise. The proposal would allow bars and restaurants to offer instant-win drawings on video monitors; these businesses would be paid a commission for offering the games. The request would generate an estimated additional \$7.2 million for Lottery beneficiaries in FY 2021-22, which include Great Outdoors Colorado (GOCO), the Conservation Trust Fund (CTF), Colorado Parks and Wildlife (CPW), and Building Excellent Schools Today (BEST).

**R2 SALES AND USE TAX SIMPLIFICATION SYSTEM SUPPORT:** The request includes an increase of \$2.2 million General Fund and 5.0 FTE for ongoing support and maintenance of the Sales and Use Tax Simplification System (SUTS). SUTS was funded in S.B. 19-006.

**R3 INFORMATION TECHNOLOGY REORGANIZATION & STREAMLINING:** The request includes reductions of \$370,548 General Fund and \$332,931 cash funds from the Information Technology Division, the permanent dissolution of this division, and the relocation of remaining funds to other line items throughout the Department. Savings in the Systems Support subdivision are from the elimination of personnel appropriations that were previously used for project management and consulting costs related to IT project implementation, as well as savings from telecom costs. Savings in the DMV IT System (DRIVES) Support subdivision are primarily from supplies such as specialty vehicle registration and title paper.

**R4 SAVING FROM ADOPTING VIRTUAL GOVERNMENT:** The request includes a decrease of \$803,477 total funds, including a decrease of \$611,854 General Fund, and a decrease of 5.0 FTE, related to a request to allow hearings to be conducted virtually. The request includes a legislation request from the Department to allow tax hearings to be conducted virtually.

**R5 REALIGN DMV SPENDING:** The request includes a permanent reduction of \$6,851,411 cash funds and an associated 16.1 FTE within the DMV. Two-thirds of this reduction, about \$4.5 million, is to true-up spending authority from the Driver's License Documents and License Plate Ordering Lines. The Department has authority to request future increases in these lines as technical adjustments. The remaining reductions are related to personnel changes to address the effects of the COVID-19 pandemic and respond to changing demographics that will cause a long-term decrease in demand. The reductions will be implemented by eliminating vacant positions and transferring employees to alternative locations or positions where necessary.

**R6 REALIGN SPECIALIZED BUSINESS GROUP SPENDING:** The request includes a reduction of \$1.2 million cash funds from savings originating in the Specialized Business Group. The majority of the reduction would come from spending reductions in the Liquor Enforcement Division (LED) and Marijuana Enforcement Division (MED), with small reductions in the Division of Racing Events and Auto Industry Division. These entities provide fee funded services that have been impacted by the COVID-19 pandemic and must therefore respond by adjusting their operations to match revenues. Changes include workload adjustments, reduced outreach from MED, reductions in employee training and travel, and delays in project implementation.

**R7 BUDGET SAVINGS - TAXATION BUSINESS GROUP:** The request includes a decrease of \$420,722 General Fund. The Department's request comprises a reorganization and consolidation of two subdivisions, including Taxation and Compliance and Taxpayer Services, into a single, Taxation Services subdivision. The savings reflect efficiencies anticipated to be gained by the consolidation.

**R8 DMV DIGITAL TRANSFORMATION:** The request includes a one-time increase of \$5.0 million General Fund to support the DMV's digital expansion. The initiative includes expanding self-service kiosks to include new transaction types, creation of cloud-based virtual call centers with artificial intelligence technology, expanding vehicle titling and registration services to third parties, a statewide marketing campaign to promote online services, and establishment of mobile driver's license offices to reach residents with limited mobility and in remote areas.

**NON-PRIORITIZED REQUESTS:** The request includes adjustments related to budget requests made by other departments that affect the Department of Revenue in FY 2021-22, which are summarized in the following table.

NON-PRIORITIZED REQUESTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
NP2 DOR printing and mail migration to DPA-IDS	\$347,116	\$689,675	(\$342,559)	(5.0)
NP1 COE program financial restructure	25,415	25,415	0	0.0
NP4 OIT FY22 budget request package	(901,849)	(330,528)	(571,321)	0.0
<b>TOTAL</b>	<b>(\$529,318)</b>	<b>\$384,562</b>	<b>(\$913,880)</b>	<b>(5.0)</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes a net increase of \$3.8 million total funds, including \$3.0 million General Fund, for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY20-21 GF HLD reduction	\$2,032,254	\$2,032,254	\$0	0.0
FY19-20 R-01 GenTax Support Enhancements	896,656	889,551	7,105	7.0
FY19-20 S2 leased space for 2019 special bills	498,960	100,320	398,640	0.0
FY21-22 R4 driver's license documents	408,352	0	408,352	0.0
<b>TOTAL</b>	<b>\$3,836,222</b>	<b>\$3,022,125</b>	<b>\$814,097</b>	<b>7.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes a net increase of \$3.3 million total funds, including an increase of \$1.4 million General Fund, to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB20-1379 Suspend PERA DD FY20-21	\$2,143,176	\$829,713	\$1,311,348	\$2,115	\$0	0.0
HB20-1420 Adjust Tax Expenditures for State	499,830	499,830	0	0	0	8.4
HB19-1230 Marijuana Hospitality	317,058	0	317,058	0	0	5.3
HB20-1001 Nicotine Product Reg	250,996	0	250,996	0	0	2.4
HB20-1153 Colorado Partnership	186,855	0	186,855	0	0	1.2
HB19-1159 Modify Motor Vehicle Income Tax	51,478	51,478	0	0	0	0.9
SB18-200 PERA unfunded liability	47,183	19,243	27,590	23	327	0.0
HB20-1236 Health Care Coverage	28,372	28,372	0	0	0	0.0
HB20-1024 Net Operating Loss Deduction	22,859	22,859	0	0	0	0.0
SB20-035 Kiosk Program Provider	(112,500)	0	(112,500)	0	0	0.0
SB20-218 CDPHE Hazardous Substance	(39,643)	(39,643)	0	0	0	0.0
HB19-1255 Mesa Verde License Plate	(32,312)	0	(32,312)	0	0	0.0
HB20-1293 Emergency Telephone Service	(18,930)	0	(18,930)	0	0	0.0
HB18-1208 Expand Childcare Income Tax Credit	(11,040)	(11,040)	0	0	0	0.0
HB18-1267 Income Tax Credit Retrofitting	(6,444)	(6,444)	0	0	0	0.0
HB18-1202 Income Tax Credit Organ Donation	(6,290)	(6,290)	0	0	0	0.0
SB20-056 Surplus Military Vehicles	(3,375)	0	(3,375)	0	0	0.0
<b>TOTAL</b>	<b>\$3,317,273</b>	<b>\$1,388,078</b>	<b>\$1,926,730</b>	<b>\$2,138</b>	<b>\$327</b>	<b>18.2</b>

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

**TECHNICAL ADJUSTMENTS:** The request includes a technical adjustment of \$171,433 General Fund for a GenTax system vendor (FAST Enterprises) contract escalator and a net increase of \$124,800 cash funds for the DRIVES system vendor (FAST Enterprises) contract escalator.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes a decrease of \$13.8 million total funds including a decrease of \$4.6 million General Fund related to employee benefits and other centrally appropriated items. This total includes the following changes:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$572,050	\$811,334	(\$236,430)	(\$4,830)	\$1,976	0.0
Leased space adjustment	260,966	33,389	227,577	0	0	0.0
Payment to risk management / property funds adjustment	139,205	46,513	92,692	0	0	0.0
PERA Direct Distribution	113,221	89,629	8,982	(1,011)	15,621	0.0
Annual fleet vehicle request	69,933	17,483	52,450	0	0	0.0
ALJ adjustment	11,668	0	11,668	0	0	0.0
Payments to OIT adjustment	(11,735,583)	(4,300,638)	(7,434,945)	0	0	0.0
Capitol Complex leased space adjustment	(1,418,356)	(535,170)	(883,186)	0	0	0.0
Legal services adjustment	(848,673)	(500,285)	(348,388)	0	0	0.0
DPA Document management	(271,862)	(271,862)	0	0	0	0.0
CORE adjustment	(227,617)	(104,609)	(123,008)	0	0	0.0
AED adjustment	(173,025)	75,670	(241,118)	(2,451)	(5,126)	0.0
SAED adjustment	(173,025)	75,670	(241,118)	(2,451)	(5,126)	0.0
Workers' compensation adjustment	(124,361)	(56,500)	(67,861)	0	0	0.0
Shift differential adjustment	(21,892)	0	(21,892)	0	0	0.0
Short-term disability adjustment	(15,056)	(1,241)	(13,488)	(88)	(239)	0.0
<b>TOTAL</b>	<b>(\$13,842,407)</b>	<b>(\$4,620,617)</b>	<b>(\$9,218,065)</b>	<b>(\$10,831)</b>	<b>\$7,106</b>	<b>0.0</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2020-21 General Fund appropriations to the Department of Revenue by \$3.6 million. The General Assembly's actions made an additional \$1.6 million available for balancing purposes by transferring cash funds to the General Fund through H.B. 20-1406 (Cash Fund Transfers to the General Fund).

**R1 LOTTERY REIMAGINED FOR BENEFICIARIES:** The Colorado Lottery seeks to expand its game offerings and increase revenue generation through the R1 Lottery Reimagined for Beneficiaries request to allow monitor games at restaurants and bars and switch to an incentive-based contract with its scratch ticket vendor. The proposed changes would result in an additional \$7.2 million distributed to beneficiaries in FY 2021-22, as well as sales commissions to bars and restaurants offering monitor games.

**R2 SALES AND USE TAX SIMPLIFICATION SYSTEM SUPPORT AND MAINTENANCE:** The Department of Revenue requests funding for ongoing support and maintenance of the Sales and Use Tax Simplification System (SUTS) created in S.B. 19-006 (Electronic Sales and Use Tax Simplification System) totaling \$2.2 million General Fund and 5.0 FTE for FY 2020-21 and future years.

