



**COLORADO**  
Office of State Planning  
& Budgeting

111 State Capitol  
Denver, Colorado 80203

# FY 2016-17

## Figure Setting Comeback Requests for Executive Branch Agencies

March 18, 2016





## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |   |
|-------------|---|
| Department: | Governor's Office of Information Technology |
| Title:      | R2 OIT CBMS/PEAK Annual Base Adjustment     |

|               | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action       | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|---------------|-----------------------------|---------------------------------|---------------------|---------------------|---|
| <b>Total</b>  | <b>\$30,594,174</b>         | <b>\$23,074,827</b>             | <b>\$12,727,441</b> | <b>\$23,074,827</b> | <b>\$10,347,386</b>                                     |
| GF            | \$0                         | \$0                             | \$0                 | \$0                 | \$0   |
| CF            | \$0                         | \$0                             | \$0                 | \$0                 | \$0   |
| RF            | \$30,594,174                | \$23,074,827                    | \$12,727,441        | \$23,074,827        | \$10,347,386  |
| FF            | \$0                         | \$0                             | \$0                 | \$0                 | \$0   |
| <i>Net GF</i> | \$12,173,817                | \$15,348,082                    | \$7,989,956         | \$15,348,082        | \$7,358,126   |

### Summary of Initial Request:

The Governor's Office of Information Technology, in partnership with the Department of Health Care Policy and Financing and the Department of Human Services, requested an increase of \$23,074,827 total funds, including \$15,348,082 General Fund, for FY 2016-17 and each year thereafter for projected system operations and maintenance, and funding for 117,276 vendor pool hours.

### Committee Action:

The Committee partially approved the request in the amount \$12,727,411 total funds, of which \$7,989,956 was General Fund. This action eliminates funding to address contractual cost increases and software licensing issues, improve customer support, and enable electronic document management. In addition, the Committee voted to fund approximately 75% of the departments' requests for vendor pool hours to implement system changes made necessary by budgetary decisions, legislative changes, and operational policy changes.

The following table provides more specific detail of the items denied or reduced by the JBC's action:

| Item   | FY17<br>CBMS/PEAK<br>Request | JBC<br>Action       | Comeback<br>Request | Difference<br>Between<br>Action and<br>Comeback<br>Request |
|--|------------------------------|---------------------|---------------------|--|
| Current Operating and Contract Cost Containment  | \$1,379,585                  | \$0                 | \$1,379,585         | \$1,379,585  |
| Consumer Application Support                     | \$1,972,947                  | \$623,036           | \$1,972,947         | \$1,349,911  |
| Integrated Support Model Resources (Call Center) | \$551,358                    | \$0                 | \$551,358           | \$551,358  |
| Electronic Document Management System (EDMS)     | \$1,497,520                  | \$0                 | \$1,497,520         | \$1,497,520  |
| Software Licenses                                | \$599,200                    | \$0                 | \$599,200           | \$599,200  |
| Pool Hours                                       | \$16,066,812                 | \$11,097,000        | \$16,066,812        | \$4,969,812  |
| <b>Total</b>                                     | <b>\$22,067,422</b>          | <b>\$11,720,036</b> | <b>\$22,067,422</b> | <b>\$10,347,386</b>  |

## **OSPB Comeback:**

The Office of State Planning and Budgeting respectfully requests that the JBC approve the FY 2016-17 CBMS/PEAK annual base adjustment request as submitted. The CBMS budget request provides the funding necessary to maintain and operate a highly complicated system. The Committee's action does not allow sufficient funding to comply with federal mandates for the system. If the agencies cannot comply, federal funding for the Medicaid program and Supplemental Nutrition Assistance Program (SNAP) is at risk, jeopardizing services to millions of Coloradans.

When CBMS was not properly funded and maintained in the past, prior to the significant investments in FY 2012-13, FY 2013-14 and FY 2014-15, the system became inefficient and unstable. In addition, the State was entered into a court-ordered settlement agreement due to the lack of performance of the system. By not funding the request, the State risks further poor CBMS system performance, which may necessitate an even larger investment of scarce budgetary resources on a recurring basis in the future.

The CBMS request will fund projects that are imperative to the affected State agencies, along with county partners and other stakeholders. These critical projects include:

- simplification of client correspondence by incorporating client, stakeholder and county feedback and testing. Includes language and formatting changes for the most commonly distributed client correspondence;
- integration of The Work Number (TWN) income verification system to expedite eligibility redetermination, income verification, and residence status to improve timeliness in processing applications;
- simplification of the Interim Assistance Reimbursement collection process to increase state funds recovered and comply with pending federal audit results;
- Modifications to CBMS and PEAK to improve efficiency when "suspending" an individual's benefits while incarcerated and lifting suspension when the client meets hospitalization requirements or is released; and
- Implementation of additional security-related software and architecture modifications to comply with IT security requirements and to maintain the authority to connect to the federal data services hub for verifications.

The Committee's decision to only partially fund the request was primarily based on an assumption that as the State approaches the reprocurement of CBMS, work will need to stop for a significant period of time to allow for a transition period. This assumption is incorrect. The Centers for Medicare and Medicaid (CMS) have informally informed the Department of Health Care Policy and Financing that the State's proposal for a six-month transition plan, with a complete code freeze to the current system, is unacceptable and will not be approved. Rather, the CBMS RFP and current vendor contract will be structured to minimize the operational impact on CBMS as the reprocurement progresses. Full funding of the items in the request will provide the resources necessary for the agencies to accomplish the required changes and properly plan for the transition period.

During the figure setting discussion for CBMS, it was also suggested that the departments should reconcile unfunded needs through a future supplemental request. This does not allow for proper

resource planning to maintain and operate the system. For large information technology systems, proper planning and an up-front allocation of resources are critical factors for success. For this reason, the FY 2016-17 CBMS budget request anticipates annual ongoing funding, which is expected to provide support for CBMS and the contracting vendors for the foreseeable future. It is the intent of the agencies to support CBMS within the requested appropriation, and the departments to not anticipate future budget requests unless there is unforeseen event.

Despite the planned reprocurement, the important CBMS changes necessitated by state and federal mandates must continue throughout FY 2016-17. The financial resources included in the request are critical to achieve these changes and remain in compliance with state and federal requirements. Failure to do so places Colorado at risk of financial penalties and disallowances from our federal regulators and auditors.

### **Detailed Information in Support of the Comeback Request:**

See Addendum A for incremental details of the comeback request. Further information in support of the request and to answer questions raised by the Committee during figure setting is provided as follows:

#### ***Consumer Application Support Resources***

Without the requested support resources, there is significant risk to security and operations of CBMS. Needed system changes have increased fivefold, and over 100,000 development hours per year are required to implement these required changes. When the State maintained CBMS at only 20,000 annual hours and at the original level of staffing, the system became unstable and inefficient, which necessitated the significant investment of resources into CBMS in FY 2012-13, FY 2013-14, and FY 2014-15.

The request as submitted included funding for 19 contract resources to provide necessary support for CBMS and the several applications that have been developed over time that integrate with CBMS (PEAK, PEAK PRO, Health Mobile Applications, and the Shared Eligibility System are some notable examples). JBC action during figure setting reduced the FY 2016-17 funding from the \$1,972,947 total funds requested to \$623,036 total funds and reduced the number of resources from 19 contract staff to 6 State FTE based on the fact that the JBC action funded the pool hours in the request at a lesser level.

The previous two CBMS work plans funded by the General Assembly included funding for additional technical resources to support the significant development efforts, recognizing the limitations of existing resources. However, funding for these resources was temporary in nature. In order to sustain the current and requested level of development and maintenance while minimizing security risk for CBMS, PEAK and all related applications, it is evident that additional technical quality assurance resources need to be dedicated on an ongoing basis to align with the full scope of the technical architecture and system changes, and to reduce potential coding defects in application releases through dedicated code reviews and testing.

During figure setting, the JBC staff recommendation was approved by the Committee to fund State FTE, rather than contractor resources given the lower cost traditionally associated with ongoing State

FTE. However, the funding request was already calculated using State FTE rates for the 19 contract resources. The departments requested all of the resources as contractors to provide maximum flexibility in securing the resources required, but expect to manage to the requested appropriation using State FTE rates for the 19 contract resources.

### ***Incremental Current Base Increase***

If this incremental base increase is not funded as requested, the State will not have the proper funding for the CBMS vendor contract and county infrastructure will be underfunded, which will lead to increased application processing times and additional legal consequences.

The requested increase to the base budget of \$1,379,585 is the projected increase to the operating and contract costs associated with CBMS, and is attributable to a number of factors, including an inflationary factor to support the vendor contract and counties' infrastructure.

### ***Electronic Document Management System***

The EDMS portion of the CBMS request provides a platform that can be leveraged to build a statewide solution. Once the EDMS solution is implemented, the various agencies may request additional funding in the future to use the platform for other programs, and allocate the costs accordingly. At this time, proceeding with the platform as part of the CBMS system is the best approach because enhanced federal funding is available to cover the Medicaid share of the implementation. In addition, Medicaid continues to receive significant, reoccurring auditing findings and recommendations from the State Auditor concerning missing documentation supporting a client's eligibility. For this reason, waiting to fund for a statewide solution in future budget years through the budget process is not acceptable. By leveraging the Medicaid enhanced funding through this request, the State is maximizing the available federal funding and leveraging investments that have already occurred. In addition, providing a solution within CBMS reduces the risk of disallowances from state and federal audits that may occur because paper documentation was not retained.

