

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO JBC Members  
FROM JBC Staff  
DATE March 16, 2023  
SUBJECT Figure Setting Comeback Packet 5

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Included in this packet are staff comeback memos for the following items:

**Department of Human Services, page 1** (Craig Harper) BHA R1 Behavioral Health Administration Personnel

**Department of Health Care Policy and Financing, Behavioral Health Community Programs, page 14** (Craig Harper) R12 Non-Medicaid BH Eligibility & Claims

**Department of Human Services, page 22** (Tom Dermody) Revised Recommendation for DPA-R3 Non-base building compensation for 24/7 facilities staff

**Office of Information Technology, page 23** (Scott Thompson) Informational Issue: ARPA Rollforward

**Department of Law, page 24** (Scott Thompson) BA2 Staff to Administer Negotiated Payroll Changes

**Department of Local Affairs, page 29** (Andrea Uhl) H.B. 21-1215 Justice Reinvestment Crime Prevention Initiative

**Department of Public Safety, page 31** (Emily Hansen) R3 Fire Aviation Resources

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Craig Harper, JBC Staff (303-866-3481)  
DATE March 16, 2023  
SUBJECT JBC Staff Comeback – BHA R1 (Behavioral Health Administration Personnel)

During figure setting for behavioral health programs in the Department of Human Services, the Committee tabled action in request BHA R1 (Behavioral Health Administration Personnel). The Committee did not request additional information related to that request but did approve a separate motion to draft a request for information related to the BHA's budget structure and use of funds.

### → PROPOSED REQUEST FOR INFORMATION

**Staff recommends that the Committee approve the following request for information for the BHA as part of the FY 2023-24 budget process.** The request seeks information on:

- The BHA's actual allocation of funds and FTE for FY 2022-23, including both "new" FTE associated with the implementation of H.B. 22-1278 and the existing FTE that were transferred from the Office of Behavioral Health.
- The BHA's anticipated allocation of funds and FTE for FY 2023-24, including detail on any additional FTE approved through the FY 2023-24 budget process.
- The BHA's recommendations for a Long Bill structure (for the FY 2024-25 Long Bill) that would reflect the agency's structure and staffing and provide greater transparency into the agency's actual use of funds and FTE, with separate line items for different functional areas.

- 1 Department of Human Services, Behavioral Health Administration -- The Behavioral Health Administration (BHA) is requested to provide the following information by October 1, 2023: (1) detail on the BHA's actual (FY 2022-23) and planned (FY 2023-24) allocation of funding and FTE by program for programmatic staff and by function for non-programmatic staff (including categories such as leadership and operations; quality and standards; statewide programs, technical assistance, and innovation; finance; health information technology; analytics, epidemiology, and evaluation; policy and external affairs; and strategy and engagement); and (2) detail on how many positions/FTE in each program or function predated the implementation of H.B. 22-1278, how many/which FTE are "new" as a result of that implementation, and the positions that resulted from other legislation (by bill). In addition, the Department is requested to provide recommendations for a budget structure, for potential implementation in the FY 2024-25 Long Bill, that would provide transparency into the allocation of funds and FTE that are currently included in the Community Behavioral Health Administration - Program Administration line item, including recommendations for separate line items for different administrative functions.

Staff has proposed an October 1, 2023, deadline for the BHA's response to allow additional time for JBC Staff to work with the BHA and prepare the JBC Staff's budget systems for recommended changes to the Long Bill structure prior to the submission of the FY 2024-25 budget request.

→ BHA REQUEST R1 – BHA PERSONNEL (TABLED)

As for request BHA R1, staff continues to recommend approving an increase of a total of \$2,344,379 General Fund and 19.7 FTE for FY 2023-24. That recommendation includes \$1,981,282 and 19.7 FTE that would be reflected in the Community Behavioral Health Program Administration line item and an estimated \$363,097 that would be reflected in centrally appropriated line items in the Executive Director’s Office (based on the large number of positions (26.0 actual positions) recommended). Staff requests permission to make technical corrections to centrally appropriated amounts based on any motion that the Committee may approve. The Committee should note that the BHA requested all positions at the range minimum, and staff has recommended the positions at the updated range minimum based on the Committee’s common policies.

Related to this request for an increase in FTE, based on the BHA’s actual utilization of funds and FTE in FY 2022-23, regardless of the Committee’s decisions with respect to R1 and potential increases in staff for FY 2023-24, staff recommends reducing the “base” FTE appropriation for FY 2023-24 by 7.0 FTE to align with the agency’s actual implementation to date. As discussed below, the agency is actually utilizing 22 of the 29 positions assumed in H.B. 22-1278.

The following table summarizes the Department’s request, the staff recommendation for FY 2023-24, and the anticipated impact in FY 2024-25 and subsequent years based on the staff recommendation.

BHA R1 REQUEST AND STAFF RECOMMENDATION						
	FY 2023-24 REQUEST		FY 2023-24 REC.		FY 2024-25 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
<b>Community Behavioral Health Administration</b>						
Salary	\$2,133,402	31.4	\$1,379,804	19.7	\$1,877,424	26.0
PERA	245,341		158,677		215,905	
Medicare	<u>30,934</u>		<u>20,005</u>		<u>27,219</u>	
Subtotal- Personal Services	\$2,409,678	31.4	\$1,558,486	19.7	\$2,120,548	26.0
Supplies (\$500)	15,700		10,550		13,000	
Computer (\$1,670)	62,800		43,420		0	
Furniture (\$5,000)	157,000		130,000		0	
Telephone (\$450/FTE or \$235 for request)	7,379		9,495		11,700	
Computer Software (\$400/FTE)	12,560		8,440		10,400	
Other operating (leased space, etc.)	<u>259,991</u>		<u>220,891</u>		<u>220,891</u>	
Subtotal - Operating Expenses	\$515,430		\$422,796		\$255,991	
<b>Total - Community Behavioral Health Administration line item</b>	<b>\$2,925,108</b>	<b>31.4</b>	<b>\$1,981,282</b>	<b>19.7</b>	<b>\$2,376,539</b>	<b>26.0</b>
Centrally Appropriated Amounts	553,417		363,097		363,379	
Total Impact	\$3,478,525		\$2,344,379		\$2,739,918	

The following section is staff’s original write-up and recommendation for BHA R1 for reference purposes only.

→ BHA R1 BEHAVIORAL HEALTH ADMINISTRATION PERSONNEL

*REQUEST:* The request includes an increase of \$3.5 million General Fund and 31.3 FTE in FY 2023-24 (increasing to \$3.5 million and 34.0 FTE in FY 2024-25) for the proposed next phase of the implementation of the BHA as established in H.B. 22-1278. That legislation requires the BHA to be fully operational by July 1, 2024, and added 25.9 new FTE to the Department of Human Services (21.4 in the BHA itself) for FY 2022-23 (a net increase of 10.2 FTE in the BHA because it also transferred 11.2 existing FTE from the Department of Human Services to the Department of Public Health and Environment). The “base” for the FY 2023-24 appropriation adds 12.1 additional FTE to reflect the second-year impact of the bill as anticipated in the Final Legislative Council Staff Fiscal Note, for a total of 38.0 new FTE. This decision item (BHA R1) proposes an increase of an additional 31.3 FTE for FY 2023-24 to continue to build out the new agency.

*STAFF RECOMMENDATION:* Staff recommends approving an increase of a total of \$2,344,379 General Fund and 19.7 FTE for FY 2023-24. That recommendation includes \$1,981,282 and 19.7 FTE that would be reflected in the Community Behavioral Health Program Administration line item and an estimated \$363,097 that would be reflected in centrally appropriated line items in the Executive Director’s Office (based on the large number of positions (26.0 actual positions) recommended). Staff requests permission to make technical corrections to centrally appropriated amounts based on any motion that the Committee may approve. The Committee should note that the BHA requested all positions at the range minimum, and staff has recommended the positions at the updated range minimum based on the Committee’s common policies.

Related to this request for an increase in FTE, based on the BHA’s actual utilization of funds and FTE in FY 2022-23, regardless of the Committee’s decisions with respect to R1 and potential increases in staff for FY 2023-24, staff recommends reducing the “base” FTE appropriation for FY 2023-24 by 7.0 FTE to align with the agency’s actual implementation to date. As discussed below, the agency is actually utilizing 22 of the 29 positions assumed in H.B. 22-1278.

The following table summarizes the Department’s request, the staff recommendation for FY 2023-24, and the anticipated impact in FY 2024-25 and subsequent years based on the staff recommendation.

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Computer (\$1,670)	62,800		43,420		0	
Furniture (\$5,000)	157,000		130,000		0	
Telephone (\$450/FTE or \$235 for request)	7,379		9,495		11,700	
Computer Software (\$400/FTE)	12,560		8,440		10,400	
Other operating (leased space, etc.)	<u>259,991</u>		<u>220,891</u>		<u>220,891</u>	
Subtotal - Operating Expenses	\$515,430		\$422,796		\$255,991	

BHA R1 REQUEST AND STAFF RECOMMENDATION						
	FY 2023-24 REQUEST		FY 2023-24 REC.		FY 2024-25 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
<b>Total - Community Behavioral Health Administration line item</b>	<b>\$2,925,108</b>	<b>31.4</b>	<b>\$1,981,282</b>	<b>19.7</b>	<b>\$2,376,539</b>	<b>26.0</b>
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Total Impact	\$3,478,525		\$2,344,379		\$2,739,918	

*ANALYSIS*

House Bill 21-1097 required CDHS to create the BHA in collaboration with HCPF (which is the State’s largest payer for behavioral healthcare through Medicaid), the Division of Insurance (which oversees commercial insurance), and the Department of Public Health and Environment (CDPHE). The bill required the Department to develop a plan for the creation of the BHA by November 1, 2021,<sup>1</sup> and required the establishment of the BHA with specified duties by July 1, 2022.

House Bill 22-1278 established the BHA and specified the duties of the new agency as the statewide leader in behavioral health policy and services. The BHA officially launched in July 2022. However, many of the structural changes (to programs, contractual relationships, and funding) are not required until July 2024 (for FY 2024-25).

The Department estimates that the BHA was 30.0 percent operational as of October 2022 and intends to be 50.0 percent operational (based on newly hired staff) by the end of FY 2022-23. As required by the two bills, the BHA expects to be fully operational as of July 1, 2024 (with the staff requested through BHA R1 representing a component of the next phase of implementation).

**ROLE OF THE BHA**

While CDHS and HCPF account for the majority of state level funding for behavioral health, the inventory informing the BHA plan identified more than 100 programs spread across 9 different state departments (at least 14 state agencies) and totaling more than \$1.5 billion in total funds.<sup>2</sup> That count does not include programs operated by local governments or other partners.

In contrast to the plan for the Department of Early Childhood, the BHA legislation did not involve large scale movements of programs between agencies. Instead, the legislation places responsibility for leadership and coordination with the BHA but leaves nearly all of the existing programs in place in their current departments, at least for the time being. The two exceptions to that theme were: (1) moving a variety of prevention-related programs from the Department of Human Services to CDPHE to centralize prevention responsibilities in that department and (2) moving licensing responsibilities for “behavioral health entities” from CDPHE to the BHA to centralize behavioral health provider licensing within the BHA. Other than those limited moves, the current plan for the BHA focuses on the BHA providing leadership, coordination, and standardization across the existing programs and agencies.

<sup>1</sup> The report is available at: <https://drive.google.com/file/d/13H2jGAApljrItLdeljywwB4PvjDNcv6-/view>

<sup>2</sup> The departments include: CDHS, HCPF, CDHPE, Corrections, Education, Judicial, Labor and Employment, and Public Safety.