**DIVISION OF MOTOR VEHICLES REQUESTS AND UPDATE:** The Division of Motor Vehicles has been substantially affected by the COVID-19 pandemic and faces long-term demographic challenges in addition to near-term economic impacts. The Department's FY 2021-22 request includes \$6.9 million of reduced cash fund spending and \$5.0 million General Fund for new initiatives to reduce in-person visits.

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## Department of State

The Department of State administers statutory provisions that pertain to elections; manages the statewide voter registration database; oversees campaign finance reporting; registers lobbyists and monitors the filing of required disclosures; collects, maintains, and provides public access to business filings; regulates charities and charitable gaming; and certifies notaries public. The Department's FY 2020-21 appropriation represents approximately 0.1 percent of statewide operating appropriations and 0 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF STATE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$31,215,705	\$0	\$31,215,705	\$0	\$0	145.9
Other legislation	(112,524)	0	(112,524)	0	0	1.1
<b>TOTAL</b>	<b>\$31,103,181</b>	<b>\$0</b>	<b>\$31,103,181</b>	<b>\$0</b>	<b>\$0</b>	<b>147.0</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$31,103,181	0	\$31,103,181	\$0	\$0	147.0
R1 2020 HAVA election security grant state match	1,426,773	0	1,426,773	0	0	0.0
Centrally appropriated line items	1,239,331	0	1,239,331	0	0	0.0
Annualize prior year legislation and budget actions	14,347	0	14,347	0	0	(0.5)
Non-prioritized request items	(36,871)	0	(36,871)	0	0	0.0
Indirect cost assessment	(49,675)	0	(49,675)	0	0	0.0
Technical adjustments	(1,632,367)	0	(1,632,367)	0	0	0.0
<b>TOTAL</b>	<b>\$32,064,719</b>	<b>\$0</b>	<b>\$32,064,719</b>	<b>\$0</b>	<b>\$0</b>	<b>146.5</b>
<b>INCREASE/(DECREASE)</b>	<b>\$961,538</b>	<b>\$0</b>	<b>\$961,538</b>	<b>\$0</b>	<b>\$0</b>	<b>(0.5)</b>
Percentage Change	3.1%	0.0%	3.1%	0.0%	0.0%	(0.3%)

**R1 2020 HAVA ELECTION SECURITY GRANT STATE MATCH:** This request includes \$1,426,773 cash funds for FY 2021-22 from the Department of State Cash Fund for a state match to leverage federal funds of \$7,133,864. The State must match 20 percent of these funds in order to access the federal funds, and must have the spending authority by December 2021. The funding is to support ongoing election administration improvements and must be spent by December 2024.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes an increase of \$1,239,331 cash funds for centrally appropriated line items summarized in the table below:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Legal services	\$430,009	\$0	\$430,009	\$0	\$0	0.0
Health, life, and dental	189,907	0	189,907	0	0	0.0
Leased space	170,000	0	170,000	0	0	0.0
Document management	165,336	0	165,336	0	0	0.0
Payments to OIT	111,457	0	111,457	0	0	0.0
Payment to risk management / property funds	57,898	0	57,898	0	0	0.0
AED	47,083	0	47,083	0	0	0.0
SAED	47,083	0	47,083	0	0	0.0
Workers' compensation	12,211	0	12,211	0	0	0.0
PERA Direct Distribution	10,472	0	10,472	0	0	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Short-term disability	639	0	639	0	0	0.0
CORE	(2,299)	0	(2,299)	0	0	0.0
Administrative law judges	(465)	0	(465)	0	0	0.0
<b>TOTAL</b>	<b>\$1,239,331</b>	<b>\$0</b>	<b>\$1,239,331</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS:** The request includes a net increase of \$14,347 cash funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend DD to PERA	\$245,319	\$0	\$245,319	\$0	\$0	0.0
SB18-200 PERA unfunded liability	789	0	789	0	0	0.0
Expanded Outreach to Eligible but Unregistered	(135,000)	0	(135,000)	0	0	0.0
SB 20-096	(96,761)	0	(96,761)	0	0	(0.5)
<b>TOTAL</b>	<b>\$14,347</b>	<b>\$0</b>	<b>\$14,347</b>	<b>\$0</b>	<b>\$0</b>	<b>(0.5)</b>

**NON-PRIORITIZED REQUEST ITEMS:** The request includes a decrease of \$36,871 cash funds for items requested by other departments that impact the agencies covered in this briefing document. The following table itemizes each requested non-prioritized decision item.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 annual fleet vehicle request	\$4,204	\$0	\$4,204	\$0	\$0	0.0
DPA Center for Organizational Effectiveness	1,496	0	1,496	0	0	0.0
OIT Budget request package	(42,571)	0	(42,571)	0	0	0.0
<b>TOTAL</b>	<b>(\$36,871)</b>	<b>\$0</b>	<b>(\$36,871)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**INDIRECT COST ASSESSMENT:** The request includes a net decrease of \$49,675 cash funds in the Department's indirect cost assessment.

**TECHNICAL ADJUSTMENTS:** The request includes a decrease of \$1,632,367 cash funds from the Electronic Recording Technology Fund for an adjustment to the Electronic Recording Technology Board's beginning balance, provided for informational purposes.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 and FY 2020-21 General Fund appropriations to various departments. However, because of the entirely cash-funded nature of the Department of State, no actions were available to reduce General Fund appropriations in any way. Further, the General Assembly took no actions to reduce cash funds appropriations in order to increase funds available for balancing purposes. While the annualization of prior legislation did decrease both General Fund and cash fund appropriations, these adjustments were expected decreases and had nothing to do with the balancing actions FY 2020-21.



**R1 2020 HAVA ELECTION SECURITY GRANT MATCH:** This issue request a 20 percent state funded match to draw down federal funds from the US Election Assistance Commission for grants provided through the Help America Vote Act (HAVA). To maintain ownership of this federal funding, the Department must secure spending authority for \$1,426,773 cash funds by December 2021. Additionally, the Department must spend the funds by December 2024, which will require the spending authority to roll forward until FY 2023-24.

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## *Department of Transportation*

The Colorado Department of Transportation (CDOT) is primarily responsible for the construction, maintenance, and operation of Colorado's state highway system, with additional responsibilities relating to aviation, inter-regional bus service, transit, multimodal transportation, and other state transportation systems. Most policy and budget authority for the Department rests with the Transportation Commission, which is composed of eleven governor-appointed members who represent specific districts around the state. Department staff provide support to the Commission as it adopts budgets, establishes policies, and implements Commission decisions. The Department's FY 2020-21 appropriation represents approximately 6.2 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations. Though CDOT does not typically receive General Fund appropriations, it does receive periodic transfers from the General Fund and other sources.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF TRANSPORTATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$1,984,439,402	\$1,000,000	\$1,346,783,625	\$7,078,096	\$629,577,681	3,326.0
HB 20-1153	52,980	0	52,980	0	0	0.0
<b>TOTAL</b>	<b>\$1,984,492,382</b>	<b>\$1,000,000</b>	<b>\$1,346,836,605</b>	<b>\$7,078,096</b>	<b>\$629,577,681</b>	<b>3,326.0</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
<b>FY 2020-21 Appropriation</b>	<b>\$1,984,492,382</b>	<b>1,000,000</b>	<b>\$1,346,836,605</b>	<b>\$7,078,096</b>	<b>\$629,577,681</b>	<b>3,326.0</b>
<b>Revenue adjustments</b>						
Revenue adjustment for Bridge Enterprise	\$4,504,279	\$0	\$4,504,279	\$0	\$0	0.0
Revenue adjustment for High Performance Transportation Enterprise	196,989	0	164,689	32,300	0	0.0
Revenue adjustment for First Time Drunk Driving Offender Account	(900,000)	0	(900,000)	0	0	0.0
Revenue adjustment for Transportation Services for Vulnerable Populations	(1,000,000)	(1,000,000)	0	0	0	0.0
Revenue adjustment for Administration and CM&O Divisions	(82,698,764)	0	(95,324,446)	0	12,625,682	0.0
<b>Total revenue change</b>	<b>(\$79,897,496)</b>	<b>(\$1,000,000)</b>	<b>(\$91,555,478)</b>	<b>\$32,300</b>	<b>\$12,625,682</b>	<b>0.0</b>
<b>Offsetting expenditure adjustments</b>						
R1 Administration efficiency savings (CM&O) Impact	\$1,075,612	\$0	\$1,075,612	\$0	\$0	0.0
R1 Administration efficiency savings (Admin impact)	(1,075,612)	0	(1,075,612)	0	0	0.0
<b>Net effect of offsetting adjustments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Non-offsetting expenditure adjustments</b>						
Expenditure adjustment for Marijuana Impaired Driving Program	\$500,000	\$0	\$500,000	\$0	\$0	0.0
<b>TOTAL</b>	<b>\$1,905,094,886</b>	<b>\$0</b>	<b>\$1,255,781,127</b>	<b>\$7,110,396</b>	<b>\$642,203,363</b>	<b>3,326.0</b>
<b>INCREASE/(DECREASE)</b>	<b>(\$79,397,496)</b>	<b>(\$1,000,000)</b>	<b>(\$91,055,478)</b>	<b>\$32,300</b>	<b>\$12,625,682</b>	<b>0.0</b>
Percentage Change	(4.0%)	(100.0%)	(6.8%)	0.5%	2.0%	0.0%

**R1 ADMINISTRATION EFFICIENCY SAVINGS:** CDOT requests a reduction of \$1,075,612 cash funds for FY 2021-22 and subsequent years within the appropriated Administration Division line item, which represents a 2.8 percent reduction in spending on administrative activities that are paid from the State Highway Fund. The savings will be used to increase cash fund spending in the continuously appropriated Construction, Maintenance, and Operations Division by an offsetting amount.

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Transportation.

**S1 ACCELERATE HIGH-PRIORITY SHOVEL READY PROJECTS:** The Governor's supplemental request will propose an increase of \$130 million General Fund to allow CDOT to accelerate the implementation of shovel ready projects across the state and focus on those projects that it deems most critical in the short-term.

