DEPARTMENT OF LOCAL AFFAIRS

FY 2019-20 JOINT BUDGET COMMITTEE HEARING AGENDA

Tuesday, December 4, 2018

11:00 am – 12:00 pm

11:00-11:05 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Irv Halter, Executive Director

11:05-11:30 DIVISION OF HOUSING

Main Presenters:

- Irv Halter, Executive Director
- Alison George, Director for the Division of Housing

Topics:

- State Role in Affordable Housing: Pages 1-5, Questions #1-4 in Packet
- Housing Assistance for the Reentry Population (R-05): Pages 5-8, Questions #5-7 in Packet
- Evaluation of Fort Lyon Supportive Residential Community Program: Pages 8-13, Questions #8-12 in Packet

11:30-11:50 DIVISION OF LOCAL GOVERNMENT

Main Presenters:

- Irv Halter, Executive Director
- Chantal Unfug, Director for the Division of Local Government

Topics:

- Census 2020 Communications and Outreach Support (R-04): Pages 13-14, Questions #13-15 in Packet
- New Grant Programs: Pages 15-17, Questions #16-17 in Packet
- Energy Impact Grants and Disbursements: Pages 17-19, Questions #18-19 in Packet

11:50-12:00 DIVISION OF PROPERTY TAXATION

Main Presenters:

- Irv Halter, Executive Director
- JoAnn Groff, Director for the Division of Property Taxation

Topics:

Gallagher Amendment and the Residential Assessment Rate: Pages 19-20, Question #20 in Packet

DEPARTMENT OF LOCAL AFFAIRS

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Tuesday, December 4, 2018

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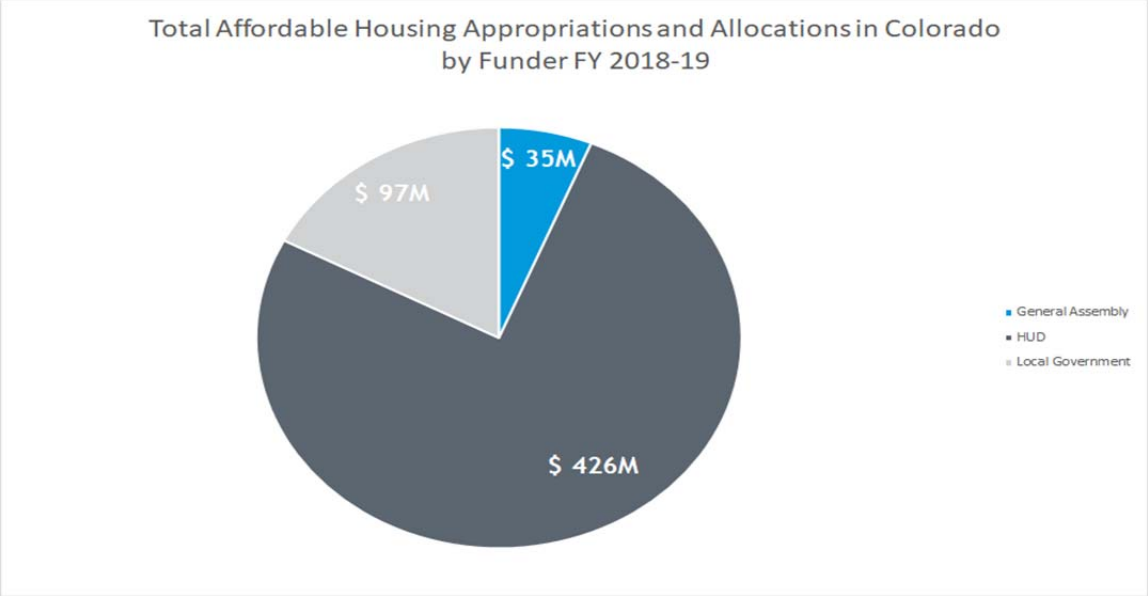
DIVISION OF HOUSING

STATE ROLE IN AFFORDABLE HOUSING

1. Does the Department collect data to provide a complete statewide picture of the total federal, state, and local resources available to address affordable housing needs, and how these resources are currently being utilized?

Response:
The Department estimates that at least $96.7 million is budgeted to be raised and spent by municipalities on affordable housing development and operations in FY 2018-19. This estimate is incomplete since it includes selected municipalities which are known to have existing affordable housing programs, but does not cover counties and special districts. The Department does not have authority or the resources to conduct a complete collection of data on the local funding available to address affordable housing needs or the performance outcomes of that funding. Data on federally funded programs at the local level can be indirectly gathered through public data-sets. The pie chart below includes the federal funds provided directly to local governments:



This includes housing development grant and loan funds, shelter grants, rental assistance programs, and public housing programs. State funding data is based on the FY 2018-19 Long Bill. Federal funding data is for the most recent federal fiscal year, and it is based on: (a) U.S. Department of Treasury data for awards obligated to grantees in Colorado; and (b) public housing financial operating and capital fund statements issued by HUD. Data on locally raised affordable housing capital development and operating funding was collected from the 2018 budgets of 48 municipalities. The value of state and federal housing- related tax credits is not included.

2. What is the role of local governments in addressing the need for affordable housing?

Response:
With regard to accessing state funding for development, the Department expects local governments to be integrally involved in determining their affordable housing needs, and demonstrating their commitment, when possible, by contributing to projects in their communities. The type and amount of contribution the Department expects varies based on the resources of the community. The contribution by the local government impacts the competitiveness of the application.

The Department requires a 1:1 financial match from large HUD entitlement communities (i.e. communities that receive direct allocations of HUD CDBG and HOME funds). For smaller communities, the Department expects a contribution that is in alignment with the locally-available resources. Examples include:

- Donation of land
- Permit fee waivers
- Sewer and water tap fee waivers
- Property tax abatement (this is accomplished through a partnership with a local housing authority)
- General fund contribution
- Local foundation contribution

In very small communities where financial resources are scarce, we have seen in-kind contributions, such as a public works employee serving in a project management role for a housing rehabilitation project.

Local governments in non-entitlement communities (i.e. they do not receive direct allocations of funds from HUD) must act as the recipients of pass-through State Community Development Block Grant (CDBG) funds per HUD requirements. This means that the local government must commit to supporting the projects administratively and they must be ultimately responsible to the State for the projects. After the 2013 floods, the Department saw some local governments leading the affordable housing development effort by purchasing land, issuing an RFP, and hiring a developer.

Several communities have created their own affordable housing funds. The Department does not track these local programs but a few examples include: Denver's Affordable Housing Fund which is funded through property tax revenue and a one-time new development fee; Boulder County's Worthy Cause sales tax which generates funds that can be used by non-profit human service organizations for capital projects, including housing; and Crested Butte's use tax on vacation rentals.

3. Is the State spending its resources in the right places and addressing the greatest needs?

Response:
GRANT AND LOAN PROGRAMS: The Department focuses state resources on individuals/households with the greatest needs and in communities with the greatest needs.

The Department identifies individuals/households with the greatest needs as:

- People with the highest barriers to housing including people experiencing homelessness or at risk of homelessness, youth aging out of foster care, people leaving correctional facilities or with frequent justice system involvement, people leaving nursing homes and other institutions, veterans, people with behavioral health conditions, and people with multiple complex conditions.

- Households earning <30% ami. Our analysis of rental housing gap for each income bracket shows that the extremely low income bracket (<30% ami) has the greatest need for affordable housing. Only 23% of the 170,057 Colorado households that earn <30% ami are able to access affordable housing.

- People with disabilities. Over 84,000 Colorado households with at least one member of the family with at least one disability are severely cost-burdened by housing (i.e. they pay more than 50% of their income towards housing). The rate of severe housing burden for this population is 17.6%, compared to 12.3% for households which have no disabled members.

Serving people with the greatest needs are often considered "social savers." In other words, there is a cost benefit to taxpayers through reductions in other publicly funded activities, such as emergency room care, detoxification centers and the judicial system. These cost savings (also called cost avoidance) often mean more people can be served through the entire system of care to more closely meet the need. Emergency services cost avoidance for housing people with long lengths of homelessness and complex needs has been found to be on average $31,545 per person per year.

Communities with the greatest need: We ask local communities to identify their needs as part of their application to DOH for development funding. Their application must include a market study that justifies the need, and the Department prioritizes projects that serve individuals/households with the greatest need. When an application is submitted, the Department does careful underwriting to ensure that state funds are needed as gap funding without which the housing project would not be built. In general, we see the greatest need in the following types of communities:

- Rural communities, particularly in the central mountains and eastern plains, with vacant/boarded up homes and aging dilapidated housing, including mobile homes and manufactured housing.

- Areas with tight rental markets, including the Front Range, resort towns, and mountain towns.

RENTAL ASSISTANCE: In regard to rental assistance resources, the Department works together with local communities, including housing authorities, service providers, Continuum of Care (CoC) regions, and other stakeholders, to create regional, coordinated, and consistent assessments and prioritization of individuals in need of housing based on vulnerability, complex needs, and/or utilization of public systems. Due to these partnerships, over 80% of the Department's rental assistance serves Colorado residents with disabilities. CoC is an

organizing body for a specific geographic region to improve coordination of service, shelter and housing related resources specific for people experiencing homelessness. CoC regions have been designated by HUD and have specific HUD funding awarded to each CoC competitively each year. Colorado is divided into three CoC regions. For several rental assistance resources, such as HUD funded CoC vouchers, the Department works with the communities to create and utilize coordinated entry systems, which ensure that anyone with housing needs is connected to the best housing resource from any provider, based on need.

