

JOINT BUDGET COMMITTEE



SUPPLEMENTAL BUDGET REQUESTS FY 2020-21 (and FY 2019-20)

DEPARTMENT OF PERSONNEL (Including Operating Common Policies)

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

PREPARED BY:
TOM DERMODY, JBC STAFF
JANUARY 20, 2021

JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472
<https://leg.colorado.gov/agencies/joint-budget-committee>

CONTENTS

Department Overview	1
Summary: FY 2019-20 Appropriation and Recommendation	2
Request/Recommendation Descriptions	2
Summary: FY 2020-21 Appropriation and Recommendation	3
Request/Recommendation Descriptions	3
Prioritized Supplemental Requests	5
S1 COE Program Subsidy	5
Department Request:	5
Staff Recommendation:	5
Staff Analysis:	5
S2 Decentralization of Collection Services [Requires Legislation]	8
Department Request:	8
Staff Recommendation:	8
Staff Analysis:	9
S3 Annual Fleet Supplemental True-UP	10
Department Request:	10
Staff Recommendation:	11
Staff Analysis:	11
Non-Prioritized Supplemental Requests	15
SNP2 Public Health Emergency End Resources	15
Department Request:	15
Staff Recommendation:	15
Statewide Common Policy Supplemental Requests	15
Staff Recommendation:	15
Appendix A Numbers Pages	A-1

DEPARTMENT OF PERSONNEL

DEPARTMENT OVERVIEW

The Department generally provides centralized human resources and administrative support functions in addition to offering centralized business services for state agencies.

The **Executive Director's Office** includes the Office of the State Architect and the Colorado State Employee Assistance Program (C-SEAP).

The **Division of Human Resources** establishes statewide human resource programs and systems to meet constitutional and statutory requirements and provides support services to state agency human resource offices. The Division also provides training resources to employees and conducts the Total compensation and employee engagement surveys.

Risk Management in the Division of Human Resources administers the state's coverage for workers' compensation, property, and liability insurance. The programs are funded through operating common policies allocated to each agency.

The **State Personnel Board**, located in the Department but constitutionally independent, oversees the State Personnel System pursuant to Article XII, Sections 13, 14, and 15 of the Colorado Constitution.

The purpose of the **Division of Central Services** is to realize efficiencies for the state through consolidated common business services including Integrated Document Solutions and Colorado State Archives.

Integrated Document Solutions provides document- and data-related support services, including print and design, mail operations, digital imaging, data entry, and manual forms and document processing.

Colorado State Archives collects, preserves, and provides access to historic and legal records for the state as well as provides best practices and guidelines for the administration of government created records.

The **Office of the State Controller** in the **Division of Accounts and Control** oversees state fiscal rules and maintains the state's financial records through the Colorado Operations Resource Engine (CORE), the state's accounting system, administered through **CORE Operations** common policy.

The **Office of Administrative Courts** provides a centralized, independent administrative law adjudication system, including hearing cases for workers' compensation, public benefits, professional licensing, and Fair Campaign Practices Act complaints filed with the Secretary of State.

The **Division of Capital Assets** provides planning and maintenance for capital assets owned or leased by the state.

Facilities Maintenance -- Capitol Complex provides building management for state-owned and certain leased facilities and includes assistance with electrical, elevator, plumbing, lighting, HVAC, grounds maintenance, security, and general maintenance or repair issues.

Fleet Management provides oversight for state fleet of vehicles including managing vehicle purchasing and reassignment; fuel, maintenance, repair, and collision management; end of life removal from system via auction and salvage; and operation of the State Motor Pool.

SUMMARY: FY 2019-20 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF PERSONNEL: RECOMMENDED CHANGES FOR FY 2019-20						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION						
FY 2019-20 Appropriation	\$210,970,039	\$17,132,726	\$14,485,983	\$179,351,330	\$0	404.9
CURRENT FY 2019-20 APPROPRIATION:	\$210,970,039	\$17,132,726	\$14,485,983	\$179,351,330	\$0	404.9
RECOMMENDED CHANGES						
Current FY 2019-20 Appropriation	\$210,970,039	\$17,132,726	\$14,485,983	\$179,351,330	\$0	404.9
S1 COE program subsidy	414,841	414,841	0	0	0	0.0
RECOMMENDED FY 2019-20 APPROPRIATION:	\$211,384,880	\$17,547,567	\$14,485,983	\$179,351,330	\$0	404.9
RECOMMENDED INCREASE/(DECREASE)	\$414,841	\$414,841	\$0	\$0	\$0	0.0
Percentage Change	0.2%	2.4%	0.0%	0.0%	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$414,841)	(\$414,841)	\$0	\$0	\$0	0.0

REQUEST/RECOMMENDATION DESCRIPTIONS

S1 COE PROGRAM SUBSIDY: The request includes an increase of \$422,234 General Fund in FY 2020-21 to lift a restriction placed on the Professional Development Center Cash Fund by the State Controller for FY 2019-20. The recommendation is for an increase of \$414,841 General Fund in FY 2019-20, pursuant to Section 24-75-109 (4)(a), C.R.S., to lift the restriction. The difference between the requested and recommended amounts is attributable to the timing of when supplemental requests are drafted and when the state fiscal year closes.

