



Colorado General Assembly  
Joint Budget Committee

# JOINT BUDGET COMMITTEE STAFF FY 2017-18 BUDGET BRIEFING SUMMARY

*Department of Public Health and Environment*

The Department of is responsible for responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment.. The Department's FY 2016-17 appropriation represents approximately 2.1 percent of statewide operating appropriations and 0.5 percent of statewide General Fund appropriations.

## FY 2016-17 APPROPRIATION AND FY 2017-18 REQUEST

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2016-17 APPROPRIATION:</b>						
HB 16-1405 (Long Bill)	\$556,505,747	\$46,047,983	\$180,597,712	\$41,167,484	\$288,692,568	1,308.5
Other legislation	650,561	373,986	276,575	0	0	2.8
HB 16-1408 (Cash Fund Allocation for Health-related Programs)	5,109,621	0	5,109,621	0	0	0.0
HB 16-1413 (Refinance Water Pollution Control Program)	1,208,007	1,208,007	0	0	0	0.0
<b>TOTAL</b>	<b>\$563,473,936</b>	<b>\$47,629,976</b>	<b>\$185,983,908</b>	<b>\$41,167,484</b>	<b>\$288,692,568</b>	<b>1,311.3</b>
<b>FY 2017-18 APPROPRIATION:</b>						
FY 2016-17 Appropriation	\$563,473,936	47,629,976	\$185,983,908	\$41,167,484	\$288,692,568	1,311.3
R1 Clean water sectors funding	1,208,007	433,042	774,965	0	0	0.0
R2 IDD facility survey staffing	417,435	0	0	417,435	0	5.0
R3 Health facility survey staffing caseload adjustment	770,844	43,519	115,367	184,573	427,385	8.0
R4 Rural landfills	250,000	0	250,000	0	0	0.0
R5 Long Bill adjustments	0	0	(130,924)	130,924	0	0.0
Non-prioritized requested changes	493,797	(339,862)	(45,881)	879,540	0	0.0
Indirect cost assessment	9,169,866	338,876	8,811,912	19,078	0	0.0
Informational funds adjustment	6,500,000	0	0	0	6,500,000	4.0
Centrally appropriated line items	6,370,144	765,476	1,251,037	2,193,401	2,160,230	0.0
Annualize prior year budget actions	65,058	(270,707)	467,499	(157,559)	25,825	0.0
Waste tire programs repeal	(4,046,019)	0	(4,046,019)	0	0	0.0
Annualize prior year legislation	(1,078,218)	(1,173,446)	95,228	0	0	1.7
Amendment 35 tobacco tax revenue adjustment	(4,370)	(2,185)	(2,185)	0	0	0.0
<b>TOTAL</b>	<b>\$583,590,480</b>	<b>\$47,424,689</b>	<b>\$193,524,907</b>	<b>\$44,834,876</b>	<b>\$297,806,008</b>	<b>1,330.0</b>
<b>INCREASE/(DECREASE)</b>	<b>\$20,116,544</b>	<b>(\$205,287)</b>	<b>\$7,540,999</b>	<b>\$3,667,392</b>	<b>\$9,113,440</b>	<b>18.7</b>
Percentage Change	3.6%	(0.4%)	4.1%	8.9%	3.2%	1.4%

**R1 CLEAN WATER SECTORS FUNDING:** The Department requests \$1,208,007 total funds, of which \$433,042 is General Fund and \$774,965 is cash funds to sustain the Clean Water Sectors. This request requires legislation to increase clean water sectors fees. The Department's request includes the requesting the Committee sponsor this legislation.

**R2 IDD FACILITY SURVEY STAFFING:** The Department requests \$417,435 Medicaid reappropriated funds and 5.0 FTE to increase the number of health facility surveyors for programs and providers that serve individuals with intellectual and developmental disabilities (IDD).

**R3 HEALTH FACILITY SURVEY STAFFING CASELOAD ADJUSTMENT:** The Department requests \$770,844 total funds, including \$43,519 General Fund and 8.0 FTE to increase the number of health facility surveyors for nursing homes, hospitals, community clinics, and freestanding emergency rooms.

**R4 RURAL LANDFILLS:** The Department requests \$250,000 cash funds from the Solid Waste Management Fund to assist local governments with the closure or upgrading of twenty-two small landfills out of compliance with regulations.

**R5 LONG BILL ADJUSTMENTS:** The Department requests a number of changes to the Long Bill structure to align appropriations with programmatic operations. The requested changes include:

- Consolidating all the legal services lines into a single line in the Administration subdivision;
- Creating a new Clean Water Programs line item for clean water programs and activities which do not fit within one of the five clean water sectors;
- Move the appropriation for the Uranium Mill Tailings Remedial Action Program to the subdivision where the expenditures occur;
- Combine the personal services and operating line items for a number of disease control programs into a single program costs line item;
- Combine the personal services and operating expenses line item for the Tuberculosis Control Program into a single program costs line item; and
- A technical name of the Cannabis Health and Environmental Epidemiology Training Outreach and Surveillance Program to Marijuana Health Effects Monitoring.

