

# JOINT BUDGET COMMITTEE



## SUPPLEMENTAL BUDGET REQUESTS FY 2018-19

### DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

(Administrative and Health Divisions)

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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JANUARY 22, 2019

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# DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

## DEPARTMENT OVERVIEW

The Department of Public Health and Environment consists of eleven divisions. This briefing document covers the administration and health divisions, which includes the following:

- 1 Administration and Support
  - a. Provides department-wide administrative services
  - b. Houses the Health Disparities Program, which provides grants for health initiatives aimed at reducing and eliminating disparities currently existing in the provision of health services across the state
  - c. Houses the Office of Planning and Partnerships which oversees the distribution of state funds to local public health agencies
- 2 Center for Health and Environmental Information
  - a. Maintains a database of all Colorado births, deaths, marriages, and divorces
  - b. Provides birth and death certificates
  - c. Gathers and analyzes health data for use by public and private agencies
  - d. Operates the Medical Marijuana Registry
- 3 Laboratory Services
  - a. Provides testing, analysis, and results reporting of laboratory tests on specimens and samples submitted by other divisions, departments, and private clients
  - b. Includes the following laboratory units:
    - i. Molecular Sciences and Newborn Screening Units
    - ii. Public Health Microbiology and Environmental Microbiology Units
    - iii. Radiation counting facility
    - iv. Organic and Inorganic Units
    - v. Evidential Breath and Alcohol Testing and Certification Units
- 8 Disease Control and Environmental Epidemiology Division
  - a. Responsible for identifying, containing, controlling, and tracking the spread of communicable diseases, with a focus on: hepatitis, tuberculosis, sexually transmitted infections, and HIV/AIDS
  - b. Operates the Immunization Program which includes the Immunization Outreach Program, the Colorado Immunization Information System, and grants to local public health agencies for operation of immunization clinics

- c. Assesses the threat risk from environmental contaminants on human health, and when needed, takes action to contain and/or nullify these threats
- 9 Prevention Services Division
- a. Administers the Tobacco Education, Prevention, and Cessation Program and the Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease Prevention, Early Detection, and Treatment Program
  - b. Operates the Breast and Cervical Cancer Screening Program
  - c. Operates programs for children with special needs and the Genetics Counseling Program
  - d. Administers the School-Based Health Centers Program
  - e. Administers injury and suicide prevention programs
  - f. Operates the Primary Care Office and Oral Health Program
  - g. Administers the following two federal food assistance programs:
    - i. Women, Infants, and Children Program, and
    - ii. Child and Adult Care Food Program.
- 10 Health Facilities and Emergency Medical Services Division
- a. Enforces through certification and inspections the standards for the operation of health care facilities, including hospitals and nursing facilities
  - b. Inspects and certifies emergency medical and trauma service providers
- 11 Office of Emergency Preparedness and Response
- a. Works with local agencies and other state departments to ensure Colorado is prepared for, and able to respond to, a variety of natural and man-made disasters
  - b. Coordinates a statewide network of laboratories, local agencies, hospitals, and other resources that can be utilized during disaster response