SUMMARY: FY 2020-21 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF PERSONNEL: RECOMMENDED CHANGES FOR FY 2020-21						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION						
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
CURRENT FY 2020-21 APPROPRIATION:	\$209,535,176	\$14,049,455	\$13,872,652	\$181,613,069	\$0	408.8
RECOMMENDED CHANGES						
Current FY 2020-21 Appropriation	\$209,535,176	14,049,455	\$13,872,652	\$181,613,069	\$0	408.8
S1 COE program subsidy	(327,153)	361,386	(48,962)	(639,577)	0	(1.0)
S2 Decentralization of collection services	0	0	0	0	0	0.0
S3 Annual fleet supplemental true-up	43,455	0	0	43,455	0	0.0
SNP2 Public health emergency end resources	123,779	0	123,779	0	0	2.0
Statewide Common Policy Supplemental						
SNP1 DPA annual fleet supplemental true-up	(25,003)	0	0	(25,003)	0	0.0
RECOMMENDED FY 2020-21 APPROPRIATION:	\$209,350,254	\$14,410,841	\$13,947,469	\$180,991,944	\$0	409.8
RECOMMENDED INCREASE/(DECREASE)	(\$184,922)	\$361,386	\$74,817	(\$621,125)	\$0	1.0
Percentage Change	(0.1%)	2.6%	0.5%	(0.3%)	n/a	0.2%
FY 2020-21 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$975,212)	\$561,727	(\$1,370,478)	(\$166,461)	\$0	(3.7)

REQUEST/RECOMMENDATION DESCRIPTIONS

S1 COE PROGRAM SUBSIDY: The request includes an increase of \$68,113 total funds, including \$923,113 General Fund, and a reduction of 1.0 FTE in FY 2020-21 to:

- address a negative fund balance carried forward from FY 2019-20 by the Professional Development Center Cash Fund;
- to subsidize the operations of the Center for Organizational Effectiveness in the current fiscal year; and
- to provide a modest FY 2021-22 year beginning fund balance.

The recommendation is a decrease of \$327,153 total funds, including an increase of \$361,386 General Fund, and a reduction of 1.0 FTE in FY 2020-21. The primary difference between the request and recommendation is that staff's recommendation for addressing the negative fund balance occurs in FY 2019-20 (see prior section).

S2 DECENTRALIZATION OF COLLECTION SERVICES: The request includes a reduction of \$1,370,478 cash funds and 3.7 FTE to the Central Collection Services. Additionally, the department requests the Committee sponsor legislation to change statute to decentralize the collection of debt by the various departments of state. The recommendation is to approve the request to sponsor

legislation and to include the requested reduction as part of that legislation, not the supplemental bill.

S3 ANNUAL FLEET SUPPLEMENTAL TRUE-UP: The request includes:

- an increase of \$43,455 reappropriated funds for its (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item for FY 2020-21;
- incremental adjustments for all appropriated State agencies resulting in a net decrease of \$117,742 total funds including an estimated decrease of \$70,008 General Fund for FY 2020-21; and
- the mid-cycle replacement of 101 Colorado State Patrol vehicles that are projected to exceed the Department recommended 80,000 miles.

The recommendation is to approve:

- the \$43,455 reappropriated funds for the Department of Personnel, (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item for FY 2020-21;
- only the incremental adjustment for the Departments of Education, Local Affairs, and Military and Veterans Affairs resulting in an increase of \$36,981 total funds, including \$25,072 General Fund; and
- the mid-cycle replacement of 73 Colorado State Patrol vehicles that are projected to exceed the JBC staff recommended 100,000 miles, which can be accomplished within the existing Colorado State Patrol vehicle lease payment appropriation.

SNP2 PUBLIC HEALTH EMERGENCY END RESOURCES: The Department requests \$123,779 cash funds and 2.0 FTE in FY 2020-21 to provide services through the Administrative Courts. The staff recommendation for this request is pending Committee action on the corresponding request submitted by the Department of Health Care Policy and Finance: S10 Public health emergency end resources. Staff will include the corresponding appropriation in the supplemental bill for the Department of Personnel based on Committee action on that prioritized request.

SNP1 ANNUAL FLEET SUPPLEMENTAL TRUE-UP: The Department requests a reduction of \$25,003 reappropriated funds in FY 2020-21 for the Department's share of statewide common policy for fleet vehicles. The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

PRIORITIZED SUPPLEMENTAL REQUESTS

S1 COE PROGRAM SUBSIDY

	REQUEST	RECOMMENDATION
TOTAL	\$68,113	\$87,688
FTE	(1.0)	(1.0)
General Fund	923,113	776,227
Cash Funds	(48,962)	(48,962)
Reappropriated Funds	(806,038)	(639,577)
Federal Funds	0	0

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

[Data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made and an unforeseen contingency. The length and severity of the current pandemic and the budgetary fallout have been worse than expected.

DEPARTMENT REQUEST: The Department requests an increase of \$68,113 total funds, including \$923,113 General Fund, and a reduction of 1.0 FTE in FY 2020-21 to subsidize the operations of the Center for Organizational Effectiveness (COE or Center).