The EDMS provides a method to upload, view, and print documents from a central electronic repository of eligibility documentation. The request builds upon investments that have already occurred. Initial EDMS functionality was developed through the PEAK client portal to provide consumers with capabilities to upload required documents in the application and eligibility determination process. Phase One included upload functionality, document imaging/digitization, and storage that can be accessed by eligibility workers and State staff. The initial EDMS functionality was made available through enhanced federal funding HCPF obtained specifically for this purpose.

As requested through this budget request, a statewide centralized scanning and storage infrastructure will increase administrative efficiencies, support workflow management, and improve the user experience. The EDMS has the potential to serve any state application and assist any state agency or program. EDMS is built on a platform that is in alignment with the State's enterprise application for document management.

### ***Integrated Support Model***

The departments requested funding of \$551,358 to support a Level 1 call center with seven employees. This will create an adequately staffed and technologically enabled call center to provide consumers, assistants, and eligibility technicians with helpdesk support and assistance for those experiencing technical issues with the modernized eligibility system or mobile application. In the current framework, there is no consumer technical assistance in place. Consumers and those assisting them are directed to email their issues to [cbms.helpdesk@state.co.us](mailto:cbms.helpdesk@state.co.us). That inbox does not have dedicated staff and is checked periodically by administrative staff. The currently-assigned staff members are not trained for helpdesk support, and cannot provide technical assistance. Based on their limited knowledge, they triage the requests to the OIT Help Desk for a response while end users wait in limbo for a response. Users never have an opportunity to discuss their issues directly with qualified helpdesk staff. This lack of coordination for users experiencing technology challenges often results in consumers submitting multiple online applications, experiencing elevated levels of frustration, or disregarding the online services entirely, which drives more in-person assistance at the eligibility sites.

### ***Software Licenses for Integrated Support Model***

The departments requested \$599,200 for additional CRM software licenses (\$440,800) and IVR licenses (\$158,400) to expand the current technology to the Integrated Support Model included in the request. The requested funding does not fund any of the HCPF Customer Service Center technologies, as those costs are funded through a separate line in the HCPF budget.

HCPF acquired new high performing and scalable cloud-based call center technologies in 2013 due to health care reform to increase access and improve the service delivery model statewide. These IVR and CRM solutions support a consumer centric approach and ensure assistance is tracked and addressed timely and accurately through resolution. Assistance is delivered through a toll-free phone number with self-service options or automated requests, via email, through web-based forms, and via web chat. The systems collect data through real-time reporting, and establish a framework for information sharing and quality performance metrics.

The goal of the Integrated Support Model is to improve the client experience when interacting with the State of Colorado. Unnecessary work is being created across multiple state agencies statewide there is not a coordinated model with a centralized point of contact. The integrated support model cannot wait until the new eligibility determination system vendor contract is awarded.

This project is not related to the procurement of a vendor to support CBMS and PEAK, and does not impact the resources that maintain or improve the systems. The CBMS RFP may provide an option for the vendor to provide this service, but the agencies have yet to decide who should be the correct vendor for this purpose, and may issue a separate solicitation for a July 2016 implementation, since there is urgency to provide this service to Coloradans.

### ***CBMS Pools Hours***

The requested CBMS pool hours are pivotal to CBMS system development and the prioritization of projects. Reducing pool hours to seventy-five percent of the requested amount will result in delayed implementation of changes required to implement budget decisions, legislation, and department-initiated policy changes. The agencies must continue to comply with federal and state requirements and avoid disallowances, penalties, and disruption of services or benefits to clients. Full funding of

the pool hours will provide the greatest flexibility to accomplish this. Without these pool hours, the State will risk additional federal disallowances and audit findings, and will be unable to meet federal regulatory and state statute mandates.

The agencies utilize CBMS pool hours to drive system modifications that foster efficient enrollment, improve service delivery, and maintain compliance with state, federal, and security mandates. Pool hours also enable development related to improvements in reporting, auditing, and quality control functionality. For example, over the past two years, CBMS and all related applications adopted a project that allows programs to have access to critical data in support of performance and processing analyses. This includes presenting current and historical data in dashboards that are available on an ad-hoc basis and accessible to support predictive analysis, workload monitoring, and strategic planning.

As an example of needed future development, an audit module in CBMS is necessary for quality assurance and compliance. The counties and medical assistance sites are required to conduct monitoring activities and participate in federal and state audits. There is currently not functionality in CBMS to easily retrieve data for recurring program reviews. New development would support automatic data pulls and would generate reports to ensure compliance with state and federal regulations, confirm verification matches with CBMS, and identify under/over payment errors. This new system component would eliminate manual processes currently used for several key audits that are performed and conducted by HCPF and CDHS. By having the data readily available and easily accessible, the eligibility sites can focus on identifying methods to reduce errors and incorrect eligibility determinations.

A sampling of current and future projects that would be supported by pool hours is included on Addendum B.

### **Responses to Committee Questions During CBMS Figure Setting:**

#### ***March 2015 to March 2016 Pools Hours Report***

The March 2015 to March 2016 Pool Hours report was provided to the JBC to demonstrate how HCPF's CBMS pool hours have been used. It was not intended to supply additional information to override the Budget Request, which contains 40,000 CBMS pool hours allocated to HCPF. During the time between March 2015 and March 2016, the new shared eligibility system (SES) was created and corresponding eligibility determination system modifications occurred to improve the consumer/user experience and meet federal requirements. Cost allocation to the Marketplace followed the approved CMS cost allocation, but the total cost was included in the 69,000 Pool Hours provided in the report to the JBC. In the past, HCPF has used more than the 40,000 pool hours, but the Department is committed to limit CBMS changes within the appropriation as requested, barring unforeseen events.

#### ***Role of the JTC***

Because this request is for the ongoing maintenance of an existing system, and because the JBC has considered CBMS requests in the past without the involvement of the Joint Technology Committee or Capital Development Committee, it was not submitted through the JTC. As stated in responses to JBC staff questions, the agencies are willing to consult with the JTC and provide any reporting requested by the JBC or JTC regarding projects funded through the request.



**ADDENDUM A**

Table 1 and Table 2 provide the incremental detail of the comeback request.

| Item                                | R2 Requested Amount |                     | JBC Action    |                     | Comeback Request |                     | Difference between Action and Comeback |                    |
|-------------------------------------|---------------------|---------------------|---------------|---------------------|------------------|---------------------|--|--------------------|
|                                     | Pool Hours          | Total Funds         | Pool Hours    | Total Funds         | Pool Hours       | Total Funds         | Pool Hours                             | Total Funds        |
| <b>OIT Total</b>                    | <b>15,000</b>       | <b>\$2,055,000</b>  | <b>11,250</b> | <b>\$1,541,250</b>  | <b>15,000</b>    | <b>\$2,055,000</b>  | <b>3,750</b>                           | <b>\$513,750</b>   |
| Base and Project/Enhancements       | 15,000              | 2,055,000           | 11,250        | \$1,541,250         | 15,000           | \$2,055,000         | 3,750                                  | \$513,750          |
| <b>DHS Total</b>                    | <b>38,000</b>       | <b>\$5,206,000</b>  | <b>28,500</b> | <b>\$3,904,500</b>  | <b>38,000</b>    | <b>\$5,206,000</b>  | <b>9,500</b>                           | <b>\$1,301,500</b> |
| Employment & Benefits Base          | 18,000              | 2,466,000           | 13,500        | \$1,849,500         | 18,000           | \$2,466,000         | 4,500                                  | \$616,500          |
| Food & Energy (SNAP) Base           | 20,000              | 2,740,000           | 15,000        | \$2,055,000         | 20,000           | \$2,740,000         | 5,000                                  | \$685,000          |
| <b>HCPF Total</b>                   | <b>45,000</b>       | <b>\$6,165,000</b>  | <b>33,750</b> | <b>\$4,623,750</b>  | <b>45,000</b>    | <b>\$6,165,000</b>  | <b>11,250</b>                          | <b>\$1,541,250</b> |
| Base Pool                           | 40,000              | \$5,480,000         | 30,000        | \$4,110,000         | 40,000           | \$5,480,000         | 10,000                                 | \$1,370,000        |
| 50/50 Standard RMS                  | 16,000              | 2,192,000           | 12,000        | \$1,644,000         | 16,000           | \$2,192,000         | 4,000                                  | \$548,000          |
| 75/25 RMS                           | 24,000              | 3,288,000           | 18,000        | \$2,466,000         | 24,000           | \$3,288,000         | 6,000                                  | \$822,000          |
| PEAK Health                         | 5,000               | 685,000             | 3,750         | \$513,750           | 5,000            | \$685,000           | 1,250                                  | \$171,250          |
| <b>Joint Total</b>                  | <b>19,276</b>       | <b>\$2,640,812</b>  | <b>7,500</b>  | <b>\$1,027,500</b>  | <b>19,276</b>    | <b>\$2,640,812</b>  | <b>11,776</b>                          | <b>\$1,613,312</b> |
| CCUG County Dashboard               | 10,000              | 1,370,000           | 7,500         | \$1,027,500         | 10,000           | \$1,370,000         | 2,500                                  | \$342,500          |
| Audit Expansion Module              | 3,500               | 479,500             | 0             | \$0                 | 3,500            | \$479,500           | 3,500                                  | \$479,500          |
| EDMS Vendor Hours                   | 4,081               | 559,097             | 0             | \$0                 | 4,081            | \$559,097           | 4,081                                  | \$559,097          |
| CRM Development                     | 1,095               | 150,015             | 0             | \$0                 | 1,095            | \$150,015           | 1,095                                  | \$150,015          |
| Data Analytics/Executive Dashboards | 600                 | 82,200              | 0             | \$0                 | 600              | \$82,200            | 600                                    | \$82,200           |
| <b>TOTAL</b>                        | <b>117,276</b>      | <b>\$16,066,812</b> | <b>81,000</b> | <b>\$11,097,000</b> | <b>117,276</b>   | <b>\$16,066,812</b> | <b>36,276</b>                          | <b>\$4,969,812</b> |