The Department also works with multiple state partners, such as the Department of Corrections (DOC), Department of Human Services (CDHS), and Healthcare Policy and Financing (HCPF), to identify individuals in institutional settings where housing resources will assist those individuals in returning to living in the community.

In addition, through the state-funded resources, the Department is able to provide housing resources to high needs individuals that are otherwise not eligible for federally funded vouchers. For example, some federally funded vouchers prioritized for people experiencing homelessness require that eligible participants meet a specific definition of chronic homelessness. However, many people who cycle among literal homelessness and incarceration, hospitalization, and/or inpatient rehabilitation, often do not meet that federal definition since the time spent in institutional settings does not count towards an individual's chronic homeless status. These are often individuals with significant barriers to accessing and maintaining housing, including complex, high needs and extensive systems-involved backgrounds. The Department has intentionally partnered with the state agencies named above to identify the individuals who are high needs yet do not qualify for most federally funded programs and prioritize them for state-funded rental assistance resources.

For many vouchers, high need status is determined using system utilization data provided by referral sources/state agencies in conjunction with a common assessment tool known as the Vulnerability Index - Service Prioritization Decision Assistance Tool (VI-SPDAT). The VI-SPDAT is used in communities across the United States to inform the prioritization process for housing resources. The VI-SPDAT helps ensure that eligible participants are matched with the intervention that affords the greatest potential for success in an objective, consistent, and transparent manner.

4. The Department's "Colorado Housing Affordability Data Explorer" visualization tool appears to utilize data from 2011 to 2015. Does the Department have more recent data (at least for some counties) to provide more accurate estimates of the need for affordable housing?

Response:
This tool uses data published by the U.S. Department of Housing and Urban Development, called the Comprehensive Housing Affordability Strategy (CHAS). The charts are based on a special tabulation of the American Community Survey 5-year file spanning 2011 to 2015. The 2011 to 2015 averages were released in May of 2018, this is the most recent data set that is currently available that represents the entire State and is statistically reliable.

The data represent a 5-year average of that period. The reason we use that data is two-fold: 1) to be able to identify Area Median Income levels for each household for everything from

Census tracts to States; and 2) because this data is what HUD uses. To avoid disclosure problems associated with survey data at the Census tract level (the level HUD needs the data) the 5-year file must be used. HUD generally gets this file in June and is one year behind the most current ACS 5-year file.

Other analyses that do not use AMI can frequently use more updated data from the Census through the American Community Survey Summary files and Public-use Microdata files (PUMS).

The U.S. Census Bureau does provide 2017 1-year estimates from the American Community Survey for the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo and Weld. Though these do not use AMI by default, estimates could be derived from this dataset and other more current and detailed datasets to help inform policy.

HOUSING ASSISTANCE FOR THE REENTRY POPULATION (R5)

5. Describe how the Department is coordinating two recently created programs:

- Housing Assistance for the Reentry Population (supported by prior year General Fund appropriations for community corrections programs that remained unspent); and
- The Homeless Solutions Program (supported by $15.3 million from the Marijuana Tax Cash Fund).

Response:
The Homeless Solutions Program (HSP) coordinates the recent state funds appropriated through the Colorado's Marijuana Tax Cash Fund and the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund. HSP is prioritized to serve people with special needs who are experiencing homelessness, who often have behavioral health needs, and who are frequent or high-cost consumers of various public systems, such as State of Colorado prisons and mental health institutions. Youth and Veterans experiencing homelessness are prioritized sub-populations as well.

HSP aims to disrupt the costly cycle of incarceration, emergency hospitalization, and the utilization of crisis services that often accompanies homelessness by creating a continuum of housing interventions. Supportive housing is a critical component of this continuum. Combining affordable housing with access to supportive services using a housing first approach, supportive housing is a cost-effective approach designed to help people exit homelessness and live more stable, productive lives.

HSP funding supports the creation of a continuum of housing solutions including:

- Short to medium term housing financial assistance and case management through Rapid Re-housing;
- Long-term rental assistance in the form of tenant-based or project-based State Housing Vouchers (SHV);
- Development costs associated with the construction, acquisition, and rehabilitation of affordable, supportive housing units; and
- Funding for Tenancy Support Services, used in conjunction with community-based services. Tenancy Support Services are housing-related activities not eligible for

billing to other funding sources, including Medicaid, Medicare, or Colorado Department of Human Services Office of Behavioral Health.

In FY 2017-18, HSP was comprised of $15.3 million allocated annually through the Colorado's Marijuana Tax Cash Fund. In FY 2018-19, HSP is comprised of $15.3 million allocated annually through the Colorado's Marijuana Tax Cash Fund and $4.7 million from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund from S.B. 17-021. Using this additional funding, HSP continues to build on the continuum of housing solutions, including Development Gap Funding, Rapid Re-housing, and Tenancy Support Services for individuals with criminal and juvenile justice involvement.

Examples of HSP-funded or HSP-related re-entry efforts include:

- The Department has partnered with the Department of Corrections and the Division of Youth Services to provide vouchers to individuals who would be exiting from incarceration into homelessness.
- To ensure voucher recipients can successfully lease a unit and maintain tenancy, the Department has funded a Housing Navigator at a community-based agency to provide additional support focused on locating units, engaging property owners, and coordinating voucher recipients and their support staff regarding housing placement.
- As described further below, the Department as launched a new Rapid Re-housing program for the re-entry population.
- The Vera Institute selected the Department as one of six entities in the country to receive a nine-month training and technical assistance support aimed to identify specific ways in which the state and other public housing authorities in Colorado can improve access to housing for individuals with justice involvement.

6. Given the uncertain and volatile nature of the funding for the Housing Assistance for the Reentry Population, what is the Department doing to ensure that programs and services for this population are sustainable over the long term?

Response:
As mentioned above, the additional funding for HSP allows the Department to strengthen the continuum of housing solutions specifically for individuals with criminal and juvenile justice involvement. Since these funds vary in amount each year, they are utilized for one-time shorter term (ie - Gap Funding for supportive housing) and time-limited (ie - RRH and Tenancy Support Services) interventions.

For example, this funding is being used to launch the COR3 program, or Colorado Rapid Rehousing Re-entry Program. COR3 aims to end the cycle of homelessness and incarceration by connecting at least 110 individuals who would be exiting or have already exited incarceration to homelessness with affordable, supportive housing each year. COR3 is one of the first programs in the country to implement Rapid Rehousing (RRH) program for the re-entry population and to implement a Rapid Rehousing + Care model.

RRH is a short to medium-term housing intervention designed to help individuals and families to quickly exit homelessness, return to housing in the community, and not

experience homelessness again. The program does so by providing move-in assistance, temporary rent subsidies, and housing-focused case management. The services are time limited and use a progressive engagement approach (they are provided the minimum amount of assistance necessary to move participants out of homelessness and stabilize in permanent housing). After services and financial assistance provided through RRH ends, participants are able to maintain housing through increased household income.

RRH + Care is a service intervention approach utilized by COR3 that prioritizes individuals with complex needs and long lengths of homelessness. To make the temporary assistance effective, RRH + Care intensifies the case management and the typical length of financial assistance is extended to be longer than the standard RRH model.

7. Are these programs working?

- What data is the Department collecting to determine if these programs are effective in reducing recidivism within the criminal and juvenile justice systems?

Response:
The Department did not have budget authority to expend funds from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund in FY 2017-18; therefore, funds were awarded beginning July 2018 when authority was granted.

The Department's estimates of success are based on proven national models of best practice. In other words, the Department estimates costs avoided based on population served compared to average savings from multiple national and local studies of savings.

The data needed to measure the actual reduction in system involvement is within other agencies outside of the Department and therefore access is limited. Although the real time assessment of savings for participants is not yet readily available, the Department, DOC, HCPF and DHS are working to improve data sharing. The shared aggregated data will enable the Department to evaluate and continually improve the effectiveness of the interventions, as well as the prioritization and matching of the interventions with the individuals.

The Department is also actively involved in and funded the statewide expansion of a new Homeless Management Information System (HMIS), which will improve the information the state has on people's use of shelters, interaction with street outreach, and involvement with and outcomes resulting from housing resources. HMIS is an information technology system used to collect individual-level data and data on the provision of housing and services to persons without housing.

- What other data is the Department using to evaluate the effectiveness of these programs?

Response:
While working to create this cross-system information sharing and analysis, the Department currently tracks several data points of each rental assistance program that helps provide indications of success. Housing stability is a key indicator of improved well-being and reduction in utilization of emergency and judicial systems. This is evidenced by nearly two-dozen research studies across the country over nearly 20 years. A literature review of these

studies shows that when supportive housing programs are implemented effectively and prioritized for people languishing in homelessness:

Housing stability rates reach 78-93%
⇩ Emergency room usage decrease 24-34%
⇩ Hospital inpatient days decrease 27-29%
⇩ Psychiatric hospitalization admissions decrease 82-87%
⇩ Medicaid costs decrease 41-67%, and
⇩ Justice involvement decrease 42-45%.