## SUMMARY: FY 2018-19 APPROPRIATION AND RECOMMENDATION

| DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT: RECOMMENDED CHANGES FOR FY 2018-19 |                      |                     |                      |                      |                      |              |
|---|----------------------|---------------------|----------------------|----------------------|----------------------|--------------|
|   | TOTAL FUNDS          | GENERAL FUND        | CASH FUNDS           | REAPPROPRIATED FUNDS | FEDERAL FUNDS        | FTE          |
| <b>FY 2018-19 APPROPRIATION</b>   |                      |                     |                      |                      |                      |              |
| HB 18-1322 (Long Bill)  | \$496,502,797        | \$44,297,844        | \$134,575,625        | \$46,647,291         | \$270,982,037        | 817.8        |
| Other legislation   | 4,879,568            | 1,280,570           | 3,598,998            | 0                    | 0                    | 3.8          |
| <b>CURRENT FY 2018-19 APPROPRIATION:</b>  | <b>\$501,382,365</b> | <b>\$45,578,414</b> | <b>\$138,174,623</b> | <b>\$46,647,291</b>  | <b>\$270,982,037</b> | <b>821.6</b> |
| <b>RECOMMENDED CHANGES</b>  |                      |                     |                      |                      |                      |              |
| Current FY 2018-19 Appropriation  | \$501,382,365        | 45,578,414          | \$138,174,623        | \$46,647,291         | \$270,982,037        | 821.6        |
| S1 Marijuana reference laboratory   | 430,026              | 0                   | 79,503               | 350,523              | 0                    | 0.3          |
| NP1 Annual fleet supplemental   | (12,440)             | 0                   | (4,354)              | (1,866)              | (6,220)              | 0.0          |
| NP2 CBMS PEAK 1331  | 108,598              | 108,598             | 0                    | 0                    | 0                    | 0.0          |
| <b>RECOMMENDED FY 2018-19 APPROPRIATION:</b>                                    | <b>\$501,908,549</b> | <b>\$45,687,012</b> | <b>\$138,249,772</b> | <b>\$46,995,948</b>  | <b>\$270,975,817</b> | <b>821.9</b> |
| <b>RECOMMENDED INCREASE/(DECREASE)</b>  | <b>\$526,184</b>     | <b>\$108,598</b>    | <b>\$75,149</b>      | <b>\$348,657</b>     | <b>(\$6,220)</b>     | <b>0.3</b>   |
| Percentage Change   | 0.1%                 | 0.2%                | 0.1%                 | 0.7%                 | (0.0%)               | 0.0%         |
| <b>FY 2018-19 EXECUTIVE REQUEST</b>   |                      |                     |                      |                      |                      |              |
| Request Above/(Below) Recommendation  | \$16,081             | \$0                 | \$16,081             | \$0                  | \$0                  | 0.0          |

### REQUEST/RECOMMENDATION DESCRIPTIONS

**S1 MARIJUANA REFERENCE LABORATORY:** The Department requests \$446,107 total funds, including \$350,523 reappropriated funds from the Marijuana Cash Fund and \$95,584 and 0.3 FTE from the Marijuana Tax Cash Fund for FY 2018-19, to implement new testing requirements adopted by the Department of Revenue's Marijuana Enforcement Division. The request includes funding for new instrumentation, as well as personal services and operating costs. There is an associated budget amendment for FY 2019-20. Staff recommends that the Committee approve an appropriation of \$430,026 in FY 2018-19.

**NP1 ANNUAL FLEET SUPPLEMENTAL TRUE-UP:** The Department requests a reduction of \$12,440 total funds for the annual fleet supplemental true-up. The staff recommendation for this request is pending Committee action on common policy supplementals.

**NP2 CBMS PEAK 1331:** Through a September 2018 emergency supplemental request, the Governor's Office of Information Technology, in conjunction with the Departments of Health Care Policy and Financing, Human Services, and Public Health and Environment requested an adjustment to appropriations supporting the Colorado Benefits Management System (CBMS) and the Program Eligibility and Application Kit (PEAK) based on the implementation of a new cost allocation model on July 1, 2018 for sharing the expenses of operating and maintaining CBMS and PEAK. The request sought a total funds net zero adjustment, including a decrease of \$11,751,089 General Fund, across the three departments. The Joint Budget Committee approved this emergency supplemental request at its September 20<sup>th</sup> meeting. Staff will incorporate this action into the supplemental bills for the Departments of Health Care Policy and Financing, Human Services, and Public Health and Environment.

## PRIORITIZED SUPPLEMENTAL REQUESTS

### S1 MARIJUANA REFERENCE LABORATORY

|                      | REQUEST          | RECOMMENDATION   |
|----------------------|------------------|------------------|
| <b>TOTAL</b>         | <b>\$446,107</b> | <b>\$430,026</b> |
| FTE                  | 0.3              | 0.3              |
| General Fund         | 0                | 0                |
| Cash Funds           | 95,584           | 79,503           |
| Reappropriated Funds | 350,523          | 350,523          |
| Federal Funds        | 0                | 0                |

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

**Explanation:** JBC staff and the Department agree that the request is the result of data that was not available when the original appropriation was made.

**DEPARTMENT REQUEST:** The Department requests \$446,107 total funds, including \$350,523 reappropriated funds from the Marijuana Cash Fund and \$95,584 and 0.3 FTE from the Marijuana Tax Cash Fund for FY 2018-19, to implement new testing requirements adopted by the Department of Revenue's Marijuana Enforcement Division. The request includes funding for new instrumentation, as well as personal services and operating costs. There is an associated budget amendment of \$423,494 cash funds from the Marijuana Tax Cash Fund for FY 2019-20.

**STAFF RECOMMENDATION:** Staff recommends an appropriation of \$430,026 total funds. The staff recommendation is lower than the request due to the removal of centrally appropriated items, pursuant to Committee policy, as well as an adjustment to the amounts needed for service contracts in FY 2018-19, due to a technical error in the request.