| Item   | R2 Requested Amount | JBC Action         | Comeback Request   | Difference between Action and Comeback |
|--|---------------------|--------------------|--------------------|--|
| Current Operating and Contract Cost Component    | \$1,379,585         | \$0                | \$1,379,585        | \$1,379,585                            |
| Client Correspondence Incremental Increase       | \$410,000           | \$410,000          | \$410,000          | \$0                                    |
| PEAK Outreach and Training                       | \$397,405           | \$397,405          | \$397,405          | \$0                                    |
| Consumer Application Support                     | \$1,972,947         | \$623,036          | \$1,972,947        | \$1,349,911                            |
| Integrated Support Model Resources (Call Center) | \$551,358           | \$0                | \$551,358          | \$551,358                              |
| Electronic Document Management System (EDMS)     | \$1,497,520         | \$0                | \$1,497,520        | \$1,497,520                            |
| IV&V Security Assessments                        | \$200,000           | \$200,000          | \$200,000          | \$0                                    |
| Software Licenses                                | \$599,200           | \$0                | \$599,200          | \$599,200                              |
| <b>Incremental Change</b>                        | <b>\$7,008,015</b>  | <b>\$1,630,441</b> | <b>\$7,008,015</b> | <b>\$5,377,574</b>                     |

## ADDENDUM B

The requested CBMS Pool Hours will be used to develop these types of projects as provided in this sampling of projects:

- **Modifications to PEAK RTE Decision Tree.** PEAK Real Time Eligibility was creating new duplicate State IDs for clients who already had a State ID within CBMS. This was leading to duplicate work on the part of counties to merge client IDs with existing cases and meant that clients were unable to link to their complete case information through PEAK Manage My Accounts. The modifications changed the system so that any client who scored between an 85 – 95.99 match would be sent to the PEAK Inbox so that county workers could match their application to an existing State ID and case.
- **Verifications Due Report Modifications.** This was an expansion of an existing report to include all High Level Program Groups (HLPG) so that counties could better manage their workloads and avoid cases going overdue that are pending verifications. It allowed for more proactive engagement of clients around submitting verifications, and worked to increase timeliness statewide.
- **Identify Active Household Members.** This project changed how active and inactive household members appear on a case in CBMS – putting inactive household members in a different font and listing them at the bottom of the case information. This change enables county technicians to process cases more efficiently by clearly indicating who is active and inactive on a particular case.
- **Automated Effective End Date for Earned Income.** This project automated changes to the effective end date for income when the technician end dates employment on the Employment History page in CBMS. This change ended the duplication of entering end dates on multiple pages in CBMS and greatly reduced errors by eliminating the need to manually enter end dates on multiple pages. The impact to clients has been improved determination accuracy and the correct calculation of benefits based on true income. This project was so well received that CCUG is sponsoring a second project to include this functionality on additional pages in CBMS.
- **PEAK Interview Message.** This change added language to the PEAK results page to inform clients of the need to complete an interview when applying for Food Assistance, Adult Financial programs, and/or Colorado Works. Counties see a large number of no-shows and reschedules for interviews for these programs, and this change helped to educate clients as to the next steps in the process. This change also aided in reducing the number of client inquiries received at the County level around next steps in the application process.
- **Verification Check List Updates.** This project included the expansion of the verifications field in CBMS to 325 characters so that more information could be provided to the technician regarding which verifications are needed to process the case. Additionally, this change included the addition of an “Inquire” button that allows a technician to quickly view which verifications caused a program or case to close.

- Automating IRS 1095-B. Form 1095-B is used to report information to the IRS and to taxpayers about individuals who are covered by minimum essential health care coverage. Part two of the project is designed to electronically transmit the files to the IRS.
- Security Compliance. Additional security related software and architecture modifications to comply with IT security requirements and to maintain the authority to connect to the federal data services hub for verifications.
- Incarceration Suspension. Modifications to CBMS and PEAK to “suspend” an individual’s benefits while incarcerated and lift suspension when the client meets hospitalization requirements or is released. Incarcerated individuals eligible for Medicaid can receive Medicaid benefits when hospitalized for at least 24 hours.
- Interfaces. Creates interfaces between CBMS and HCPF’s new Business Intelligence and Data Management System (BIDM), the Long-Term Services and Supports Case and Care Management System (VITAL), and claims processing system, the Colorado InterChange.
- Annualized Income. Modifications in CBMS and PEAK to allow for annualized income used in medical eligibility determinations to align with the health exchange and minimize the impact of churn for populations that have predictable fluctuations in income within the calendar year.
- 5-Year Bar Updates. Modifications to remove the 5-year bar requirement for lawfully residing immigrants in Non-MAGI categories of Medicaid, as already authorized by the General Assembly.
- Additional Income and Asset Verification. Incorporate additional income verification sources available through the federal data services hub to verify income for Medicaid determinations to reduce incorrect eligibility determinations. In addition, develop interfaces with financial institutions to verify accounts of individuals applying for Medicaid that have an asset.
- 1095-B Trails/Foster Care Interface. Create an interface between the Trails and CBMS to facilitate 1095-B forms being sent to children in foster care, allow for updates to that data, where appropriate, and direct transmittal of data to the IRS, as required by federal law.
- Revision of Client Correspondence. Simplify client correspondence by incorporating client, stakeholder and county feedback and testing. Includes language and formatting changes for the most commonly distributed client correspondence.
- Modify client correspondence to update language in response to changing policy requirements (e.g., non-discrimination statement, safeguards to prevent erroneous and duplicative mailing, and automated correspondence interfaces to ensure proper client noticing).
- Modernize Adult Financial programs, including clarifying and streamlining rules to align Adult Financial programs with other programs as permitted by statute.
- Build functionality, both on-line and mobile, to allow clients to upload documents that would affect application processing timeliness, payment accuracy, and work participation rate (WPR).

- Simplify the Interim Assistance Reimbursement collection process to increase state funds recovered and comply with pending federal audit results.
- Create functionality to provide Colorado Works benefits after a customer becomes employed (yet loses benefits) in order to increase countable Work Participation hours/activities and support families to transition from welfare to work.
- Reduce user errors by automating processes (i.e., automatically starting redeterminations).
- Improve system interfaces to more readily access data across programs.
- Implement a Quality Assurance real time solution which will identify error trends to allow proactive resolution to root causes, identify user-created inefficiencies that potentially drive errors, and more quickly intervene in problematic areas that typically cause errors.
- Modify client correspondence to update language in response to changing policy requirements (e.g., non-discrimination statement, safeguards to prevent erroneous and duplicative mailing, and automated correspondence interfaces to ensure proper client noticing).
- Integrate The Work Number (TWN) income verification system to expedite eligibility redetermination, income verification, and residence status to improve timeliness in processing applications.

## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |  |
|-------------|--|
| Department: | Department of Human Services                 |
| Title:      | SB 15-109 County Funding and Licensing Costs |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action      | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|--------------------|---------------------|---|
| <b>Total</b> | <b>\$0</b>                  | <b>\$8,038,410</b>              | <b>\$3,953,289</b> | <b>\$6,557,760</b>  | <b>\$2,604,471</b>                                      |
| GF           | 0.0                         | \$6,770,407                     | \$3,202,631        | \$5,289,757         | \$2,087,126   |
| CF           | \$0                         | \$1,268,003                     | \$750,658          | \$1,268,003         | \$517,345   |
| RF           | \$0                         | \$0                             | \$0                | \$0                 | \$0   |
| FF           | \$0                         | \$0                             | \$0                | \$0                 | \$0   |

### Summary of Initial Request:

The Department of Human Services requested full funding for the At-Risk Adults with Intellectual and Developmental Disabilities (I/DD) Mandatory Reporting Implementation Task Force (SB 15-109 Task Force) recommendations for FY 2016-17 totaling \$8,038,410 total funds, including \$6,770,407 General Fund. This included funding for Adult Protective Services staff that was not funded through SB 13-111 and software licenses for adult protective services staff.