In the last 12 months across all state and federally-funded rental assistance programs administered by the Department, we saw an 87% housing stability rate, with fewer than 13% of participants exiting a housing program. Among rental assistance programs specifically prioritized for extremely-low income Coloradans experiencing homelessness with a disabling condition, the Department has seen an 84% housing stability rate over the last 12 months with fewer than 16% of participants exiting a housing program. HUD considers an 80% housing stability rate to be a successful program.

In November 2018, Denver released findings from its second phase of analysis for the Social Impact Bond (SIB), the results of which further support that stable, supportive housing has a positive impact on improved health and system utilization. Since inception, the SIB project has seen an 85% housing stability rate. Of the 131 participants who have been in housing for one year, they average 19 days in jail, compared to 77 days in jail annual prior to housing. The SIB is one of the first pay-for-success projects focused on supportive housing for people who are frequent users of the justice system and experiencing long term homelessness. The project leverages multiple private funding sources, as well as local funding and the Department's rental assistance. In addition, the project and the individuals involved have been extensively evaluated, which informs us of the success of the specific rental assistance dedicated to the project, as well as other voucher programs with similar models and targeted populations.

EVALUATION OF THE FORT LYON SUPPORTIVE RESIDENTIAL COMMUNITY PROGRAM

8. Describe how the Department plans to target available state and federal housing-related resources to ensure that a full continuum of housing options are available to cost-effectively meet the needs of those who are homeless or at risk of homelessness.

Response:
The Department utilizes both federal and state resources to address the continuum of need for Coloradans faced with homelessness. These sources have rules, regulations and statutes that dictate both the use and the populations to be served. The table below that shows the eligible uses of funds by funding source.

Department of Local Affairs Division of Housing Programs by Eligible Activity

Program (see Note 1)	Homelessness Prevention	Homeless Shelters	Transitional Housing	Rapid Rehousing	Supportive Housing	Affordable Rental Housing	Homeownership
HDG development grants and loans (State)		■	■		■	■	■
HSP Homeless Solutions Program (State)		■	■	■	■		
HOME/CDBG/Other development grants and loans (Federal)			■	■	■	■	■
Private Activity Bonds - PAB (Federal)					■	■	■
Emergency Solutions Grants (Federal)	■	■					
Fort Lyon Supportive Residential Community (State)			(see Note 2)				
VASH/HCV/CoC/811/Other Housing Vouchers (Federal)				■	■	■	
CCT/Other State Housing Vouchers (State)				■	■	■	
HCV Homeownership Program (Federal)							■
Homeless Prevention Activities Program - HPAP (State)	■						
Home Modifications (Federal)						■	■
CODES Manufactured Housing (State)						■	■
Down Payment Assistance (Federal)							■
Single Family Rehab - SFOO - Grants and Loans (Federal)							■

Note 1: The continuum of housing and responses are not necessarily linear. For example, when individuals and families experience homelessness, they often move in and out of shelter, hotels/motels, cars, couch-surfing, and/or outdoors. Many also experience institutional or inpatient stays throughout that period. From homelessness, they may or may not enter a transitional housing program, such as the Fort Lyon Supportive Residential Program, or they move directly into a permanent housing situation. Permanent housing may be Rapid Re-housing, Supportive Housing, Affordable Rental Housing, Market Rental Housing (which could include family reunification).
Note 2: Fort Lyon can be considered closest to Transitional Housing, but it is unique in that it focuses on addiction recovery.

For several rental assistance resources, such as HUD funded CoC vouchers, the Department works with the communities to create and utilize coordinated entry systems, which ensure that anyone with housing needs is connected to the best housing resource, based on need and from any provider.

The Department also works with multiple state partners, such as the Department of Corrections (DOC), Department of Human Services (CDHS), and Healthcare Policy and Financing (HCPF), to identify individuals in institutional settings where housing resources will assist those individuals in returning to living in the community.

In addition, through the state-funded resources, the Department is able to provide housing resources to high needs individuals that are otherwise not eligible for federally funded vouchers. For example, some federally funded vouchers prioritized for people experiencing homelessness require that eligible participants meet a specific definition of chronic homelessness. However, many people who cycle among literal homelessness and incarceration, hospitalization, and/or inpatient rehabilitation, often do not meet that federal definition since the time spent in institutional settings does not count towards an individual's chronic homeless status. These are often individuals with significant barriers to accessing and maintaining housing, including complex, high needs and extensive systems-involved

backgrounds. The Department has intentionally partnered with the state agencies named above to identify the individuals who are high needs yet do not qualify for most federally funded programs and prioritize them for state-funded rental assistance resources.

For many vouchers, high need status is determined using system utilization data provided by referral sources/state agencies in conjunction with a common assessment tool known as the Vulnerability Index - Service Prioritization Decision Assistance Tool (VI-SPDAT). The VI-SPDAT is used in communities across the United States to inform the prioritization process for housing resources. The VI-SPDAT helps ensure that eligible participants are matched with the intervention that affords the greatest potential for success in an objective, consistent, and transparent manner.

9. Describe Department actions and plans to ensure that homeless service providers are collaborating, utilizing common assessment tools, and coordinating referrals to ensure the best match between clients and individual programs.

Response:
The Department does not have authority over homeless service providers within the state, except when they utilize Department resources. The vast majority of homeless services and housing resources in Colorado are awarded directly from the federal government to providers, housing authorities, and local governments.

For agencies that utilize the Department's rental assistance resources, however, we mandate they utilize the Department's Voucher Administrative Plan, which includes policies, regulations and procedures, such as tenant referral and selection processes, which includes coordinated entry. Coordinated Entry systems require collaboration, utilizing common assessment tools, and coordinating referrals. A significant portion of our vouchers require coordination among housing providers and community-based service and treatment providers.

The Department also works closely with each CoC and with communities to encourage and facilitate collaboration and coordination, as well as educate, interpret and implement regulations and best practices. Within the last year, the Department has brought two national firms, experts in their fields, to train both Department staff and housing authority staffs around the state: the Vera Institute provided training to understand the best practices in effectively housing people exiting Corrections, and Nan McKay provided training in effective intake and rental assistance management. Both training programs were geared toward aligning work product and efficiencies in getting people in housing and keeping them stably housed.

With respect to the Fort Lyon Supportive Residential Community Program (FLSRCP), common assessments are used to review eligibility criteria for each potential resident, as well as where each individual is in regards to recovery stages of change. The Department and the program staff are continually working to improve collaboration and coordination between community-based service providers (who are also the referral sources).

10. Describe Department plans to monitor the results for individual programs or models in order to inform future resource allocations.

Response:
The Department monitors all programs using the federal monitoring guidelines as well as our own monitoring to ensure programs are efficiently and effectively implemented. In addition, through our rental assistance database, the Department is able to track the details of every voucher such as length of time to placement, moves, and reasons for termination. Program staff is continuously providing trainings and technical assistance to all contracted agencies to ensure the programs are being implemented to expected standards or to correct any identified areas in need of improvement.

The Department uses housing stability and other program milestone data, and is working to enhance cross-agency data sharing to monitor impacts the various housing resources have on individuals' utilization of other systems. Reviewing HMIS data will also help inform the Department if we are having the intended impact on homelessness and how to match resources to the needs seen in each community.

With respect to the FLSRCP, Illuminate Evaluation Services, LLC., the evaluation team selected to conduct the legislatively funded evaluation of the FLSRCP, created an ongoing monitoring plan based on areas the evaluator's viewed as needing improvement as well as national best practices for addressing homelessness and substance use. Since the FLSRCP is a unique program model, there are not established standard outcomes; therefore, monitoring goals moving forward focus on improving data collection systems to ensure long-term success of the FLSRCP intervention in terms of ongoing recovery and housing stability. The Department will also monitor the "Phase Two" planning effort that aims to improve FLSRCP outcomes as well as fully utilize the Fort Lyon campus.

11. Describe the Department's plans to more fully and efficiently utilize Fort Lyon campus.

Response:
Through preparation for and support of the FLSRCP, the Department has laid a foundation for full development and use of the Fort Lyon campus. Efforts to date have focused on renovating buildings used by the FLSRCP and replacing outdated utility infrastructure to decrease ongoing maintenance costs. The Department and Bent County have worked together to identify other funding sources for this work, such as $389,000 in grants from the U.S. Environmental Protection Agency for asbestos remediation; $480,406 in local Bent County funding for boiler replacement; and $498,369 in local Bent County funding and $72,804 in Federal Transportation Administration funding for transportation infrastructure to increase campus connectivity with the surrounding community. The Department and Bent County will continue to identify additional funding sources as needed. The Department is also working with Bent County to generate a preservation plan that identifies rehabilitation needs and estimated costs to achieve full use of the campus facilities. This survey will help prioritize funding for development efforts through cost-benefit analyses and should be complete by December 2018.