STAFF RECOMMENDATION: Staff recommends that the Committee approve an increase of \$414,841 General Fund in FY 2019-20 to address the negative fund balance of the Professional Development Center Cash Fund, allowing the restriction placed on that fund by the State Controller to be lifted, pursuant to Section 24-75-109 (4)(a), C.R.S. Additionally, staff recommends a reduction of \$327,154 total funds, including an increase of \$361,386 General Fund, a reduction of \$48,962 cash funds, and a reduction of \$639,577 reappropriated funds, and a reduction of 1.0 FTE in FY 2020-21.

STAFF ANALYSIS: The supplemental budget request seeks to address three issues currently facing the Professional Development Center Cash Fund, created in Section 24-50-122 (2), C.R.S:

- address a negative fund balance carried forward from FY 2019-20 by the Professional Development Center Cash Fund;
- to subsidize the operations of the Center for Organizational Effectiveness in the current fiscal year; and
- to provide a modest FY 2021-22 year beginning fund balance.

Historically, the Center earns between 25.0-40.0 percent of its annual revenue through direct training opportunities that state employees can register for directly through the Center’s website. The remainder of its annual revenue is earned from contracting with state departments who express a need for training topics, such as hosting effective online meetings and providing customer service. Approximately 60.0-80.0 percent of annual revenue is earned in the second half of the fiscal year.

This is when most state departments have a better understanding of their available operating budgets and are willing to contract with the Center for training.

The second half of FY 2019-20 was particularly troublesome for the COE due to the economic crisis caused by the COVID-19 pandemic, which affected the State and its programs beginning March 2020. Under normal circumstances, departments would have had funds to spend on in-person training programs from March to July 2020. However, during this period many of their employees began to work from home on a day-to-day basis. Furthermore, departments were being directed to limit spending and propose cuts to their budgets to address the drastic drop in revenue caused by the economic fallout from COVID-19. As a result, the COE experienced a 56.9 percent drop in revenue in FY 2019-20 from the previous fiscal year, while the Center was only able to reduce expenditures by 25.1 percent. This combination caused the Professional Development Center Cash Fund to end FY 2019-20 with a deficit.

PROFESSIONAL DEVELOPMENT CENTER CASH FUND - CASH FLOW SUMMARY				
REVENUE/EXPENDITURES	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 APPROPRIATED	FY 2021-22 REQUESTED
Fund Beginning year balance	\$78,972	\$20	(\$414,840)	(\$701,466)
Fees	\$1,118,445	\$481,837	\$166,461	\$431,969
LEAN Talent Challenge	0	0	1,000,000	0
Total - Revenue	\$1,118,445	\$481,837	\$1,166,461	\$431,969
Cash Expenditures	\$1,197,397	\$896,697	\$453,087	\$431,969
LEAN Talent Challenge	0	0	1,000,000	0
Total - Expenditures	\$1,197,397	\$896,697	\$1,453,087	\$431,969
Surplus/(deficit)	(\$78,952)	(\$414,860)	(\$286,626)	\$0

This overexpenditure prompted the State Controller to put a \$414,840 restriction on the Fund, pursuant to Section 27-75-109 (3), C.R.S. Additionally, the COE has realized lower than anticipated revenue in FY 2020-21, estimating that revenue for the fiscal year will be 53.8 percent lower than expected, or \$166,461. Expenditures for the Center are anticipated to be \$453,087 in FY 2020-21. If no action is taken, the Professional Development Center Cash Fund, which supports the COE, will have a FY 2020-21 deficit of \$286,626.

The Department has taken steps to address the financial sustainability of the Center by offering online-only courses for reduced fees as compared to their in-person counterparts, as well as developing certificate programs that included a volume discount for purchasing multiple classes for a single price. In addition to these changes in fees and services, the COE developed new, shorter-duration online courses as a budget-friendly option for those agencies whose budgets were more severely impacted by COVID-19. However, while revenue is heavily dependent on customer demand, the Center's costs are relatively fix, such as personal services and centrally appropriated costs. While the Center experienced financial sustainability challenges prior to FY 2019-20, both demand and budget availability from agencies has decreased substantially due to COVID-19.

CENTER FOR ORGANIZATIONAL EFFECTIVENESS FY 2020-21 ESTIMATED EXPENDITURES	
Personal services	\$250,670
Operating expenses	61,843
Centrally appropriated costs	140,574
Total	\$453,087

The Department is requesting General Fund to subsidize the program. In order to lift the restriction place on the Professional Development Center Cash Fund by the Controller, a part of that subsidy must be appropriated in FY 2019-20, the fiscal year in which the overexpenditure occurred. To ensure the continued operations of the COE through the remainder of FY 2020-21 additional General Fund is required. Staff's recommendation includes the following:

- \$414,841 General Fund appropriated in FY 2019-20 to lift the State Controller's restriction, pursuant to Section 24-75-109 (4)(a), C.R.S.;
- \$361,386 General Fund appropriated in FY 2020-21 to cover the anticipated deficit (\$286,606) and to provide a year-end balance equal to 16.5% for the fiscal year's expenditures (\$74,759); and
- Reductions in the cash fund and reappropriated fund spending authority from the Professional Development Center Cash Fund to account for the subsidy and lower-than-expected revenues.