### Committee Action:

The Joint Budget Committee funded \$3,953,289 of the \$8,038,410 in funding included in the SB 15-109 Task Force report for FY 2016-17. This included funding for the county staff as well as county and DA training. The JBC voted to deny funding in four areas:

1. County staff deficit funding from SB 13-111
2. Software licenses for new Adult Protective Service staff
3. Two additional State FTE
4. Law enforcement training funds

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Joint Budget Committee approve \$2,604,471 total funds, including \$2,087,126 General Fund. This will provide funding for the counties to hire necessary Adult Protective Service (APS) staff that were not funded through SB 13-111, as well as software licenses for county staff.

### County Staff Deficit Funding

OSPB requests \$2,586,726 to close a deficit in funding created by a larger number of reports of mistreatment of at-risk elders that resulted from the implementation of SB 13-111. Since this funding would be provided according to the current 80% General Fund, 20% County match requirement, \$2,069,381 of the requested amount would come from the General Fund and the remainder would be from county matching funds. This additional staff will fund approximately:

25.5 County Case Workers  
4.3 County Supervisors  
2.6 County Attorneys  
32.4 Total FTE

Adequate staffing at the county level, including caseworkers and supervisors, is critical to meeting the demand for APS services. With the implementation of mandatory reporting through SB 13-111, the number of reports has jumped by 41 percent, when only a 15 percent increase in reports was anticipated and budgeted for through the bill's fiscal note. Counties are currently facing a much higher caseload than anticipated and are unable to maintain staffing ratios of 25:1 as recommended by the National Adult Protective Services Association. While the new funding for county APS staff related to the mandatory reporting requirements in SB 15-109 is necessary, this new staff does not fill the deficit that already exists for this program.

Adequate staffing allows county APS programs to have the resources necessary to ensure reports can be investigated fully and that quality protective services are provided. This caseload average also helps to ensure that APS staff is able to attend ongoing educational training opportunities to continue to hone their expertise in responding to reports of mistreatment of the at-risk adults served by the APS program.

While it appears that the request to fund county deficits in APS administration funding is not specific to meet the needs of SB 15-109 implementation, the State cannot continue to expect quality and effective APS casework without having adequate staffing at the county level. The increase in APS reports and cases will continue as legislation such as SB 15-109 adds additional populations to the mandatory reporting statute. This compounds the problem, increases caseloads, and puts vulnerable populations at risk.

#### ***Software Licenses***

The Office of State Planning and Budgeting requests \$17,745 to pay for data system licenses for the additional County APS staff funded for FY 2016-17. The software licenses requested by the SB 15-109 Task Force are necessary for the 47 new county FTE that were approved by the JBC during figure setting. Without this funding, APS will not be able to secure the software licenses for the new county APS staff, and these 47 new county employees will be unable to enter casework into the APS system as required by State rule.

OSPB respectfully requests that the Committee reconsider its actions and fund these two critical needs for Adult Protective Services.

## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |   |
|-------------|---|
| Department: | Department of Public Health and Environment |
| Title:      | Oil and Gas Risk Assessment                 |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|---------------|---------------------|---|
| <b>Total</b> | <b>\$0</b>                  | <b>\$218,361</b>                | <b>\$0</b>    | <b>\$418,144</b>    | <b>\$418,144</b>  |
| FTE          | 0.0                         | 0.2                             | 0.0           | 0.2                 | 0.2   |
| GF           | \$0                         | \$0                             | \$0           | \$0                 | \$0   |
| CF           | \$0                         | \$218,361                       | \$0           | \$209,072           | \$209,072   |
| RF           | \$0                         | \$0                             | \$0           | \$209,072           | \$209,072   |
| FF           | \$0                         | \$0                             | \$0           | \$0                 | \$0   |

### Summary of Initial Request:

The Department of Public Health and Environment requested \$218,361 and 0.2 FTE in FY 2016-17 and \$409,883 and 0.2 FTE in FY 2017-18 from the Stationary Sources Control Fund for a consulting services contract to perform health risk assessments for airborne exposures associated with oil and gas development and production activities in the North Front Range and Garfield County areas.

### Committee Action:

JBC Staff recommended a cash fund appropriation of \$209,072 appropriated to the Air Pollution Control Division, Technical Services, Operating Expenses line item, and an associated appropriation of \$209,072 Reappropriated funds to the Disease Control and Environmental Epidemiology Division, Oil and Gas Health Activities Line. Last, JBC staff recommended a 0.2 two-year term limited FTE be included in the appropriation in the Oil and Gas Health Activities line item.

The Committee denied the request on a 3-3 vote. Some committee members expressed concern about health studies in Garfield County and the sources of data used in conducting the proposed risk assessment activities.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the JBC reconsider and approve the JBC Staff recommendation of \$418,144 and 0.2 FTE. If the risk assessment is not conducted, there will be a lack of information for the public and decision makers. Moreover, if CDPHE does not conduct this risk assessment, organizations with special interests or biases could obtain the data from CSU and publish their own risk assessments.

This request is based on the findings and recommendations of the Governor's Oil and Gas Task Force, which identified citizen concerns and a lack of credible, up to date scientific evidence about the potential health risks from oil and gas activities. The task force unanimously encouraged, "the

Colorado Department of Public Health and Environment (CDPHE) to seek funding from the General Assembly and other sources to conduct a human health risk assessment. Such an assessment or assessments should be conducted or overseen by CDPHE and should use the latest and most accurate data, including the air quality monitoring data from emission and dispersion studies currently being conducted by Colorado State University in Garfield County and the North Front Range, and shall be conducted in a manner to comply with current scientific standards.”<sup>1</sup>

The proposed health risk assessment will rely solely on air emissions and dispersion data generated from the North Front Range Air Quality Emissions and Dispersion Study performed by Colorado State University (CSU) and a similar emissions and dispersion study being conducted by CSU in Garfield County. The Department will not be collecting the data itself and will use CSU’s data. The request funds a risk assessment/toxicology contractor to perform the risk assessment with oversight from CDPHE scientific staff. The contractor will apply standardized risk assessment methods to the air emissions data collected in the CSU studies and provide cancer and non-cancer health risk estimates.

The proposal does not contain any provision to collect or measure actual health outcomes on the north Front Range or Garfield County. Instead it will estimate potential health risks based on observed air emissions. Health risk assessments are used as screening tools to assess the possibility of health effects from short-term or long-term exposures and can be completed once accurate estimates of exposure are available (i.e., you don’t have to wait for health effects to occur). Results of a risk assessment can be used to inform policy decisions to potentially prevent long-term health effects.

The Department’s initial budget request is supported by the Garfield County Commissioners.

Based on this information and the clarifications, OSPB requests \$418,144 and 0.2 FTE in FY 2016-17 and \$819,776 and 0.2 FTE in FY 2017-18 be approved for CDPHE.

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<sup>1</sup> <http://dnr.state.co.us/ogtaskforce/Documents/OilGasTaskForceFinalReport.pdf>



## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |   |
|-------------|---|
| Department: | Department of Public Health and Environment |
| Title:      | Marijuana Trusted Adult Campaign            |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action    | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|------------------|---------------------|---|
| <b>Total</b> | <b>\$0</b>                  | <b>\$2,375,000</b>              | <b>\$925,000</b> | <b>\$2,375,000</b>  | <b>\$1,450,000</b>                                      |
| FTE          | 0.0                         | 0.0                             | 0.0              | 0.0                 | 0.0   |
| GF           | \$0                         | \$0                             | \$0              | \$0                 | \$0   |
| CF           | \$0                         | \$2,375,000                     | \$925,000        | \$2,375,000         | \$1,450,000   |
| RF           | \$0                         | \$0                             | \$0              | \$0                 | \$0   |
| FF           | \$0                         | \$0                             | \$0              | \$0                 | \$0   |

### Summary of Initial Request:

The Colorado Department of Public Health and Environment requested a one-time increase of \$2,375,000 cash funds from the Marijuana Tax Cash Fund for the Retail Marijuana Education Program for a statewide marijuana prevention campaign to reach parents, teachers, coaches, and other trusted adults with a youth marijuana prevention message. This highly visible campaign will focus on increasing conversations between adults and youth about the importance of preventing underage marijuana use or abuse.

### Committee Action:

The Committee voted to approve the staff recommendation of \$925,000 Marijuana Tax Cash Fund for the Trusted Adult campaign.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the JBC approve an additional \$1,450,000 cash funds from the Marijuana Tax Cash Fund in FY 2016-17 (for a total of \$2,375,000) for the Trusted Adult campaign. Though CDPHE has implemented strategies to address knowledge gaps about marijuana among both youth and adults, messaging focused to adults about how to have effective conversations with youth has yet to be broadcasted statewide. The only information for trusted adults on how to talk to children is listed on CDPHE's *Good to Know* website. Mass media campaigns have been proven effective, and CDPHE's *Good to Know* campaign is an example of this. This request would provide a one-time influx of funding to generate highly visible messaging for parents and teachers about how to talk to youth about marijuana use prevention. Without the additional funds, this will not be a robust statewide campaign. The table on page 3 provides detail of how the full funding would be used.