**S2 REVITALIZATION OF COLORADO'S MAIN STREETS:** The supplemental request will include \$70 million General Fund to CDOT for the Revitalizing Main Streets program. This program was developed to support infrastructure projects that provide open spaces for mobility, community activities, and economic development in the wake of the COVID-19 pandemic.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**INFORMATIONAL ISSUE - 2020 SESSION BUDGET BALANCING ACTIONS:** This issue describes actions taken by the General Assembly during the 2020 Session to balance the budget in regards to the Department of Transportation. The Department did not have any General Fund appropriations available for budget balancing purposes. The General Assembly's actions made \$500,000 available for balancing purposes through the FY 2020-21 Long Bill by reducing an appropriation from the Marijuana Tax Cash Fund. Other CDOT budget balancing actions were contained in House Bills 20-1376 (Modify Transportation Funding Mechanisms), 20-1377 (Fund Controlled Maintenance Projects), and 20-1381 (Cash Fund Transfers to General Fund) and total as much as \$120.5 million.

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## *Department of the Treasury*

The Department of the Treasury is responsible for the following primary duties: (1) acts as the State's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program; (3) disburses Senior Citizen and Disabled Veteran Property Tax Exemption payments to local governments; (4) provides short-term interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; (7) distributes federal mineral leasing funds received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado; (8) manages certain state public financing transactions; and (9) reimburses certain property taxes owed or paid for real and business personal property destroyed in a natural disaster. The Department's funding for FY 2020-21 consists of 27.4 percent General Fund, 69.9 percent cash funds, and 2.7 percent reappropriated funds. The Department's FY 2020-21 appropriation represents approximately 2.0 percent of statewide operating appropriations and 1.7 percent of statewide General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF THE TREASURY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	\$877,117,998	\$361,072,642	\$444,561,518	\$71,483,838	\$0	32.9
Other Legislation	(223,852,395)	(181,783,730)	11,981,929	(54,050,594)	0	5.0
<b>TOTAL</b>	<b>\$653,265,603</b>	<b>\$179,288,912</b>	<b>\$456,543,447</b>	<b>\$17,433,244</b>	<b>\$0</b>	<b>37.9</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$653,265,603	\$179,288,912	\$456,543,447	\$17,433,244	\$0	37.9
R1 Unclaimed property technology upgrades	21,000	0	21,000	0	0	0.0
R2 Department personnel costs	334,614	216,315	118,299	0	0	3.5
NP 1 Center for Organizational Effectiveness	510	255	255	0	0	0.0
NP 2 Budget request package	(12,340)	(6,170)	(6,170)	0	0	0.0
Annualize prior year legislation and budget actions	223,930,808	169,861,912	18,302	54,050,594	0	0.0
Revenue forecast adjustments	50,708,991	11,278,587	39,430,404	0	0	0.0
Centrally appropriated line items	(49,564)	17,003	(66,567)	0	0	0.0
<b>TOTAL</b>	<b>\$928,199,622</b>	<b>\$360,656,814</b>	<b>\$496,058,970</b>	<b>\$71,483,838</b>	<b>\$0</b>	<b>41.4</b>
<b>INCREASE/(DECREASE)</b>	<b>\$274,934,019</b>	<b>\$181,367,902</b>	<b>\$39,515,523</b>	<b>\$54,050,594</b>	<b>\$0</b>	<b>3.5</b>
Percentage Change	42.1%	101.2%	8.7%	310.0%	0.0%	9.2%

**R1 UNCLAIMED PROPERTY TECHNOLOGY UPGRADES:** The request includes an increase of \$21,000 cash funds from the Unclaimed Property Trust Fund for FY 2021-22 and \$15,000 ongoing. The request includes: \$1,000 for security cameras and \$5,000 for the installation of a client services phone system; and \$15,000 ongoing for maintenance and upkeep of the phone system. These technology upgrades will allow for better management of claims made for unclaimed property and better security for the vault that holds tangible unclaimed property. This request is one that the Committee approved last year prior to balancing actions.

**R2 DEPARTMENT PERSONNEL COSTS:** The request includes an increase of \$334,614 total funds, including \$216,315 General Fund and \$118,299 cash funds to support 3.5 FTE. The request includes four items: a Junior Investment Officer for the Investment Division; an additional 1.0 FTE for Unclaimed Property claims; an additional 0.5 FTE for Unclaimed Property tangible assets; and a Policy Director/Legislative Liaison for the Administration Division. The Department describes this as a workload true-up request related to increased responsibilities added in legislation over the last 15 years which the Department accepted within existing appropriations. This request adds one FTE to last year's request, which the Committee approved prior to budget balancing actions.

**NON-PRIORITIZED REQUEST ITEMS:** The request includes a decrease of \$11,830 total funds, including a decrease of \$5,915 General Fund, for items requested by other departments that impact the agencies covered in this briefing document. The following table itemizes each requested non-prioritized decision item.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP 1 Center for Organizational Effectiveness	\$510	\$255	\$255	\$0	\$0	0.0
NP 2 Budget request package	(12,340)	(6,170)	(6,170)	0	0	0.0
<b>TOTAL</b>	<b>(\$11,830)</b>	<b>(\$5,915)</b>	<b>(\$5,915)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS:** The request includes a net increase of \$223.9 million total funds, including an increase of \$169.8 million General Fund, to annualize prior year legislation and budget actions.

ANNUALIZE PRIOR YEAR LEGISLATION AND BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 suspend DD to PERA	\$225,049,947	\$170,981,282	\$18,071	\$54,050,594	\$0	0.0
FY20-21 GF HLD reduction	77,812	77,812	0	0	0	0.0
SB18-200 PERA unfunded liability	601	370	231	0	0	0.0
SB 20-200 implementation of CO secure savings program	(1,197,552)	(1,197,552)	0	0	0	0.0
<b>TOTAL</b>	<b>\$223,930,808</b>	<b>\$169,861,912</b>	<b>\$18,302</b>	<b>\$54,050,594</b>	<b>\$0</b>	<b>0.0</b>

**REVENUE FORECAST ADJUSTMENTS:** This revenue adjustment that resulted from OSPB's September revenue forecast increased total funds to the Department by \$50.7 million including an \$11.2 million increase in General Fund.

REVENUE FORECAST ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Senior Citizen and Disabled Veteran Property Tax Exemption	\$11,278,587	\$11,278,587	\$0	\$0	\$0	0.0
Highway Users Tax Fund - County Payments	18,837,849	0	18,837,849	0	0	0.0
Highway Users Tax Fund - Municipality Payments	20,592,555	0	20,592,555	0	0	0.0
<b>TOTAL</b>	<b>\$50,708,991</b>	<b>\$11,278,587</b>	<b>\$39,430,404</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes a decrease of \$49,564 total funds with an increase of \$17,003 General Fund for adjustments to centrally appropriated line items including the following: payments to OIT adjustments; Capitol Complex leased space adjustment; supplemental state contributions to the Public Employees' Retirement Association (PERA); workers' compensation; health, life, and dental; legal services; CORE operations; and short-term disability.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT	\$120,054	\$60,027	\$60,027	\$0	\$0	0.0
Capitol Complex leased space	5,521	5,521	0	0	0	0.0
PERA Direct Distribution	5,392	2,175	3,217	0	0	0.0
Workers' compensation	5,226	5,226	0	0	0	0.0
Health, life, and dental	808	11,561	(10,753)	0	0	0.0
Legal services	(88,342)	(15,906)	(72,436)	0	0	0.0
CORE	(86,037)	(38,716)	(47,321)	0	0	0.0
AED	(5,970)	(6,324)	354	0	0	0.0
SAED	(5,970)	(6,324)	354	0	0	0.0
Short-term disability	(246)	(237)	(9)	0	0	0.0
<b>TOTAL</b>	<b>(\$49,564)</b>	<b>\$17,003</b>	<b>(\$66,567)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**ISSUE 1: 2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of the Treasury by \$15.7 million. Fiscal year 2020-21 appropriations to the Department were further reduced by \$192 million. The General Assembly's actions made an additional \$43 million available for balancing purposes through cash fund transfers. These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21.

**ISSUE 2: FUNDING REQUESTS FOR FY 2021-22:** The Department of the Treasury is requesting an increase of \$355,614 total funds for FY 2021-22, including \$216,315 General Fund and \$139,299 cash funds, to support technology upgrades for the Unclaimed Property Division and 3.5 FTE to support the Department's mission.

**ISSUE 3: HLD DECREASE REDUCTION:** The statewide compensation policies' budget balancing action for a Health, Life, and Dental (HLD) decrease in lieu of a 5.0 percent General Fund base salary reduction was calculated on standard compensation templates used to calculate the correct appropriation of centrally appropriated employee benefits. However, the Department reflects cash fund revenue from its cash management transaction fee as General Fund in its template. As a result, the HLD General Fund appropriation was reduced by \$77,812, but should have been reduced by \$29,428.

**ISSUE 4: PROPERTY TAX REIMBURSEMENTS FOR PROPERTY DESTROYED BY A NATURAL CAUSE:** Last budget cycle, the Committee decreased the annual General Fund appropriation to the Department of the Treasury for Property Tax Reimbursement for Property Destroyed by a Natural Cause from \$2,221,828 to \$25,000. The Committee opted to fund the appropriation as necessary in any given year rather than create a reserve fund for this purpose. This issue provides a summary update on how that change is being implemented with regard to the wildfires this past summer.

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# Capital Construction

The capital construction section of the Long Bill includes funding appropriated to state departments and institutions of higher education for controlled maintenance, capital renewal and recapitalization, and capital expansion. Capital construction appropriations are primarily supported by General Fund transferred to the Capital Construction Fund. The FY 2020-21 General Fund transfers to the Capital Construction Fund (\$23.0 million) represents 0.2 percent of FY 2020-21 General Fund revenues, based on the September 2020 Legislative Council Staff forecast.

## FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

		CAPITAL CONSTRUCTION					ADD'L OUT-YEAR STATE FUNDS
		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	
		<b>FY 2020-21 APPROPRIATION:</b>					
		FY 2020-21 Long Bill (H.B. 20-1360)	\$105,724,997	\$2,543,768	\$71,688,773	\$0	\$31,492,456
		H.B. 20-1408 Dist H.B. 20-1377 CCF Funding	49,046,800	49,000,000	46,800	0	0
		S.B. 20-003 State Parks Improvement Approp	1,000,000	1,000,000	0	0	0
		<b>TOTAL</b>	<b>\$155,771,797</b>	<b>\$52,543,768</b>	<b>\$71,735,573</b>	<b>\$0</b>	<b>\$31,492,456</b>
<b>Priority</b>							
<b>OSP</b>	<b>CCHE</b>	<b>FY 2020-21 State-funded Request Placeholders</b>					
11		PLACEHOLDER - DNR: Increase State Park Access	20,000,000	20,000,000	0	0	0
		<b>SUBTOTAL - FY 2020-21 Placeholders</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
		<b>FY 2021-22 STATE-FUNDED REQUESTED APPROPRIATION:</b>					
n/a	n/a	HED: CSU NWC COP Payments <sup>1</sup>	n/a	n/a	n/a	n/a	n/a
1		DHS: Sell Two Regional Center Homes <sup>2</sup>	(700,000)	(700,000)	0	0	0
2		CDOT: Weather Radar System in SW CO <sup>3</sup>	300,000	300,000	0	0	0
3		DMVA: Field Artillery Readiness Ctr ph 1/3	2,459,000	614,750	0	0	1,844,250
4		DOC: SCF Steam Condensate Line Repl (cr)	8,487,496	8,487,496	0	0	0
5		AGR: CSF Water Infrastructure (cr)	3,383,907	3,383,907	0	0	0
6		DHS: CMHIFL Camp Util Infra ph 2/3 (cr)	15,881,605	15,881,605	0	0	10,437,060
7		DHS: CMHIP Camp Util Infra ph 1/3 (cr)	10,503,970	10,503,970	0	0	33,544,191
8		DHS: CMHIP HVAC Repl 4 Bldgs ph 1/3 (cr)	4,196,140	4,196,140	0	0	49,295,878
9		DOC: Water Tank Repl, ECCPC, (cr)	4,729,279	4,729,279	0	0	0
10		PLACEHOLDER - DOC: Expansion of TakeTWO Building at BVCF	1,000,000	1,000,000	0	0	0
11		PLACEHOLDER - DNR: Increase State Park Access (FY 20-21 supp reflected above)	20,000,000	20,000,000	0	0	0
		<b>SUBTOTAL - Prioritized Requests</b>	<b>\$70,241,397</b>	<b>\$68,397,147</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,844,250</b>
		<sup>1</sup> The appropriation for this item originates as General Fund transferred to the National Western Center Trust Fund pursuant to section 23-31-902 (3), C.R.S., and is included in the Long Bill as a cash funds appropriation. This item is cited in the Governor's budget request and identified as N/A in the funding columns. The amount included in the CCHE request for this item is \$9,860,000.					
		<sup>2</sup> This DHS item is included in the Governor's budget request but is not a budget item for appropriation. Staff includes this item as an accurate reflection of the Governor's budget request, but will not include this item in the Long Bill. Sales and dispositions are contractual transactions recorded on the accounting balance sheet as an exchange of property for cash. Resulting cash assets may be used as a fund source for an item of appropriation; but the disposition action is not a budget item for appropriation.					
		<sup>3</sup> This CDOT request also includes \$400,000 cash funds and \$1,800,000 reappropriated funds, not reflected in the Governor's request table.					
<b>Priority</b>							
<b>OSP</b>	<b>CCHE</b>	<b>FY 2021-22 CASH-FUNDED REQUESTED APPROPRIATION:</b>					
1		DMVA: Land and Water Transfer, GJRC <sup>4</sup>	0	0	0	0	0
2		HistCO: Regional Property Preserv Projects <sup>5</sup>	350,000	0	350,000	0	0
3		DHS: Dept-wide Facility Master Plan, ph 2,3/3	1,758,841	0	1,758,841	0	0
4		DNR: Property Acquisitions and Improv	11,000,000	0	11,000,000	0	0
5		DNR: Infrastructure and Real Property Maint <sup>6</sup>	18,840,500	0	18,540,500	0	300,000
6		CDE: CSDB Dispos of Teller Co. Parcel <sup>7</sup>	(19,300)	0	(19,300)	0	0
7		CDE: CSDB Dispos of El Paso Co. Parcel <sup>7</sup>	(113,517)	0	(113,517)	0	0
8		CDE: CSDB Dispos Bell Flower Dr. Parcel <sup>7</sup>	(19,500)	0	(19,500)	0	0

		CAPITAL CONSTRUCTION					ADD'L OUT-YEAR STATE FUNDS
		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	
<b>SUBTOTAL - Non-prioritized Requests</b>		<b>\$31,797,024</b>	<b>\$0</b>	<b>\$31,497,024</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$0</b>
<sup>4</sup> This DMVA project is included in the Governor's budget request but is not a budget item for appropriation. Staff includes this item as an accurate reflection of the Governor's budget request, but will not include this item in the Long Bill.							
<sup>5</sup> History Colorado requested \$700,000 cash funds; OSPB recommends \$350,000 cash funds.							
<sup>6</sup> The Governor's request table reflects \$300,000 federal funds; this amount should be reflected as a cash funds appropriation from the HUTF.							
<sup>7</sup> This is the second year these items have been submitted in the Governor's budget request. As staff communicated last year: The Colorado School for the Deaf and the Blind (CSDB) dispositions are included to accurately reflect the Governor's budget request. Negative appropriations applied up to an amount already appropriated are valid appropriation actions. However, there are no existing appropriations to offset. Sales and dispositions are contractual transactions recorded on the accounting balance sheet as an exchange of property for cash. Resulting cash assets may be used as a fund source for an item of appropriation; but the disposition action is not a budget item for appropriation. Staff will once again exclude these requested appropriations in the Long Bill as they are not items of appropriation.							
<b>TOTAL - 2-year Governor's Request</b>		<b>\$102,038,421</b>	<b>\$68,397,147</b>	<b>\$31,497,024</b>	<b>\$0</b>	<b>\$2,144,250</b>	<b>\$99,329,379</b>
<b>INCREASE/(DECREASE)</b>		<b>(\$53,733,376)</b>	<b>\$15,853,379</b>	<b>(\$40,238,549)</b>	<b>\$0</b>	<b>(\$29,348,206)</b>	
Percentage Change		(34.5%)	30.2%	(56.1%)	n/a	(93.2%)	
<b>Priority</b>							
<b>OSP</b>	<b>CCHE</b>	JBC staff technical adjustments to remove non-appropriation items (subtract from FY 2021-22 total)					
1		DHS: Sell Two Regional Center Homes	(700,000)	(700,000)			
6		CDE: CSDB Dispos of Teller Co. Parcel	(19,300)	0	(19,300)	0	0
7		CDE: CSDB Dispos of El Paso Co. Parcel	(113,517)	0	(113,517)	0	0
8		CDE: CSDB Dispos Bell Flower Dr. Parcel	(19,500)	0	(19,500)	0	0
<b>SUBTOTAL - Non-appropriation items</b>		<b>(\$852,317)</b>	<b>(\$700,000)</b>	<b>(\$152,317)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
FY 2021-22 Technical adjustments and cash-funded item not included in Governor's Request (add to FY 2021-22 total)							
		HED: CSU NWC Lease Purchase Payments	9,860,000	0	9,860,000	0	0
2		CDOT: Weather Radar System in SW CO	2,200,000	0	400,000	1,800,000	0
5		DNR: Infrastructure and Real Property Maint	0	0	300,000	0	(300,000)
<b>SUBTOTAL - Cash-funded items not incl.</b>		<b>\$12,060,000</b>	<b>\$0</b>	<b>\$10,560,000</b>	<b>\$1,800,000</b>	<b>(\$300,000)</b>	<b>\$0</b>
FY 2020-21 Supplemental Request (subtract from FY 2021-22 total)							
11		PLACEHOLDER - DNR: Increase State Park Access	20,000,000	20,000,000	0	0	0
<b>SUBTOTAL - FY 2020-21 Supplemental</b>		<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL - FY 2021-22 Adjusted Gov. Req.</b>		<b>\$94,950,738</b>	<b>\$49,097,147</b>	<b>\$42,209,341</b>	<b>\$1,800,000</b>	<b>\$1,844,250</b>	
<b>TOTAL - FY 2020-21 Supplemental</b>		<b>\$20,000,000</b>	<b>\$20,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>TOTAL - 2-year Adjusted Gov. Request</b>		<b>\$114,950,738</b>	<b>\$69,097,147</b>	<b>\$42,209,341</b>	<b>\$1,800,000</b>	<b>\$1,844,250</b>	
<b>INCREASE/(DECREASE)</b>		<b>(\$40,821,059)</b>	<b>\$16,553,379</b>	<b>(\$29,526,232)</b>	<b>\$1,800,000</b>	<b>(\$29,648,206)</b>	
Percentage Change		(26.2%)	31.5%	(41.2%)	n/a	(94.1%)	



## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**FRONT-LOADING STATE FUNDED CAPITAL PROJECTS:** New capital construction projects are often funded with a nominal appropriation of state funds in the first year with substantial out-year needs for state funds. Staff recommends that the Committee pursue legislation to require that state-funded building capital projects be front-loaded in the first year at a minimum of 50 percent of total state funds required for a project.