The Department is currently focused on the Fort Lyon Phase Two planning effort. This strategic effort relies on leveraging partnerships and existing resources to increase campus use without increasing the cost to the state. To assist with the planning effort, the Department will host two graduate student Fellows (MBA and MSW graduate students) from the

University of Denver Barton Institute for Social Enterprise from January through May of 2019. The Fellows will identify the most practical campus uses in terms of cost-benefit, market feasibility, and benefit to the FLSRCP residents, surrounding community and the state. The Fellows work will support the Department's three main areas of focus to improve the utilization of the campus. These include:

1. Program improvements as determined by the five-year evaluation which showed that those who stay in the program longer, as well as those involved in employment and vocational services, have more positive long-term outcomes. Program improvements will include adding five full-time AmeriCorps VISTAs (Volunteers in Service to America) to expand existing capacity of FLSRCP staff. VISTAs will create a temporary employment agency to connect FLSRCP residents to local employment, will improve the orientation process for new residents, and will create a centralized database of housing resources. These five full time positions are supported by a grant from the Corporation for National and Community Service. Other improvements will include expanding access to trauma-informed interventions for residents and improving data collection quality.

2. Updating and maintaining campus facilities so that every building is safe energy efficient and cost efficient. This involves removing asbestos containing materials and rehabilitating unused buildings and increasing utility and maintenance efficiencies with new technology. The Fellows' plan for full campus utilization will allow the Department to apply for competitive grants to fund these activities from entities such as the EPA. The Department will also work to renovate resident dormitories to align with evidence-based trauma-informed designs. This will support program goals of increasing program retention which will lead to better long-term outcomes for residents.

3. Monitoring contracted partners to ensure the public asset is fully and efficiently managed. This includes connecting to additional partners from other state and federal agencies whose goals align with those outlined in the Phase Two process to leverage available resources and improve data collection, sharing, and monitoring practices.

12. How does the Department plan to ensure that the Fort Lyon Program is utilized by individuals who are most likely to be cost-effectively served by this unique program?

The target population for the FLSRCP is individuals who often struggle to access or successfully complete other homeless services and/or recovery programs due to barriers such as behavioral health challenges, long lengths of homelessness, and other issues that often keep those most in need of services from being able to access help. The main criteria for entrance to the FLSRCP are that an individual is a resident of Colorado, has a documented substance use disorder, is homeless or at imminent risk of homelessness, and is not a sex offender or have any open warrants. Program staff works to resolve many other issues facing potential residents to ensure that those who need assistance can access the FLSRCP. For example:

- 77% of residents served in fiscal year FY 2017-18 had been homeless for at least a year prior to entering the program
- 58% of residents had three or more known adverse health issues

- Of the 510 residents served in FY 2017-18, only four reported having no adverse health conditions.

These data show that the FLSRCP is supporting some of the most vulnerable residents in Colorado. Research from Denver found that it cost about $43,000 per person per year in emergency related costs to support this population while living on the street. In the FLSRCP, the average cost per resident is about $18,800 per year.

Designed to have low barriers to entry, the FLSRCP allows those who struggle to find other programs that meet their needs a chance to address homelessness and addiction along with other recovery goals. Previously mentioned plans for outreach to referral networks will help ensure that the target population continues to be served at the FLSRCP. The Department is also working to improve data collection after residents exit the FLSRCP in order to evaluate how well the intervention worked for the long-term as an indicator of cost-effectiveness. (Previously this data was unavailable as the program had not existed long enough to measure multi-year outcomes.) This data will inform the Phase two planning work aimed at program improvements.

DIVISION OF LOCAL GOVERNMENT

CENSUS 2020 COMMUNICATIONS AND OUTREACH SUPPORT (R4)

13. In order to put the Department's request for $300,000 General Fund into context, please describe any federal funds or other resources that are available to support the Census 2020 count in Colorado.

Response:
The Census Bureau will release their outreach and marketing plan in the early part of 2019. Currently, there is no budget information and we have been advised to anticipate federal budget constraints. The amount of funds to be spent in Colorado is not known. In previous years, Colorado has found Federal efforts to be insufficient for a robust effort. The Federal government does not provide funding directly to states so it is the responsibility of Colorado to fund work above and beyond what the Census bureau provides to support complete count efforts.

The Census Bureau will be hiring partnership specialists who are responsible for meeting with communities across Colorado to educate and motivate communities. A Complete Count Committee comprised of statewide community members will look at best ways to market and reach out to their residents. This Committee's capacity will not be sufficient to functionally meet with over 350 local governments and additional interest groups.

A complete count will benefit Colorado with representation, appropriate levels of federal funding, and the best data and information available for the State's various decision makers. It is likely that an accurate and complete count will result in the State gaining an 8th congressional seat. Based on current census data, Colorado receives approximately $1,480 per person in annual federal transfers and is the basis for a variety of planning objectives and statewide funding decisions. Colorado has over 2.4 million housing units and on average

there are 2.5 people in each unit. If even 100 additional households are motivated to fill out the census form, it could mean an additional $370,000 in funding for one year and $3.7 million over the next 10 years.

14. How do the available federal resources, the Department's current efforts, and the requested State funding compare to what was available for the 2010 Census?

Response:
In 2010, the U.S. Census Bureau budgeted $297 million across the country for paid media, which was a 24% increase over 2000 for federal oversight, marketing, and outreach. This increase was a one-time allocation in 2010 through the ARRA funds, which allowed local governments to receive up to $2,500 grants to purchase marketing materials. Information is not available on the number of communities that applied in Colorado, but the Department's estimates that at least 50 different communities utilized these funds. The U.S. Census Bureau also supplied general marketing materials free to Colorado, but the Bureau has stated they will not be producing the same volume of materials due to budget constraints.

15. Will the requested $300,000 be sufficient to complete an accurate count in Colorado?

Response:
The current request will allow the office to hire additional temporary staff to support the marketing and outreach efforts of the state and local governments. The more funds allocated within Colorado to reach more people on the importance, ease, and safety of Census 2020, the greater the returned response rate and count.

It is anticipated that challenges to conducting a complete count in Colorado exists more now than in previous decades due to potential mistrust of government, a more mobile population, constrained funding at the federal level for Census 2020, and declining overall response rates to surveys. Previous experience shows that additional information, community outreach, and marketing at the local level from trusted voices will result in higher response rates.

The following table summarizes the amount of state funding appropriated in ten other states to support state and local communication and outreach efforts for the 2020 Census.

State	Population (to nearest 100,000 people)	State Funding
Colorado	5,600,000	$300,000
California	39,500,000	$100,000,000
Georgia	10,400,000	$2,250,000
Illinois	12,800,000	$1,500,000
Maryland	6,000,000	$5,000,000
Michigan	9,900,000	$500,000
Minnesota	5,500,000	$380,000
Oregon	4,100,000	$230,000
Virginia	8,400,000	$115,000
Washington	7,400,000	$464,000

NEW GRANT PROGRAMS

16. Describe implementation of the Gray and Black Market Marijuana Enforcement Program to date.

Response:
The Gray and Black Market Marijuana Enforcement Grant Program was launched in August 2017 using a reimbursement model so law enforcement and district attorneys could recoup past investigation and prosecution expenses related to illegal marijuana cultivation and distribution. The first application cycle was in December 2017, with a total of four application cycles through August 2018 utilizing this reimbursement model. A total of 24 awards were provided for approximately $1.1 million total for all grants. We heard from many communities that it was difficult to capture past expenses and was not providing real financial relief to those who were experiencing a significant burden related to illegal marijuana activity as they could not charge the expenses as part of current operations but instead had to incur the expenses with their own funds and then identify the costs later. In July 2018, the Division held a conversation with stakeholders to consider providing this financial assistance on a formula basis. The first cycle in this new methodology will be distributed in December 2018 or January 2019.

- Does the total amount awarded in FY 2017-18 ($1.1 million of the $5.8 million available) provide an accurate reflection of the need for such State assistance?

Response:
No. Investigation and prosecution expenses related to unlicensed marijuana cultivation and distribution exists in every county and municipality throughout Colorado. Law enforcement agencies and district attorneys need these program funds and are interested in receiving these program funds. It is common for a new statewide program to take 3 to 5 years to be embraced and implemented locally through education, training, and by adapting local government processes including data collection.

- Explain why the Division recently announced that this program has been restructured to provide financial assistance on a population basis to all local governments that apply or opt in.

Response:
After input from law enforcement, district attorneys, the Colorado Municipal League, Colorado Counties, Inc., and the Marijuana Enforcement Division, all agreed that a new distribution method for financial assistance to cover the cost of activities, address the legislated priorities, and meet legislative intent was needed. After this stakeholder process, the Department adapted the program model to allow for a more streamlined and timely process. The Department is still working with the Office of the State Controller to receive final approval for this change.

Few of the local governments could meet the 'up-front' documentation required to make a grant application and the 'expense' timing of all dollars was not realistic. The program is appropriated funding for one-year with a one-year roll-over so the local government must conduct investigations, expend funds, complete all documentation, and request funding reimbursement immediately to recapture the funds within two years. This program is

prioritized toward rural local governments and they typically do not have the staff capacity or resources to provide this level of detailed documentation within this short timeframe.

17. With respect to all five new grant programs addressed in the staff issue brief,[1] describe the administrative workload and associated costs for each program.

Response:
Each program operates very differently from each other and none of them have the same statutory framework, method of grant management, or utilize the same kind of grant request and funds management. The eligibility requirements for each program often target a different group of local governments. As a result, each program requires a different level of effort and management. Appendix A summarizes the costs and the time spent per position for each grant program and also shows the type of position used to manage workload across the Division. The more statutorily complex the program, the greater the level of management required and the higher the position class utilized to support the program.