#### STAFF ANALYSIS:

##### *Background*

The Department of Public Health and Environment's Laboratory Services Division operates the marijuana reference laboratory, which provides guidance to testing facilities about standard testing models for marijuana and marijuana products. The unit was created in FY 2016-17 in response to a lack of standard testing models for cannabis. At the time, testing facilities were developing new procedures, or using a variety of different procedures, to test marijuana for things like potency, pesticide residue, heavy metals, residual solvents, and microbial contamination. This led to an inconsistency in testing results. The reference library was created to be an independent authority to verify the results of private marijuana testing facilities, as well as to promote technical competency within the field. Laboratory staff develop and validate procedures, which requires extensive research and repeated testing to demonstrate that the methodology is fit-for-purpose and will provide accurate and reproducible results.

As the marijuana industry grows and creates new products, additional testing needs have been identified, including monitoring of chemical and microbiological contaminants of public health concern. Additionally, products offered to consumers may fall outside of the regulatory framework

established for conventional inhalable and edible marijuana products. As these new products come on the market, the Marijuana Enforcement Division (MED), in partnership with stakeholders, may take action, via rulemaking, to address health and safety risks.

*Request*

In November 2018, the MED, in collaboration with CDPHE and the marijuana industry, approved new rules for medical and retail marijuana. Included in these rules are new audit and approval processes for marijuana infused products that fall outside of the current intended use categories, such as nasal sprays, inhalers, and suppositories. The new rules include testing requirements for five microbiological tests, four heavy metals, and product shelf-stability.

The Department requests \$446,107 total funds for one-time equipment costs, as well as on-going personal services and operating costs to implement the new MED rules. Of this request, \$350,523 are reappropriated funds from the Department of Revenue, paid from the Marijuana Cash Fund, for the initial purchase of laboratory equipment. Primarily, the request would fund the purchase of a MALDI-TOF Mass Spectrometer Instrument, which enables the rapid identification of microbiological organisms with a high accuracy, including specific biological contaminants. In addition to aiding in testing requirements, the MALDI-TOF could be of assistance in the event of an adverse health event, such as an illness or outbreak.

Also included in the request is \$95,584 cash funds from the Marijuana Tax Cash Fund (MTCF) and 0.3 FTE in FY 2018-19 for additional staff, operating costs, and ongoing instrumentation costs for the new equipment. The associated FY 2019-20 budget amendment requests \$423,494 and 1.0 FTE cash funds from the MTCF. This FTE will develop and validate analytical procedures, share expertise and technical information with the private testing industry, and support the new testing requirements outlined in MED rules. Ongoing operating costs will fund reagents, supplies, and consumables (such as test tubes and pipettes) necessary for validating the tests, as well as new and existing service contracts for equipment.

*Staff Recommendation*

As shown in the table below, the FY 2018-19 staff recommendation is an appropriation of \$430,026 total funds, including \$350,523 reappropriated funds from the Department of Revenue and \$79,503 cash funds from the Marijuana Tax Cash Fund. The staff recommendation is lower than the request due to the removal of centrally appropriated items, pursuant to Committee policy, as well as an adjustment to the amounts needed for service contracts in FY 2018-19, due to a technical error in the request.

Statute requires the Department to operate a marijuana laboratory testing reference library, and further requires the library to produce methodologies for testing consistent with requirements set by the Department of Revenue. Given the adoption of new rules by the Marijuana Enforcement Division, and the Department’s responsibility to respond to those rules, staff recommends approval of the funding request for equipment and FTE.

| SUMMARY OF S2 REQUEST AND RECOMMENDATION |                       |                              |                       |
|--|-----------------------|------------------------------|-----------------------|
|  | FY 2018-19<br>REQUEST | FY 2018-19<br>RECOMMENDATION | FY 2019-20<br>REQUEST |
| Personal Services                        | \$37,467              | \$27,074                     | \$126,093             |
| One-time Equipment Costs                 | 350,523               | 350,523                      | 0                     |
| Operation Expenses                       | 58,117                | 52,429                       | 297,401               |
| <b>Total</b>                             | <b>\$446,107</b>      | <b>\$430,026</b>             | <b>\$423,494</b>      |

## NON-PRIORITIZED SUPPLEMENTAL REQUESTS

### NP1 ANNUAL FLEET VEHICLE SUPPLEMENTAL

|                      | REQUEST           |
|----------------------|-------------------|
| <b>TOTAL</b>         | <b>(\$12,440)</b> |
| FTE                  | 0.0               |
| General Fund         | 0                 |
| Cash Funds           | (4,354)           |
| Reappropriated Funds | (1,866)           |
| Federal Funds        | (6,220)           |

**DEPARTMENT REQUEST:** The Department requests a reduction of \$12,440 total funds to true-up the Department's appropriation for fleet vehicles.