The Governor is committed to youth substance use and abuse prevention. Currently, there is disparity between parents' belief that they are having the 'marijuana' conversation and youth acknowledging having had such conversations. According to the 2014 Child Health Survey, 83 percent of parents with children aged 1-14 say they had talked to their child or teen about marijuana. However, only 52 percent of youth reported in the 2013 Healthy Kids Colorado Survey that their parents had talked to them about any substance use.

Research demonstrates that parents who are engaged in ongoing conversations with their youth on the impact of their health choices have a strong positive influence on the choices adolescents make.<sup>1</sup> Trusted adults need to have the knowledge of how to talk with youth about marijuana use in order for those conversations to be effective. This ongoing dialogue between parents (or teachers and other trusted adults) and youth can prevent youth from using by: reinforcing the value of healthy life choices; increasing confidence in the teen's skills to refuse marijuana when offered; reinforcing the potential consequences of use; and developing a plan for how to keep marijuana from getting in the way of the teen's goals. The media strategy outlined by CDPHE will reach Colorado parents, teachers and coaches with more than 104 million views of campaign messaging in only 8 weeks.

CDPHE will use existing resources and tools to evaluate the campaign's effect on expected outcomes, which include:

- Increased knowledge of marijuana laws among parents, teachers and health care providers
- Increased knowledge of safe marijuana use among that population
- Increased self-reported conversations by parents with adolescents about marijuana use prevention
- Increased reported conversations by adolescents with parents about substance abuse prevention
- Decreased likelihood of population groups or certain areas of the state from engaging in problematic use of marijuana across the state, including:
  - underage use of marijuana;
  - secondhand marijuana smoke exposure; and
  - unsafe storage of marijuana products in the home.

A highly visible campaign will equip parents, teachers, coaches, and other trusted adults to provide more effective support to the adolescents in their lives, helping them to refuse underage marijuana use. A one-time appropriation of \$2,375,000 from the Marijuana Tax Cash Fund in FY 2016-17 will support the mass media campaign outlined on the next page. This campaign will strengthen and complement all other underage marijuana use prevention efforts in the state of Colorado.

| <b>Detailed Budget Line Item and Description:</b>   | <b>Estimated Cost</b> | <b># Spots Placed</b>       | <b># Media Impress.</b> |
|---|-----------------------|-----------------------------|-------------------------|
| <b>Campaign Development</b>   |                       |                             |                         |
| Formative Research, Testing, Production and Placement of Advertising focused on reaching parents/teachers                             | \$ 500,000            |                             |                         |
| <b>Media Placement/Purchasing</b>   |                       |                             |                         |
| Out-of-home advertising (billboards, bus ads, etc) to run statewide for 8 weeks   | \$ 350,000            | 100 Placements              | 6,617,000               |
| Television advertising statewide to run for 8 weeks   | \$ 700,000            | 800 spots per week          | 36,000,000              |
| Print advertising (8 weeks combination of regional magazine and potentially newspaper)  | \$ 100,000            | Hundreds of spots across CO | 30,000,000              |
| Radio advertising on channels across the state to run for 8 weeks   | \$ 600,000            | 2,430 spots per week        | 32,000,000              |
| Digital display advertising statewide for 8 weeks   | \$ 65,000             |                             |                         |
| Paid social media promotion of posts that focus on parent and teacher conversations with youth  | \$ 40,000             |                             |                         |
| Paid Bloggers to post on statewide parent and teacher sites about the importance of conversations with youth to prevent marijuana use | \$ 20,000             |                             |                         |
| <b>TOTAL</b>  | <b>\$2,375,000</b>    |                             | <b>104,617,000</b>      |

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## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |                               |
|-------------|-------------------------------|
| Department: | Department of Agriculture     |
| Title:      | Colorado State Fair Resources |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action    | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|------------------|---------------------|---|
| <b>Total</b> | <b>\$0</b>                  | <b>\$750,000</b>                | <b>\$300,000</b> | <b>\$750,000</b>    | <b>\$450,000</b>  |
| FTE          | 0.0                         | 0.0                             | 0.0              | 0.0                 | 0.0   |
| GF           | \$0                         | \$750,000                       | \$300,000        | \$750,000           | \$450,000   |
| CF           | \$0                         | \$0                             | \$0              | \$0                 | \$0   |
| RF           | \$0                         | \$0                             | \$0              | \$0                 | \$0   |
| FF           | \$0                         | \$0                             | \$0              | \$0                 | \$0   |

### Summary of Initial Request:

In response to a clear recommendation from the State Auditor, the Department of Agriculture requested an increase of \$750,000 General Fund for FY 2016-17 and each year thereafter to provide funding to support the Colorado State Fair facility operating and maintenance expenses and to address the annual cash flow challenges.

### Committee Action:

The Committee approved JBC staff recommendation for \$300,000 General Fund and requested the Department submit a comeback request for the additional \$450,000 General Fund. The Committee also approved the staff recommendation of a new line item titled State Fair Facilities Maintenance. This recommendation was paired with a footnote requesting an annual report detailing all expense and maintenance projects.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the JBC approve an additional \$450,000 General Fund for FY 2016-17 for the State Fair, for a total of \$750,000. As stated in the Department's budget request for FY 2016-17, "While the State Fair itself is a profitable event, these profits alone cannot sustain the year-round operations of the fairgrounds and its attendant buildings."

The Colorado State Fair is subject to an annual financial audit, completed by the Office of the State Auditor. The most recent audit includes a recommendation for the Department to obtain additional Long Bill appropriations to ensure continued operations. Over the last three years, the gap between revenues and expenditures was on average (\$700,000). In order to eliminate the need for an annual loan from the State's treasury pool, the Department requests \$750,000 General Fund to support operations and maintenance. Securing a second source of funding will allow the Department to decrease its annual cash outflow in order to eliminate deficit cash balances in future years. The attached projection of revenues and expenses for the State Fair and the resulting cash balance show

that even with the increased appropriation of \$750,000, it is estimated that the State Fair's cash balance will not be positive until FY 2019-2020.

Non-fair rentals are the only source of revenue for the nine months of the fiscal year that are considered non-fair time. During FY 2014-15, the Fair recorded a 29.8 percent increase in non-fair time rentals, totaling \$962,797. Of this amount, \$753,642, or 78.3 percent was used to pay utilities bills for the fairgrounds, severely limiting the Fair's ability to maintain its facilities. Rentals are driven by the availability of the facilities and the desire of the consumer to use those facilities. Many facilities are closed during the off-season due to the lack of maintenance funding required to make them available for rentals; other facilities are not appealing due to their disrepair. Maintenance projects such as painting, electrical and plumbing repairs and equipment maintenance do not qualify for controlled maintenance funding.

The Office of State Planning and Budgeting respectfully requests that the JBC approve funding for the Program Costs line item, as requested, rather than in a new line item. Without the flexibility to shift resources between operating expenses and maintenance and repairs, this action would improve maintenance but not address the cash flow issues presented in the budget amendment request.