**NON-PRIORITIZED REQUESTED CHANGES:** The request includes five decision items originating in other departments. The following table summarizes the non-prioritized requests. The Resources for administrative courts and annual vehicle request will be addressed in a separate staff briefing presented by Alfredo Kemm for the Department of Personnel on Wednesday, December 7th. The OIT Secure Colorado and OIT Deskside were presented in the Governor’s Office briefing by Kevin Neimond on November 17, 2016. The local public health agency partnerships will be presented by me as part of the Department of Health Care Policy and Financing briefing on December 19, 2016.

NON-PRIORITIZED REQUESTED CHANGES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP1 Local public health agency partnerships	\$355,500	(\$355,500)	\$0	\$711,000	\$0	0.0
NP2 Resources for administrative courts	472	0	0	472	0	0.0
NP3 Annual fleet vehicle request	(45,881)	0	(45,881)	0	0	0.0
NP4 OIT Secure Colorado	134,587	11,171	0	123,416	0	0.0
NP5 OIT Deskside	53,822	4,467	0	49,355	0	0.0
<b>Total</b>	<b>\$498,500</b>	<b>(\$339,862)</b>	<b>(\$45,881)</b>	<b>\$884,243</b>	<b>\$0</b>	<b>0.0</b>

**Indirect cost assessment:** The Department requests an increase of \$9,169,866 total funds, including \$338,876 General Fund, \$8,811,912 cash funds, and \$19,078 reappropriated funds in the Department's indirect cost assessment. The Department identified indirect costs that have been disproportionately paid for with cash and federal indirect cost assessments, and is requesting the General Fund increase to ensure the appropriate funding sources are paying for department wide services. The increase is based on the Department's three-year plan as approved by the Office of State Planning and Budgeting. The increase in cash funds is due to changes in the prior year indirect cost rate. The federal rate for FY 2015-16 was lower than was included in the indirect cost plan used to set the appropriations because the federal rate was submitted to the federal government was not approved at the full level. Since the federal rate was lower than budgeted for, additional cash fund indirect cost assessments were collected. This resulted in a technical cash funds over expenditure in FY 2015-16 and subsequent restriction in FY 2016-17. The Department anticipates being able to work within the restriction for FY 2016-17 because the federal rate for FY 2016-17 is higher than was used to set the FY 2016-17 appropriations. Therefore more federal funds will be collected and less cash funds indirect cost assessment in FY 2016-17. The Department's request is a placeholder for indirect cost assessments in order to avoid compounding the current expenditure/restriction issues. This placeholder will be adjusted during the figure setting process based on actual FY 2016-17 collections and the projected rates for FY 2017-18.

**INFORMATIONAL FUNDS ADJUSTMENT:** The appropriation includes an increase of \$6,500,000 federal funds reflected for informational purposes only. Of the increase, \$3.0 million is for the Child and Adult Food Program, \$2.0 million is for the Injury Prevention Program, \$1.0 million is for Chronic Disease and Cancer Prevention Grants, and \$0.5 million is for the Primary Care Office.

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

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The appropriation includes adjustments for the second- and third-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
IBC Name	Total	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize FY16-17 BA4 Communities That Care	\$2,281,188	\$0	\$2,281,188	\$0	\$0	0.0
Annualize FY16-17 BA5 Marijuana research grants	425,000	0	425,000	0	0	0.0
Annualize FY16-17 Oil and Gas Health Study	386,516	0	193,258	193,258	0	0.0
Annualize prior year salary survey	97,284	10,776	59,038	1,645	25,825	0.0
Annualize FY16-17 POMPE adjustment	6,797	0	6,797	0	0	0.0
Annualize FY16-17 Home settings rule	4,200	0	0	4,200	0	0.0
Annualize FY16-17 BA1 Trusted Adult Campaign	(2,375,000)	0	(2,375,000)	0	0	0.0
Annualize FY16-17 Lab building maintenance	(338,507)	0	0	(338,507)	0	0.0
Annualize FRAPPE data analysis	(103,728)	(103,728)	0	0	0	0.0
Annualize FY16-17 funding for Commission on Afford Health Care	(177,755)	(177,755)	0	0	0	0.0
Annualize FY16-17 RM2 poison control center	(63,283)	0	(63,283)	0	0	0.0
Annualize FY 15-16 R4 Wholesale foods	(59,499)	0	(59,499)	0	0	0.0
Annualize FY16-17 CMS settings rule	(18,155)	0	0	(18,155)	0	0.0
Annualize FY16-17 R6 Compliance Accountant	(4,703)	0	0	(4,703)	0	0.0
<b>TOTAL</b>	<b>\$65,058</b>	<b>(\$270,707)</b>	<b>\$467,499</b>	<b>(\$157,559)</b>	<b>\$25,825</b>	<b>0.0</b>

**WASTE TIRE PROGRAMS REPEAL:** The request includes a reduction of \$4,046,019 cash funds from two cash funds supporting the Waste Tire Market Development Program and the end user rebates because these two programs are repealed on January 1, 2018 pursuant to Sections 30-20-1406 (5) and 30-20-1405 (5), C.R.S.