- Are the existing appropriations sufficient to allow the Division to administer each program effectively?

Response:
With every new program, build out and improvements result in impacts beyond what is originally anticipated by the Department. Several new grant programs have been added over the last three budget cycles and are stretching the Department's central accounting staff very thin. The Department is planning to analyze the size of its central financial staff and determine whether a change request is appropriate.

- Do the statutory limitations related to administrative costs for some programs prevent the Division's effective administration of the programs?

Response:
The appropriation language for new grant programs can be a challenge to a successful launch. The provision of a one-year appropriation with a one-year roll-over is not sufficient for local governments. An additional year or two of roll-over authority for new grant programs would increase the subscription rate for new grant programs and improve the efficiency of existing grant programs. The current structure adds unnecessary complexity to new statewide grant programs.

The Department spends the first two years of a new grant program educating communities about the purpose, eligibility, and application requirements as well as providing in-depth, on-site technical assistance to local governments on how to document funding needs and what to provide for a successful grant application. The Department rarely sees full disbursement of

[1] These new grant programs include: The Gray and Black Market Marijuana Enforcement Grant Program, Crime Prevention Initiatives, Mental Health Support for Peace Officers, Defense Counsel for Defendants in Municipal Courts, and the Law Enforcement Community Services Grant Program.

available grant dollars in the first years of a new program because eligible local governments are not ready to apply.

- Does the Division recommend any statutory changes or other actions by the General Assembly to improve the efficiency or effectiveness of any of the programs?

  Response:
  Yes. The use of continuous appropriation has always been the most efficient and effective for the management of grant programs because annual appropriations limit spending. The pace of the two-year appropriation is not sufficient for local governments especially those with limited capacity. The State requires the dollars be contracted and spent in the two years, which is often not workable. At a minimum, the Department needs to have three years of annual grant appropriations available to allow local governments to learn new grant programs and submit effective applications. It is important to note that even in continuous appropriation programs, grants are only contracted for a maximum of five years.

  The Department recommends that the Gray and Black Marijuana Enforcement Grant Program be changed to a formula distribution to every eligible local government using the population and weighting method developed for rural priority communities. Additionally, as managers of a Conservation Trust Fund (CTF) disbursement program, which is also formula-based, the Gray & Black Program should incorporate as much of the CTF model as possible to include removal of aligning of expenses with the appropriation. That is, those funds should not be aligned with the appropriation year and should be continuously available for the local government to spend the funds down in a separate accounting line which is monitored by the program through reporting and in-depth reviews.

  The Department recommends that funding for the Community Crime Prevention Initiative is available through the sunset of the program for new grants and loans. Much like grants, the pipeline of loans take time to build and while those dollars are building, the program appropriation structure limits the ability of the communities to obtain loans and grants without returning funds. Additionally, the collection of loans as outlined in statute does not appropriate these dollars back to the Division for further loans or grants. Until the sunset of this program, any funds remaining in the fund should be made available to the Division for use in the program.

ENERGY IMPACT GRANTS AND DISBURSEMENTS

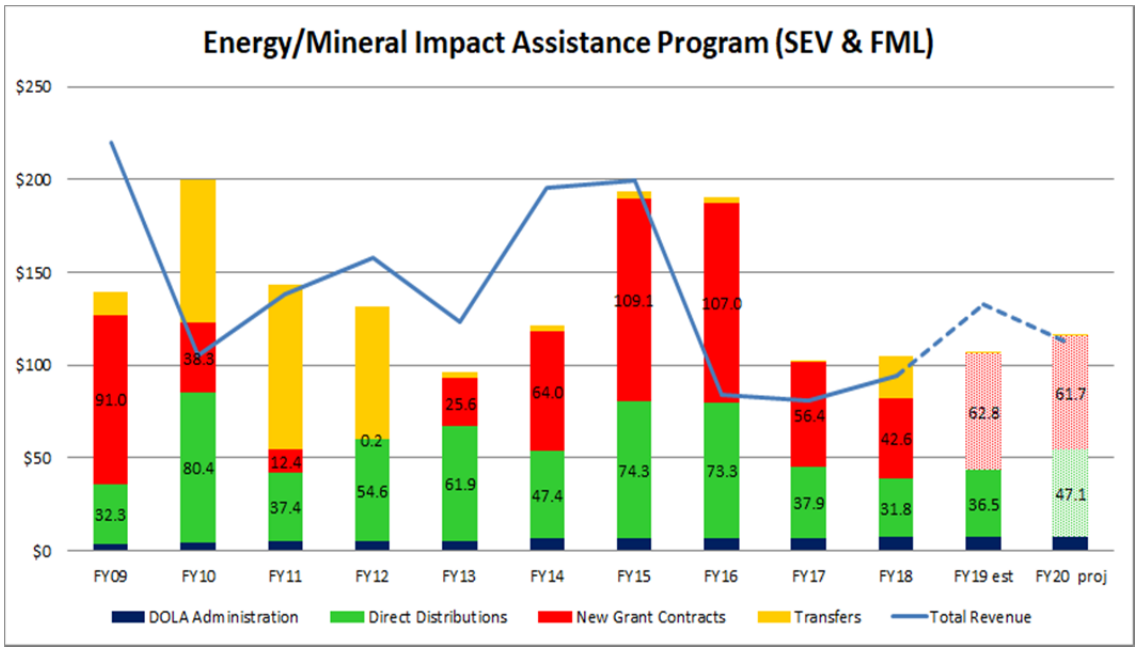
18. Provide a summary of recent energy impact grants and distributions, by county or geographic region.

    Response:
    Appendix B is attached geographically summarizing both direct distributions and discretionary grants from Energy Impact Assistance Funds from June 2008 to November 2018.

19. Describe the impact of recent fluctuations in funding available from severance tax and federal mineral lease revenues and the resulting "backlog" of local requests for energy impact grants.

Response:
The impact of recent fluctuations in funding available from revenues from State Severance Tax and Federal Minerals Leasing (FML) have varied with changes in production, commodity prices, severance tax refunds, and periodic transfers have reduced grant funds available to award to local governments. The Division adjusts by reducing the dollars available for grant cycles to accommodate anticipated fluctuations in revenues. Most recently for example, we eliminated one cycle that resulted in having only two cycles, instead of three, in FY 2017-18. The Department projects to return to three cycles in FY 2018-19. In response, local governments delay or shelve their critical infrastructure projects, which then may increase costs in the future.

The Division has adjusted, by decreasing, grant cycles due to recent fluctuations, as shown in the chart below, by altering the amount of funding available in the three regular grant cycles per year and by maintaining a reserve in the event of a downturn in revenues. This reserve was lost in the return of funds to industry as result of the Colorado Supreme Court BP lawsuit settlement. The program has since formalized a grant policy reserve equal to the funding typically budgeted by the grant program for a regular $20 million grant cycle. This reserve may augment up to three cycles in a down-year. These reduced grant cycles are announced in advance to allow local governments and Division staff to help local governments adjust grant application project development accordingly. In the event of a revenue spike, funding may be allocated in response to specific local demand such as the recently successful Broadband Grant Program. These types of initiatives are allocated for local governments to develop projects that will be competitive within the context of the initiative and in compliance with program grant application guidelines.



Summary of Energy Impact Assistance Fund Program

(In Millions)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 estimated	FY20 projected
Total Revenue	219.7	105.0	138.5	157.7	123.3	195.8	199.4	83.9	81.0	94.0	132.4	111.8
Transfers	12.3	76.5	88.5	71.4	3.6	3.6	3.6	3.6	0.3	23.2	0.4	0.4
New Grant Contracts	91.0	38.3	12.4	0.2	25.6	64.0	109.1	107.0	56.4	42.6	62.8	61.7
Direct Distributions	32.3	80.4	37.4	54.6	61.9	47.4	74.3	73.3	37.9	31.8	36.5	47.1
DOLA Administration	3.8	4.5	4.8	5.3	5.2	6.5	6.5	6.7	7.0	7.3	7.1	7.3

We do not know the full extent of deferred projects or unmet need because local governments plan for, manage and apply for one priority project per cycle, so many projects do not come to the program. The 'backlog' of local requests since January 2018 includes $6.5 million in unmet funding requests with an additional $7.1 million for projects that could not be fully funded. The backlog includes water and wastewater systems as well as fire trucks and local planning efforts for rail transportation. As noted earlier, the lack of additional funding impacts our response to local needs. For example, it is estimated that an additional $23 million over the next five years will be needed to fully implement the Regional Broadband Plans established within the initiative.

DIVISION OF PROPERTY TAXATION

GALLAGHER AMENDMENT AND THE RESIDENTIAL ASSESSMENT RATE

20. The Alternatives to the Gallagher Amendment Interim Study Committee received information indicating that the residential assessment rate (RAR) applicable for the 2019-2020 assessment cycle would decrease from 7.2 percent to an estimated 6.1 percent. If the Division has a more recent estimate of the RAR, please provide it. If not, please describe when one will become available to the General Assembly.

Response:

The estimate of a 6.11% Residential Assessment Rate for calendar years 2019 and 2020 provided to the Alternatives to Gallagher Interim Committee was actually provided by Legislative Council Staff (LCS) in their December 2017 economic forecast. LCS will update this estimate as part of their December 2018 economic forecast in three weeks. This rate will also have an impact on setting the budgets for counties and municipalities in FY 2019-20 and FY 2020-21.