**Colorado State Fair Authority**  
**Unapproved First Draft of Fiscal Year 2017 Budget**

|  | Draft<br>Budget<br>FY 2017 | Draft<br>w/proposed<br>Funding | Projection FY<br>2018 | Projection FY<br>2019 | Projection FY<br>2020 |
|--|----------------------------|--------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenues:</b>                           |                            |                                |                       |                       |                       |
| Gate Admissions                            | \$ 1,100,000               | \$ 1,100,000                   | \$ 1,133,000          | \$ 1,166,990          | \$ 1,202,000          |
| Carnival                                   | 725,000                    | 725,000                        | \$ 746,750            | \$ 769,153            | \$ 792,227            |
| Concerts                                   | 875,000                    | 875,000                        | \$ 901,250            | \$ 928,288            | \$ 956,136            |
| Exhibitors                                 | 850,000                    | 850,000                        | \$ 875,500            | \$ 901,765            | \$ 928,818            |
| Commercial Space/Exhibitors                | 1,210,000                  | 1,210,000                      | \$ 1,246,300          | \$ 1,283,689          | \$ 1,322,200          |
| Commercial Sponsorships                    | 575,000                    | 575,000                        | \$ 592,250            | \$ 610,018            | \$ 628,318            |
| Miscellaneous Sales                        | 115,000                    | 115,000                        | \$ 118,450            | \$ 122,004            | \$ 125,664            |
| Unclaimed Property                         | 1,140,000                  | 1,140,000                      | \$ 1,174,200          | \$ 1,209,426          | \$ 1,245,709          |
| Rentals                                    | 700,000                    | 700,000                        | \$ 721,000            | \$ 742,630            | \$ 764,909            |
| City of Pueblo                             | 125,000                    | 125,000                        | \$ 125,000            | \$ 125,000            | \$ 125,000            |
| Pueblo County                              | 175,000                    | 175,000                        | \$ 175,000            | \$ 175,000            | \$ 175,000            |
| <b>Proposed FY17 Funding</b>               | <b>-</b>                   | <b>750,000</b>                 | <b>750,000</b>        | <b>750,000</b>        | <b>750,000</b>        |
| 4H FFA Appropriation                       | 550,000                    | 550,000                        | \$ 550,000            | \$ 550,000            | \$ 550,000            |
| State Capital Contributions<br>Foundation  | -                          | -                              | -                     | -                     | -                     |
| Ag Management Contribution                 | 500,000                    | 500,000                        | 500,000               | 500,000               | 500,000               |
| Estimated Cash Defecit                     |                            |                                |                       |                       |                       |
| <b>Total Revenues</b>                      | <b>\$ 8,640,000</b>        | <b>\$ 9,390,000</b>            | <b>\$ 9,608,700</b>   | <b>\$ 9,833,961</b>   | <b>\$ 10,065,980</b>  |
| <b>Personnel and Operating Expenses:</b>   |                            |                                |                       |                       |                       |
| Personnel Costs                            | \$ 2,900,000               | \$ 2,900,000                   | \$ 2,929,000          | \$ 2,958,290          | \$ 2,987,873          |
| Personnel Services                         | 1,900,000                  | 1,900,000                      | 1,919,000             | 1,938,190             | 1,957,572             |
| Advertising/Public Relations               | 465,000                    | 465,000                        | 469,650               | 474,347               | 479,090               |
| Insurance                                  | 4,300                      | 4,300                          | 4,343                 | 4,386                 | 4,430                 |
| Legal                                      | 20,000                     | 20,000                         | 20,200                | 20,402                | 20,606                |
| Maint& Repair                              | 375,000                    | 400,000                        | 425,000               | 450,000               | 475,000               |
| Postage                                    | 26,000                     | 26,000                         | 26,260                | 26,523                | 26,788                |
| Premiums                                   | 950,000                    | 950,000                        | 959,500               | 969,095               | 978,786               |
| Printing                                   | 34,000                     | 34,000                         | 35,020                | 36,071                | 37,153                |
| Rental Exp                                 | 180,000                    | 180,000                        | 181,800               | 183,618               | 185,454               |
| Supplies                                   | 525,000                    | 525,000                        | 530,250               | 535,553               | 540,908               |
| Travel                                     | 95,000                     | 95,000                         | 97,850                | 100,786               | 103,809               |
| Utilities                                  | 975,000                    | 975,000                        | 1,053,000             | 1,137,240             | 1,228,219             |
| Other Operating Expense                    | 240,000                    | 240,000                        | 242,400               | 244,824               | 247,272               |
| Capital Lease -Principal                   | 50,618                     | 50,618                         | 92,042                | 99,439                | 107,232               |
| Capital Lease -Interest                    | 41,196                     | 41,196                         | 37,963                | 34,465                | 30,689                |
| <b>Total Personnel and Operating Costs</b> | <b>\$ 8,781,114</b>        | <b>\$ 8,806,114</b>            | <b>\$ 9,023,278</b>   | <b>\$ 9,213,227</b>   | <b>\$ 9,410,881</b>   |
| <b>Indirect Expenses:</b>                  |                            |                                |                       |                       |                       |
| State Indirect Expense                     | 144,016                    | 144,016                        | 145,456               | 146,911               | 148,380               |
| Workers Compensation                       | 5,000                      | 5,000                          | 5,050                 | 5,101                 | 5,152                 |
| Risk Management                            | 95,000                     | 95,000                         | 95,950                | 96,910                | 97,879                |
| <b>Total Indirect Expenses</b>             | <b>\$ 244,016</b>          | <b>\$ 244,016</b>              | <b>\$ 246,456</b>     | <b>\$ 248,921</b>     | <b>\$ 251,410</b>     |
| <b>Total Expenses</b>                      | <b>\$ 9,025,130</b>        | <b>\$ 9,050,130</b>            | <b>\$ 9,269,734</b>   | <b>\$ 9,462,148</b>   | <b>\$ 9,662,291</b>   |
| <b>Net Income/Loss</b>                     | <b>\$ (385,130)</b>        | <b>\$ 339,870</b>              | <b>\$ 338,966</b>     | <b>\$ 371,813</b>     | <b>\$ 403,689</b>     |
| <b>Cash Balance</b>                        | <b>\$ (1,400,000)</b>      | <b>\$ (1,060,130)</b>          | <b>\$ (721,164)</b>   | <b>\$ (349,351)</b>   | <b>\$ 54,338</b>      |

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## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |   |
|-------------|---|
| Department: | Department of Revenue                   |
| Title:      | Earned Income Tax Credit Implementation |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|---------------|---------------------|---|
| <b>Total</b> | \$54,075,275                | \$1,304,530                     | \$0           | \$1,304,530         | \$1,304,530   |
| FTE          | 353.1                       | 16.7                            | 0.0           | 16.7                | 16.7  |
| GF           | \$37,996,739                | \$1,304,530                     | \$0           | \$1,304,530         | \$1,304,530   |
| CF           | \$15,597,937                | \$0                             | \$0           | \$0                 | \$0   |
| RF           | \$154,085                   | \$0                             | \$0           | \$0                 | \$0   |
| FF           | \$0                         | \$0                             | \$0           | \$0                 | \$0   |

### Summary of Initial Request:

The Department of Revenue requested General Fund appropriations of \$1,304,530 and 16.7 FTE in FY 2016-17, and \$1,646,329 and 23.4 FTE in FY 2017-18 and thereafter for the cost to implement and regulate the refundable Earned Income Tax Credit (EITC).

### Committee Action:

The Joint Budget Committee denied the change request for additional resources for FY 2016-17.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Committee approve the full request of \$1,304,530 and 16.7 FTE in FY 2016-17, and \$1,646,329 and 23.4 FTE in FY 2017-18 and each year thereafter, in order for the Department to minimize the risk of loss of state resources associated with the high improper payment rate of the EITC, while maintaining current customer service levels.

The purpose of the request is to adequately resource the Department's call center, income tax processing, and discovery sections in order to minimize fraud specific to the EITC and to ensure timely customer service to the taxpayers of Colorado. The Department has not been appropriated resources to administer this \$80 million per year program that has a 24 percent rate of improper payments reported by the IRS. The high rate of fraudulent activity is tied to the financial benefit of refundable credits, which allow a taxpayer to claim a refund whether or not the taxpayer has a tax liability.

Without this funding, the state will not have any processes or resources in place to detect erroneous EITC claims, and the state will be at risk of losing up to \$20 million due to improper payments made to unqualified applicants under the EITC. In order for the requested resources to have a positive return for the State, the Department would need to prevent only 8 percent of these improper EITC payments.

EITC fraud is generally conducted when the real taxpayer provides false information in order to qualify for the credit or makes calculation errors. The process to verify the filer's eligibility is different than the work associated with other types of tax fraud, such as identity theft.

This request will provide additional staffing to enable the Department to fully utilize IRS files to aid in the prevention of improper payments, and to allow the Department to recover erroneously issued credits when possible. The Department will review EITC claims (using a federal report issued periodically during tax season, containing suspicious claims) and enforce rules so that the EITC is claimed appropriately. For example, federal data may be used to verify a taxpayers' qualifying prior year dependents for purposes of claiming the EITC. The Department may check up to 15 percent or 57,000 of total EITC returns, which is a work-intensive, manual process requiring Department tax examiners to verify taxpayer documents to prove eligibility. Additionally, the corrections made to the federal filings (a report released between October and December after the tax processing period) will be compared and identified at the state level, but each of the estimated 91,200 erroneous returns must be individually investigated and resolved.

Because EITC is a new state program, the Department anticipates calls from taxpayers inquiring about the EITC. The resources in this request will allow the Department to answer inquiries and follow up on customer concerns related to EITC without impacting general customer service to taxpayers. Without the funding in this request, the Department would have to shift work tasks from taxpayer services, tax auditing, and taxpayer compliance to absorb new auditing and verification processes tied to the EITC, and to respond to the influx of calls. The shift in resources will increase wait times by approximately 2 additional minutes per call and the call blockage rate will increase to 40 percent, replicating the wait times and blockage rates present in March 2015 when customers experienced long delays for receiving tax refunds.

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***Responses to Questions from the Joint Budget Committee on March 8, 2016***

**Q1:** *Is the increase in fraud connected to more criminal investigations and convictions that may affect more spending in other Departments? (AG's, DOC, public defender, etc.)*

A1: This change request is related to the high rate of improper payments related to the EITC which can be caused by errors in calculations, and are not necessarily fraudulent. That said, the Department provided the following information during supplemental comebacks related to the increase in the occurrence and prosecution of income tax refund fraud.

The increase in fraudulent filing does not necessarily equate to the same rate of increase in prosecutions, and does therefore not have the same spending impacts in other Departments. The great majority of fraudulent filings is executed electronically and originates outside the jurisdiction of the United States. The Department's detection efforts can prevent the refunds from being issued, but the tax return provides very little information that law enforcement can utilize to successfully investigate and prosecute. Additionally, the Department's prevention of the fraudulent refund actually reduces the criminal liability of the perpetrator. At this time, there is not an evident connection between a substantial increase in spending for other state agencies related to the prosecution of income tax refund fraud.