PROFESSIONAL DEVELOPMENT CENTER CASH FUND - JBC STAFF RECOMMENDATION				
REVENUE/EXPENDITURES	FY 2018-19 ACTUAL	FY 2019-20 ACTUAL	FY 2020-21 APPROPRIATED	FY 2021-22 REQUESTED
Fund Beginning year balance	\$78,972	\$20	\$1	\$74,760
Fees	\$1,118,445	\$481,837	\$166,461	\$431,969
General Fund Subsidy - JBC Staff Recommended	0	414,841	361,386	0
LEAN Talent Challenge	0	0	1,000,000	0
Total - Revenue	\$1,118,445	\$896,678	\$1,527,846	\$431,969
Cash Expenditures	\$1,197,397	\$896,697	\$453,087	\$431,969
LEAN Talent Challenge	0	0	1,000,000	0
Total - Expenditures	\$1,197,397	\$896,697	\$1,453,087	\$431,969
Surplus/(deficit)	(\$78,952)	(\$19)	\$74,759	\$0

BACKGROUND

The Center for Organizational Effectiveness, authorized by Section 24-50-122, C.R.S., is housed in the Division of Human Resources within the Department of Personnel and Administration (DPA) and supported by the Professional Development Center Cash Fund. The Center offers training and professional development opportunities for State employees, including direct training in leadership coaching, workforce competencies, self-awareness assessments, and compliance training. Training has traditionally been offered three ways: internal classes, vendor classes, and dedicated agency contracts for specialized courses. Many courses offered by external vendors need extensive refitting in order to meet the unique needs of state employees, particularly in the area of supervision. If

COE’s offerings do not meet the specific needs of a department, the department may seek a waiver from COE to pursue contracted employee training through an approved vendor.

The Center has identified key learning and development leaders across state agencies and has created a Training Advisory Council. Once a quarter, the COE hosts the Council to discuss learning and development best practices, review vendor offerings, and identify agency and statewide needs. This allows COE to identify trends, assess programs, and provide the most effective and appropriate methods of learning and development statewide. In a recent meeting, the Training Advisory Council stressed the need for mandatory baseline trainings for state employees. Additionally, the Governor signed Executive Order D 2020-175 on August 27, 2020, directing the Department to lead State action on equality, diversity, and inclusion training of State employees.

S2 DECENTRALIZATION OF COLLECTION SERVICES [REQUIRES LEGISLATION]

	REQUEST	RECOMMENDATION
TOTAL	(\$1,370,478)	\$0
FTE	(3.7)	0.0
General Fund	0	0
Cash Funds	(1,370,478)	0
Reappropriated Funds	0	0
Federal Funds	0	0

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

[Data that was not available when the original appropriation was made.]

Explanation: JBC staff and the Department agree that this request is the result of additional program financial information becoming available after the start of FY 2020-21 that showed the Central Collection Services Unit would not earn sufficient revenue to continue operations. The program went through a restructure in FY 2019-20 that made significant changes to its operations.

DEPARTMENT REQUEST: The Department requests a reduction of \$1,370,478 cash funds and 3.7 FTE to the Central Collection Services Unit. Additionally, the department requests the Committee sponsor legislation to change statute to decentralize the collection of debt by the various departments of state.

STAFF RECOMMENDATION: Staff recommends that the Committee sponsor the requested legislation and to include the requested reduction as part of that legislation. As a result, staff recommends denying the Department’s request to make this adjustment through the supplemental bill.

Staff requests permission to work with the Department and the Office Legislative Legal Services to draft legislation to implement this recommendation.

STAFF ANALYSIS: The supplemental budget request seeks to modify current statute to relieve the Central Collection Services (CCS) Unit of its responsibilities to provide debt collection services for state agencies and to reduce the Unit's FY 2020-21 appropriation. Within the Office of the State Controller, the Central Collections Services has the authority to collect debts owed to state agencies and certain political subdivisions of the State. Section 24-30-202.4, C.R.S., grants CCS the exclusive authority to add and retain up to 18.0 percent on principal debt collected and provides unique mechanisms for collection through tax, lottery, and gaming offsets.

Before programmatic changes were implemented in FY 2019-20, the Central Collections Service Unit had the ability to collect on up to 70,000 accounts with in-house collectors, and used a combination of legal and private collection agencies to assist in collections. The addition of 18.0 percent on top of principal debt funded the program and offered the ability to allow clients to receive 100.0 percent of the collected debt. CCS collected on behalf of three main classes of clients: Institutions of Higher Education, political subdivisions, and State agencies, with the major clients within each class being universities, fire districts, and the Department of Labor & Employment, respectively. Among the many mechanisms for the collection of debt, a majority of the collection was completed through voluntary State tax offsets, a solution that was unique to the State.

The Joint Budget Committee and General Assembly approved a program refinance and restructure during the 2019 legislative session.^{1,2} As a result, CCS was to prioritize debt and cater to clients by leveraging the State tax offsets and voluntary payments for debt collection, while maintaining the existing contracts with private collection agencies. This approach was established to allow the State to continue active collections efforts, though on a diminished basis, by pushing a majority of the work to private collection agencies.