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## IT Capital Projects

The IT Capital section of the Long Bill includes funding appropriated to state departments and institutions of higher education for IT Capital projects. IT Capital appropriations are primarily supported by General Fund transferred to the Information Technology Capital Account in the Capital Construction Fund.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

		INFORMATION TECHNOLOGY PROJECTS (IT CAPITAL)					ADD'L OUT-YEAR STATE FUNDS
		TOTAL FUNDS	CAPITAL CONSTRUCTION FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	
		<b>FY 2020-21 APPROPRIATION:</b>					
		FY 2020-21 Long Bill (H.B. 20-1360)	\$8,135,795	\$445,000	\$3,685,795	\$0	\$4,005,000
		<b>TOTAL</b>	<b>\$8,135,795</b>	<b>\$445,000</b>	<b>\$3,685,795</b>	<b>\$0</b>	<b>\$4,005,000</b>
<b>Priority</b>		<b>FY 2021-22 PRIORITIZED REQUESTED APPROPRIATION:</b>					
<b>OSPB</b>	<b>CCHE</b>						
<b>1</b>		CDPHE: Integrated Reportable Disease DMS	10,000,000	10,000,000	0	0	0
<b>2</b>		GOV: OeHI Rural Connectivity	6,498,000	1,081,800	0	0	5,416,200
<b>3</b>		CDLE: Modernize CO Automated Tax System	9,422,240	0	9,422,240	0	0
<b>4</b>		DHS: Behavioral Health Infrastructure Invest.	10,480,017	10,480,017	0	0	0
		<b>TOTAL - Prioritized Requests</b>	<b>\$36,400,257</b>	<b>\$21,561,817</b>	<b>\$9,422,240</b>	<b>\$0</b>	<b>\$5,416,200</b>
		<b>INCREASE/(DECREASE)</b>	\$28,264,462	\$21,116,817	\$5,736,445	\$0	\$1,411,200
		Percentage Change	347.4%	4,745.4%	155.6%	n/a	35.2%

### SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**JTC RESPONSE TO JBC REQUEST REGARDING IT CAPITAL BUDGET PROCESS:** In the 2020 budget process, the JBC approved the creation of a separate IT Capital section of the budget to be effective in the 2021 Long Bill. In anticipation, JBC requested recommendations from the Joint Technology Committee (JTC) regarding budget process changes, especially as related to the adoption of "agile" IT project development methodology and principles. Notwithstanding JTC recommendation, JBC staff recommends: one-year appropriations for IT Capital projects, including legislation to eliminate current statutory specification of three-year appropriations; and establishment of definitions for concepts related to IT Capital projects within the agile framework, in order to establish clear standards and expectations related to IT Capital project appropriations.

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## Statewide Compensation and PERA

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for PERA payments for the unfunded liability. The statewide FY 2020-21 appropriation for: the estimated salary base represents approximately 11.4 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 0.7 percent of statewide operating General Fund appropriations; and PERA payments for the unfunded liability (AED, SAED, and PERA Direct Distribution) represent approximately 1.0 percent of statewide operating General Fund appropriations.

### FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA UNFUNDED LIABILITY PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2020-21 Appropriation</b>					
Base Salary Estimate	\$1,965,448,931	\$1,103,345,802	\$451,969,583	\$241,323,807	\$168,809,739
PERA	218,682,913	122,963,397	50,766,284	26,495,154	18,458,078
Medicare (FICA)	28,499,006	15,998,513	6,553,558	3,499,195	2,447,740
Shift Differential	18,106,359	14,177,714	721,901	2,204,984	1,001,760
Salary Survey	0	0	0	0	0
Merit Pay	0	0	0	0	0
Health, Life, Dental	309,794,012	178,372,572	70,221,943	35,911,351	25,288,146
FY20-21 Balancing Action - HLD Decrease	(57,795,854)	(57,795,854)	0	0	0
Short-term Disability	3,182,073	1,749,715	741,814	407,597	282,947
AED	98,426,520	55,146,685	22,630,369	12,164,117	8,485,349
SAED	98,426,520	55,146,685	22,630,369	12,164,117	8,485,349
PERA Direct Distribution	54,050,596	30,568,641	16,312,047	6,029,710	1,140,198
H.B. 20-1379 Suspend PERA DD	(54,050,596)	(30,568,641)	(16,312,047)	(6,029,710)	(1,140,198)
<b>TOTAL</b>	<b>\$2,682,770,479</b>	<b>\$1,489,105,228</b>	<b>\$626,235,821</b>	<b>\$334,170,322</b>	<b>\$233,259,108</b>
<b>FY 2021-22 Request</b>					
Base Salary Estimate	\$1,995,668,714	\$1,125,169,833	\$448,502,662	\$219,551,726	\$202,444,494
PERA	222,029,092	125,417,999	50,365,033	24,137,561	22,108,499
Medicare (FICA)	28,937,194	16,314,961	6,503,290	3,183,499	2,935,444
Shift Differential	19,993,498	15,908,039	770,360	2,238,323	1,076,776
Salary Survey	0	0	0	0	0
Merit Pay	0	0	0	0	0
Health, Life, Dental	332,969,976	190,445,011	74,456,584	35,450,370	32,618,011
Short-term Disability	3,140,195	1,783,334	691,063	347,832	317,966
AED	100,348,366	56,641,889	22,459,155	11,077,175	10,170,147
SAED	100,348,366	56,641,889	22,459,155	11,077,175	10,170,147
PERA Direct Distribution	57,559,623	31,451,770	16,625,625	6,210,053	3,272,175
<b>TOTAL</b>	<b>\$2,860,995,023</b>	<b>\$1,619,774,724</b>	<b>\$642,832,927</b>	<b>\$313,273,714</b>	<b>\$285,113,659</b>
<b>Increase/(Decrease)</b>	<b>\$178,224,544</b>	<b>\$130,669,496</b>	<b>\$16,597,106</b>	<b>(\$20,896,608)</b>	<b>\$51,854,551</b>
Percent Change	6.6%	8.8%	2.7%	(6.3%)	22.2%
<b>Increase/(Decrease) excl. balancing actions</b>	<b>\$66,378,094</b>	<b>\$42,305,001</b>	<b>\$285,059</b>	<b>(\$26,926,318)</b>	<b>\$50,714,353</b>
Percent Change	2.5%	2.8%	0.0%	(8.1%)	21.7%

## THE FY 2021-22 TOTAL COMPENSATION REQUEST

The FY 2021-22 total compensation request – including salary base, discretionary employee compensation and benefits, and PERA amortization payments – is estimated to be \$2.86 billion total funds, an increase of:

- \$178.2 million over the prior year appropriation, which represents a 6.1 percent increase in total compensation-related appropriations; or
- \$66.4 million over the prior year – excluding balancing actions, which represents a 2.5 percent increase.

The FY 2021-22 total compensation request for discretionary employee compensation and benefits and PERA unfunded liability payments totals \$614.4 million total funds, an increase of \$144.2 million over the prior year.

The Governor's request includes the following items:

**SALARY SURVEY:** No salary survey increase.

**MERIT PAY:** No merit pay increase.

**SHIFT DIFFERENTIAL:** Shift Differential funds increase adjustments for employee hours worked outside of normal work hours. Shift Differential is requested at 100 percent of prior year actual expenditures. For FY 2021-22, the Shift Differential request is \$20.0 million total funds, including \$15.9 million General Fund. Shift Differential increases by \$1.9 million total funds, including \$1.7 million General Fund; a 10.4 percent increase in total funds and a 12.2 percent increase in General Fund.

**AED:** Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent, except for judges set at 4.2 percent in 2021 and 4.6 percent in 2022. AED is estimated to be \$100.3 million total funds, including \$56.6 million General Fund. The AED increase is estimated to be \$1.9 million total funds, including \$1.5 million General Fund; a 2.0 percent increase in total funds and a 2.7 percent increase in General Fund.

**SAED:** Supplemental Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent, except for judges set at 4.2 percent in 2021 and 4.6 percent in 2022. SAED is estimated to be \$100.3 million total funds, including \$56.6 million General Fund. The SAED increase is estimated to be \$1.9 million total funds, including \$1.5 million General Fund; a 2.0 percent increase in total funds and a 2.7 percent increase in General Fund.

**STD:** Short Term Disability is requested at a rate of 0.16 percent of revised base salaries, representing a decrease from 0.17 percent in the prior year. STD is estimated at \$3.1 million total funds, including \$1.8 million General Fund. The STD adjustment is estimated to decrease by \$42,000 total funds, including an increase of \$34,000 General Fund; a 1.3 percent decrease in total funds and a 1.9 percent increase in General Fund.

**HLD:** Request amounts submitted for Health, Life, and Dental are based on employee health and dental elections as of July of the current year. Health premiums are projected to increase 7.5 percent and dental premiums are projected to increase 3.0 percent. Additional adjustments may be included in a budget amendment based on new actuarial recommendations received in December. The HLD request is \$333.0 million total funds, including \$190.4 million General Fund. The base adjustment request reflects an increase of \$23.2 million total funds, including \$12.1 million General Fund; a 7.5 percent increase in total funds and a 6.8 percent increase in General Fund.

In addition to the annual incremental or base adjustment, the HLD General Fund decrease of \$57.8 million General Fund, taken as a one-time balancing action for FY 2020-21, will be annualized back in to the HLD appropriation, and is reflected in the FY 2021-22 request amount.

**PERA DIRECT DISTRIBUTION:** In FY 2019-20, a common policy allocation to state agencies was added for the State's \$225.0 million statutory PERA Direct Distribution payment. This allocation was added to common policies to charge cash and federal funds sources for what would otherwise be a General Fund payment. The PERA Direct Distribution totals \$57.6 million in FY 2020-21. This reflects an increase of \$3.5 million from the FY 2019-20 allocation. The request includes the annualization of \$54.1 million from the balancing action taken in H.B. 20-1379, *Suspend PERA Direct Distribution for FY 2020-21*. The total PERA Direct Distribution is allocated to the public schools divisions and the state employee divisions of PERA based on total payroll. This increase indicates that total payroll for public schools decreased relative to total payroll for state employees.

**SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA PAYMENTS TABLES**

The following table isolates the estimated salary base within total compensation.