The Division of Property Taxation is in the process of gathering information from the 64 county assessors and the 2018 abstracts of value for each county. This is conducted in preparation for the Residential Assessment Rate Study Preliminary Findings and Recommendation, which is due to the General Assembly and the State Board of Equalization on January 15, 2019. As we attempt to gather 2019 value estimates from assessors as close to the report date as reasonably possible, we do not anticipate having a recommendation prior to that date. We will also conduct a follow up query of assessors in mid- to late March for a final report and recommendation by April 15, 2019.

APPENDIX A

Five New Program Operating Costs and Allocation of Time

Law Enforcement Community Services Grant Program			
FY18	Salary + Benefits	Operating	Total
allocated/spent	24,814.00	10,398.00	35,212.00
total cost of project	47,119.14	10,398.00	57,517.14
FY19			
allocated/spent	26,971.00	5,621.00	32,592.00
est total cost of project	56,216.46	5,621.00	61,837.46
FY20 EST			
est total cost of project	57,902.95	5,621.00	63,523.95

Dollars are allocated as follows based on time spent by each position:
50% of the time of a Program Administrator
5% of a the time of a Program Manager I
2% of the time spent by an Accountant II, Procurement Officer, Budget Officer, Program Manager II and Contracts Manager

Gray and Black Marijuana Grant Program			
FY18	Salary + Benefits	Operating	Total
allocated/spent	66,953.00	15,861.00	82,814.00
total cost of project	87,298.28	6,203.03	93,501.31
FY19			
allocated/spent	77,285.00	6,645.00	83,930.00
est total cost of project	119,089.72	6,645.00	125,734.72
FY20 EST			
est total cost of project	122,662.41	6,645.00	129,307.41

Dollars are allocated as follows based on time spent by position:
100% of the time of a Program Administrator
100% of the time of a part-time Accounting Technician
2% of the time spent by an Accountant II, Procurement Officer, Budget Officer, Program Manager II and Contracts Manager

Five New Program Operating Costs and Allocation of Time (cont.)

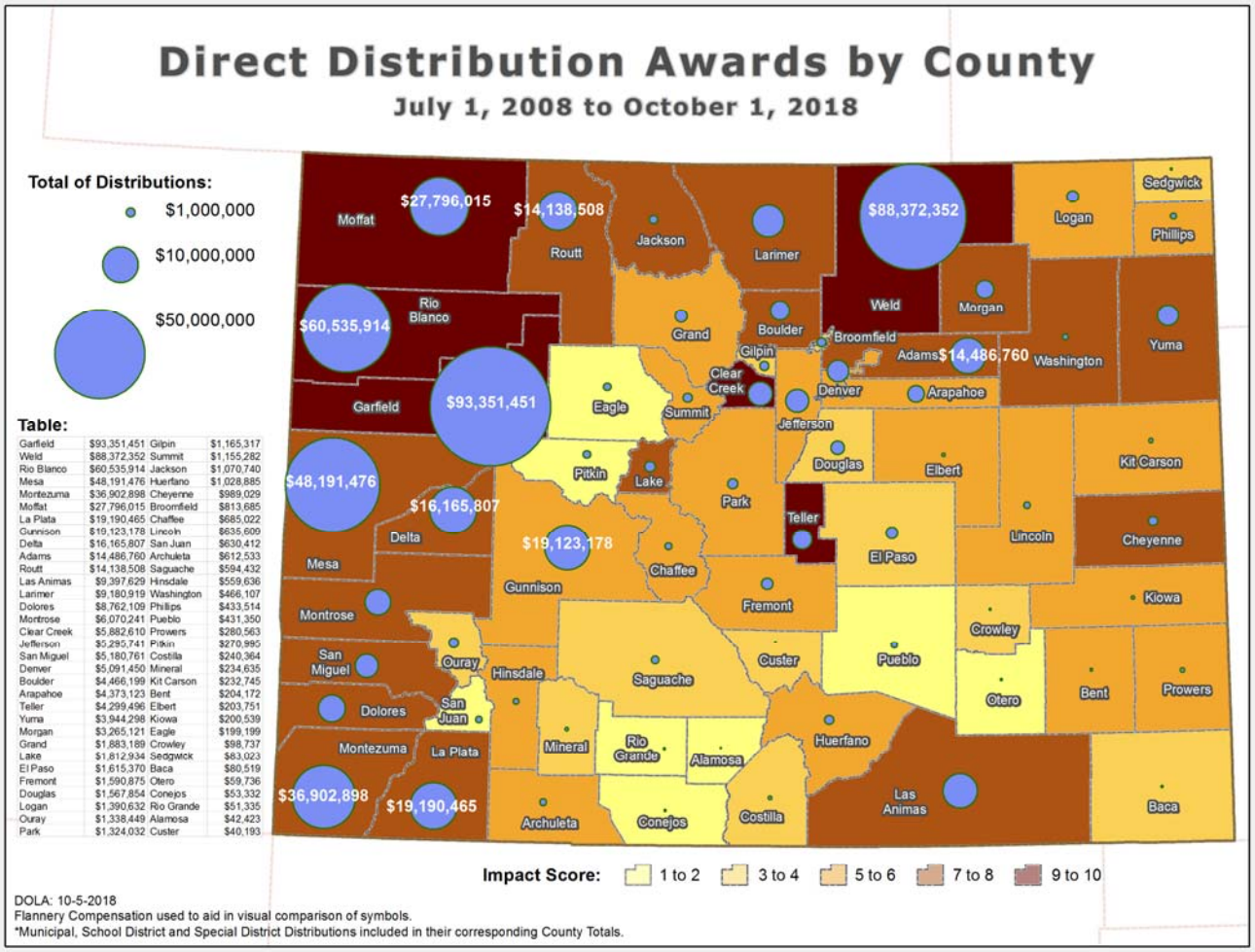
Peace Officer Mental Health Grant Program			
FY19	Salary + Benefits	Operating	Total
allocated/spent			100,000.00
est total cost of project	97,510.54	5,000.00	102,510.54
FY20 EST			
est total cost of project	100,435.86	5,000.00	105,435.86

Dollars are allocated as follows based on time spent by position:
75% of the time of a Financial Assistance Manager
5% of the time of a Program Assistant
2% of the time spent by an Accountant II, Procurement Officer, Budget Officer, Program Manager II and Contracts Manager

Defense Counsel on First Appearance Grant Program			
FY19	Salary + Benefits	Operating	Total
allocated/spent	31,396.00	6,874.00	38,270.00
total cost of project	53,641.53		53,641.53
FY20			
allocated/spent	34,250.00	573.00	34,823.00
est total cost of project	58,422.75	6,874.00	65,296.75

Dollars are allocated as follows based on time spent by position:
50% of the time of a Program Administrator
2% of the time spent by an Accountant II, Procurement Officer, Budget Officer, Program Manager II and Contracts Manager

APPENDIX B


Direct Distribution Awards by County
July 1, 2008 to October 1, 2018
Total of Distributions:
$1,000,000
$10,000,000
$50,000,000
Table:
Garfield $93,351,451
Weld $88,372,352
Rio Blanco $60,535,914
Mesa $48,191,476
Montezuma $36,902,898
Moffat $27,796,015
La Plata $19,190,465
Gunnison $19,123,178
Delta $16,165,807
Adams $14,486,760
Routt $14,138,508
Las Animas $9,397,629
Larimer $9,180,919
Dolores $8,762,109
Montrose $6,070,241
Clear Creek $5,882,610
Jefferson $5,295,741
San Miguel $5,180,761
Denver $5,091,450
Boulder $4,466,199
Arapahoe $4,373,123
Teller $4,299,496
Yuma $3,944,298
Morgan $3,265,121
Grand $1,883,189
Lake $1,812,934
El Paso $1,615,370
Fremont $1,590,875
Douglas $1,567,854
Logan $1,390,632
Ouray $1,338,449
Park $1,324,032
Gilpin $1,165,317
Summit $1,155,282
Jackson $1,070,740
Huerfano $1,028,885
Cheyenne $989,029
Broomfield $813,685
Chaffee $685,022
Lincoln $635,609
San Juan $630,412
Archuleta $612,533
Saguache $594,432
Hinsdale $559,636
Washington $466,107
Phillips $433,514
Pueblo $431,350
Prowers $280,563
Pitkin $270,995
Costilla $240,364
Mineral $234,635
Kit Carson $232,745
Bent $204,172
Elbert $203,751
Kiowa $200,539
Eagle $199,199
Crowley $98,737
Sedgwick $83,023
Baca $80,519
Otero $59,736
Conejos $53,332
Rio Grande $51,335
Alamosa $42,423
Custer $40,193
Moffat
$27,796,015
$14,138,508
Routt
Jackson
Larimer
$88,372,352
Logan
Sedgwick
Phillips
Rio Blanco
$60,535,914
Grand
Boulder
Weld
Morgan
Yuma
Broomfield
Adams
$14,486,760
Washington
Gilpin
Clear Creek
Denver
Arapahoe
Garfield
$93,351,451
Eagle
Summit
Jefferson
Pitkin
Lake
Douglas
Elbert
Kit Carson
$48,191,476
$16,165,807
Park
Teller
Delta
$19,123,178
Lincoln
Cheyenne
Mesa
Chaffee
El Paso
Gunnison
Fremont
Kiowa
Montrose
Crowley
San Miguel
Ouray
Hinsdale
Custer
Pueblo
Saguache
Otero
Bent
Prowers
Dolores
San Juan
Huerfano
Montezuma
La Plata
Mineral
Rio Grande
Alamosa
$36,902,898
$19,190,465
Archuleta
Conejos
Costilla
Las Animas
Baca
Impact Score:
1 to 2
3 to 4
5 to 6
7 to 8
9 to 10
DOLA: 10-5-2018
Flannery Compensation used to aid in visual comparison of symbols.
*Municipal, School District and Special District Distributions included in their corresponding County Totals.