**STAFF RECOMMENDATION:** The staff recommendation for this request is pending Committee action on common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee acts on common policy supplementals.

### PREVIOUSLY APPROVED INTERIM SUPPLEMENTAL REQUEST 1331 CBMS PEAK

|                                | REQUEST      | PREVIOUSLY APPROVED |
|--------------------------------|--------------|---------------------|
| <b>TOTAL</b>                   | <b>\$0</b>   | <b>\$0</b>          |
| FTE                            | 0.0          | 0.0                 |
| General Fund (HCPF/CDHS/CDPHE) | (11,751,089) | (11,751,089)        |
| Cash Funds (HCPF/CDHS)         | 1,520,228    | 1,520,228           |
| Reappropriated Funds (HCPF)    | (95,168)     | (95,168)            |
| Federal Funds (HCPF/CDHS)      | 10,326,029   | 10,326,029          |

**DEPARTMENT REQUEST:** Through a September 2018 emergency supplemental request, the Governor's Office of Information Technology, in conjunction with the Departments of Health Care Policy and Financing, Human Services, and Public Health and Environment requested an adjustment to appropriations supporting the Colorado Benefits Management System (CBMS) and the Program Eligibility and Application Kit (PEAK) based on the implementation of a new cost allocation model on July 1, 2018 for sharing the expenses of operating and maintaining CBMS and PEAK. The request sought a total funds net zero adjustment, including a decrease of \$11,751,089 General Fund, across the three departments.

**COMMITTEE ACTION:** The Joint Budget Committee approved this emergency supplemental request at its September 20<sup>th</sup> meeting. Staff will incorporate this action into the supplemental bills for the Departments of Health Care Policy and Financing, Human Services, and Public Health and Environment. The appropriation approved for CDPHE is \$108,598 General Fund.



*JBC Staff Supplemental Recommendations - FY 2018-19  
Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Numbers Pages**

|  | FY 2017-18<br>Actual | FY 2018-19<br>Appropriation | FY 2018-19<br>Requested Change | FY 2018-19<br>Rec'd Change | FY 2018-19 Total<br>w/Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|

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| <p><b>DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT</b><br/><b>Jill Ryan, Executive Director</b></p> |
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**S1 Marijuana reference lab**

**(1) ADMINISTRATION AND SUPPORT**

**(A) Administration**

|  |                  |                   |              |          |                   |
|--|------------------|-------------------|--------------|----------|-------------------|
| Health, Life, and Dental                           | <u>7,718,283</u> | <u>12,741,224</u> | <u>7,927</u> | <u>0</u> | <u>12,741,224</u> |
| General Fund                                       | 0                | 1,730,853         | 0            | 0        | 1,730,853         |
| Cash Funds   | 1,828,947        | 4,483,172         | 7,927        | 0        | 4,483,172         |
| Reappropriated Funds                               | 1,064,378        | 1,521,444         | 0            | 0        | 1,521,444         |
| Federal Funds                                      | 4,824,958        | 5,005,755         | 0            | 0        | 5,005,755         |
| Short-term Disability                              | <u>185,065</u>   | <u>174,418</u>    | <u>46</u>    | <u>0</u> | <u>174,418</u>    |
| General Fund                                       | 22,279           | 24,469            | 0            | 0        | 24,469            |
| Cash Funds   | 64,072           | 59,459            | 46           | 0        | 59,459            |
| Reappropriated Funds                               | 20,725           | 20,543            | 0            | 0        | 20,543            |
| Federal Funds                                      | 77,989           | 69,947            | 0            | 0        | 69,947            |
| S.B. 04-257 Amortization Equalization Disbursement | <u>4,705,053</u> | <u>5,218,186</u>  | <u>1,210</u> | <u>0</u> | <u>5,218,186</u>  |
| General Fund                                       | 603,395          | 731,797           | 0            | 0        | 731,797           |
| Cash Funds   | 1,528,205        | 1,779,134         | 1,210        | 0        | 1,779,134         |
| Reappropriated Funds                               | 461,344          | 614,633           | 0            | 0        | 614,633           |
| Federal Funds                                      | 2,112,109        | 2,092,622         | 0            | 0        | 2,092,622         |