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

ANNUALIZE PRIOR YEAR LEGISLATION						
	Total	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 16-1280 Air Ambulance	\$113,952	\$0	\$113,952	\$0	\$0	0.6
Annualize HB 16-1141 Radon	100,057	0	100,057	0	0	0.2
Annualize SB 16-069 Community Paramedicine	34,561	34,561	0	0	0	0.0
Annualize HB 16-1034 EMS Registration	32,934	0	32,934	0	0	0.6
Annualize HB 16-1413 Clean Water Sectors funding	(1,208,007)	(1,208,007)	0	0	0	0.0
Annualize HB15-1015 EMS Compact	(128,200)	0	(128,200)	0	0	0.3
Annualize HB 15-1249	(23,515)	0	(23,515)	0	0	0.0
<b>TOTAL</b>	<b>(\$1,078,218 )</b>	<b>(\$1,173,446)</b>	<b>\$95,228</b>	<b>\$0</b>	<b>\$0</b>	<b>1.7</b>

**AMENDMENT 35 TOBACCO TAX REVENUE ADJUSTMENT:** The appropriation includes a reduction of cash funds based on the Legislative Council Amendment 35 revenue forecast for FY 2016-17.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**SOLID WASTE MANAGEMENT:** The Colorado Integrated Solid Waste and Materials Management Plan was released in June 2016 and included a number of recommendations for the Department and local governments to implement to ensure existing landfills are operated in a manner that is not harmful to human health and the environment. There were 58 landfills deemed inadequate in the Plan. There are a multitude of reasons why the landfills are deemed inadequate including historical regulatory exemptions and limited funds to address the inadequacies. The Department is requesting \$250,000 cash funds from the Solid Waste Management Fund to assist local governments in addressing their inadequate landfills.

**CERCLA AND HAZARDOUS SUBSTANCE RESPONSE FUND:** The Department has some regulatory and financial response for the twenty-six Colorado Superfund sites. The State’s long-term financial obligation for the cleanup and maintenance of Superfund sites is currently estimated to be \$65.5 million. These expenses are paid for by the Hazardous Substance Response Fund. Based on a statutory fund balance cap the Department projects by FY 2023-24 the Fund will be insolvent and unable to pay for Superfund costs.

**WASTE TIRE PROGRAM:** The Waste Tire Market Development Program and the End Users Rebate repeal on January 1, 2018. The Department’s request reflects the repeal by reducing the appropriations. However eliminating the end user rebate and Market Development Program could negatively impact the State’s ability to meet the statutory deadline for eliminating waste tire monofills. Any statutory change to continue these two waste tire programs will have a TABOR impact, as current forecasts assume the elimination of a portion of the waste tire fee.

**VOLKSWAGEN EMISSIONS SETTLEMENT:** The Air Pollution Control Division will receive up to \$61.3 million as a result of the nationwide settlement with Volkswagen regarding their use of emission testing defeat devices. Based on the anticipated timeline, the Division is expected to be able to start accessing the funds in late 2017.

**CLEAN WATER PROGRAMS:** The Department is requesting the Committee sponsor legislation to adjust clean water sector fees in order to generate additional revenue for the Clean Water Program. If there is not a legislative adjustment to the fees, it is likely the Clean Water Program will have to reduce expenditures and staff because of insufficient revenue. The Small Communities Water and Wastewater Grant Fund received revenue for the first time in FY 2014-15 because of high Severance Tax collections. The Grand Fund must be used for the planning, design, and construction of drinking water or water treatment systems

**MARIJUANA LABORATORY PROFICIENCY TESTING:** The Joint Budget Committee submitted a request for information to the Department asking about the options for implementing a marijuana laboratory proficiency testing program as required by H.B. 15-1283. The response provided by the Department supported contracting out the development and execution of a proficiency testing program to a private laboratory. The cost of establishing a proficiency testing program within the state laboratory is approximately \$1.0 million in the first year and \$0.5 million in the out years.

**HEALTH FACILITIES AND R3 HEALTH FACILITY CASELOAD GROWTH:** The Department is requesting additional funding and staff to conduct health facility surveys due to the growth in the number of nursing homes, hospitals, community clinics and freestanding emergency rooms. Colorado does not require a Certificate of Need be provided prior to the construction of a new facility, which means there is no limit on the number of new facilities that can be opened in Colorado.

**HEALTH FACILITY SURVEYS OF IDD PROVIDERS AND FINAL SETTINGS RULE:** The Department conducts site surveys and certifications of providers and agencies who serve individuals with intellectual and developmental disabilities. The Department is requesting five new surveyors for IDD providers and agencies as a result of the growth in the number of individuals receiving services. Additionally the Department submitted a response to a request for information on the status of new surveyors funded in FY 2016-17 to ensure service settings are in compliance with the Centers for Medicare and Medicaid Home Settings Rule.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** [http://leg.colorado.gov/sites/default/files/fy2017-18\\_pubheabrf.pdf](http://leg.colorado.gov/sites/default/files/fy2017-18_pubheabrf.pdf)