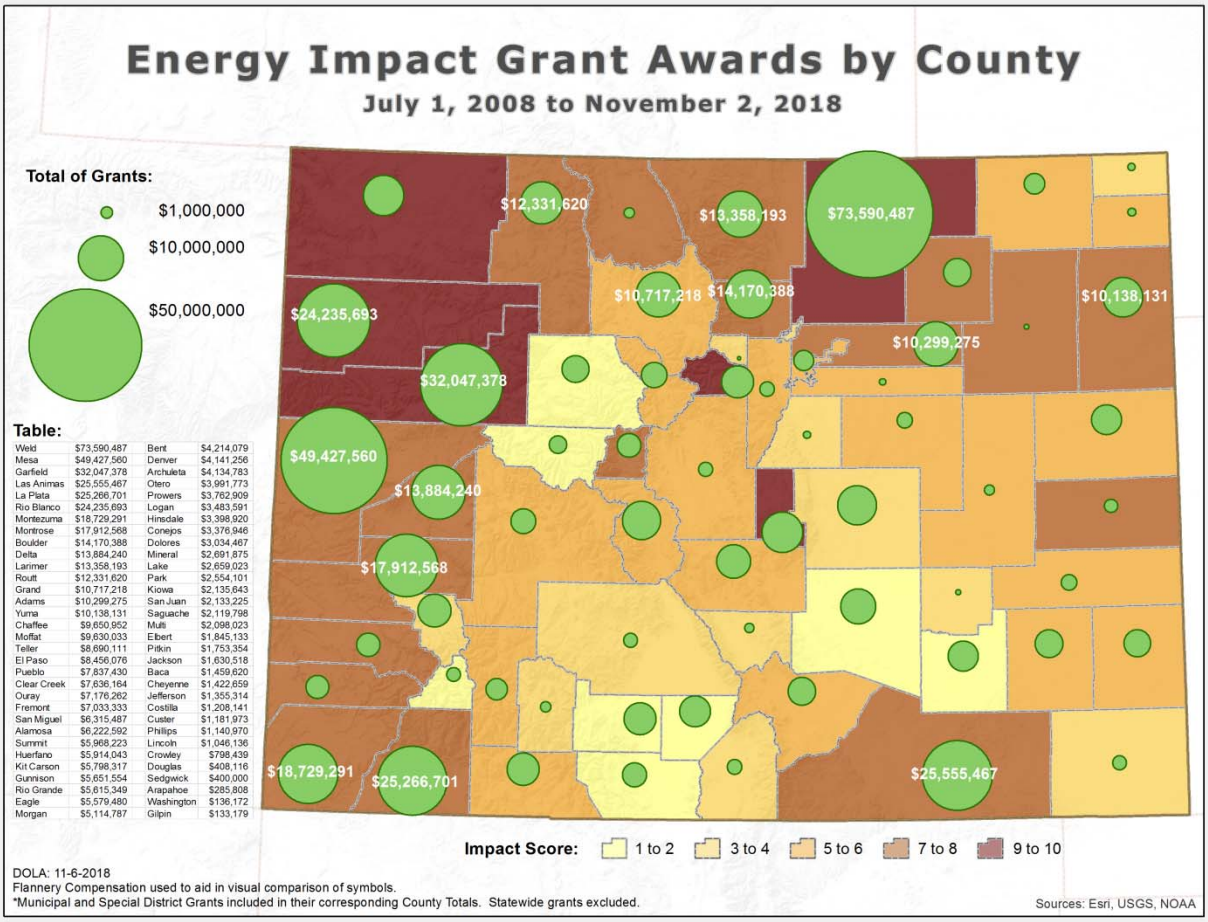


Table:

Weld	$73,590,487	Bent	$4,214,079
Mesa	$49,427,560	Denver	$4,141,256
Garfield	$32,047,378	Archuleta	$4,134,783
Las Animas	$25,555,467	Otero	$3,991,773
La Plata	$25,266,701	Prowers	$3,762,909
Rio Blanco	$24,235,693	Logan	$3,483,591
Montezuma	$18,729,291	Hinsdale	$3,398,920
Montrose	$17,912,568	Conejos	$3,376,946
Boulder	$14,170,388	Dolores	$3,034,467
Delta	$13,884,240	Mineral	$2,691,875
Larimer	$13,358,193	Lake	$2,659,023
Routt	$12,331,620	Park	$2,554,101
Grand	$10,717,218	Kiowa	$2,135,643
Adams	$10,299,275	San Juan	$2,133,225
Yuma	$10,138,131	Saguache	$2,119,798
Chaffee	$9,650,952	Multi	$2,098,023
Moffat	$9,630,033	Elbert	$1,845,133
Teller	$8,690,111	Pitkin	$1,753,354
El Paso	$8,456,076	Jackson	$1,630,518
Pueblo	$7,837,430	Baca	$1,459,620
Clear Creek	$7,636,164	Cheyenne	$1,422,659
Ouray	$7,176,262	Jefferson	$1,355,314
Fremont	$7,033,333	Costilla	$1,208,141
San Miguel	$6,315,487	Custer	$1,181,973
Alamosa	$6,222,592	Phillips	$1,140,970
Summit	$5,968,223	Lincoln	$1,046,136
Huerfano	$5,914,043	Crowley	$798,439
Kit Carson	$5,798,317	Douglas	$408,116
Gunnison	$5,651,554	Sedgwick	$400,000
Rio Grande	$5,615,349	Arapahoe	$285,808
Eagle	$5,579,480	Washington	$136,172
Morgan	$5,114,787	Gilpin	$133,179

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

At this time, there is no legislation that the Department has not implemented or only partially implemented. However, the Department has faced challenges in launching the Gray and Black Market Marijuana Enforcement Grant Program ('Gray & Black') using the reimbursement model ('backward-facing') stipulated in H.B. 17-1221. The first two application cycles in FY 2017-18 only resulted in total disbursements of $708,397 out of the first-year appropriation for Gray and Black grants of $5,836,222. Law enforcement agencies and district attorneys indicated that it was too burdensome to collect expense detail for relevant investigations from funds already expended. Beginning in FY 2018-19, the Department has elected to restructure this program by utilizing an advance payments model ('forward-facing') and is further discussed in question 16 on page 15 of the Department's formal hearing responses. At the current time, this proposal is still pending final approval by the Office of the State Controller since a fiscal rule waiver is required.

2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2018 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

Based on the SAO's follow-up audit process and information reported by the Department as of June 30, 2018, there are no outstanding audit recommendations. In the SAO's *2017 Annual Report: Status of Outstanding Audit Recommendations*, the Department also had no outstanding audit recommendations. From July 1, 2012, through June 30, 2017, the Department agreed or partially agreed to implement 20 audit recommendations. Two of these were from financial audits and 18 were from performance audits.

3 If the Department receives federal funds of any type, please respond to the following:

a. Are you expecting any changes in federal funding with the passage of the FFY 2018-19 or 2019-20 federal budget? If yes, in which programs, and what is the match requirement for each program?

The Department has not been informed of any significant changes to funding for federal programs from which it receives money.

b. Does the Department have a contingency plan if federal funds are eliminated?

Since the Department is not aware of any funding reductions to federal programs from which it receives money, no contingency plans have been developed. We continue to closely monitor discussions and proposals at the Federal level, along with partner

communities and agencies, for further developments.

c. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2018-19 or 2019-20.

The Department is not aware of any current or pending sanctions for state activities related to its federal funding.

4 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

The Department did not spend any of its funding on public awareness campaigns in FY 2017-18 and does not plan to do so in FY 2018-19.

5 Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy? Do the statewide compensation policies administered by the Department of Personnel help or hinder in addressing vacancy or turnover issues?

Information on FTE vacancies in FY 2017-18 for both the Department and each division is provided in the Schedules 3 and 14 included as part of the Department's FY 2019-20 budget submission. A summary of the division vacancies is provided below. This data was compiled as of June 30 at the close of FY 2017-18.

Division	FY 2017-18 Approp.	FY 2017-18 Actual	Vacancy Rate
Executive Director's Office	14.2 FTE	11.7 FTE	17.6%
Division of Property Taxation	37.2 FTE	34.3 FTE	7.8%
Board of Assessment Appeals	13.2 FTE	7.4 FTE	43.9%
Division of Housing	55.8 FTE	54.0 FTE	3.2%
Division of Local Government	58.8 FTE	56.3 FTE	4.3%

The vacancy rate for the Board of Assessment Appeals is misleading since appropriated FTE includes eight board members. These critical staff typically work 30-40 hours per month and pursuant to Section 24-50-603 (7), C.R.S., are provided full benefits for their service. To ensure that full salary benefits ('POTS') are provided to the Department, each of these staff must be appropriated at the level of 1.0 FTE. If the board members are excluded from both appropriated and actual FTE, then the vacancy rate for the Board of Assessment Appeals in FY 2016-17 drops nearly to zero.