**Q2:** *Can the Department use federal fraud reports on returns that the federal IRS denies?*

A2: The Department receives the following federal IRS data sets related to the EITC:

1) Suspicious EITC claim file

- This file is released to the Department every 10 days during the primary tax processing period (January through May). This file contains limited information for returns filed by Colorado taxpayers that contained a federal EITC claim that was flagged as suspicious by the IRS.

2) Return changes file:

- This file is released between October – December after the tax processing period has completed. This file contains returns that were adjusted by the IRS including the changes related to federal EITC claims. The Department requires the additional resources included in this change request to follow through on the anticipated increase in these adjustments due to the high improper payment rate associated with the federal EITC.

The resources identified in this request are required for the Department to review the most suspicious returns (approximately 15 percent of total returns claiming the EITC) in addition to those available in the IRS EITC file. The resources in this request are specifically targeted to the EITC, which has higher rates of associated fraud per capita than general refund fraud. The Department also intends to utilize additional return edits and checks that are not possible with current staffing levels in order to prevent paying refunds out fraudulently that are difficult (if not impossible) to recover after the fact.

Q3: *What issues distinguish the EITC from the income tax refund fraud requests?*

A3: While both the EITC and Identify Theft Fraud programs address Colorado Individual Income tax returns, the nature of the work is different for both programs. Identity theft fraud is perpetrated by individuals who are NOT the taxpayer they purport to be on the filed return. The Department works to identify fraudulent returns while ensuring legitimate filers receive their refunds as soon as possible.

On the other hand, EITC fraud is generally conducted when the real taxpayer provides false information in order to qualify for the credit. The process to verify the filer's eligibility is different than the work associated with identity theft.

The table below highlights the differences between the two requests:

|                                  | <b>R-02: EITC</b>  | <b>BA-01: Income Tax Refund Fraud</b>  |
|----------------------------------|--|--|
| Taxpayers Affected               | ~380,000 filers  | ~ 2.2 million filers or every taxpayer who files a Colorado state income tax return.   |
| Funding Requests                 | Limit or minimize improper payments and protect General Fund revenue by ensuring that taxpayers legitimately qualify for the EITC.   | Of an estimated 2.2 million Colorado tax filers, limit the state's exposure to loss due to the issuance of fraudulent income tax refunds.  |
| Workload Impact                  | More evenly split between the Taxpayer Service Division and the Taxation and Compliance Division with support from the Taxpayer Service Division Call Center.  | Mainly targets the Taxation and Compliance Division (establishes an anti- fraud unit) with support from the Taxpayer Service Division Call Center.   |
| Short and long term perspectives | Most EITC fraud is conducted when fraudulent or erroneous information is provided by actual taxpayers in order to qualify them for more credit than they are eligible for. EITC fraud in the short term is likely to result in decreased state revenues and in the refund of those state revenues to individuals who are not qualified to receive them. EITC fraud in the long term has the potential to erode the state budget and will be particularly difficult in times of budget shortfall. | Identity theft fraud in order to falsely claim refunds has immediate and lasting impacts on the taxpayers whose identities are compromised. Inadequate efforts to combat identity theft fraud will result in both short- and long-term impacts to state revenue as well. Legitimate taxpayers face immediate struggles such as being unable to file their own tax returns, needing to work with state and federal agencies to establish an alternate identity (with a new social security number, driver license, etc.), and lasting impacts on their credit and lives. Similarly, the state is at risk of paying out fraudulent refund claims that are difficult to recapture and enabling an environment in which criminals find little resistance, and in which large amounts of refunds could be drained from state revenue that is not recoverable. |

## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |   |
|-------------|---|
| Department: | Department of Human Services                                      |
| Title:      | Marijuana Funding for Sober Living Homes and Supported Employment |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|---------------|---------------------|---|
| <b>Total</b> | <b>\$0</b>                  | <b>\$800,000</b>                | <b>\$0</b>    | <b>\$800,000</b>    | <b>\$800,000</b>  |
| FTE          | 0.0                         | 0.0                             | 0.0           | 0.0                 | 0.0   |
| GF           | \$0                         | \$0                             | \$0           | \$0                 | \$0   |
| CF           | \$0                         | \$800,000                       | \$0           | \$800,000           | \$800,000   |
| RF           | \$0                         | \$0                             | \$0           | \$0                 | \$0   |
| FF           | \$0                         | \$0                             | \$0           | \$0                 | \$0   |

### Summary of Initial Request:

The Department of Human Services submitted two requests utilizing Marijuana Tax Cash Funds totaling \$800,000 in FY 2016-17 and \$695,125 in FY 2017-18 and beyond. This included:

- \$300,000 MTCF in FY 2016-17 and \$195,125 MTCF in FY 2017-18 and ongoing to create a statewide system of consumer-run sober living facilities.
- \$500,000 MTCF (MTCF) in FY 2016-17 and beyond to expand supported employment programs to serve individuals with severe substance use disorders.

### Committee Action:

The Joint Budget Committee (JBC) denied both of the Department's requests to create sober living facilities and provide supported employment to individuals with severe substance use disorders based on a lack of statutory authority to utilize the Marijuana Tax Cash Funds, as well as concerns about the proposed method of allocating funding. Joint Budget Committee staff did not recommend denial of the programs based on the merits of the programs, however, and specifically expressed support for the goals of the supported employment program.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Joint Budget Committee reconsider its action and sponsor legislation to allow for the use of Marijuana Tax Cash Funds for the creation of consumer-run sober living facilities and supported employment programs. Additionally, the Executive Branch requests that the Joint Budget Committee set aside \$800,000 in FY 2016-17 and \$695,125 in FY 2017-18 from the Marijuana Tax Cash Fund to fund these programs.

*Sober Living Homes* offer a path from treatment to independent living by providing alcohol and drug free living environments. They offer peer support for recovery outside the context of treatment.

People who live in sober homes are able to maximize the benefits gained from formal treatment while they live with others who support continued abstinence from substance use. A five-year study of sober living houses funded by the National Institutes of Health emphasizes the importance of one's living environment and the positive effects of sober living homes

*Supported Employment for People with Severe Substance Use Disorders* provides competitive employment opportunities for clients with substance use disorders. Colorado has an evidence-based model of supported employment services for individuals with mental health issues called Individual Placement and Support, which has been implemented at eleven of seventeen Community Mental Health Centers. This model has been proven effective for individuals with mental health issues in over 22 rigorous studies. The funding will expand services to individuals with severe substance use disorders, and it is anticipated that the program will have a similar positive impact for these clients.

OSPB is supportive of both of these programs and requests that the Joint Budget Committee sponsor legislation to allow for their implementation. Once these programs are funded, OSPB also recommends that evaluations of their effectiveness be completed in future years. Additionally, OSPB is open to recommendations from the General Assembly on a reasonable method for allocating funding for these programs.

## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |                                      |
|-------------|--------------------------------------|
| Department: | Department of Public Safety          |
| Title:      | Cognitive Behavioral Treatment Pilot |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action       | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|---------------------|---------------------|---|
| <b>Total</b> | <b>\$68,451,749</b>         | <b>\$67,792,876</b>             | <b>\$67,534,555</b> | <b>\$67,746,817</b> | <b>\$212,262</b>  |
| FTE          | 0.0                         | 2.7                             | 0.0                 | 2.7                 | 2.7   |
| GF           | \$63,253,980                | \$62,595,107                    | \$62,336,786        | \$62,595,107        | \$212,262   |
| CF           | \$0                         | \$0                             | \$0                 | \$0                 | \$0   |
| RF           | \$5,197,769                 | \$5,197,769                     | \$5,197,769         | \$5,197,769         | \$0   |
| FF           | \$0                         | \$0                             | \$0                 | \$0                 | \$0   |

### Summary of Initial Request:

The Department requested to repurpose \$1,911,426 General Fund in FY 2016-17 to fund two recommendations of the Colorado Commission on Criminal and Juvenile Justice (CCJJ) to improve the community corrections system. The repurpose of funds within the Community Corrections Placements line item would support a Cognitive Behavioral Treatment (CBT) pilot program for high-risk, high-need offenders and 3.0 FTE for the development, validation, and ongoing cyclical implementation of a program evaluation tool in community corrections.

### Committee Action:

After a motion made to approve the Department's request failed on a 3-3 vote, the Joint Budget Committee (JBC) took no further action on the BA-02, *Cognitive Behavioral Treatment Pilot* request and requested a comeback to clarify several issues. In addition, the JBC approved staff recommendation of \$67,534,555 total funds (\$62,336,786 General Fund) to the Community Corrections line items, which does not include the requested funding changes for the BA-02, *Cognitive Behavioral Treatment Pilot* request.

### OSPB Comeback:

The Office of State Planning and Budgeting (OSPB) respectfully requests that the JBC approve the net neutral request to repurpose the funding in the Community Corrections Placements line item as requested, with the exception of funding Pots for FTE in the first year, per committee policy.