## GOVERNANCE STRUCTURE

The BHA will be housed within CDHS, at least until 2024. In terms of leadership, a cabinet-level Commissioner heads the BHA as a peer to the executive directors of other departments, with assistance and advice from an advisory council representing a broad spectrum of stakeholders in behavioral health. In turn, a variety of working groups or committees will support the Advisory Council.

## FY 2022-23 APPROPRIATIONS

The FY 2022-23 Long Bill reorganized behavioral health-related appropriations to the Department to reflect the new role of the BHA. Those changes moved \$247.5 million total funds (including \$126.4 million General Fund) from the OBH into the newly created BHA division in the Long Bill, leaving the forensic programs and the state hospitals in the OBH.

House Bill 22-1278 appropriated an additional \$2.5 million General Fund and 21.4 FTE to the BHA (not including related appropriations to other divisions) for FY 2022-23 to support the first phase of implementing the agency's new responsibilities (in addition to the programs and resources transferred with all of the existing community behavioral health programs from OBH). The Final Legislative Council Staff Fiscal Note for the bill assumed that bill's "new" appropriations would support positions in: leadership and operations; finance (particularly since the BHA is operating largely independently of the finance structure in the Department); quality and standards; statewide programs, technical assistance, and innovation; strategy, planning, and engagement; and data strategy and analytics.

Building on the base of appropriations in H.B. 22-1278, the Final Legislative Staff Fiscal Note for that bill anticipates a need for \$5.1 million and 38.0 FTE for the FY 2023-24 impact of the appropriations provided for FY 2022-23 (an increase of \$1.4 million and 12.1 FTE above the FY 2022-23 appropriations). That amount is spread throughout multiple divisions within the Department (including the BHA and other divisions that are supporting the BHA's operations). The Department's request includes a total increase of \$1.2 million General Fund and the 12.1 FTE assumed in the Fiscal Note to "annualize" the bill. Of that total, \$556,674 General Fund and 7.1 FTE are actually within the BHA (with the entire increase requested for the Community Behavioral Health Administration Program Administration line item). On top of the FTE actually reflected for FY 2022-23, that equates to the 29.0 FTE assumed for FY 2023-24.

As the Committee considers the request for FY 2023-24, however, it is important to note that the BHA has shifted its implementation plan since the passage of H.B. 22-1278. While the Final Legislative Council Staff Fiscal Note and the appropriations in the bill were driven by the Department's estimates, the Department and the BHA have ended up using the funds and FTE provided in H.B. 22-1278 somewhat differently than was assumed in the fiscal note and the appropriation. The following table compares the 29.0 positions (which would be 29.0 FTE in FY 2023-24) assumed in the fiscal note to the 22.0 new positions actually implemented by the BHA in FY 2022-23. The highlighted rows show areas with the largest differences.

BHA R1 STAFFING IMPLEMENTATION FOR FY 2022-23		
POSITION CATEGORY	FINAL FISCAL NOTE POSITIONS	FY 2022-23 ACTUAL POSITIONS
Quality and Standards	6.0	1.0
Statewide Program, Tech. Assist., Innovation	5.0	2.0
Finance	6.0	2.0
Health information Technology	2.0	2.0
Behavioral Health Analytics, Epidemiology, Evaluation	0.0	1.0
Policy and External Affairs	5.0	5.0
Strategy and Engagement	2.0	1.0
Leadership and Operations	3.0	8.0
<b>Total Positions</b>	<b>29.0</b>	<b>22.0</b>

As shown in the table, it is clear that: (1) the BHA created 7 fewer positions than anticipated (while allocating the full budget) and (2) there was a greater focus on positions classified as leadership and operations than on some of the day-to-day operations staff anticipated in the fiscal note. In effect, each position was, on average, more expensive than the allocations assumed in the fiscal note, resulting in 22.0 positions rather than 29.0.

The BHA has indicated that the original estimates assumed immediate implementation of the operations of the BHA – as indicated by the number of operations-oriented FTE that were assumed in those positions (including, for example, the 6.0 finance positions that were assumed in the fiscal note). However, as the BHA began to move forward with implementation, the agency decided to focus on the new initiatives required of the agency and focus on building out a leadership structure rather than the day-to-day support. As a result, the BHA focused on teams and the core leadership, including adding two Deputy Commissioners, a Chief of Staff, a Senior Advisor for Children, Youth, and Families, and seven division directors.

The agency provided two concrete examples of the shift in hiring vs. the original assumptions (quoted here):

- “Before hiring all of the quality and standards staff, our focus had to be first on the rule re-write to establish what new expectations and standards would be monitored and enforced.”
- “Before hiring all of the fiscal staff, we needed to first establish a process and roadmap for payment reform as well as determine the capacity for payment reform. With the BHASO implementation taking place, it was important to focus on thoughtful transition of contracts and delivery systems before immediately disrupting payment mechanisms and funding models.”

Staff understands that the BHA is effectively trying to build the new agency in real time, and staff agrees that shifts in priorities make sense for the agency that the BHA is now planning to build. Staff cannot speak to whether the General Assembly envisioned this size of an agency in terms of the leadership positions that the BHA has hired.

**However, based on the actual utilization of funds and FTE, regardless of the Committee’s decisions with respect to R1 and potential increases in staff for FY 2023-24, staff recommends reducing the “base” FTE appropriation for FY 2023-24 by 7.0 FTE to align with the agency’s actual implementation to date (by reducing the annualization of H.B. 22-1278 from 7.6 FTE to 0.6 FTE).**

## FY 2023-24 REQUEST BHA R1

BHA request R1 proposes an additional increase of \$3.5 million General Fund (including \$561,865 in centrally appropriated amounts) and 31.3 additional FTE (annualizing to \$3.5 million and 34.0 FTE in FY 2024-25) for the next phase of BHA implementation. The Department has categorized the new positions based on the framework in the fiscal note for H.B. 22-1278. The following table shows the requested FTE in combination with the positions from the FY 2022-23 appropriation.

BHA R1 STAFFING IMPLEMENTATION FOR FY 2022-23				
POSITION CATEGORY	FINAL FISCAL NOTE POSITIONS	FY 2022-23 ACTUAL POSITIONS	FY 2023-24 REQUEST R1 POSITIONS	TOTAL PROPOSED FTE <sup>1</sup>
Quality and Standards	6.0	1.0	6.0	7.0
Statewide Program, Tech. Assist., Innovation	5.0	2.0	2.0	4.0
Finance	6.0	2.0	6.0	8.0
Health information Technology	2.0	2.0	3.0	5.0
Analytics, Epidemiology, Evaluation	0.0	1.0	6.0	7.0
Policy and External Affairs	5.0	5.0	2.0	7.0
Strategy and Engagement	2.0	1.0	5.0	6.0
Leadership and Operations	3.0	8.0	4.0	12.0
<b>Total Positions</b>	<b>29.0</b>	<b>22.0</b>	<b>34.0</b>	<b>56.0</b>

<sup>1</sup>This would be the total FTE count in FY 2024-25 (with the full year for each position). The total does not include the 7.0 unutilized FTE from the original appropriation (which would increase the total reflected to 63.0). Under any scenario, however, staff is recommending eliminating the unused FTE from the appropriation.

Staff highlights five major points prior to summarizing the specific positions in the request for FY 2023-24. Staff suggests that these points may be more important for framing the overall situation than the specific positions included in the request (especially since the positions actually hired may differ as conditions change and the BHA moves forward with implementation).

- First, as is visible in the table, the request includes a number of positions that were already assumed as approved in the FY 2022-23 appropriation in H.B. 22-1278. As discussed above, the BHA prioritized leadership positions in FY 2022-23 – and the request seeks a number of the day-to-day positions that the agency elected not to create and fill in the current year. Staff understands the BHA’s change in priorities for FY 2022-23 but also understands that the General Assembly may argue that it already funded those positions.
- Second, staff does understand that day-to-day support positions will be critical to the agency’s success going forward. For example, the General Assembly set the agency up as an independent agency that happens to be housed within the Department of Human Services. It will require finance, human resources, and operations staff to function as an independent agency.
- Third, staff does agree that the requested positions align with responsibilities of the BHA as outlined in H.B. 22-1278. The bill responded to multiple public reports, the Behavioral Health Task Force, and extensive public processes for input in identifying issues throughout the continuum of care. The BHA has conducted its own outreach processes to shape implementation in order to address the concerns outlined by the Task Force and others, and staff does agree that the positions proposed by the Department are tied to those responsibilities.
- Fourth, staff notes that the request for a total of 63.0 “new” FTE for the BHA (excluding those that transferred to or from other agencies) is close to what the Department of Human Services envisioned for the BHA prior to the passage of H.B. 22-1278. As part of the FY 2022-23 budget



process, the Department of Human Services submitted a budget amendment (BA1) with a proposal to fund the creation of the BHA through the Long Bill rather than the implementing legislation (the Committee rejected that decision and instead deferred to H.B. 22-1278). **However, that request anticipated a need for a total of 67.6 new FTE in the BHA in FY 2023-24.** Similarly, the Department’s “plan” for the BHA (submitted in the fall of 2021) anticipated a need for \$3.4 million in additional funding and 40.0 FTE in FY 2023-24, similar amounts to those requested in R1. Those amounts are difficult to compare because the timing of implementation may have varied between the Department’s original plan and the final legislation. However, the request is roughly in alignment with the incremental increase that the Department had anticipated in the planning document.

- Finally, while the request and the following discussion include significant detail on specific positions that the Department is proposing, staff suggests that the Committee focus on the larger questions of how much funding to appropriate rather than specific positions. Staff has worked extensively with the BHA to analyze different scenarios, and the BHA has been extremely helpful and forthcoming with information. However, as the Committee knows, the General Assembly does not actually control FTE, and the situation for FY 2022-23 makes clear that assuming a given FTE scenario in a request of this size is problematic.

With all of those caveats, the following sections briefly describe the specific positions requested in R1.

*Quality and Standards (6.0 FTE):* One focus of the BHA is evaluating and promoting the use of clinical best practices statewide. A related goal is ensuring that managed care practices in the state support access to high-quality services. This focus was clear in the FY 2022-23 appropriation in H.B. 22-1278, which assumed 6.0 FTE dedicated to this purpose. The BHA created one of those positions with the current funding and is returning with a request for an additional 6.0 FTE, including:

- 1.0 FTE nurse consultant to provide medical consultation services to the quality and standards division and the BHA as a whole.
- 5.0 FTE project manager I positions to perform licensing duties for all licensed facility types and to support the development of the BHA’s grievance policy.

*Statewide Programs, Technical Assistance, and Innovation (2.0 FTE):* Another focus of the bill is workforce development, technical assistance, and system navigation support. The appropriation in H.B. 22-1278 assumed an increase of 5.0 FTE for this purpose in FY 2022-23 to provide dedicated resources for workforce development, technical assistance, and system navigation support. Request R1 seeks 2.0 FTE program manager II positions to improve and ensure collaboration between the workforce development, care coordination, and clinical services units, as well as technical assistance provided through those programs.

*Finance (6.0 FTE):* With the BHA created as a separate agency housed within DHS (at least for the time being), H.B. 22-1278 provided funds for 6.0 new FTE in finance to support budgeting, accounting, contracting, grants, and provider rate analysis. As noted above, the Department actually created and hired two of those positions. Request R1 seeks 6.0 additional FTE for FY 2023-24, including:

- 1.0 FTE budget and policy analyst III to serve as the safety net budget analyst.

- 1.0 FTE budget and policy analyst V to supervise the budget unit and manage the BHA's independent (of CDHS) budget process as well as the collaborative interdepartmental behavioral health budget process.
- 1.0 FTE contract administrator III to support expanded contracting functions at the BHA, such as universal contract provisions and value-based payment requirements.
- 1.0 FTE grants specialist III to focus on additional and non-traditional behavioral health grant opportunities.
- 1.0 FTE rate/financial analyst III to provide analytical support to inform statewide multi-payer strategy.
- 1.0 FTE rate/financial analyst IV to function as the manager of rate and payment reform and financial strategy unit.