Limitations on collection sources, loss of clients, declining debt quality, and ongoing challenges with personal services attrition means the CCS is not collecting enough revenue to be sustainable. The cumulative effect of statutory changes that have granted clients that typically had high value debt the ability to opt-out of the program, leaving only low value debt to be forwarded to CCS, have had a substantial impact on the program's revenue. Major changes in federal tax laws, which increased the standard deduction amount, reduced most tax rates, and shifted tax filings to include standard deduction instead of itemized deductions, decreased the amount of federal tax offsets available for interception to collect outstanding debts. This directly affected the pool of available revenue for collection, causing a decline in CCS revenue.

The program has not been able to regain its footing to generate enough revenue to be sustainable. The restructure resulted in a staffing reduction, mostly through attrition, from 28.0 FTE to 4.3 FTE

¹ Joint Budget Committee, *Supplemental Budget Requests FY 2019-20: Department of Personnel*, Joint Budget Committee Staff. Denver, CO: JBC, 2020, http://leg.colorado.gov/sites/default/files/cy20_persup.pdf.

² Joint Budget Committee, *Staff Figure Setting FY 2020-21: Department of Personnel*, Joint Budget Committee Staff. Denver, CO: JBC, 2020, http://leg.colorado.gov/sites/default/files/fy2020-21_perfig.pdf.

in an effort to reduce expenses. Revenue earned was determined to be insufficient to support staff on an ongoing basis, and after several vacancies were left unoccupied, the Department made the decision to submit this request to shut down the program. Feedback from CCS customers support this change and there have been no concerns with this new decentralized approach.

The Department proposes utilizing the Procurement and Contracts program to develop new statewide contracts with private collection agencies that would allow each State agency to work with private collection agencies to collect debts. In addition to granting each agency the authority to add-on 18.0 percent to the debt, the Department proposes allowing departments to utilize the existing mechanisms for collection through State tax offsets, lottery, and gaming offsets. The Department is currently assessing the necessary changes to statute to implement this request.

S3 ANNUAL FLEET SUPPLEMENTAL TRUE-UP

OPERATING ADJUSTMENTS IN DEPARTMENT OF PERSONNEL ONLY

	REQUEST	RECOMMENDATION
TOTAL	\$43,455	\$43,455
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Reappropriated Funds	43,455	43,455
Federal Funds	0	0

ESTIMATED STATEWIDE ADJUSTMENTS FOR APPROPRIATED AGENCIES

	REQUEST	RECOMMENDATION
TOTAL	(\$117,742)	\$36,981
FTE	0.0	0.0
General Fund	(70,008)	25,072
Cash Funds	(71,270)	0
Reappropriated Funds	(12,095)	2,383
Federal Funds	(11,441)	9,526

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

[Data that was not available when the original appropriation was made.]

Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made, specifically 4 months of actual lease payment data for the current fiscal year.

DEPARTMENT REQUEST: The Department of Personnel requests:

- \$43,455 reappropriated funds for its (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item for FY 2020-21;
- incremental adjustments for all appropriated State agencies resulting in a net decrease of \$117,742 total funds including an estimated decrease of \$70,008 General Fund for FY 2020-21; and

- the mid-cycle replacement of 101 Colorado State Patrol vehicles that are projected to exceed the Department recommended 80,000 miles.

STAFF RECOMMENDATION: Staff recommends that the Committee approve in part and deny in part the Department request. Staff recommends the Committee approve:

- the \$43,455 reappropriated funds for the Department of Personnel, (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item for FY 2020-21;
- only the incremental adjustment for the Departments of Education, Local Affairs, and Military and Veterans Affairs resulting in an increase of \$36,981 total funds, including \$25,072 General Fund; and
- the mid-cycle replacement of 73 Colorado State Patrol vehicles that are projected to exceed the JBC staff recommended 100,000 miles, which can be accomplished within the existing Colorado State Patrol vehicle lease payment appropriation.

For those departments which staff has recommended the incremental adjustment, **staff is asking permission to include the supplemental adjustment as part of the each Department's section of the Long Bill**, if this adjustment is the only supplemental adjustment to be made to those departments. Sometimes, the fleet vehicle adjustment is the only supplemental adjustment submitted by a state agency, such as the Department of Military and Veterans Affairs in FY 2020-21. Staff is seeking this permission to avoid the requiring a separate supplemental bill for this single adjustment. The Committee is afforded the opportunity to make supplemental adjustments through the Long Bill. Staff has consulted with the Department of Personnel to verify that a supplemental adjustment through the Long Bill does not pose a problem vis-à-vis accounting practices.

STAFF ANALYSIS: The State Fleet Management Program is designed to manage all aspects of a vehicle's life from the time of acquisition through disposal. The program facilitates all maintenance, repairs, fuel expense, accident repairs, and maintains a robust database with a detailed history for each vehicle. The State Fleet Management Program manages these vehicle assets for State agencies, helping to control unnecessary expenses, and oversees adherence to preventive maintenance schedules, while gaining economies of scale and significant price reductions by aggregating purchasing opportunities and funding resources.