The Department's FY 2017-18 employee turnover rate will be provided by the Department of Personnel and Administration in one of their hearing responses at a later date. Reasons for leaving the Department's employment are self-reported by separating employees and are often not provided. Reasons that have been provided include early retirement, accepting a job outside the State system, and personal reasons.

6 Please identify how many rules you have promulgated in the past two years (FYs 2016-17 and 2017-18). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

The Department has not promulgated any new rules within the past two fiscal years. In the past year, the Division of Housing has revised certain rules related to the Manufactured Buildings Program. The Department reviews all of its rules on an ongoing basis and has a place on its website for the public to submit comments on current rules. The Department has not conducted a cost-benefit analysis of the rules that apply to its various programs.

7 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general Consumer Price Index (CPI)? Please describe any specific cost escalations.

The Department only has a couple of state-funded programs that are driven by caseload. The largest of these are rental assistance programs. Between FY 2014-15 and FY 2017-18, the 'per person' cost of rental vouchers provided by state housing programs administered by the Division of Housing has exceeded the Denver-Boulder-Greeley CPI. This has been driven primarily by increasing rents in the Denver metro area. The following table summarizes this disparity over that time.

Fiscal Year	Cost of Voucher	Annual Increase	CPI-U	Annual Increase
2014-15	$7,205	n/a	238.6	n/a
2015-16	$7,452	3.4%	243.3	2.2%
2016-17	$8,184	8.9%	250.8	2.9%
2017-18	$9,024	9.3%	255.0	3.4%

The Department is also seeing impacts related to the rising cost of construction. The Federal Reserve Bank of St. Louis collects and publishes data on a variety of economic indicators including the price index for both construction materials and labor. The measures provided are calculated at a national level because they are not available at the state, regional, or local level. The national CPI-U increased by 1.0% in FY 2015-16, 1.7% in FY 2016-17, and 2.9% in FY 2017-18, while the Construction Cost Index increased by 0.7%, 3.4%, and 7.4%, respectively.

The Construction Cost Index combines the Producer Price Index for Construction Materials and the Employment Cost Index for Construction at a 4:1 ratio. This combination method is derived from the Division of Housing's administrative data on development costs, which shows that costs for materials constitute 76% of construction costs while labor constitutes 24%. The Department is currently reviewing its historic development data and collecting other local data to better understand how construction materials and labor costs are increasing locally. Increasing construction costs decreases the number of affordable housing units that the Department can fund with State funds.

8 How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes or service needs (e.g. aging population) that are different from general population growth?

The Colorado Choice Transitions (CCT) voucher program continues to see increasing demand from its service population. The Department of Health Care Policy and Financing (HCPF) received approval during the FY 2018-19 budget request cycle to fund additional referral coordination resources beginning on July 1, 2018, for the purpose of transitioning qualified clients from state institutions into affordable housing. In just a few months, this initiative has quickly proven very successful and means the Division of Housing doesn't have enough funding to meet the demand for this transition population. These increased referral levels are the primary basis for the Department's highest priority change request for FY 2019-20. Additionally, the Department anticipates submitting a January supplemental to address a projected overexpenditure in the CCT program by the end of FY 2018-19 that is also the result of a higher number of referrals.

9 Please provide an overview of the Department's current and future strategies for the use of outward facing technology (e.g. websites, apps) and the role of these technologies in the Department's interactions with the public.

The Department has utilized new and advanced technology to increase our ability to serve our customers more efficiently. In order to process our Colorado Open Records Act (CORA) documents more effectively and track all submissions and responses, the Communications team created an online submission web-form on the department's public-facing website that allows these requests to be directed to the Chief Administrative Officer without having to release a direct email address and also prevents errors in typing and selecting the appropriate source for submission. The Department is also serving as the State's pilot agency using electronic signatures on all grants and contracts issued from the Department to grantee or contract recipients. This process will save three weeks in processing time on all grants and contracts, as well as many loans, issued by the Department and has been recognized as a 3E (Effective, Efficient, Elegant) project by the Governor's Office on Lean initiatives for cutting waste and saving time.

The Division of Housing (DOH) has launched a new online portal that allows for the acceptance of online payments and has reduced the time for processing payments. DOH has also created an online interactive tool which features housing affordability data that looks at the following categories: rental gaps, affordability by household, cost burden mapping, housing burden by county, ownership supply and demand, rent distribution, and AMI income by rent levels. The interactive tool is managed by both the Communications team and DOH to ensure data is timely and is updated through a system called Tableau.

Over the summer, the Division of Property Taxation (DPT) launched a new Assessor's online reference library on DOLA's website. The video library allows for county assessors to access a basic overview of assessment statistics and State Board of Equalization requirements, time trending techniques and exposure to the performance evaluation process, all of which enhance their knowledge base in their field. DPT will work in conjunction with the Communications team to add more courses each year.

The Division of Local Government (DLG) has launched a new portal for grant applications on the Department's external website, which has simplified their grant-making process and is also recognized as a 3E project by the Governor's Office. The portal is intuitive and leads filing entities through the grant application, as well as notifies them of successful applications that result in awards. The portal also leads applicants through various contracting and reporting requirements. Several of DLG's programs are now utilizing the online portal for grant applications including: Energy/Mineral Impact Assistance Funds (EIAF), Community Development Block Grants, Limited Gaming Impact, Gray and Black Market Marijuana Enforcement, Peace Officers Mental Health Support, and the Defense Counsel First Appearance Program (H.B. 18-1353).

The Department has implemented a social media strategy that includes methodologies to increase public engagement and awareness. The Department has also added social media applications to its Communications Plan and incorporated HooteSuite as a tool so messaging is consistent across all social media applications including LinkedIn, Facebook, and Twitter. Our Twitter application feeds directly to our external website calendar on the homepage and allows for customers to see what is going on within the department. Information is also shared daily with the public regarding external events such as housing groundbreakings; upcoming legislative changes that impact the public; grant awards; press releases; program launches; and other public meetings.

10 What is the Department's process for engaging in (or disputing) federal land, environmental, jurisdictional, and/or water policy issues? How do you coordinate with other departments, the Governor's Office, local governments, and/or citizens?

Federal Lands: The Department's Division of Local Government (DLG) offers grants for planning analysis, public engagement, coordination and collaboration with federal agencies and stakeholders. Technical assistance is offered for entering into cooperating agency relationships or memorandums of understanding with federal agencies, sharing information and expertise with federal land managers, developing local land use or related plans with the meaning, hiring consultants to perform analyses of local government interest, implementing similar methods to improve coordination, cooperation and collaboration.

Environmental/Water Policy Issues: DLG is a partner in many programs that affect the environment and plays an active role in several key environmental programs. As a result of disaster recovery from the 2013 floods, the Department is the lead on several planning and infrastructure projects through watershed coalitions and serves as a partner with the Department of Natural Resources. As community planning experts, the Department assists local governments in rural Colorado in their efforts to address natural hazards in planning. The Department provides grants to major statewide infrastructure projects in rural Colorado including water and wastewater service systems and serves as the credit evaluator for communities seeking funds through the State's Revolving Loan Fund for water and wastewater service systems.

Coordination with Local Governments: DLG provides strategic expertise, advocacy and funding to all forms of local government in Colorado including special districts, municipalities, counties and councils of governments. Sections within the Division include

the Local Government Services including the largest clearing house on local government budgeting and finance; the Community Development Office experts in community and land use planning often the first consulted by rural Colorado on community land use; the State's Demography Office who is the primary state agency for all of Colorado's population and demographic information; the Field Team which includes eight Regional Managers whose backgrounds as leaders in local government management offer capacity and strategic planning primarily to rural Colorado; and finally Financial Assistance through 13 different state and federal funding programs offering grants, loans and formulaic distributions to Colorado's communities. This Division is one of the first stops on any new legislation drafted to provide input on impacts to Colorado's local governments.

Coordination with Other Departments and the Governor's Office

- Rural, Response, Recovery, and Resilience (4R): This program primarily focuses on economically stabilizing rural Colorado coal country. Staff has been hired to ensure, across all state departments, resources are brought to communities. Coordinated efforts are intended to reduce the draw on often small community operating capacity to gain access to resources the state offers.

- Colorado Resiliency Office (CRO): Once under the Governor's Office, the CRO has been integrated into DLG to oversee Colorado's portfolio of resiliency efforts and thread together the network of agencies and resources to streamline actions and investments, advocate for resources, solve complex policy challenges, and support local, state and federal efforts to address communities vulnerable to shocks and stresses. This function was codified in statute with the adoption of H.B. 18-1394. The Department's FY 2019-20 budget submission includes a change request (R-02) to provide permanent state funds for the CRO.

- Broadband: As a member of the Broadband Deployment board and a funder of broadband efforts in Colorado's rural communities, the Division promotes inter-jurisdictional communication, supports better access to service, and provides planning and middle-mile infrastructure grants. The Division also supported the Governor's Office in its efforts to educate local governments on cybersecurity concerns.