*Health IT (3.0 FTE):* The BHA reports that one of the major drivers for the agency's creation was the fragmentation of data collection, systems, and processes across the behavioral health system. In response, the BHA is developing a multi-year strategy to grow and evolve the "behavioral health technology ecosystem" to collect and utilize a growing amount of data to improve services. In addition to the existing data staff previously in OBH, H.B. 22-1278 supported 2.0 additional positions that the Department has classified as health information technology positions. Request R1 proposes 3.0 additional positions for FY 2023-24:<sup>3</sup>

- 3.0 FTE data management IV positions. One would be the data standards and conversion specialist who ensures the agency is using health information standards appropriately and effectively. Another position would be a business intelligence analyst that focused on the use of information to support decision making. The final position would be a public facing product domain systems specialist/administrator.

*Behavioral Health Analytics, Epidemiology, and Evaluation (6.0 FTE):* Related to the Health IT category above, the Department is also proposing 6.0 additional FTE focused specifically on analytics, epidemiology, and evaluation.

- 1.0 FTE project manager II to oversee a team of specialists to incorporate data analytics into best practice dissemination and assistance.
- 4.0 FTE statistical analyst III positions to support a variety of data initiatives. One position would serve as the lead for "community-engaged and community-guided" data initiatives to incorporate disempowered and oppressed communities in the data analysis system. One position would focus on the spatial and tabular needs of the BHA, including geographic information systems and other spatial data resources. The additional two positions would support monitoring and evaluation activities.
- 1.0 FTE statistical analyst IV to oversee a team of data visualization specialists.

*Strategy, Planning and Engagement (5.0 FTE):* House Bill 22-1278 added 2.0 FTE to support new functions/responsibilities for the agency, including statewide grievance support, stakeholder and community engagement, and interagency relationships with the other agencies with behavioral health responsibilities. The Department created one of those positions and is proposing five additional FTE:

<sup>3</sup> Please note that this categorization is an update relative to the detail included in R1. The official request indicates that 9.0 new FTE are for Health IT but the BHA has clarified that 3.0 of the positions would be Health IT and has suggested a Behavioral Health Analytics, Epidemiology, and Evaluation category for the other 6.0 FTE.

- 1.0 FTE liaison III to support coordination across BHA teams to ensure strategic planning.
- 3.0 FTE liaison IV for outreach outside of the BHA. That includes one position specifically focused on the BHA’s strategy for homelessness prevention and resolution, one position specifically focused on direct engagement with the community for BHA strategic planning, and one position to support collaboration among state agencies and local governments.
- 1.0 FTE project manager II to design and implement the BHA’s strategy to engage and collaborate across multiple state agencies and local governments around key behavioral health initiatives.

*Policy and External Affairs (2.0 FTE):* Request R1 seeks 2.0 positions focused on policy and external affairs, that would add to related positions in leadership and operations funded in H.B. 22-1278 (that bill funded a communications manager, a legislative liaison, a community engagement specialist, and a marketing and communications specialist). The BHA did create 5.0 positions in this category. Anticipating increased involvement in legislative and policy discussions for the BHA and across partner agencies, the request for FY 2023-24 includes:

- 1.0 FTE liaison III to “drive external partnerships and administer continuous stakeholder engagement forums.” The position is proposed as subject matter expert in BHA rule planning and legislative implementation.
- 1.0 FTE policy advisor IV to support continuous rule development and drive rule drafting/updating, in addition to providing behavioral health policy expertise.

*Leadership and Operations (4.0 FTE):* House Bill 22-1278 provided funding for 3.0 positions that the BHA has put into this category, including an operations director and a human resources specialist. As noted above, the Department actually created a total of 8.0 positions in this category, including two deputy commissioners, the chief of staff, division leadership, etc. Request R1 seeks 4.0 additional FTE focused on operations:

- 1.0 FTE human resources specialist III to assist with all aspects of hiring and human resources.
- 3.0 FTE program assistant I positions to provide support for the variety of new teams at the BHA.

*Additional Operating Expenses (\$259,991 General Fund in FY 2023-24 and beyond)*

The request assumes the standard operating expenses for each new FTE (which equates to \$8,044 per requested position in the request and \$8,020 per new position in the Committee’s common policies. In addition, the request includes an increase of \$259,991 General Fund for other operating expenses:

- \$160,000 for leased space (calculated as \$4,650 per FTE using a common policy sheet). The Department’s space is on the Department of Public Health and Environment campus and is leased space.
- \$50,000 to support the Behavioral Health Advisory Board and regional subcommittees.
- \$17,500 for software expenses including advanced statistical software, GIS, and visualization software licenses.
- \$17,500 for travel, events, conferences, and training.
- \$14,991 for training and professional development costs.

**Staff is recommending approval of these amounts, with modifications to the leased space assumption to align with the number of positions actually approved (if any).** It is staff’s understanding that these are typical amounts that one would expect to see in an agency such as the BHA.

## SCENARIOS AND STAFF RECOMMENDATION

Staff has worked closely with BHA staff to analyze this request and has asked for the agency’s assistance in developing potential scenarios for the Committee’s consideration. Staff wants to acknowledge the BHA’s assistance with these scenarios.

- Staff asked the agency to offer scenarios that would equate to a total increase of \$2.5 million and \$1.5 million in FY 2023-24 – and the agency provided those scenarios (displayed below). The BHA emphasized that they believe that all of the positions in the request are important and necessary for full implementation of the bill. Still, the agency did provide the scenarios as requested. Staff notes that these are challenging questions regarding this type of request – and appreciates the BHA’s responsiveness and collaboration.
- In addition, JBC staff asked the BHA to consider alternative start date scenarios for the various FTE. The request assumes that all 34 positions would start on July 1, 2023, which is obviously an unlikely scenario. In response to staff’s request, the BHA did provide a staggered schedule of start dates, with the earliest positions starting in September and a variety of positions starting in October and November. That change alone reduces the personal services costs associated with the request by \$481,989 in FY 2023-24 (though the full request would still annualize to \$3.5 million in year 2 if all of those positions were filled for the entire year).

The following table compares the positions included in the BHA’s request with \$3.5 million total cost, a \$2.5 million (total cost) scenario, and a \$1.6 million (total cost) scenario, based on the categories of the additional positions. As specified above, this was in response to a direct request from JBC staff and represents the agency’s best estimates of how they would utilize increases in those amounts.

ILLUSTRATIVE STAFFING SCENARIOS (FULL POSITIONS WITHOUT STAGGERED START DATES)			
POSITION CATEGORY	FULL REQUEST (\$3.5M)	SCENARIO 1 (\$2.5M)	SCENARIO 2 (\$1.6M)
Quality and Standards	6.0	5.0	3.0
Statewide Program, Tech. Assist., Innovation	2.0	1.0	1.0
Finance	6.0	4.0	3.0
Health information Technology	3.0	2.0	1.0
Analytics, Epidemiology, Evaluation	6.0	5.0	3.0
Policy and External Affairs	2.0	1.0	0.0
Strategy and Engagement	5.0	3.0	2.0
Leadership and Operations	4.0	3.0	1.0
<b>Total Positions</b>	<b>34.0</b>	<b>24.0</b>	<b>14.0</b>

**The staff recommendation would support an estimated 26.0 positions (19.7 FTE in the first year because of the proration based on the staggered start dates developed in conjunction with the BHA). The recommendation would equate to \$2.3 million in total funding in year 1 (FY 2023-24) but would increase to \$2.9 million and 26.0 FTE in FY 2024-25 (see table below). Given the number of positions, staff is recommending approval of centrally appropriated line item amounts totaling \$363,097 and requests permission to make technical corrections to align the centrally appropriated amounts with any increase approved by the Committee.**

Staff has applied most of the reductions that the Department outlined in the \$2.5 million scenario – but has left two liaison positions in the strategy, planning, and engagement category because of the

central role of the BHA in coordinating across state government and between the BHA and local governments/entities. **That said, this is, again, only an illustrative scenario and the BHA’s use of the funds and final selection of positions may differ significantly from the staff scenario even if the Committee approved the recommendation.**

BHA R1 REQUEST AND STAFF RECOMMENDATION						
	FY 2023-24 REQUEST		FY 2023-24 REC.		FY 2024-25 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
<b>Community Behavioral Health Administration</b>						
Salary	\$2,133,402	31.4	\$1,379,804	19.7	\$1,877,424	26.0
PERA	245,341		158,677		215,905	
Medicare	<u>30,934</u>		<u>20,005</u>		<u>27,219</u>	
Subtotal- Personal Services	\$2,409,678	31.4	\$1,558,486	19.7	\$2,120,548	26.0
Supplies (\$500)	15,700		10,550		13,000	
Computer (\$1,670)	62,800		43,420		0	
Furniture (\$5,000)	157,000		130,000		0	
Telephone (\$450/FTE or \$235 for request)	7,379		9,495		11,700	
Computer Software (\$400/FTE)	12,560		8,440		10,400	
Other operating (leased space, etc.)	<u>259,991</u>		<u>220,891</u>		<u>220,891</u>	
Subtotal - Operating Expenses	\$515,430		\$422,796		\$255,991	
<b>Total - Community Behavioral Health Administration line item</b>	<b>\$2,925,108</b>	<b>31.4</b>	<b>\$1,981,282</b>	<b>19.7</b>	<b>\$2,376,539</b>	<b>26.0</b>
Centrally Appropriated Amounts	553,417		363,097		363,379	
Total Impact	\$3,478,525		\$2,344,379		\$2,739,918	

### POINTS TO CONSIDER

Staff has struggled with an analytical evaluation of this request. Staff recognizes that there appears to be a disconnect between the BHA and some stakeholders (and potentially legislators) about the necessary size of the agency to meet its responsibilities.

- The overall request appears reasonable based on what staff understands to be the BHA’s vision of the role and future of the agency based on the requirements and responsibilities outlined in H.B 22-1278.
- Others clearly have a different view of how this agency should operate and how many centralized positions are necessary in the agency to complete those responsibilities, particularly if the State were able to gain efficiencies by centralizing some of these authorities.
- In addition, staff notes that additional significant changes are possible – discussions are ongoing about the implementation of the Behavioral Health Administrative Service Organizations (3<sup>rd</sup> party intermediaries that will begin operating in FY 2024-25), and staff is not certain how those changes will impact the staffing necessary at the BHA. If, for example, many responsibilities devolve to the BHASOs then the role of some BHA staff will be significantly different than it has been under the current system where the agency contracts directly with local providers for the distribution of many different funding streams. Staff does not know what to expect along those lines and is aware that those discussions are ongoing in the Executive Branch.
- Finally, staff has not attempted to present a lot of detail on the specific positions that would (or would not) be funded under any given scenario. Staff suspects that doing so would give an illusion of control where there is none. Instead, staff hopes that the illustrative scenarios summarized above are helpful as the Committee considers how much money to appropriate for FY 2023-24. Particularly since all of the requested positions are within a single line item, the General Assembly

will not have any way to specify the use of those funds within that line item. Instead, the BHA will need to manage that line item within whatever resources the General Assembly provides.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Craig Harper, JBC Staff (303-866-3481)  
DATE March 16, 2023  
SUBJECT JBC Staff Comeback – HCPF Request R12

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During figure setting for Behavioral Health Community Programs in the Department of Health Care Policy and Financing, the Committee tabled discussion of the Department's request R12 (Non-Medicaid Behavioral Health Eligibility and Claims). The Committee asked questions about the potential use of Department of Human Services federal funds to support the ongoing operations of the eligibility and claims system. The Executive Branch presented a comeback on Monday (March 13) responding to that question and indicating that no federal funds were available to support the system.