OPERATING ADJUSTMENTS IN DEPARTMENT OF PERSONNEL ONLY

The Department has provided anticipated FY 2020-21 payment figures for lease-purchase financing agreements from 2010 through 2021, which show the Department's current appropriation is approximately \$43,455 below its expected obligation. Staff relies on the figures provided by the Department for projected lease-purchase payments for the fiscal year. This is a non-discretionary expenditure entirely based on lease-purchase payments for vehicle assets and a 1.5 percent set-aside for unforeseen accidents and denied repairs. Based on this calculation, JBC staff recommends the Committee approve an increase of \$43,455 reappropriated funds for the Department of Personnel.

ESTIMATED STATEWIDE ADJUSTMENTS FOR APPROPRIATED AGENCIES

In each of the last few fiscal years, the Department has submitted this supplemental true-up to capture the difference between agency appropriations and actual need. Through this supplemental, the Department is able to capture the differences created by any combination of the following:

- Replacements or purchases received before or after the budgeted date;
- Programmatic needs that drive the purchase of vehicles and/or options that were not factored into the original appropriation;
- Purchases or replacements that result from actions external to the typical replacement request (special bills or out-of-cycle requests);
- Out-of-cycle replacements due to wrecks (total losses); and
- Transfer of vehicles within a department's programs due to need or changing requirements.

Based on staff's similar recommendations in prior years to establish a standard policy for addressing individual department adjustments for increases of 10.0 percent or greater, staff recommends making adjustments for the Departments of Education, Local Affairs, and Military and Veterans Affairs.

- The Department of Education's mid-year adjustment of \$6,071 total funds, including \$5,411 General Fund, represents a 23.2 percent increase to its FY 2020-21 appropriation. This expense is born by the Colorado School for the Deaf and the Blind.
- The Department of Local Affairs' mid-year adjustment of \$14,313 total funds, including \$12,857 General Fund, represents a 15.3 percent increase to its FY 2020-21 appropriation.
- The Department of Military and Veterans Affairs' mid-year adjustment of \$16,597 total funds, including \$7,071 General Fund, represents a 26.2 percent increase to its FY 2020-21 appropriation.

The remainder of the requested adjustments fall below the 10.0 percent threshold established by staff. As such, JBC staff recommends denying the remaining adjustments. The following two tables summarize those requests and staff's recommendation.

FY 2020-21 DEPARTMENTAL REQUESTED FLEET SUPPLEMENTAL TRUE-UP, THRESHOLD CALCULATION (10.0%)				
	FY 2020-21 APPROPRIATION	PROJECTED NEED	REQUESTED ADJUSTMENT	ADJUSTMENT PERCENTAGE
Agriculture	\$292,563	\$306,546	\$13,983	4.8%
Corrections	3,339,905	3,205,018	(134,888)	(4.0%)
Education	26,196	32,267	6,071	23.2%
Governor's Office	136,944	137,351	406	0.3%
Human Services	1,045,216	1,099,799	54,584	5.2%
Judicial	231,158	234,010	2,852	1.2%
Labor & Employment	198,733	195,983	(2,750)	(1.4%)

FY 2020-21 DEPARTMENTAL REQUESTED FLEET SUPPLEMENTAL TRUE-UP, THRESHOLD CALCULATION (10.0%)				
	FY 2020-21 APPROPRIATION	PROJECTED NEED	REQUESTED ADJUSTMENT	ADJUSTMENT PERCENTAGE
Law	61,432	63,677	2,245	3.7%
Local Affairs	93,280	107,592	14,313	15.3%
Military & Veterans Affairs	63,322	79,919	16,597	26.2%
Natural Resources	4,481,593	4,355,262	(126,331)	(2.8%)
Personnel	262,054	237,051	(25,003)	(9.5%)
Public Health & Environment	370,188	384,051	13,863	3.7%
Public Safety	8,734,256	8,930,739	196,483	2.2%
Regulatory Agencies	238,619	231,583	(7,035)	(2.9%)
Revenue	739,688	596,484	(143,204)	(19.4%)
State	8,239	8,311	72	0.9%
Total – Departmental Appropriations	\$20,323,386	\$20,205,643	(\$117,742)	(0.6%)

ANNUAL FLEET SUPPLEMENTAL REQUEST AND RECOMMENDATION FOR FY 2020-21						
	DEPARTMENT REQUEST					STAFF RECOMMENDATION
	TOTAL	GENERAL FUND	CASH FUND	REAPPROPRIATED FUNDS	FEDERAL FUNDS	TOTAL
Agriculture	\$13,983	\$5,591	\$8,191	\$0	\$201	\$0
Corrections	(134,888)	(109,961)	(24,927)	0	0	0
Education	6,071	5,144	0	927	0	6,071
Governor's Office	406	81	0	325	0	0
Human Services	54,584	27,563	0	27,021	0	0
Judicial	2,852	2,852	0	0	0	0
Labor & Employment	(2,750)	(238)	(1,142)	(31)	(1,339)	0
Law	2,245	906	567	752	20	0
Local Affairs	14,313	12,857	0	1,456	0	14,313
Military & Veterans Affairs	16,597	7,071	0	0	9,526	16,597
Natural Resources	(126,331)	(8,830)	(114,696)	(1,274)	(1,531)	0
Personnel	(25,003)	0	0	(25,003)	0	0
Public Health & Environment	13,863	256	11,129	2,478	0	0
Public Safety	196,483	17,499	168,976	5,444	4,564	0
Regulatory Agencies	(7,035)	0	(7,035)	0	0	0
Revenue	(143,204)	(30,799)	(112,405)	0	0	0
State	72	0	72	0	0	0
Total	(\$117,742)	(\$70,008)	(\$71,270)	\$12,095	\$11,441	\$36,981