SALARY BASE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2020-21 Appropriation</b>					
Base Salary Estimate	\$1,965,448,931	\$1,103,345,802	\$451,969,583	\$241,323,807	\$168,809,739
PERA	218,682,913	122,963,397	50,766,284	26,495,154	18,458,078
Medicare (FICA)	28,499,006	15,998,513	6,553,558	3,499,195	2,447,740
<b>TOTAL</b>	<b>\$2,212,630,850</b>	<b>\$1,242,307,712</b>	<b>\$509,289,425</b>	<b>\$271,318,156</b>	<b>\$189,715,557</b>
<b>FY 2021-22 Request</b>					
Base Salary Estimate	\$1,995,668,714	\$1,125,169,833	\$448,502,662	\$219,551,726	\$202,444,494
PERA	222,029,092	125,417,999	50,365,033	24,137,561	22,108,499
Medicare (FICA)	28,937,194	16,314,961	6,503,290	3,183,499	2,935,444
<b>TOTAL</b>	<b>\$2,246,635,000</b>	<b>\$1,266,902,793</b>	<b>\$505,370,985</b>	<b>\$246,872,786</b>	<b>\$227,488,437</b>
<b>Increase/(Decrease)</b>	\$34,004,151	\$24,595,081	(\$3,918,440)	(\$24,445,370)	\$37,772,880
Percent Change	1.5%	2.0%	(0.8%)	(9.0%)	19.9%
Percent of Total Comp.	78.5%	78.2%	78.6%	78.8%	79.8%

The estimated salary base includes adjustments approved in prior year policy decisions related to salary and staffing increases. Salary base is estimated at \$2.25 billion total funds including \$1.27 billion General Fund; an increase of \$34.0 million total funds or 1.5 percent and an increase of \$24.6 million General Fund or 2.0 percent. The salary base (previously approved policy decisions) represents 78.5 percent of total compensation.

The following table outlines the FY 2021-22 request for employee compensation common policies representing the discretionary compensation items in total compensation.

EMPLOYEE COMPENSATION COMMON POLICIES (DISCRETIONARY ITEMS; INCL. HLD GF DECREASE)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2020-21 Appropriation</b>					
Shift Differential	\$18,106,359	\$14,177,714	\$721,901	\$2,204,984	\$1,001,760
Salary Survey	0	0	0	0	0
Merit Pay	0	0	0	0	0
Health, Life, Dental	251,998,158	120,576,718	70,221,943	35,911,351	25,288,146
Short-term Disability	3,182,073	1,749,715	741,814	407,597	282,947

EMPLOYEE COMPENSATION COMMON POLICIES (DISCRETIONARY ITEMS; INCL. HLD GF DECREASE)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>TOTAL</b>	<b>\$273,286,590</b>	<b>\$136,504,147</b>	<b>\$71,685,658</b>	<b>\$38,523,932</b>	<b>\$26,572,853</b>
FY 2021-22 Request					
Shift Differential	\$19,993,498	\$15,908,039	\$770,360	\$2,238,323	\$1,076,776
Salary Survey	0	0	0	0	0
Merit Pay	0	0	0	0	0
Health, Life, Dental	332,969,976	190,445,011	74,456,584	35,450,370	32,618,011
Short-term Disability	3,140,195	1,783,334	691,063	347,832	317,966
<b>TOTAL</b>	<b>\$356,103,669</b>	<b>\$208,136,384</b>	<b>\$75,918,007</b>	<b>\$38,036,525</b>	<b>\$34,012,753</b>
<b>Increase/(Decrease)</b>	<b>\$82,817,079</b>	<b>\$71,632,237</b>	<b>\$4,232,349</b>	<b>(\$487,407)</b>	<b>\$7,439,900</b>
Percent Change	30.3%	52.5%	5.9%	(1.3%)	28.0%
Percent of Total Comp.	12.4%	12.8%	11.8%	12.1%	11.9%

EMPLOYEE COMPENSATION COMMON POLICIES (DISCRETIONARY ITEMS; EXCL. HLD GF DECREASE)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2020-21 Appropriation					
Shift Differential	\$18,106,359	\$14,177,714	\$721,901	\$2,204,984	\$1,001,760
Salary Survey	0	0	0	0	0
Merit Pay	0	0	0	0	0
Health, Life, Dental	309,794,012	178,372,572	70,221,943	35,911,351	25,288,146
Short-term Disability	3,182,073	1,749,715	741,814	407,597	282,947
<b>TOTAL</b>	<b>\$331,082,444</b>	<b>\$194,300,001</b>	<b>\$71,685,658</b>	<b>\$38,523,932</b>	<b>\$26,572,853</b>
FY 2021-22 Request					
Shift Differential	\$19,993,498	\$15,908,039	\$770,360	\$2,238,323	\$1,076,776
Salary Survey	0	0	0	0	0
Merit Pay	0	0	0	0	0
Health, Life, Dental	332,969,976	190,445,011	74,456,584	35,450,370	32,618,011
Short-term Disability	3,140,195	1,783,334	691,063	347,832	317,966
<b>TOTAL</b>	<b>\$356,103,669</b>	<b>\$208,136,384</b>	<b>\$75,918,007</b>	<b>\$38,036,525</b>	<b>\$34,012,753</b>
<b>Increase/(Decrease)</b>	<b>\$25,021,225</b>	<b>\$13,836,383</b>	<b>\$4,232,349</b>	<b>(\$487,407)</b>	<b>\$7,439,900</b>
Percent Change	7.6%	7.1%	5.9%	(1.3%)	28.0%
Percent of Total Comp.	12.4%	12.8%	11.8%	12.1%	11.9%

Discretionary compensation items total \$356.1 million including \$208.1 million General Fund. For comparing the requested FY 2021-22 change to the FY 2020-21 appropriation, there are two comparisons to consider: the first includes the HLD decrease balancing action, which will reflect the actual year-to-year budget change; the second excludes the HLD decrease to better reflect the actual year-to-year incremental increase in discretionary employee compensation common policies.

Including the HLD decrease balancing action totaling \$57.8 million General Fund, the request reflects an increase of \$82.8 million total funds or 30.3 percent and an increase of \$71.6 million General Fund or 52.5 percent compared to the discretionary item appropriations in the prior fiscal year. Excluding the HLD decrease, the request reflects an increase of \$25.0 million total funds or 7.6 percent and an increase of \$13.8 million General Fund or 7.1 percent compared to the prior year. Discretionary compensation items represent 12.4 percent of total compensation for FY 2021-22.

The following table outlines PERA payments for the unfunded liability. AED and SAED are calculated as a percentage on payroll as set in statute. The PERA Direct Distribution is allocated to state agencies by fund source in the same proportion as included for AED and SAED.

PERA Payments for Unfunded Liability (non-benefit components)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2020-21 Appropriation</b>					
AED	\$98,426,520	\$55,146,685	\$22,630,369	\$12,164,117	\$8,485,349
SAED	98,426,520	55,146,685	22,630,369	12,164,117	8,485,349
PERA Direct Distribution	0	0	0	0	0
<b>TOTAL</b>	<b>\$196,853,040</b>	<b>\$110,293,370</b>	<b>\$45,260,738</b>	<b>\$24,328,234</b>	<b>\$16,970,698</b>
<b>FY 2021-22 Request</b>					
AED	\$100,348,366	\$56,641,889	\$22,459,155	\$11,077,175	\$10,170,147
SAED	100,348,366	56,641,889	22,459,155	11,077,175	10,170,147
PERA Direct Distribution	57,559,623	31,451,770	16,625,625	6,210,053	3,272,175
<b>TOTAL</b>	<b>\$258,256,354</b>	<b>\$144,735,547</b>	<b>\$61,543,935</b>	<b>\$28,364,403</b>	<b>\$23,612,469</b>
<b>Increase/(Decrease)</b>	\$61,403,314	\$34,442,177	\$16,283,197	\$4,036,169	\$6,641,771
Percent Change	31.2%	31.2%	36.0%	16.6%	39.1%
Percent of Total Comp.	9.0%	8.9%	9.6%	9.1%	8.3%

PERA payments for the unfunded liability are estimated at \$258.3 million total funds, including \$144.7 million General Fund; an increase of \$61.4 million total funds or 31.2 percent and an increase of \$34.4 million General Fund or 31.2 percent. These figures include the budget balancing action in H.B. 20-1379, *Suspend PERA Direct Distribution for FY 2020-21*, which eliminated the \$54.1 million total funds and \$30.6 million General Fund appropriations in FY 2020-21. PERA payments for the unfunded liability represent 9.0 percent of total compensation.

The following table outlines all PERA payments included in total compensation.

ALL PERA PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2020-21 Appropriation</b>					
PERA – std. employer contrib.	\$218,682,913	\$122,963,397	\$50,766,284	\$26,495,154	\$18,458,078
AED	98,426,520	55,146,685	22,630,369	12,164,117	8,485,349
SAED	98,426,520	55,146,685	22,630,369	12,164,117	8,485,349
PERA Direct Distribution	0	0	0	0	0
<b>TOTAL</b>	<b>415,535,953</b>	<b>233,256,767</b>	<b>96,027,022</b>	<b>50,823,388</b>	<b>35,428,776</b>
<b>FY 2021-22 Request</b>					
PERA - standard employer contrib.	\$222,029,092	\$125,417,999	\$50,365,033	\$24,137,561	\$22,108,499
AED	100,348,366	56,641,889	22,459,155	11,077,175	10,170,147
SAED	100,348,366	56,641,889	22,459,155	11,077,175	10,170,147
PERA Direct Distribution	57,559,623	31,451,770	16,625,625	6,210,053	3,272,175
<b>TOTAL</b>	<b>\$480,285,446</b>	<b>\$270,153,546</b>	<b>\$111,908,968</b>	<b>\$52,501,964</b>	<b>45,720,968</b>
<b>Increase/(Decrease)</b>	\$64,749,493	\$36,896,779	\$15,881,946	\$1,678,576	\$10,292,192
Percent Change	15.6%	15.8%	16.5%	3.3%	29.1%

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took two actions that reduced the FY 2020-21 statewide compensation appropriations by \$111.8 million total funds, including \$88.4 million General Fund. In addition, the statewide compensation action to suspend the PERA Direct Distribution for FY 2020-21 (H.B. 20-1379) saved an additional \$170.9 million General Fund in the Department of Treasury budget representing the amount of the PERA Direct Distribution made for the public school divisions of PERA. These two balancing actions generated a total General Fund decrease of \$259.3 million.