Staff noted during the figure setting presentation (and in the section of that document included in this memorandum) that the Committee may wish to consider a request for information that would go to both HCPF and the BHA asking for updates on the implementation of the system (across providers and across additional agencies) and the utility of the data/reporting at some point in the future. **If the Committee approves the recommended funding for request R12 (discussed in the following section) then staff recommends approval of the following request for information as part of the FY 2023-24 letter to the Governor.** Staff may return to the Committee with refinements to this request based on additional input from the departments.

- 1 Department of Health Care Policy and Financing and Department of Human Services, Behavioral Health Administration -- The departments are requested to provide the following updates regarding the implementation of the Non-Medicaid Behavioral Health Eligibility and Claims System by November 1, 2024: (1) the specific non-Medicaid programs that are utilizing the system for eligibility and/or claims purposes, including the specific uses for each program; (2) the number and percentage of clients and claims for which each program is using the system; (3) the number and percentage of providers that are using the system for each program; (4) the Departments' plans to expand the utilization to other programs (including programs housed outside of the BHA) and other providers through FY 2024-25 and in subsequent years; and (5) any efficiencies or payment issues identified through the use of the system thus far.

Please note that the request for information has a deadline of November 1, 2024, as staff does not anticipate that a November 2023 submission would provide particularly useful information given the anticipated gradual roll-out of the eligibility and claims system to providers.

Staff does not have new information that would change the staff recommendation on this item and continues to recommend an increase of a total of \$2,765,368 General Fund and 8.0 FTE for FY 2023-24 (increasing to \$3,080,845 and 10.0 FTE in FY 2024-25), as reflected in the table on the following page.

R2 NON MEDICAID BH ELIGIBILITY AND CLAIMS						
Line Item	FY 2023-24 REQUEST		FY 2023-24 REC.		FY 2024-25 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
EDO, General Admin, Personal Services	\$644,882	8.4	\$663,671	8.0	\$796,407	10.0
EDO, General Admin, Operating Expenses	70,906		78,850		13,500	
Leased Space	42,627		42,627		46,500	
IT - MMIS Maintenance and Projects	1,121,000		1,121,000		1,154,630	
IT - CBMS Operating and Contracts	859,220		859,220		884,997	
<b>Subtotal (General Fund)</b>	<b>\$2,738,635</b>	<b>8.4</b>	<b>\$2,765,368</b>	<b>8.0</b>	<b>\$2,896,034</b>	<b>10.0</b>
Centrally appropriated line items	150,667		0		184,811	
<b>Total - R12 (General Fund)</b>	<b>\$2,889,302</b>	<b>8.4</b>	<b>\$2,765,368</b>	<b>8.0</b>	<b>\$3,080,845</b>	<b>10.0</b>

The following section includes the original staff figure setting write-up and recommendation on request R12 for reference purposes only.

### → R12 Non-Medicaid BH Eligibility & Claims

#### REQUEST

Request R12 proposes an increase of 2.9 million General Fund and 8.4 FTE *for the Executive Director's Office*, increasing to \$3.0 million and 10.0 FTE in FY 2024-25, for ongoing operation of information technology systems that support eligibility determinations, claims processing, and data reporting for non-Medicaid behavioral health services. As part of the Behavioral Health Administration (BHA) initiative, the Department previously received funding for development of the systems (with \$7.5 million General Fund appropriated in FY 2021-22 and a total of \$7.8 million in expenditures through FY 2022-23). The Behavioral Health Administration has not yet estimated or captured the expected financial efficiencies, but the Department anticipates needing money for ongoing operations beginning in FY 2023-24. The Department identified this request as theory-informed.

#### RECOMMENDATION

Staff recommends approving a total increase of \$2.8 million General Fund and 8.0 FTE, increasing to \$3.1 million and 10.0 FTE in FY 2024-25, for ongoing operation and analysis associated with the system. Given the resources already invested in the system, and what appears to be “upside” potential, staff recommends approving the requested resources to provide ongoing support for the roll-out of the new system. The following table shows the components of the recommendation, by line item.

R2 NON MEDICAID BH ELIGIBILITY AND CLAIMS						
Line Item	FY 2023-24 REQUEST		FY 2023-24 REC.		FY 2024-25 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
EDO, General Admin, Personal Services	\$644,882	8.4	\$663,671	8.0	\$796,407	10.0
EDO, General Admin, Operating Expenses	70,906		78,850		13,500	
Leased Space	42,627		42,627		46,500	
IT - MMIS Maintenance and Projects	1,121,000		1,121,000		1,154,630	
IT - CBMS Operating and Contracts	859,220		859,220		884,997	
<b>Subtotal (General Fund)</b>	<b>\$2,738,635</b>	<b>8.4</b>	<b>\$2,765,368</b>	<b>8.0</b>	<b>\$2,896,034</b>	<b>10.0</b>



R2 NON MEDICAID BH ELIGIBILITY AND CLAIMS						
	FY 2023-24 REQUEST		FY 2023-24 REC.		FY 2024-25 IMPACT	
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE
Centrally appropriated line items	150,667		0		184,811	
<b>Total - R12 (General Fund)</b>	<b>\$2,889,302</b>	<b>8.4</b>	<b>\$2,765,368</b>	<b>8.0</b>	<b>\$3,080,845</b>	<b>10.0</b>

The Committee may wish to consider a request for information that would go to both HCPF and the BHA asking for updates on the implementation of the system (across providers and across additional agencies) and the utility of the data/reporting at some point in the future. Staff suspects that a November 2023 response would not be very informative given the pace of “roll-out” and implementation. However, a November 2024 report to inform the budget process for FY 2025-26 could be more useful. If the Committee would like to make such a request, staff can work with the Department to develop it before the requests for information are sent.

**BACKGROUND AND ANALYSIS**

The General Assembly approved a decision item in FY 2021-22 appropriating \$7.5 million General Fund to create this system. As shown in the table below (from the FY 2021-22 figure setting document), the request and funding included 23.0 temporary staff.<sup>1</sup> The Department reports approximately \$7.8 million in total expenditures through FY 2022-23. Similar to this year’s request, however, the bulk of the funding was actually for contract hours for development and testing of the components of the system, including changes to the Medicaid Management Information System (MMIS), the Business Intelligence Data Management System (BIDM), the Colorado Benefits Management System (CBMS), and the Program and Eligibility Application Kit (PEAK). The appropriation was for FY 2021-22 but included roll-forward authority allowing the Department to spend the money through FY 2022-23.

FY 2021-22 R23 BEHAVIORAL HEALTH CLAIMS AND ELIGIBILITY PROCESSING ESTIMATES FOR APPROPRIATIONS				
	UNITS		RATE	TOTAL FUNDS
Temporary staff (including benefits)	23	FTE	\$90,879.35	\$2,090,225
MMIS				
System design and development	15,600	hrs	\$116.00	1,809,600
Testing	5,200	hrs	\$118.53	616,356
Call center support	4,160	hrs	\$30.67	127,587
BIDM enhancements	3,600	hrs	\$166.67	600,012
CBMS				
System design and development	13,000	hrs	\$138.00	1,794,000
Testing	3,000	hrs	\$143.00	429,000
<b>TOTAL</b>				<b>\$7,466,780</b>

Requested as a “precursor” to the BHA initiative, the goal of the system is to leverage the Department's existing systems and experience and to standardize procedures across programs, creating a single point of access and fiscal management system for clients and providers in the publicly-funded behavioral health system. It is staff's understanding that the vision would include all claims

<sup>1</sup> The JBC Staff analysis of the original decision item is available beginning on page 70 of the FY 2021-22 figure setting document at: [https://leg.colorado.gov/sites/default/files/fy2021-22\\_hcpfig1.pdf](https://leg.colorado.gov/sites/default/files/fy2021-22_hcpfig1.pdf)

information for *all* state/publicly funded behavioral health services, so that it would not matter whether a client was a Medicaid member, eligible through means tested programs through the BHA, eligible for non-means tested programs through the BHA, or receiving services through a behavioral health program funded through another agency.

It is staff's understanding that the Department anticipated (and continues to anticipate) several categories of benefit from the new system.

- *Clients/providers:* First, the decision item write-up focuses on reducing fragmentation in the behavioral health funding system (a common theme in requests associated with the Behavioral Health Administration), with clients and providers being able to access the system with no “wrong door” regardless of the agency/program paying for the services. The Department believes that the single fiscal management system will streamline the system for both providers and clients.
- *Double Billing:* Second, it is staff's understanding that part of the origin of this particular system was concern about potential “double billing” by providers that could bill both Medicaid and other programs (such as those in the BHA) for the same services. Without a single fiscal management system, proving or disproving such claims has been difficult. Staff notes that the Department (HCPF) has indicated that staff there still believe that it is “highly likely that double billing/payments is a problem.” The current (manual) process for identifying such issues is time intensive. The single system would allow the Department to identify instances when an individual received a service that was billed/reimbursed across more than one program (intentionally or not) and provide additional support to providers to prevent those instances.
- *Analysis/System Improvement:* Third, the request includes analytical staff that would use the data in an effort to support the BHA in improving behavioral health services statewide by identifying gaps, underserved populations, etc. The Department reports that the analytical staff in this request are unique and not duplicative of the analytical staff actually requested by the BHA because the HCPF staff would be the only ones analyzing the claims/billing/encounters data provided by this system. The BHA staff would be directly analyzing other data sources and would be directing the analysis by the HCPF staff. In the end, the assumption is that the downstream impact would be improved services to clients.

The Department reports that the system is on schedule to begin operations in July 2023, as anticipated in the original decision item and has submitted R12 to provide the ongoing funds for both: (1) contract work to maintain/enhance the system; and (2) State FTE and associated costs to support the system and analyze the data collected through the system.

*Maintenance/Enhancement Contracts:* The request includes a total of \$1,980,220 General Fund in contract money to maintain and enhance the system improvements, equating to 68.5 percent of the total request for \$2,889,302 in FY 2023-24. That amount includes:

- \$859,220 that would be reappropriated to the Governor's Office of Information Technology (OIT) to maintain and update the CMBC and PEAK systems (OIT has submitted a corresponding “non-prioritized” request). The Department reports that ongoing changes to eligibility requirements, regulations, additional programs, etc., will require ongoing updates to the system. The request also includes funding for “user acceptance testers to ensure system changes are implemented as intended.
- \$761,000 to maintain system integrations for the MMIS system and to provide support to providers that are using the system. Similar to CBMS, the Department reports that the system will

need to be updated on an ongoing basis. The Department has also included funding here to support new providers that are submitting claims/encounters into the new system, including call center support (with the MMIS vendor) for those providers.

- \$360,000 to maintain and enhance the Department's data warehouse. The Department would contract with the vendor to scope, design, and develop new reports based on the new changes to the system.

**Staff recommends approving the contract amounts. Given the amount that the State has already invested in the system, staff suggests that it is worth the investment to see whether it improves the experience of clients and providers – and provides the kind of data that would be useful for policy makers. The recommendation includes the following increases:**

- \$1,121,000 for the Information Technology Contracts and Projects – MMIS Maintenance and Projects line item.
- \$859,220 for the Information Technology Contracts and Projects – Colorado Benefits Management Systems, Operating and Contracts line item.

Staff is admittedly uncertain how to evaluate the Department's estimates of the number of hours required for these updates – but agrees that not maintaining and updating the system as problems arise does not make sense if the General Assembly wishes to have a single system.

*State FTE:* The request includes a total of \$909,082 General Fund associated with 8.4 state FTE (annualizing to \$1,001,154 and 10.0 FTE in FY 2024-25).