COLORADO STATE PATROL MID-CYCLE REPLACEMENTS

The Department recommends that Colorado State Patrol vehicles are replaced after they exceed 80,000 miles. However, with the exception of the current fiscal year, the JBC staff recommended replacement criteria for these vehicles has been 100,000 miles since FY 2015-16. During figure setting for the Department of Personnel for the current fiscal year, JBC staff modified that criteria to replace Colorado State Patrol vehicles that reach or exceed 125,000 miles. **JBC staff recommends that the Committee revert to its prior criteria of 100,000 miles**, resulting in the mid-cycle replacement of 73 vehicles. As shown in the table below, the Colorado State Patrol's current FY 2020-21 appropriation affords sufficient spending authority to meet the recommended replacement criteria.

FY 2020-21 MID-CYCLE REPLACEMENTS						
DEPARTMENT OF PUBLIC SAFETY, COLORADO STATE PATROL						
	NUMBER OF CSP VEHICLES	VEHICLE LEASE APPROPRIATION	ESTIMATED EXPENDITURES	COST TO REPLACE	ADJUSTED APPROPRIATION	FY 2020-21 VARIANCE
Requested	101	\$7,789,708	\$7,405,490	\$395,516	\$7,801,006	\$11,298
Recommended	73	\$7,789,708	\$7,405,490	\$294,520	\$7,700,010	(\$89,698)

NON-PRIORITIZED SUPPLEMENTAL REQUESTS

SNP2 PUBLIC HEALTH EMERGENCY END RESOURCES

	REQUEST	RECOMMENDATION
TOTAL	\$123,779	\$123,779
FTE	2.0	2.0
General Fund	0	0
Cash Funds	123,779	123,779
Reappropriated Funds	0	0
Federal Funds	0	0

DEPARTMENT REQUEST: The Department requests \$123,779 cash funds and 2.0 FTE in FY 2020-21 to provide services through the Administrative Courts.

STAFF RECOMMENDATION: The staff recommendation for this request is pending Committee action on the corresponding request submitted by the Department of Health Care Policy and Finance: S10 Public health emergency end resources. Staff will include the corresponding appropriation in the supplemental bill for the Department of d based on Committee action on that prioritized request.

STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
SNP1 DPA annual fleet supplemental true-up	(\$25,003)	\$0	\$0	(\$25,003)	\$0	0.0
DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS	(\$25,003)	\$0	\$0	(\$25,003)	\$0	0.0

STAFF RECOMMENDATION: The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

APPENDIX A
NUMBERS PAGES

JBC Staff Supplemental Recommendations - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2019-20 Appropriation	FY 2019-20 Requested Change	FY 2019-20 Rec'd Change	FY 2019-20 Total w/Rec'd Change
--	----------------------	-----------------------------	--------------------------------	----------------------------	------------------------------------

DEPARTMENT OF PERSONNEL
Kara Veitch, Executive Director

S1 COE program subsidy

(2) DIVISION OF HUMAN RESOURCES

(A) Human Resource Services

(II) Training Services

Training Services	968,183	1,703,552	0	414,841	2,118,393
FTE	2.7	4.0	0.0	0.0	4.0
General Fund	0	0	0	414,841	414,841
Cash Funds	40,305	41,231	0	0	41,231
Reappropriated Funds	927,878	1,662,321	0	0	1,662,321

Total for S1 COE program subsidy	968,183	1,703,552	0	414,841	2,118,393
FTE	<u>2.7</u>	<u>4.0</u>	<u>0.0</u>	<u>0.0</u>	<u>4.0</u>
General Fund	0	0	0	414,841	414,841
Cash Funds	40,305	41,231	0	0	41,231
Reappropriated Funds	927,878	1,662,321	0	0	1,662,321

Totals Excluding Pending Items					
PERSONNEL					
TOTALS for ALL Departmental line items	177,598,251	211,049,602	0	414,841	211,464,443
FTE	<u>382.5</u>	<u>426.7</u>	<u>0.0</u>	<u>0.0</u>	<u>426.7</u>
General Fund	13,548,294	15,633,396	0	414,841	16,048,237
Cash Funds	9,881,416	16,939,500	0	0	16,939,500
Reappropriated Funds	154,168,541	178,476,706	0	0	178,476,706
Federal Funds	0	0	0	0	0

*JBC Staff Supplemental Recommendations - FY 2020-21
Staff Working Document - Does Not Represent Committee Decision*

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2020-21 Requested Change	FY 2020-21 Rec'd Change	FY 2020-21 Total w/Rec'd Change
--	----------------------	-----------------------------	--------------------------------	----------------------------	------------------------------------