**PERA UPDATE:** This issue provides an informational PERA update based on PERA's 2019 Comprehensive Annual Financial Report (CAFR) and related documents. PERA experienced an investment return in 2019 of 20.3 percent, contributing to an increase in the aggregate funded ratio to 61.9 percent and a decrease in the aggregate unfunded liability to \$29.8 billion.

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## APPENDIX A: MID-YEAR CHANGES FOR FY 2020-21

FY 2020-21 INTERIM SUPPLEMENTAL <i>OPERATING</i> REQUESTS APPROVED BY THE JBC							
DEPARTMENT	REQUEST TITLE	TOTAL FUNDS	FTE	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Public Safety	Increase Funding for Processing Firearms Transfers	\$1,035,509	15.0	\$0	\$1,035,509	\$0	\$0
Health Care Policy and Financing	Medicaid Funding for Connect for Health CO	6,806,208	0.0	0	3,145,458	0	3,660,750
Health Care Policy and Financing	Nurse Advice Line Continuation	0	0.0	0	0	0	0
Judicial	Exonerated Persons Payout	64,940	0.0	64,940	0	0	0
State	Presidential Primary Election County Reimbursements	1,035,000	0.0	0	1,035,000	0	0
<b>TOTAL</b>		<b>\$8,941,657</b>	<b>15.0</b>	<b>\$64,940</b>	<b>\$5,215,967</b>	<b>\$0</b>	<b>\$3,660,750</b>

FY 2020-21 INTERIM SUPPLEMENTAL <i>CAPITAL</i> REQUESTS APPROVED BY THE JBC							
DEPARTMENT	REQUEST TITLE	TOTAL FUNDS	FTE	GENERAL FUND (TRANSFER TO CAPITAL CONSTRUCTION FUND)	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Higher Education	University of Northern Colorado Campus Commons Project	\$0	0.0	\$0	\$0	\$0	\$0
<b>TOTAL</b>		<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

GOVERNOR'S PLANNED FY 2020-21 SUPPLEMENTAL <i>OPERATING</i> REQUESTS				
DEPARTMENT	REQUEST TITLE	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
Health Care Policy and Financing (HCPF)	Medical Services Premiums - Reduction in appropriation reflected in Executive Order D 2020 230 to transfer funds to the Disaster Emergency Fund	<b>(\$148,900,000)</b>	<b>(\$148,900,000)</b>	<b>\$0</b>
<i>Other Operating Requests:</i>				
HCPF	Medical Services Premiums - Remaining reductions anticipated	\$131,021,960	(\$15,698)	\$131,037,658
HCPF	Behavioral Health Programs	(98,830,829)	(42,281,674)	(56,549,155)
HCPF	Child Health Plan Plus	(52,581,053)	(14,035,710)	(38,545,343)
HCPF	Medicare Modernization Act State Contribution	(14,430,417)	(14,430,417)	0
HCPF	Office of Community Living	(4,860,971)	(14,512,191)	9,651,220
HCPF	Nurse Advice Line	966,896	1,117,028	(150,132)
HCPF	Medicaid Funding for Connect for Health	4,049,364	0	4,049,364
HCPF	Funding for Family Medicine Residency Training Programs	1,204,207	353,723	850,484
Governor's Office of Information Technology	Colorado Benefits Management System	278,974	0	278,974
Personnel	COE Program Financial Restructure	18,113	732,539	(714,426)

## APPENDIX A: MID-YEAR CHANGES FOR FY 2020-21

GOVERNOR'S PLANNED FY 2020-21 SUPPLEMENTAL <i>OPERATING</i> REQUESTS				
DEPARTMENT	REQUEST TITLE	TOTAL FUNDS	GENERAL FUND	OTHER FUNDS
Personnel	Decentralization of Collections Services	(1,406,885)	(1,406,885)	0
Personnel	Annual Fleet True-up	43,455	0	43,455
Corrections	Technical Corrections	162,223	162,223	0
Governor's Office of Information Technology	Colorado Benefits Management System	279,874	278,974	900
Public Safety	Increase Funding for Protection	520,380	520,380	0
Public Safety	State PPE and SNS Warehouse	256,116	256,116	0
Human Services	Employment Opportunities with Wages	1,000,000	0	1,000,000
<b>Subtotal: Other Operating Requests</b>		<b>(\$32,308,593)</b>	<b>(\$83,261,592)</b>	<b>\$50,952,999</b>
<b>TOTAL</b>		<b>(\$181,208,593)</b>	<b>(\$232,161,592)</b>	<b>\$50,952,999</b>

GOVERNOR'S PLANNED FY 2020-21 <i>STIMULUS-RELATED</i> SUPPLEMENTAL <i>OPERATING APPROPRIATION</i> REQUESTS			
DEPARTMENT	DESCRIPTION	GENERAL FUND	
<i>Broadband Investments:</i>			
Governor's Office of Information Technology	Temporary Contract Grant Manager and Crowd-sourced Speed Test Data and Tools	\$150,000	
Local Affairs	Grants to local governments for "middle mile" broadband investments	60,000,000	
Regulatory Agencies, Public Utilities Commission (PUC)	Grants for "last mile" broadband investments	25,000,000	
Regulatory Agencies, PUC	Grants for remaining applicants for federal broadband grants	24,300,000	
Governor's Office of Economic Development and the Colorado Commission of Indian Affairs	Increase broadband access for Ute Mountain Ute Tribe and Southern Ute Indian Tribe	10,550,000	
Governor's Office of eHealth Innovation	Support communities with rural health facilities to support telehealth and telemedicine	20,000,000	
Education	Connecting Colorado Student Grant Program	20,000,000	
Subtotal: Broadband Investments		\$160,000,000	
Local Affairs	COVID-19 Emergency Housing and Direct Cash Assistance	\$50,000,000	
Human Services	Early Childhood Stimulus (sustainability grants for employers, grants to retrofit and develop on-site child care facilities, and grants to support start-up costs and mentorships)	50,000,000	
Local Affairs	Provide grants to local governments for renewable and clean energy projects through the RENEW Program	5,000,000	
Public Safety	Wildfire Stimulus Package (aviation, programmatic, response, mitigation, and restoration resources)	37,811,260	
<b>TOTAL</b>		<b>\$302,811,260</b>	

## APPENDIX A: MID-YEAR CHANGES FOR FY 2020-21

GOVERNOR'S PLANNED FY 2020-21 STIMULUS-RELATED <i>TRANSFER</i> REQUESTS		
DEPARTMENT	DESCRIPTION	GENERAL FUND
<i>Transportation:</i>		
Transportation	Accelerate the implementation of: shovel ready rural road rehabilitation and maintenance in tourism corridors and scenic byways; wildlife migration corridor enhancements; Denver metro west I-70 bridges; and maintenance and improvements for the Eisenhower Johnson Memorial Tunnels [transfer to the State Highway Fund]	\$130,000,000
Transportation	Support infrastructure projects that provide open spaces for mobility, community activities, and economic development [transfer to the State Highway Fund]	70,000,000
<b>Subtotal: Transportation</b>		<b>\$200,000,000</b>
<i>Capital Construction:</i>		
Natural Resources	Provide funding to construct, rehabilitate, and improve infrastructure and facilities in state parks [transfer to the Capital Construction Fund]	\$20,000,000
<b>Subtotal: Capital Construction</b>		<b>\$20,000,000</b>
<i>Other Stimulus Proposals:</i>		
Governor's Office of Economic Development (OEDIT)	Winter support for restaurants, bars, and other small businesses affected by COVID-related capacity restrictions through sales tax retention and direct grants [Transfer to a yet-to-be-determined cash fund]	\$105,000,000
Governor's OEDIT	Provide \$30.0 million for the creation of the Colorado Startup Loan Fund to provide lending capital to historically underserved entrepreneurs as well as those bankrupted or shut down as a result of COVID-19. Provide \$15.0 million for cash incentives to businesses that will provide a significant number of jobs to stimulate investment in the Colorado economy [transfer to the Strategic Fund]	45,000,000
Governor's Colorado Energy Office	Invest in market proven clean energy finance programs [transfer to the Energy Fund]	40,000,000
Labor and Employment	Invest in local workforce centers through the Colorado Workforce Development Council	25,000,000
Higher Education	Invest in the Colorado Opportunity Scholarship Initiative's (COSI's) Displaced Worker Program	15,000,000
Governor's OEDIT	Provide financial support for businesses that can accelerate Colorado's recovery [transfer to the Advanced Industries Accelerator Grant Program Cash Fund]	10,000,000
Natural Resources	Wildfire Stimulus Package [transfer to the Colorado Firefighting Air Corps Fund]	13,242,760
Natural Resources	Wildfire Stimulus Package [transfer \$6.0 million to the Forest Restoration and Wildfire Risk Mitigation Grant Program Cash Fund; and \$4.0 million to the Colorado Water Conservation Board Construction Fund]	10,000,000
Public Safety	Wildfire Stimulus Package [transfer to the Wildfire Preparedness Fund]	3,000,000
<b>Subtotal: Other Stimulus Proposals</b>		<b>\$266,242,760</b>
<i>State Emergency Reserves:</i>		
	Replenish the Disaster Emergency Fund	146,212,983
	Repay the Controlled Maintenance Trust Fund	32,887,017
	Contingency for COVID response	200,519,799
<b>Subtotal: State Emergency Reserves</b>		<b>\$379,619,799</b>
<b>TOTAL</b>		<b>\$865,862,559</b>

## APPENDIX B: JBC STAFF CONTACTS AND ASSIGNMENTS

The Joint Budget Committee (JBC) main office telephone number is 303-866-2061. Each staff member may be reached at the main number or by dialing 303-866- and the extension number shown below.