- The FY 2023-24 total includes \$150,667 in centrally appropriated amounts that the Committee would not fund in the first year under its common policies for new FTE, bringing the total request associated with the new FTE down to \$708,553.
- Applying the Committee's common policies for new FTE (eliminating the centrally appropriated items and updating for starting salaries and operating expenses) would bring the cost for all 10 positions to \$785,148.
- The request assumes August 1 start dates for all positions, and staff recommends including that assumption for any positions approved by the Committee.

The requested positions include:

- A BHA MMIS Benefit Plan Analyst (Analyst IV, annual salary of \$76,919) to conduct evaluations of policy, regulation, and rule change to determine the impact to system design and configuration and collaborate with the BHA, the MMIS vendor, and others that are potentially impacted by BHA changes.
- A BHA MMIS Claims Adjudication and Financial Analyst (Analyst IV, annual salary of \$76,919) to conduct evaluations of the claims payment policies that are applied to BHA payments and identify the appropriate fund codes for the BHA financial team to ensure that payments are properly assigned to the necessary programs (including clients that may have multiple program coverages).
- A BHA Policy Specialist (Policy Advisor IV, annual salary of \$76,919) to provide ongoing technical maintenance and support for benefit and managed care policies specific to the BHA. The position would serve as the liaison between the BHA and HCPF on policy matters specific to state-wide behavioral health services and alignment with Medicaid.

- A BHA Rates Analyst (Rate and Financial Analyst IV, annual salary of \$89,050) to coordinate with the BHA on various rates and data analysis to align capitation and provider reimbursements under Medicaid with the BHA payments.
- A BHA Data & Analytics Supervisor (Statistical Analyst IV, annual salary of \$94,715) to supervise the analytics team and take on advanced reporting and “dashboarding” responsibilities.
- A BHA Data Analyst (Statistical Analyst II, annual salary of \$74,209) to query the data warehouse and pull claims and other data sets to perform analysis, including statistical work as well as data visualizations.
- A BHA Reporting Analyst (Analyst IV, annual salary of \$76,919) to ensure that BHA reporting needs from the data warehouse are met through change requirements and business requirements. This position would be the liaison between the BHA and the HCPF data warehouse vendor to ensure that reporting requirements are met.
- An Eligibility Systems Analyst (Analyst IV, annual salary of \$76,919) to provider operations and business analyst expertise to the Medicaid Operations Office related to BHA priorities. The Department says the position would require a strong working knowledge of Medicaid/CHP+, CBMS, and PEAK, and would be responsible for ensuring that reporting meets the BHA’s needs while staying in compliance with other laws and regulations.
- A BHA Eligibility Policy Specialist (Policy Advisor IV, annual salary of \$76,919) that would be responsible for researching and responding to eligibility policies as they relate to the BHA. The position would serve as the liaison between the BHA and the Medicaid eligibility policy staff to maximize alignment between the two entities.
- A PEAKP Pro Supervisor (Analyst IV, annual salary of \$76,919) to be accountable for coordination between the Department and relevant stakeholders regarding technical support for the PEAK system (which is the interface that providers use to access the fiscal management system). This position would lead PEAK projects and be responsible for training efforts for providers.

**Given the resources that the General Assembly has invested in the system to date, staff is inclined to recommend the requested FTE. Combined with the BHA initiative, these positions appear to be responsive to likely needs under the system. The staff recommendation would include:**

- \$663,671 and 8.0 FTE for the Executive Director’s Office, General Administration, Personal Services line item (increasing to \$796,407 and 10.0 FTE in FY 2024-25). The 8.0 FTE in FY 2023-24 aligns with the August 1 start date for 10.0 positions, and the personal services amounts are set based on the minimum salaries for each position.
- \$78,850 for Executive Director’s Office, General Administration, Operating Expenses (decreasing to \$13,500 in FY 2024-25).
- \$42,627 for leased space costs for the new FTE.

The recommendation does not include \$150,532 in centrally appropriated amounts for the new FTE in FY 2023-24 but would anticipate a need for \$184,811 for those purposes in FY 2024-25.

As the Committee considers the recommendation and the overall situation with the BHA, staff notes the following, framed as questions that the Committee may be asking.

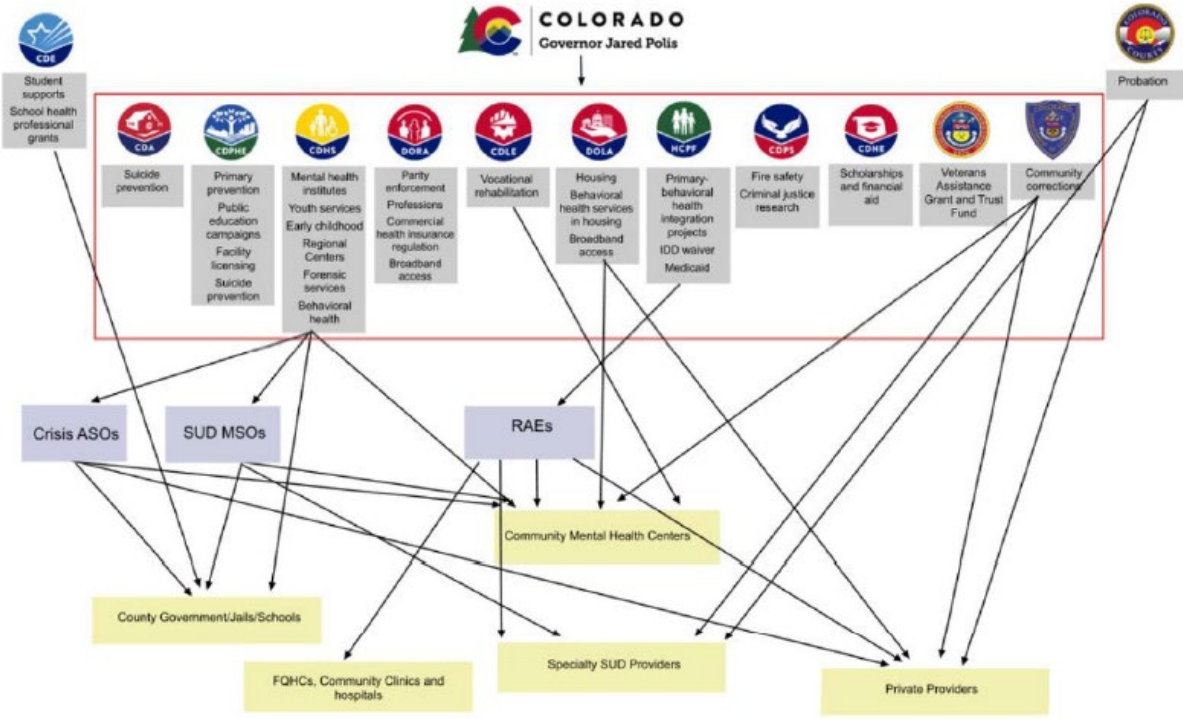
*Why are these positions in HCPF rather than the BHA, as it would appear that they would primarily be responsive to the needs of the BHA?* According to the Department, federal law (HIPAA) requires the employees that would have access to the Medicaid data to be HCPF employees. The HCPF employees can have access to the BHA data because HCPF is the BHA’s “third party administrator” but the direct BHA staff cannot have access to the Medicaid information. As a result, it would appear that HCPF does require staff to analyze the information and ensure that any data provided to the BHA complies with those requirements.

*Why is additional funding/staff necessary, and why is this all General Fund?* The Department’s existing staff are heavily federally funded and cannot work on this system without billing that time to General Fund as the federal funds cannot be used to support a state-only system. Thus, standing up and supporting the new system, specifically to support programs other than Medicaid, requires 100 percent state funding.

*Does this fully address the fragmentation that the departments have spoken of since before the creation of the BHA?* The short answer is “no, at least not in the near term.” Since the Behavioral Health Task Force first proposed the creation of a BHA, the Committee has received many documents pointing to a 2020 Colorado Health Institute study that identified \$1.4 billion in state funds for behavioral health spread across 75 programs and multiple agencies. Those discussions have often included the graphic that staff has included on the following page.

The graphic is used to illustrate the degree of fragmentation in the current system – which the BHA initiative is intended to address. It also shows the web of potential programs and agencies through which a client may receive (and a provider may bill for) services. Eligibility for each program is currently determined individually for each program, often by the providers using criteria from the state. This makes it likely that clients may get funneled to services that are less than ideal for their circumstances or may not find all the services for which they are eligible and would benefit. It also results in duplication of effort across programs and an administrative burden on both providers and program staff. The system addressed in R12 is intended to address those concerns.

**However, it is important to note that, at least in the near term the system will only support HCPF and programs that are actually directly managed by the BHA. Other Human Services programs (such as forensics) and other agencies’ programs will not flow through the system until at least a later date (the timing seems uncertain).**



*Is this system going to create efficiencies and savings?* The original FY 2021-22 request indicated that the system could create efficiencies and savings that would offset the ongoing costs of maintenance and support of the system through administrative efficiencies (and potentially through the reduction/elimination of instances of double billing). At this point, HCPF notes that any administrative savings would occur in other departments. Staff is not aware of any such savings identified to date and is skeptical that such an identification will happen.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Tom Dermody, JBC Staff (303-866-4963)  
DATE March 15, 2023  
SUBJECT Dept. of Human Services – Revised Recommendation for DPA-R3 Non-base building compensation for 24/7 facilities staff

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During figure setting for the Department of Human Services on February 15, 2023, the Committee approved staff's recommendation regarding the DPA-R3 (Non-base building compensation for 24/7 facilities staff). As part of that decision, the Committee approved staff's recommendation to allocate the "appropriations for this request ...to the relevant personal services or program cost line items within each affected program." Staff was granted permission to work with the Department to parse out the appropriations.

Unfortunately, during the process of determining the program allocations, the accuracy of the granular program data provided to staff came into question. Given these inaccuracies, staff is unable to determine the program-specific appropriations with the degree of confidence required to make those allocations. As such, staff is revising their recommendation as follows:

**Staff recommends approval of the request for \$4,689,034 total funds, including \$2,591,986 General Fund, \$568,666 cash funds, \$999,960 reappropriated funds, and \$528,422 federal funds, for FY 2023-24 only. Staff recommends the appropriation be made to the Salary Survey line item in the Executive Director's Office, as requested.**

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Scott Thompson, JBC Staff (303-866-4957)  
DATE March 15, 2023  
SUBJECT Informational issue: Office of Information Technology Comeback ARPA Rollforward

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On March 7, 2023, the Committee approved a staff recommendation to approve the components of the statewide request S2 ARPA Rollforward requests. While Committee action is not necessary because the staff recommendation was to approve the Department request, JBC staff believes it is necessary to clarify that the recommended change impacts both appropriations to the Office of Information Technology included in H.B. 21-1289, which are from the Digital Inclusion Grant Program Fund and the Broadband Stimulus Account of the Broadband Administrative Fund.

Due to the way the staff recommendation was originally phrased, it appeared the recommendation only applied to the funds from the Digital Inclusion Grant Program Fund. Thus, the Committee's action will be reflected to extend FY 2020-21 appropriations of \$27.0 million from the Digital Inclusion Grant Program Fund and \$35.0 million from the Broadband Stimulus Account for the same purposes until the end of FY 2023-24.



# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
 FROM Scott Thompson, JBC Staff (303-866-4957)  
 DATE March 15, 2023  
 SUBJECT Department of Law Comeback BA2 Staff to Administer Negotiated Payroll Changes

On February 22, 2023 the Committee voted unanimously to approve the staff recommendation for BA2, which included an increase of \$247,458 reappropriated funds and 2.7 FTE. The major difference between the original Department request and the staff recommendation was assuming August 1 start dates for new employees and excluding centralized costs pursuant to standard JBC policy.