DEPARTMENT OF PERSONNEL
Kara Veitch, Executive Director

S1 COE Program subsidy

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) Department Administration

Workers' Compensation	<u>328,591</u>	<u>274,904</u>	<u>0</u>	<u>0</u>	<u>274,904</u>
General Fund	100,296	80,697	2,729	2,729	83,426
Cash Funds	9,777	11,119	0	0	11,119
Reappropriated Funds	218,518	183,088	(2,729)	(2,729)	180,359
Payment to Risk Management and Property Funds	<u>1,225,710</u>	<u>879,487</u>	<u>0</u>	<u>0</u>	<u>879,487</u>
General Fund	374,126	258,172	8,729	8,729	266,901
Cash Funds	36,470	35,572	0	0	35,572
Reappropriated Funds	815,114	585,743	(8,729)	(8,729)	577,014
Federal Funds	0	0	0	0	0
Capitol Complex Leased Space	<u>2,305,344</u>	<u>2,482,062</u>	<u>0</u>	<u>0</u>	<u>2,482,062</u>
General Fund	892,984	788,532	64,606	64,606	853,138
Cash Funds	22,443	0	0	0	0
Reappropriated Funds	1,389,917	1,693,530	(64,606)	(64,606)	1,628,924
Federal Funds	0	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2020-21
Staff Working Document - Does Not Represent Committee Decision

	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2020-21 Requested Change	FY 2020-21 Rec'd Change	FY 2020-21 Total w/Rec'd Change
Payments to OIT	<u>5,415,056</u>	<u>6,113,666</u>	<u>0</u>	<u>0</u>	<u>6,113,666</u>
General Fund	1,652,849	1,778,468	60,682	60,682	1,839,150
Cash Funds	161,122	247,614	0	0	247,614
Reappropriated Funds	3,601,085	4,087,584	(60,682)	(60,682)	4,026,902
Federal Funds	0	0	0	0	0
CORE Operations	<u>325,975</u>	<u>385,648</u>	<u>0</u>	<u>0</u>	<u>385,648</u>
General Fund	99,499	113,206	3,828	3,828	117,034
Cash Funds	9,699	15,598	0	0	15,598
Reappropriated Funds	216,777	256,844	(3,828)	(3,828)	253,016
Federal Funds	0	0	0	0	0
(2) DIVISION OF HUMAN RESOURCES					
(A) Human Resource Services					
(II) Training Services					
Training Services	<u>595,147</u>	<u>1,714,426</u>	<u>68,113</u>	<u>(327,153)</u>	<u>1,387,273</u>
FTE	4.0	4.0	(1.0)	(1.0)	3.0
General Fund	0	0	782,539	220,812	220,812
Cash Funds	31,974	48,962	(48,962)	(48,962)	0
Reappropriated Funds	563,173	1,665,464	(665,464)	(499,003)	1,166,461
Total for S1 COE Program subsidy	10,195,823	11,850,193	68,113	(327,153)	11,523,040
FTE	<u>4.0</u>	<u>4.0</u>	<u>(1) .0</u>	<u>(1) .0</u>	<u>3.0</u>
General Fund	3,119,754	3,019,075	923,113	361,386	3,380,461
Cash Funds	271,485	358,865	(48,962)	(48,962)	309,903
Reappropriated Funds	6,804,584	8,472,253	(806,038)	(639,577)	7,832,676
Federal Funds	0	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2020-21
Staff Working Document - Does Not Represent Committee Decision

	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2020-21 Requested Change	FY 2020-21 Rec'd Change	FY 2020-21 Total w/Rec'd Change
S2 Decentralization of collection services					
(5) DIVISION OF ACCOUNTS AND CONTROL					
(A) Financial Operations and Reporting					
(2) Collections Services					
Personal Services	414,229	358,701	(280,933)	0	358,701
FTE	4.0	4.3	(3.7)	0.0	4.3
General Fund	414,229	0	0	0	0
Cash Funds	0	358,701	(280,933)	0	358,701
Reappropriated Funds	0	0	0	0	0
Operating Expenses	294,139	220,000	(189,545)	0	220,000
General Fund	294,139	0	0	0	0
Cash Funds	0	220,000	(189,545)	0	220,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Private Collection Agency Fees	131,660	900,000	(900,000)	0	900,000
General Fund	131,660	0	0	0	0
Cash Funds	0	900,000	(900,000)	0	900,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Total for S2 Decentralization of collection services	840,028	1,478,701	(1,370,478)	0	1,478,701
FTE	4.0	4.3	(3.7)	0.0	4.3
General Fund	840,028	0	0	0	0
Cash Funds	0	1,478,701	(1,370,478)	0	1,478,701
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2020-21
Staff Working Document - Does Not Represent Committee Decision

	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2020-21 Requested Change	FY 2020-21 Rec'd Change	FY 2020-21 Total w/Rec'd Change
Totals Excluding Pending Items					
PERSONNEL					
TOTALS for ALL Departmental line items	180,745,468	209,535,176	(1,302,365)	(327,153)	209,208,023
<i>FTE</i>	<u>365.4</u>	<u>408.8</u>	<u>(4.7)</u>	<u>(1) .0</u>	<u>407.8</u>
General Fund	14,873,729	14,049,455	923,113	361,386	14,410,841
Cash Funds	9,543,808	13,872,652	(1,419,440)	(48,962)	13,823,690
Reappropriated Funds	156,327,931	181,613,069	(806,038)	(639,577)	180,973,492
Federal Funds	0	0	0	0	0