*JBC Staff Supplemental Recommendations - FY 2018-19*  
*Staff Working Document - Does Not Represent Committee Decision*

|  | FY 2017-18<br>Actual | FY 2018-19<br>Appropriation | FY 2018-19<br>Requested Change | FY 2018-19<br>Rec'd Change | FY 2018-19 Total<br>w/Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
| S.B. 06-235 Supplemental Amortization Equalization |                      |                             |                                |                            |                                    |
| Disbursement                                       | 4,703,567            | 5,218,186                   | 1,210                          | 0                          | 5,218,186                          |
| General Fund                                       | 603,395              | 731,797                     | 0                              | 0                          | 731,797                            |
| Cash Funds   | 1,526,719            | 1,779,134                   | 1,210                          | 0                          | 1,779,134                          |
| Reappropriated Funds                               | 461,344              | 614,633                     | 0                              | 0                          | 614,633                            |
| Federal Funds                                      | 2,112,109            | 2,092,622                   | 0                              | 0                          | 2,092,622                          |
| <b>(3) LABORATORY SERVICES</b>                     |                      |                             |                                |                            |                                    |
| Certification                                      | <u>2,108,200</u>     | <u>1,515,836</u>            | <u>435,714</u>                 | <u>430,026</u>             | <u>1,945,862</u>                   |
| FTE  | 12.8                 | 18.6                        | 0.3                            | 0.3                        | 18.9                               |
| General Fund                                       | 0                    | 0                           | 0                              | 0                          | 0                                  |
| Cash Funds   | 1,863,411            | 1,319,715                   | 85,191                         | 79,503                     | 1,399,218                          |
| Reappropriated Funds                               | 5,351                | 6,421                       | 350,523                        | 350,523                    | 356,944                            |
| Federal Funds                                      | 239,438              | 189,700                     | 0                              | 0                          | 189,700                            |
| <b>Total for S1 Marijuana reference lab</b>        | 19,420,168           | 24,867,850                  | 446,107                        | 430,026                    | 25,297,876                         |
| FTE  | <u>12.8</u>          | <u>18.6</u>                 | <u>0.3</u>                     | <u>0.3</u>                 | <u>18.9</u>                        |
| General Fund                                       | 1,229,069            | 3,218,916                   | 0                              | 0                          | 3,218,916                          |
| Cash Funds   | 6,811,354            | 9,420,614                   | 95,584                         | 79,503                     | 9,500,117                          |
| Reappropriated Funds                               | 2,013,142            | 2,777,674                   | 350,523                        | 350,523                    | 3,128,197                          |
| Federal Funds                                      | 9,366,603            | 9,450,646                   | 0                              | 0                          | 9,450,646                          |

*JBC Staff Supplemental Recommendations - FY 2018-19*  
*Staff Working Document - Does Not Represent Committee Decision*

|   | FY 2017-18<br>Actual | FY 2018-19<br>Appropriation | FY 2018-19<br>Requested Change | FY 2018-19<br>Rec'd Change | FY 2018-19 Total<br>w/Rec'd Change |
|---|----------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|
| <b>Totals Excluding Pending Items</b>         |                      |                             |                                |                            |                                    |
| <b>PUBLIC HEALTH AND ENVIRONMENT</b>          |                      |                             |                                |                            |                                    |
| <b>TOTALS for ALL Departmental line items</b> | 557,071,214          | 590,707,821                 | 446,107                        | 430,026                    | 591,137,847                        |
| <i>FTE</i>                                    | <u>1,139.2</u>       | <u>1,345.8</u>              | <u>0.3</u>                     | <u>0.3</u>                 | <u>1,346.1</u>                     |
| General Fund                                  | 46,061,882           | 51,590,160                  | 0                              | 0                          | 51,590,160                         |
| General Fund Exempt                           | 0                    | 429,909                     | 0                              | 0                          | 429,909                            |
| Cash Funds                                    | 170,737,338          | 192,576,513                 | 95,584                         | 79,503                     | 192,656,016                        |
| Reappropriated Funds                          | 43,139,560           | 47,088,905                  | 350,523                        | 350,523                    | 47,439,428                         |
| Federal Funds                                 | 297,132,434          | 299,022,334                 | 0                              | 0                          | 299,022,334                        |