The attached Department of Law comeback request is asking for a total of \$308,333 reappropriated funds and 3.0 FTE, an increase of \$60,875 reappropriated funds and 0.3 FTE from the approved amounts.

The following is a reproduction of the original JBC staff discussion in addition to the Department's of Law's comeback request.

➔ **BA2 ADMINISTER NEGOTIATED PAYROLL CHANGES**

*REQUEST*

The Department of Law is requesting a budget amendment for \$325,863 and 3.0 FTE in reappropriated for FY 2023-24, and \$305,853 and 3.0 FTE in out years for additional accounting and human resources staff to execute and deliver new payroll provisions included in the November 2022 amendment to the collective bargaining agreement that increases workload to the administration team.

*RECOMMENDATION*

Staff recommends approval of the Department request, but consistent with JBC policy, the recommendation does not include centralized costs for health, life, dental, short-term disability, AED, or SAED. Staff also recommends 0.9 FTE in FY 2023-24 per position for 2.7 FTE total based on the assumption staff will begin in August instead of July. Finally, the recommendation includes a correction related to a formula error in the Department's request that added an additional \$17,530 reappropriated funds to the request. Therefore, the recommended appropriation is \$247,458 and 2.7 FTE in FY 2023-24, which annualizes to \$408,483 and 3.0 FTE in FY 2024-25.

REQUEST AND RECOMMENDATION SUMMARY						
CHANGE DESCRIPTION	FY 2023-24 REQUEST		FY 2023-24 RECOMMENDATION		FY 2024-25 ANNUALIZATION	
	FTE	Cost	FTE	Cost	FTE	Cost
<b>Personal Services</b>						
Technician IV	1.0	\$55,236	0.9	\$56,254	1.0	\$82,324
Accountant II	1.0	63,660	0.9	58,355	1.0	90,762
Administrator V	1.0	91,464	0.9	83,842	1.0	133,901
<b>Subtotal - Personal Services</b>	<b>3.0</b>	<b>\$210,360</b>	<b>2.7</b>	<b>\$198,451</b>	<b>3.0</b>	<b>\$306,988</b>
Centralized appropriations		46,882		0		62,259
PERA/Medicare		27,031		24,947		35,187
Operating Expense		4,050		4,050		4,050

REQUEST AND RECOMMENDATION SUMMARY						
CHANGE DESCRIPTION	FY 2023-24 REQUEST		FY 2023-24 RECOMMENDATION		FY 2024-25 ANNUALIZATION	
Capital Outlay		20,010		20,010		0
Formula error amount		17,530		0		0
<b>Total Change</b>	<b>3.0</b>	<b>\$325,863</b>	<b>2.7</b>	<b>\$247,458</b>	<b>3.0</b>	<b>\$408,483</b>

*DISCUSSION*

The Colorado Partnership for Quality Jobs and Services Act, enacted by H.B. 20-1153, required the creation of a collective bargaining system between covered state employees and the Executive branch. The fiscal note for the bill identified the need for additional labor negotiation staff for certain departments and appropriated additional legal hours in support of statewide implementation. However, the fiscal note did not contemplate the fiscal impact of implementing certain provisions of the partnership agreement, nor does the bill preclude agencies with excluded employees to implement provisions across the organization to minimize disparity and promote equity and inclusion.

The November 2022 amended Agreement supports the state’s ability to recruit and retain state employees and ensure Colorado continues to provide efficient and effective services to Coloradans. The Agreement includes a provision that allows current agency employees paid on a monthly pay cycle to have the choice to be paid on a biweekly pay cycle, effective July 2023 (starting in FY 2023-24). The Department’s criminal investigator job classification is specifically excluded in accordance with provisions contained in the agreement, however, no such exclusion apply to over 580 Department employees.

In compliance with the Agreement, the Department plans to offer a one-time option to existing employees to make the change from a monthly to biweekly pay cycle beginning in July 2023, but it cannot implement the change without additional staff resources. The Department conducted an internal survey during Winter 2022, and 45 percent of the responses indicated they would select the biweekly pay option starting in July 2023. The amended partnership agreement was executed after the submission of the Department’s FY 2023-24 budget request, which necessitates the requested budget amendment. Based on the Department’s employee survey and anticipated participation rate in biweekly pay, the pay cycle changes are expected to increase implementation and ongoing workload in the Administration section.

Currently, nearly all Department employees are paid monthly with a few exceptions such as those employees classified as temporary. The Department’s payroll is currently staffed by 1.0 FTE within the Financial Services section supported by the Administration’s personal services and operating expenses long bill line items. Additionally, the Department’s Human Resources staff provides Kronos administration support to manage and track employee schedules and leave, such as sick and annual leave accumulations and use. The current administration of the Kronos system and employee use of the system equates to roughly 0.2 FTE. In total, the Department currently dedicates 1.2 FTE to payroll and Kronos administration.

Historically, these resources have been sufficient, primarily since payroll related entries generally occur once a month, reconciliation of leave accounting is not a requirement for pay, and any changes to the Department’s timekeeping system is limited to adjustments from new or separating employees each

month. The state enterprise is currently required to place new employees on biweekly payroll; however, the Department is operating under a temporary State Controller waiver from this requirement because of the lack of appropriate resources. Current staffing is unable to accommodate the workload to effectively implement and administer a biweekly pay option for eligible Department employees. The State Controller waiver is only in place until the Department has sufficient resources to meet the administrative demands of biweekly pay.

The implementation of biweekly payroll significantly increases workload in two primary ways. First, managing a monthly payroll and biweekly payroll will increase the number of pay cycles from one per month to a minimum of three pay cycles per month (one monthly and two biweekly). Secondly, biweekly pay is positive pay which means that employee pay is contingent on employee and supervisor Kronos approvals.

To ensure each employee is accurately paid in the biweekly system requires a significant increase in Kronos schedule and leave administration to verify that each employee is accurately capturing their schedule, supervisors are reviewing entries, all approvals have occurred prior to payroll processing, and the time sensitivities associated with reconciling payroll records are met. With a biweekly pay option, it will be incumbent on Department Administration to complete the record reconciliation on a more condensed timeline to avoid errors or delays to employee payroll. The Department currently lacks the staff to effectively implement biweekly pay cycles within the timeframe specified by the partnership agreement.

In order to provide the resources needed to implement the pay frequency selection starting in July 2023 and maintain the biweekly payroll cycle, the Department requests an additional 3.0 FTE to staff a new payroll unit starting in FY 2023-24. The request includes: 1.0 FTE (Technician IV) to administer the time and leave accounting system (Kronos), including training and implementation, 1.0 FTE (Accountant II) to complete the necessary approvals and payroll reconciliation, and 1.0 FTE (Administrator V) to manage the payroll unit and complete supervisor duties and responsibilities. With the requested resources, the payroll unit will have a staffing ratio of approximately one payroll staff to every 162 Department employees. This ratio of staff is similarly aligned with of similar size and complexity.

While JBC staff has some reservations about recommending funding for new staff to administer contractual terms that require offering pay cycles that differ from the majority of a Department's current pay cycles, alternate solutions seem to be lacking. If the Department must offer all of its current employees the opportunity to elect biweekly pay in July and it requires a waiver from the Controller to continue onboarding new employees to monthly pay without those resources, JBC staff sees no other alternative than to fund the requested positions.

JBC staff recommends approving the Department request, but with the adjustments described in the recommendation summary at the beginning of this item.

## DEPARTMENT OF LAW

*Philip J. Weiser*  
Attorney General

*Natalie Hanlon Leh*  
Chief Deputy Attorney General

*Eric Meyer*  
Chief Operating Officer



### *FY 2023-24 Figure Setting Comeback Request March 13, 2023*

Title:	BA#2 Staff to Administer Negotiated Payroll Changes
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Budget Line Item		FY 2023-24 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Administration: Personal Services and Operating Expenses	Total	\$325,863	\$247,458	\$308,333	\$60,875
	FTE	3.0	2.7	3.0	0.3
	GF				
	CF				
	RF	\$325,863	\$247,458	\$308,333	\$60,875
	FF				

**Summary of Initial Request:**

The Department of Law (DOL or the Department) requested a FY 2023-24 budget amendment of \$325,863 reappropriated funds and 3.0 FTE for additional accounting and human resources staff to deliver new payroll provisions included in the COWINs Partnership Agreement (the agreement) executed in November 2022. The agreement includes a provision that requires current agency employees paid on a monthly pay cycle to have the choice to be paid on a biweekly pay cycle, starting in July 2023. The provision further requires that any requests for pay cycle changes must be made in sufficient time for the agency to make the change for the upcoming payroll cycle.

The Department has approximately 583 employees that are eligible to select a biweekly payroll in accordance with agreement provisions. The DOL currently dedicates 1.2 FTE to payroll and Kronos administration; 1.0 FTE within the financial services section and 0.2 FTE in human resources staff that provide Kronos administration support. Historically, these resources have been sufficient, primarily because any changes to the Department’s timekeeping system is limited to adjustments from new or separating employees each month. The state enterprise is currently required to place new employees on biweekly payroll; however, the Department is operating under a temporary State Controller waiver from this requirement because of the lack of appropriate resources and this waiver remains in place only until the Department has sufficient resources to meet the administrative demands of biweekly pay.

The implementation of biweekly payroll significantly increases workload in two primary ways. First, managing a monthly payroll and biweekly payroll will increase the number of pay cycles from one per month to a minimum of 3 pay cycles per month (1 monthly and 2 biweekly). Secondly, biweekly pay is positive pay which means that employee pay is contingent on employee and supervisor Kronos approvals. Monthly pay

MARCH 15, 2023

currently pays an employee on the last working day of the month. This means that leave used in the last week of the pay month, overtime that may have been earned in that week, or other pay impacts, may not be captured in the current month's pay and is reconciled in the following month's pay cycle. With the requested resources, the payroll unit will have a staffing ratio of approximately one payroll staff to every 162 Department employees. This staff ratio is similarly aligned with other departments of similar size and complexity.

The DOL conducted an internal survey, and 45% of the responses indicated they would select the biweekly pay option starting in July 2023. The DOL will need to take steps to implement the new pay cycle selection for existing employees not later than May 2023 in order to deliver biweekly payroll in July 2023. The DOL plans to employ the requested 3.0 FTE for the full length of the fiscal year, and without the full resources to support these staff the DOL will need to prioritize these efforts over other DOL initiatives to accommodate appropriate funding to support payroll staff costs.

**Committee Action:**

The JBC approved this request during figure setting with the following two adjustments:

- 1) The amount and FTE were adjusted to assume a hire date of August 1, 2023. This had the effect of approving 0.9 FTE per position for a total of 2.7 FTE instead of 3.0 FTE; and
- 2) The recommendation did not include centralized costs for health, life, dental, short-term disability, AED, or SAED to pay for statewide benefits.