KEY CONTACTS	STAFF	EXT.	EMAIL
<b>Office Administration:</b> Staff Director Administrator IV Administrative Assistant III	Carolyn Kampman Jessi Neuberg Diva Mardones	4959 2061 2587	<a href="mailto:carolyn.kampman@state.co.us">carolyn.kampman@state.co.us</a> <a href="mailto:jessi.neuberg@state.co.us">jessi.neuberg@state.co.us</a> <a href="mailto:diva.mardones@state.co.us">diva.mardones@state.co.us</a>
<b>Appropriations Committee Coordinators:</b> House Senate	Christina Beisel Tom Dermody	2149 4963	<a href="mailto:christina.beisel@state.co.us">christina.beisel@state.co.us</a> <a href="mailto:tom.dermody@state.co.us">tom.dermody@state.co.us</a>
<b>Capital Construction:</b> Information Technology Projects Controlled Maintenance Capital Renewal and Recapitalization, and Capital Expansion: State facilities <i>other than</i> higher education  Capital Renewal and Recapitalization, and Capital Expansion: Higher Education facilities	Alfredo Kemm  Amanda Bickel	4549  4960	<a href="mailto:alfredo.kemm@state.co.us">alfredo.kemm@state.co.us</a>  <a href="mailto:amanda.bickel@state.co.us">amanda.bickel@state.co.us</a>
<b>Community Provider Rate Common Policy</b>	Eric Kurtz	4952	<a href="mailto:eric.kurtz@state.co.us">eric.kurtz@state.co.us</a>
<b>Marijuana Tax Policy</b>	Craig Harper	3481	<a href="mailto:craig.harper@state.co.us">craig.harper@state.co.us</a>
<b>Tobacco Master Settlement Agreement</b>	Andrew Forbes	2062	<a href="mailto:andrew.forbes@state.co.us">andrew.forbes@state.co.us</a>

STATE AGENCIES	STAFF ANALYST	EXT.	EMAIL
<b>Agriculture</b>	Andrew Forbes	2062	<a href="mailto:andrew.forbes@state.co.us">andrew.forbes@state.co.us</a>
<b>Corrections</b>	Justin Brakke	4958	<a href="mailto:justin.brakke@state.co.us">justin.brakke@state.co.us</a>
<b>Education</b>	Craig Harper	3481	<a href="mailto:craig.harper@state.co.us">craig.harper@state.co.us</a>
<b>Governor</b> <i>OIT Common Policies</i>	Scott Thompson	4957	<a href="mailto:scott.thompson@state.co.us">scott.thompson@state.co.us</a>
<b>Health Care Policy &amp; Financing</b>			
Executive Director's Office Medical Services Premiums Behavioral Health Community Programs Indigent Care Program Other Medical Services	Eric Kurtz	4952	<a href="mailto:eric.kurtz@state.co.us">eric.kurtz@state.co.us</a>
Office of Community Living DHS Medicaid-funded Programs: Division of Child Welfare Services for People with Disabilities Division of Youth Services	Robin Smart	4955	<a href="mailto:robin.smart@state.co.us">robin.smart@state.co.us</a>
DHS Medicaid-funded Programs: Executive Director's Office <i>Indirect Cost line items</i> Office of Information Technology Services Office of Early Childhood Office of Self Sufficiency Adult Assistance Programs	Tom Dermody	4963	<a href="mailto:tom.dermody@state.co.us">tom.dermody@state.co.us</a>
DHS Medicaid-funded Programs: Office of Behavioral Health	Christina Beisel	2149	<a href="mailto:christina.beisel@state.co.us">christina.beisel@state.co.us</a>

## APPENDIX B: JBC STAFF CONTACTS AND ASSIGNMENTS

STATE AGENCIES	STAFF ANALYST	EXT.	EMAIL
<b>Higher Education</b>	Amanda Bickel	4960	<a href="mailto:amanda.bickel@state.co.us">amanda.bickel@state.co.us</a>
<b>Human Services</b>			
Executive Director's Office <i>Indirect Costs (lead)</i> Office of Information Technology Services HIPPA Security Remediation; and CBMS Emergency Processing Unit (in EDO) County Administration Office of Early Childhood Office of Self Sufficiency SNAP Quality Assurance (in EDO) Adult Assistance Programs Records & Reports of At-Risk Adult Abuse or Neglect (in EDO)	Tom Dermody	4963	<a href="mailto:tom.dermody@state.co.us">tom.dermody@state.co.us</a>
Division of Child Welfare Administrative Review Unit (in EDO) Services for People with Disabilities Developmental Disabilities Council (in EDO) Colorado Commission for the Deaf, Hard of Hearing, and Deaf Blind (in EDO) Division of Youth Services Juvenile Parole Board (in EDO) Other - Necessary Expenditures Due to COVID-19 (in EDO)	Robin Smart	4955	<a href="mailto:robin.smart@state.co.us">robin.smart@state.co.us</a>
Office of Operations Office of Behavioral Health Office of the Ombudsman for Behavioral Health Access to Care (in EDO)	Christina Beisel	2149	<a href="mailto:christina.beisel@state.co.us">christina.beisel@state.co.us</a>
<b>Judicial</b> <i>Correctional Treatment Cash Fund (lead)</i>	Christina Beisel	2149	<a href="mailto:christina.beisel@state.co.us">christina.beisel@state.co.us</a>
<b>Labor &amp; Employment</b>	Amanda Bickel	4960	<a href="mailto:amanda.bickel@state.co.us">amanda.bickel@state.co.us</a>
<b>Law (Attorney General's Office)</b> <i>Legal Services Common Policy</i>	Scott Thompson	4957	<a href="mailto:scott.thompson@state.co.us">scott.thompson@state.co.us</a>
<b>Legislature</b>	Carolyn Kampman	4959	<a href="mailto:carolyn.kampman@state.co.us">carolyn.kampman@state.co.us</a>
<b>Local Affairs</b> <i>Federal Mineral Lease Revenues (lead)</i>	Andrea Uhl	4956	<a href="mailto:andrea.uhl@state.co.us">andrea.uhl@state.co.us</a>
<b>Military &amp; Veterans Affairs</b>	Emily Hansen	4961	<a href="mailto:emily.hansen@state.co.us">emily.hansen@state.co.us</a>
<b>Natural Resources</b>			
Executive Director's Office Division of Parks & Wildlife Colorado Water Conservation Board Division of Water Resources	Justin Brakke	4958	<a href="mailto:justin.brakke@state.co.us">justin.brakke@state.co.us</a>
Division of Reclamation, Mining & Safety Oil & Gas Conservation Commission State Board of Land Commissioners <i>Severance Tax Policy</i>	Alfredo Kemm	4549	<a href="mailto:alfredo.kemm@state.co.us">alfredo.kemm@state.co.us</a>

## APPENDIX B: JBC STAFF CONTACTS AND ASSIGNMENTS

STATE AGENCIES	STAFF ANALYST	EXT.	EMAIL
<b>Personnel</b>			
Executive Director's Office Division of Human Resources Constitutionally Ind. Entities (Personnel Board) Division of Central Services Division of Accounts and Control Administrative Courts Division of Capital Assets <i>Operating Common Policies</i>	Tom Dermody	4963	<a href="mailto:tom.dermody@state.co.us">tom.dermody@state.co.us</a>
<i>Compensation Common Policies (including PERA)</i>	Alfredo Kemm	4549	<a href="mailto:alfredo.kemm@state.co.us">alfredo.kemm@state.co.us</a>
<b>Public Health &amp; Environment</b>			
Administration and Support (A&S) Laboratory Services Air Pollution and Control Water Quality Control Hazardous Materials and Waste Management Div. of Environmental Health & Sustainability  Office of Health Equity; Office of Planning, Partnerships, and Improvement (in A&S) Center for Health & Environ. Information Disease Control & Environ. Epidemiology Prevention Services Division Health Facilities & Emergency Medical Services Emergency Preparedness and Response	Andrew Forbes	2062	<a href="mailto:andrew.forbes@state.co.us">andrew.forbes@state.co.us</a>
<b>Public Safety</b>			
Executive Director's Office Colorado State Patrol ( <i>HUTF off-the-top limit</i> ) Division of Fire Prevention and Control Colorado Bureau of Investigation School Safety Resource Center (in EDO) Div. of Homeland Security & Emergency Mgmt. <i>Disaster Emergency Fund (lead)</i>	Emily Hansen	4961	<a href="mailto:emily.hansen@state.co.us">emily.hansen@state.co.us</a>
Division of Criminal Justice	Justin Brakke	4958	<a href="mailto:justin.brakke@state.co.us">justin.brakke@state.co.us</a>
<b>Regulatory Agencies</b>	Mitch Burmeister	3147	<a href="mailto:mitch.burmeister@state.co.us">mitch.burmeister@state.co.us</a>
<b>Revenue</b>			
Executive Director's Office Taxation Business Group	Alfredo Kemm	4549	<a href="mailto:alfredo.kemm@state.co.us">alfredo.kemm@state.co.us</a>
Information Technology Division Division of Motor Vehicles Enforcement Business Group <i>Limited Gaming revenues (lead)</i> State Lottery Division	Andrea Uhl	4956	<a href="mailto:andrea.uhl@state.co.us">andrea.uhl@state.co.us</a>
<b>State (Secretary of State)</b>	Mitch Burmeister	3147	<a href="mailto:mitch.burmeister@state.co.us">mitch.burmeister@state.co.us</a>
<b>Transportation</b>	Andrea Uhl	4956	<a href="mailto:andrea.uhl@state.co.us">andrea.uhl@state.co.us</a>
<b>Treasury</b> <i>Unclaimed Property Trust Fund (lead)</i>	Mitch Burmeister	3147	<a href="mailto:mitch.burmeister@state.co.us">mitch.burmeister@state.co.us</a>