**Department of Law Comeback:**

To implement a biweekly pay selection effective in July 2023, the Department will need to hire and onboard these staff as soon as practicable and when the FY 2023-24 Long Bill passes. Based on current planning efforts, the DOL is preparing to hire the requested positions by late-April and offer employees the opportunity to select the biweekly pay option in May. This will allow the DOL sufficient time to implement accounting system selections that will reflect the pay selection accordingly and meet agreement provisions that stipulate the biweekly pay selection for existing employees must be effective in July 2023. In addition, the DOL's Administration section budget is lean and already managed conservatively so there is very little room to accommodate the difference in funding between what was requested and what was approved during figure setting. The DOL's Administration's personal services and operating long bill line items have historically low reversion rates. During FY 2021-22, the DOL had personal services and operating reversions totaling \$50,381 which represents 1.1% of its total budget. Furthermore, the request is supported by reappropriated funds from Department indirect cost recoveries and will not have a General Fund impact. The requested FTE are anticipated to be employed by the Department for the totality of FY 2023-24 and resources to cover all personal services costs, including benefits, will be essential to successfully implementing a biweekly pay option at the DOL as required by the agreement.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Andrea Uhl, JBC Staff (303-866-4956)  
DATE March 15, 2023  
SUBJECT Local Affairs Comeback  
H.B. 21-1215 Justice Reinvestment Crime Prevention Initiative

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This comeback is in response to the discussion of potential statutory changes related to H.B. 21-1215 (Expansion of Justice Reinvestment Crime Prevention Initiative) that came up during the Department of Local Affairs Figure Setting presentation.

House Bill 17-1326 established a grant program and a small business loan program designed to reduce crime and promote community development in the target communities of north Aurora and southeast Colorado Springs. The grant program has been appropriated \$3.0 million General Fund annually since FY 2017-18, with the exception of a \$2.0 million appropriation in FY 2020-21. 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 grant program has expended its full appropriation each year since its inception. The loan program has not received an appropriation since FY 2019-20 due to low demand and is currently using funds from prior appropriations to operate the program. The grant program was originally scheduled for repeal on September 1, 2020. Senate Bill 19-064 (Retain Criminal Justice Programs Funding) extended the repeal date to September 1, 2023 and H.B. 21-1215 further extended the date to September 1, 2027.

House Bill 21-1215 expanded the grant program to include Grand Junction and Trinidad and also created a small business grant program for formerly incarcerated persons. H.B. 21-1215 was sponsored by Representatives Holtorf and Ortiz, along with Senators Hisey and Lee. The bill created a new continuously appropriated subaccount of the original Targeted Crime Reduction Grant Program Cash Fund (which is also continuously appropriated) and transferred \$3.5 million General Fund to be spent over two years. Statute specifies that the money be spent as follows: 40 percent for the grant program in Grand Junction, 20 percent for the grant program in Trinidad, and 40 percent for the statewide small business grant program for formerly incarcerated persons<sup>1</sup>.

The bill included language that requires funds remaining in the Expansion Account to revert to the General Fund on July 1, 2023 and repeals the new programs on September 1, 2023. The Department did not request additional funding for the programs created in H.B. 21-1215 because they were originally funded by a transfer to a continuously appropriated cash fund and are set up to repeal after FY 2022-23.

The community foundations administering grants in Trinidad and Grand Junction have indicated that they still have sufficient funds remaining from the initial transfer to continue the programs through FY 2023-24 *if* the statutory repeal and reversion dates are amended. The funding for statewide small business grants for formerly incarcerated persons have all been awarded and contracted; that component would therefore require additional funding to award more grants in FY 2023-24. All

<sup>1</sup> Section 24-32-120 (2)(i)(III.3) and Section 24-32-120 (2.5), C.R.S.

components of the expanded program will be negatively impacted and unable to spend contracted funds absent statutory changes.

*STAFF RECOMMENDATION:* If the Committee is interested in pursuing legislation related to this program, staff recommends statutory changes to extend the reversion and repeal dates related to the H.B. 21-1215 expansion programs through September 1, 2027. This would align with repeal dates for the original components of the program. Staff also recommends amending statute such that additional funding *could* be provided to the expansion programs at the General Assembly's discretion, consistent with the current method of funding the original program through an annual Long Bill appropriation. Staff also requests permission to work with OLLS on other technical statutory changes in Section 24-32-120, C.R.S. as necessary.

Although the Department has indicated that the statewide small business grant program for formerly incarcerated persons will not be able to award more grants in FY 2023-24 absent an additional appropriation, staff is not recommending funding at this time. Therefore, this bill would have no fiscal impact.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
 FROM Emily Hansen, JBC Staff (303-866-4961)  
 DATE March 13, 2023  
 SUBJECT Department of Public Safety, R3 Fire Aviation Resources

*REQUEST:* The Department request submitted in November includes \$11,830,823 General Fund and 19.3 FTE in FY 2023-24 to increase fire aviation resources for DFPC. The request annualizes to \$11,657,990 General fund and 21.0 FTE in FY 2024-25. The Committee delayed action on the request during the initial staff figure setting presentation pending several outstanding questions regarding a finance plan to acquire a new Firehawk, firefighter compensation, and DFPC staffing levels.

During agency comebacks, OSPB submitted a decreased request of \$10,104,798 General Fund and 19.3 FTE in FY 2023-24, including a \$2.0 million General Fund legislative placeholder for S.B. 23-161 (Financing to Purchase Firefighting Aircraft). The initial and updated requests are outlined in the table below.

	INITIAL	UPDATE	DIFFERENCE
Firehawk operating	\$2,830,000	\$2,830,000	\$0
S.B. 23-161 placeholder	0	2,000,000	2,000,000
Firefighter compensation	2,700,000	1,455,000	(1,245,000)
Aviation contracts	2,477,340	0	(2,477,340)
Admin FTE (8.3)	899,354	899,354	0
Firefighter FTE (11.0)	1,780,504	1,780,504	0
Aerial supervision platform	1,139,940	1,139,940	0
<b>Total</b>	<b>\$11,827,138</b>	<b>\$10,104,798</b>	<b>(\$1,722,340)</b>

Since the initial presentation, staff has also been provided with information regarding the anticipated payment plan for the second Firehawk, and the fund balance for the Colorado Firefighting Air Corps (CFAC) Cash Fund. **The Department indicates that the CFAC cash fund currently has a balance of \$29.6 million, including an unobligated balance of at least \$3.4 million.**

*RECOMMENDATION:* Staff recommends denial of the request based on supplemental information that has been provided. If acquiring a second Firehawk is a priority of the General Assembly, staff recommends a legislative placeholder of \$26.0 million General Fund in FY 2022-23 to purchase outright. If a lease purchase is pursued, staff does not recommend designating General Fund for this purpose given the outstanding balance in the CFAC. Without the increased aviation resources, staff does not recommend approval of the additional requested increases related to FTE and the aerial supervision platform. Staff further recommends an RFI for ongoing reporting on the CFAC fund balance.

The request includes five major decision points for the Committee to consider as outlined in the following sections. The request includes expenses related to acquiring a second Firehawk helicopter,



increasing firefighter compensation, additional aviation contracts, additional staff, and an aerial supervision platform. The Committee may consider action on any portion of the request independently of the others. Staff has provided alternative recommendations for the Committee’s consideration at the end of the document.

1 Personnel and operating expenses for a second Firehawk helicopter (\$3.3 million General Fund)

The request includes \$2.8 million General Fund for the operating expenses related to pursuing the lease purchase of a second Firehawk helicopter that was included as a Capital Construction request in November, as well as \$491,196 for 4.0 firefighting FTE to staff the helicopter. Requested operating costs include contract pilots, fuel, and an aircraft hangar.

TABLE 2: FIREHAWK OPERATING AND PERSONNEL COSTS	
	GENERAL FUND
Contract pilots	\$1,250,000
Fuel	1,250,000
Hangar	330,000
<i>Operating Subtotal</i>	<i>\$2,830,000</i>
Firehawk FTE (4)	491,196
<b>Total</b>	<b>\$3,321,196</b>

In the original capital request, the Department estimated an expense of \$2,000,000 to support the lease purchase agreement. The updated request provided during the OSPB comeback proposes this same, flat \$2.0 million General Fund as a legislative placeholder. However, staff has been provided with payment schedules that estimate the FY 2023-24 payment would range from \$687,500 to \$741,950, with annual payments ranging from \$2.2 - \$3.5 million in subsequent fiscal years depending on the lease term.

The Firehawk lease purchase was not prioritized by the CDC, but legislation has been introduced related to the request. S.B. 23-161 (Financing to Purchase Firefighting Aircraft) authorizes the State Treasurer to enter into a lease purchase agreement in consultation with DFPC to acquire a second Firehawk. The actual payment required will not be known until the bill is enacted and the agreement is entered into. Fiscal note staff and JBC staff therefore agree that the bill does not require and is unlikely to include an appropriation, and the exact fiscal impact of the legislation will not be known until the agreement is finalized.

If the bill is enacted and an agreement is entered into, the General Assembly must adhere to the payment schedule outlined by the agreement or risk defaulting on their debts and negatively impacting the State’s credit score. In typical practice, COPs are authorized through Capital Development Committee (CDC) legislation. In the following year, the ongoing annual payments for COPs transition to the operating budget of the administering agency. The Department of Public Safety budget already includes a line item that supports an existing COP payment related to CBI lab space.

At the time of the initial staff figure setting, the Department anticipated that S.B. 23-161 would pass before the budget, which would allow related personnel and operating costs to be included in the Long Bill rather than legislation. Staff therefore recommended including costs associated with the Firehawk in the initial staff presentation. The bill passed the first committee of reference unanimously,

but has not yet been heard in the appropriations committee in the first chamber. Staff therefore no longer anticipates that the bill could pass before the Committee takes final action on the Long Bill, and including expenses related to the Firehawk would not be budgeting to current law.

During the OSPB comeback, the Department also indicated that if the agreement moves forward, the associated Blackhawk helicopter is not anticipated to be delivered until September of 2023 at the earliest. Based on the acquisition of the first Firehawk, staff anticipates that it will require several months to an additional year before the Firehawk would then be operational. Staff may be hired and trained before the Firehawk is delivered, indicating that it could be appropriate to include personnel expenses for a time period before the Firehawk is operational. The Executive Branch indicated during the comeback that they would provide the Committee with adjusted amounts to account for partial year funding for requested FTE.

Senate Bill 21-113 was a \$30.8 million General Fund transfer to the Colorado Firefighting Air Corps (CFAC) Cash Fund to support the purchase and first year of operating and personnel expenses associated with the first Firehawk. The CFAC cash fund is continuously appropriated to the Department of Public Safety and is primarily funded through transfers and appropriations from the General Fund and other cash funds through legislation, but may also receive funds through interstate agreements when aviation resources are deployed for response in other states.

The fiscal note for S.B. 23-161 assumes that payments for the lease purchase agreement will be paid from the General Fund, but notes that payments may also be made from the CFAC cash fund. Common practice in recent legislation would indicate that any payment from the CFAC cash fund would be expected to originate as a General Fund appropriation or transfer to the cash fund, rather than using existing resources within the cash fund. However, the Department indicates that the CFAC cash fund has an existing balance of \$29.6 million, including an unobligated balance of \$3.4 million.

TABLE 3: CFAC BALANCE	
<b>Existing fund balance</b>	<b>\$29,602,974</b>
<i>Encumbrances</i>	
COTAK	\$17,295
Drones	1,500,000
Firehawk	3,752,725
Helicopter lease	9,450
Operating	4,630,810
TAK	12,479
<i>Subtotal</i>	<i>\$9,922,759</i>
<i>Reserved</i>	
Dispatch	\$15,000,000
COTAK	1,250,000
<i>Subtotal</i>	<i>\$16,250,000</i>
<b>Remaining balance</b>	<b>\$3,430,215</b>

The excessive fund balance indicates that the Department has not been able to expend the resources that have been transferred or appropriated to the cash fund over the last two fiscal years. Given the existing fund balance in the CFAC, staff does not recommend designating a General Fund placeholder for the first year costs of acquiring a second Firehawk through a lease purchase as existing resources in the cash fund are anticipated to be sufficient to cover costs.

**If the General Assembly intends to acquire a second Firehawk helicopter, staff recommends a legislative placeholder of \$26.0 million General Fund in FY 2022-23 to purchase outright.** Following the procedure from the first Firehawk, the purchase should be an expense in the current year rather than a balancing decision for FY 2023-24. Staff further recommends that any personnel or operating expenses anticipated in the first year be appropriated to line items that will revert should the funds be unspent, rather than through a transfer to a continuously appropriated cash fund. The Committee and General Assembly should consider utilizing existing resources in the CFAC cash fund to support the purchase, staffing, or operating costs.

**Regardless of consideration of the request, staff recommends an RFI** for ongoing reporting on the CFAC cash fund. Cash fund reports are typically included in the November request, but the Department does not submit a report on the CFAC cash fund. Staff recommends the following language based on a similar, existing Department RFI:

Department of Public Safety; Division of Fire Prevention and Control; Colorado Firefighting Air Corps Cash Fund – The Department is requested to submit to the Joint Budget Committee an annual cash fund report on November 1 of each year. At a minimum, the report must include actual expenditures for the last three fiscal years; the revenue total for the prior fiscal year, including appropriations, transfers, and other sources; and anticipated expenditures for the current and request year.

2 Firefighter compensation (\$1,455,000 General Fund)

The initial request included \$2.7 million General Fund for a base building salary increase for all state firefighters. The increase was based on an across-the-board increase of \$15,000 for all state firefighters following salary increases and incentive payments for federal wildland firefighters. The Federal Infrastructure Investment and Jobs Act provided \$600.0 million to ensure all federal wildland firefighters are paid at least \$15 an hour, and provide targeted incentive payments in geographic areas struggling to recruit. The COWINS agreement included the following targeted salary increases for firefighters.

	FY 2022-23 MINIMUM	FY 2023-24 MINIMUM	PERCENT CHANGE
FIREFIGHTER I	\$43,068	\$52,116	21.0%
FIREFIGHTER II	46,296	54,720	18.2%
FIREFIGHTER III	53,484	63,348	18.4%
FIREFIGHTER IV	66,444	73,332	10.4%
FIREFIGHTER V	83,136	93,600	12.6%
FIREFIGHTER VI	90,180	98,280	9.0%
FIREFIGHTER VII	95,412	113,760	19.2%

The initial \$2.7 million request was formulated before the COWINS agreement was finalized and approved, and therefore could not account for the targeted increases. Following the initial staff figure setting presentation, the Department coordinated with the Department of Personnel to confirm the salary increases and adjust the request to reflect the targeted increases.

In the OSPB comeback, the Executive Branch decreased the request to \$1.4 million General Fund to account for the COWINS agreement. The Department states that without the additional funding, all firefighters will be moved to the new salary minimum of their job class. However, this will create compression within job classes as firefighters within the same job class may be paid the minimum regardless of differing years of experience. The additional \$1.4 million would allow the Department to address compression pay within job classes.

Staff does not recommend approval of this portion of the request to align with the approved COWINS agreement. While staff agrees that compression pay is a concern in the first year of implementing the agreement, the issue is not unique to firefighters and should be resolved comprehensively through the transition to a step system next year.

### 3 Aviation contracts (\$2,477,340 General Fund)

The initial Department request included \$2.5 million General Fund to support additional aviation contracts. The request anticipated that the funding would be utilized for an additional Type 1 Helicopter (similar to the Firehawk), or a Large Air Tanker (LAT), depending on the contracts that may be available and forecasted wildfire conditions. If a contract is approved, the additional resource is anticipated to be available for the 2023 fire season, while the second Firehawk is not anticipated to be available until 2024.

In the updated request, the Executive Branch proposed eliminating the resources for aviation contracts to instead support the proposed legislative placeholder for a second Firehawk. The comeback indicates that funding the Firehawk is prioritized as it is the more impactful and cost-effective resource in the long term. The decision to remove resources for contracts therefore appears to be a decision based on budget balancing priorities for the Executive Branch.

The initial request also included firefighting FTE as outlined in the next section of the document. The request described the purpose of the FTE as “critical aviation program personnel to meet increased supervision, coordination, safety, and oversight needs of an expanded aviation fleet.” Staff would therefore anticipate that a lower amount of FTE would be required if an additional aviation contract is no longer included in the request.

The OSPB comeback did not make any adjustments to the staffing request, and it is possible additional firefighters are necessary to manage existing resources. Staff has not been provided with any information that would indicate appropriate staffing levels by resource to be able to recommend appropriate adjustments.

Staff does not recommend approval of the request as the Executive Branch removed the item from the comeback request, indicating that funding the contract is not a priority. Approving the contract may be worth consideration depending on action regarding the second Firehawk.

### 4 Increased staffing (\$2,679,858 General Fund)

The initial and updated request includes additional staff to support aviation resources for DFPC. The staff are meant to reflect increased resources as outlined in the request, as well as existing resources

that have been added to the Division in recent years through the budget process and legislation. The request includes the following staff positions.

- 8.0 Firefighters for aviation staffing
- 4.0 Firefighters related to the Firehawk
- 2.0 Equipment Mechanics
- 2.0 Program Assistants
- 2.0 Accounting Technicians
- 2.0 Human Resources Specialists
- 1.0 Administrator

The request states that the increasing length of the fire seasons as well as increased aviation resources have impacted the workload of all positions at DFPC. One budget request and two bills have added 51.0 FTE to DFPC in the last two fiscal years. These positions have primarily been firefighters and included 2.0 Accounting Technicians, but no human resources specialists or administrators.

Additionally, each aviation resource is associated with additional administrative burden to properly manage and account for each resource. Resources may be deployed to other states or be utilized for federal mutual aid, requiring the administration and tracking of interstate agreements. Ensuring proper administrative support improves efficiency and ensures firefighters are not pulled away from critical support functions to complete administrative tasks.

Staff acknowledges that additional staffing resources may be necessary within existing aviation resources. However, staff does not agree that staffing increases should be considered without approval of additional aviation resources. Each firefighting FTE is associated with standard personnel and equipment costs in addition to standard FTE costs. The FTE costs included in the request, including the additional Firehawk staff, are listed below.

TABLE 4: FTE DETAIL		
	FY 2023-24	FY 2024-25
<i>FTE by category</i>		
Firehawk	\$491,196	\$434,338
Firefighting	1,289,308	1,194,534
Administration	899,354	881,838
	\$2,679,858	\$2,510,710
<i>Expense by category</i>		
Personnel	\$1,556,433	\$1,691,777
Firefighter Trust	6,072	6,600
Centrally approp. costs	351,189	381,728
Leased space	89,838	97,650
Standard operating	170,835	23,835
Protective equipment	76,800	46,800
Radios	103,200	0
Uniforms	27,000	0
Cell phones, tablets	51,870	2,415
Vehicles	139,905	139,905
Travel	110,400	120,000
	\$2,679,858	\$2,510,710

5 Aerial supervision platform (\$1,139,940 General Fund)

The request includes \$1.2 million General Fund to support an aerial supervision platform. Federal aviation standards require the use of a supervision platform when two or more aerial resources are in the air. Currently, the Department relies on federal resources that can result in delays in equipment deployment. The platform will also be able to identify what resources are necessary to manage the suppression of a particular wildfire.

Staff anticipates that the aerial supervision platform will improve state suppression response regardless of whether the Committee approves increased aviation resources. However, the platform is less necessary without increased resources. The Committee also expressed concern during the initial staff presentation regarding whether it is appropriate to dedicate state resources to what is currently programming supported on the federal level. The Department hearing response indicates that the platform requires two firefighters to staff.

**ALTERNATIVE RECOMMENDATIONS**

Staff does not recommend approval of the request based on the information that has been provided at the time of this memo. The Committee could choose to approve any portion of the request as outlined above independently. Staff has provided a few alternative recommendations to provide some pathways for consideration if the Committee is interested in considering a combination of the components outlined above.

**RECOMMENDATION A: ONE-TIME AVIATION CONTRACT AND MINIMAL STAFFING**

The recommendation outlined in the following table represents a minimal approach if the Committee is interested in increasing resources for the 2023 wildfire season. The recommendation includes approval of the aviation contract on a one-time basis to ensure a Large Air Tanker or Type 1 Helicopter contract is available in 2023 as a second Firehawk is not anticipated to be operational until 2024.

The recommendation also includes minimal staffing and approval of the aerial supervision platform. These are the components of the request that staff finds to be most compelling, however the Department did not provide workload data to indicate what level of staffing may be necessary given current and requested resources. Staffing resources could be provided on a one-time basis along with the contract, but the aerial supervision platform should be approved on an ongoing basis if it is approved at all.

RECOMMENDATION A		
	FY 2023-24	FY 2024-25
One-time aviation contract	\$2,477,340	\$0
Firefighters (4)	519,196	462,338
Accountants (2)	168,283	162,843
Aerial supervision platform	1,139,940	1,139,940
<b>TOTAL</b>	<b>\$4,304,760</b>	<b>\$1,765,121</b>

**RECOMMENDATION B: ONGOING AVIATION CONTRACT AND STAFFING**

The recommendation outlined in the following table represents a mid-point approach if the Committee is interested in supporting the aviation contract and staffing as requested on an ongoing

basis. The recommendation includes amounts as requested, with costs associated with the Firehawk staffing and operating costs removed.

RECOMMENDATION B		
	FY 2023-24	FY 2024-25
Ongoing aviation contract	\$2,477,340	\$2,477,340
Firefighters (8)	1,352,032	1,158,002
Admin staff (9)	920,380	881,838
Aerial supervision platform	1,139,940	1,139,940
<b>TOTAL</b>	<b>\$5,889,693</b>	<b>\$5,657,120</b>

Regardless of the approach the Committee takes, staff does not recommend approval of the firefighter compensation increase to align with the COWINS agreement. Further, staff recommends utilizing existing resources in the CFAC cash fund to support any FY 2023-24 costs associated with a second Firehawk before designating a General Fund placeholder related to S.B. 23-161.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Emily Hansen, JBC Staff (303-866-4961)  
DATE March 16, 2023  
SUBJECT Department of Public Safety – R3 Fire Aviation amended request CDC update

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The Department of Public Safety provided an updated request on Thursday, March 16, 2023. During agency comebacks, the Executive Branch submitted a decreased request that removed funding for an aviation contract and decreased the request related to firefighter compensation.

During the presentation, the Committee questioned whether a full year of funding was necessary for Firehawk personnel and operating expenses as the Blackhawk related to the lease purchase agreement is not anticipated to be delivered until September, 2023. The Department has submitted an additional decrease to the request to reflect partial year funding for Firehawk expenses as outlined in the table below.

AMENDED REQUEST		
	2023-24	2024-25
<i>Firehawk</i>		
Personnel (1.8 FTE)	\$321,440	\$1,594,202
Fuel	625,000	1,250,000
Contract Pilots	625,000	1,250,000
Hangar	165,000	330,000
<i>Firehawk Subtotal</i>	<i>\$1,736,440</i>	<i>\$4,424,202</i>
Personnel (9.6 FTE)	\$1,542,218	\$365,925
Aviation contract	0	0
Compensation	1,445,000	1,445,000
Aerial supervision platform	1,139,940	1,139,940
<b>TOTAL</b>	<b>\$5,863,598</b>	<b>\$7,375,067</b>

Staff continues to recommend against approving the request, including any General Fund appropriations or placeholders related to the Firehawk, and entering into a lease purchase agreement to acquire a second Firehawk.

The Capital Development Committee held a meeting on Thursday, March 16, 2023 to consider S.B. 23-161 pursuant to Senate Rule 42. The Committee voted unanimously to draft a letter to the Senate Appropriations Committee in support of the legislation. Members expressed concern regarding the State entering into additional debt, the cost comparison of a lease purchase compared to ongoing aviation contracts, the state's overall approach to wildfire mitigation, and the availability of acquiring a Firehawk in the future if a lease purchase agreement is not entered into immediately.