This results in a total amount to be repurposed of \$1,865,367 General Fund and 2.7 FTE in FY 2016-17, and \$2,282,567 General Fund and 3.0 FTE in FY 2017-18 and ongoing for the duration of the pilot program. This includes a footnote change and an increase of \$212,262 General Fund from what the Committee has approved for FY 2016-17. The footnote change would allow \$1,400,000 of existing General Fund to be used for the CBT pilot project in FY 2016-17, and \$1,650,000 in future years. (The additional repurposed funding in the request would be used for specialized offender services and

boards administration related to the pilot, and funding for the requested 3.0 FTE for a program evaluation tool.)

Ultimately, the request is based on two Colorado Commission on Criminal and Juvenile Justice (CCJJ) recommendations, which were the result of two years of collaboration with boards and providers through the Community Corrections Task Force. These recommendations were based on a thorough review of contemporary recidivism reduction research. The Department and OSPB believe that the two years of study and collaboration with a multi-disciplinary group has resulted in a well-vetted and well-planned proposal.

Several different bodies of evidence (e.g. dosage research, cognitive behavioral treatment, Risk/Needs/Responsivity, National Institute of Corrections Principles of Effective Intervention) were applied in the design of the CBT pilot. It is evident through the best available studies that CBT is one of the most successful treatments at reducing recidivism through addressing criminogenic needs. The current CBT models were developed in the 1980s and have been studied for over 30 years. The pilot program focuses on delivering CBT in a structured setting to high-risk, high-needs offenders. CBT is an effective therapy for high-risk offenders and reduces recidivism by helping offenders:

- Reduce drug abuse and/or dependency;
- Improve social skills, anger management, and moral reasoning;
- Correct thinking errors and antisocial attitudes;
- Become more aware of their personality traits, triggers, and tendencies; and
- Develop coping skills, self-management, and self-control.

The Department has recently acquired further evidence in support of the budget amendment. In February 2016, the City and County of Denver and Mesa County each contracted with a nationally recognized expert criminologist and consultant to analyze the risk/need properties of the respective community corrections populations. These were independent studies funded by each county. The data reveals that 68 percent of the community corrections population in Denver and 60 percent of the population in Mesa County was assessed as having primary needs for criminal thinking, which are best addressed through intensive CBT programming that the pilot is designed to provide. Because this review represents both a large urban and a smaller rural judicial district—which collectively represent at least 25 percent of the overall Colorado community corrections population—it is reasonable to assume that such findings would apply to at least half of the community corrections population statewide.

The longitudinal data presented in the budget amendment clearly show a long-term trend that the community corrections system is producing undesirable outcomes. This data is further evidence that the current programming available, including specialized services, does not adequately address the issues of a large portion of the population: specifically those with high-risk and high-needs. By testing the CBT program on a small scale in a single jurisdiction, the Department will better be able to determine its efficacy and potential for larger scale implementation across the state. If proven effective, this pilot could lead to much larger reform throughout the community corrections system to ensure that the needs of the current high-risk, high-needs population are adequately addressed.

Given the nearly \$70 million investment into community corrections, and adding a potential investment in a research-based CBT pilot program, the Department believes that a modest investment



should be made in quality control and fidelity measurement. This will be made possible through the requested resources for 3.0 FTE (pro-rated to 2.7 FTE for FY 2016-17) and one-time funding of \$20,000 for a contractor to develop and implement a program evaluation tool. The current audit process is a necessary function for community corrections; however, combined with the current risk factor analysis, these processes are insufficient to measure adherence to evidence-based practices and principles. Criminologists have long published research demonstrating that measuring program quality is an essential component of making sure those programs are equipped to reduce offender risk and recidivism. Therefore, the Department and OSPB believe that the requested 3.0 FTE is a modest investment toward increasing evidence-based practice fidelity throughout the community corrections system on a long term basis.

The table below illustrates modest reductions in each of the specialized treatment categories necessary to fund the CBT pilot request. It is evident in this table that the small reductions requested still leave room for growth among existing providers in these areas. Even with these reductions, funded capacity would still be slightly higher than current utilization. Accordingly, this funding strategy would not result in taking money away from other providers. Rather, it would result in maximizing overall utilization of the current appropriation. Maximizing utilization and minimizing annual reversions ultimately benefits the providers, the Department and the General Assembly.

**Targeted Bed Reduction for Repurposing Community Corrections Placements Funds**

| Specialized Program                       | ADP: FY16 YTD (9/1/15) | Funded Capacity (FY16) | Total Rate | Total Appopriations (FY16) | Bed Reduction | Reduction In Appropriations |
|---|------------------------|------------------------|------------|----------------------------|---------------|-----------------------------|
| IRT                                       | 168.4                  | 189                    | \$ 88.80   | \$ 6,125,868.00            | 11            | \$ 356,532.00               |
| RDDT (Dual Diagnosis)                     | 105.4                  | 143                    | \$ 77.38   | \$ 4,038,849.10            | 20            | \$ 564,874.00               |
| JERP                                      | 13.8                   | 20                     | \$ 97.13   | \$ 709,049.00              | 10            | \$ 354,524.50               |
| SEX OFFENDER                              | 94.1                   | 97                     | \$ 77.38   | \$ 2,739,638.90            | 3             | \$ 84,731.10                |
| TC INPATIENT                              | 139.8                  | 164                    | \$ 69.82   | \$ 4,179,425.20            | 22            | \$ 560,654.60               |
| TC DAY TREATMENT                          | 3.3                    | 4                      | \$ 34.68   | \$ 50,632.80               | 0             | \$ -                        |
| TC OUTPATIENT                             | 87.0                   | 92                     | \$ 22.00   | \$ 738,760.00              | 0             | \$ -                        |
| <b>Total Repurposed In Bed Reductions</b> |                        |                        |            |                            |               | <b>\$ 1,921,316.20</b>      |

***CBT and Results First***

The Results First model is able to calculate the projected return on investment of CBT programs based on recidivism reduction, which accounts for costs avoided such as system utilization and victimization. Currently, all of the specialized treatment beds in community corrections show a negative benefit-cost ratio in the Results First analyses. However, the Results First team ran the CBT pilot through the model and, based on budget amendment assumptions related to the number of offenders served annually and the estimated average length of stay, found a positive benefit-cost ratio for the cognitive behavioral treatment component of the pilot project.

The initial projections for the pilot show that it is projected to return between \$1.19 and \$1.74 for every dollar invested. Actual benefit-cost figures cannot be determined until the CBT pilot is

implemented, and concrete numbers for length of stay and offenders served annually are determined. However, the intention of this request is to reinvest underutilized beds, which currently demonstrate a negative benefit-cost ratio, along with poor outcomes, and repurpose them for a research-based pilot program that anticipates a positive benefit-cost ratio and strong positive outcomes.

Furthermore, CBT is anticipated to help address internal priorities identified by the Office of Community Corrections, which would not necessarily be captured or monetized through the Results First model. For example, the CBT program is anticipated to:

- Reduce risk among offenders placed in the community;
- Increase program success rates; and
- Decrease failure rates (escapes and technical violations).

The proposed CBT program would offer additional specialized and individualized treatment to participants that have barriers to risk reduction, such as those with traumatic brain injuries, serious mental health needs, psychiatric needs, and those who have suffered severe trauma. Although the Results First model only monetizes benefits associated with crime and recidivism reduction, additional benefits to program participants may be seen in the form of increased functioning, improved mental health, and improved quality of life.

## Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

|             |  |
|-------------|--|
| Department: | Department of Public Safety                    |
| Title:      | Funding for S.B. 13-283 Retail Marijuana Study |

|              | FY 2015-16<br>Appropriation | FY 2016-17<br>Budget<br>Request | JBC<br>Action   | Comeback<br>Request | Difference<br>Between Action<br>and Comeback<br>Request |
|--------------|-----------------------------|---------------------------------|-----------------|---------------------|---|
| <b>Total</b> | <b>\$159,983</b>            | <b>\$159,983</b>                | <b>\$79,992</b> | <b>\$159,983</b>    | <b>\$79,992</b>   |
| FTE          | 2.0                         | 2.0                             | 1.0             | 2.0                 | 1.0   |
| GF           | \$0                         | \$0                             | \$0             | \$0                 | \$0   |
| CF           | \$159,983                   | \$159,983                       | \$79,992        | \$159,983           | \$79,992  |
| RF           | \$0                         | \$0                             | \$0             | \$0                 | \$0   |
| FF           | \$0                         | \$0                             | \$0             | \$0                 | \$0   |

### Summary of Initial Request:

Through S.B. 13-283, the Department was appropriated \$159,983 cash funds from the Marijuana Tax Cash Fund that was included in FY 2016-17 budget request. This appropriation within the Division of Criminal Justice (DCJ) provides the necessary funding for the data collection and analysis of the impacts of retail marijuana on law enforcement, schools, and related issues.

### Committee Action:

The Joint Budget Committee (JBC) voted to approve a staff-initiated recommendation to decrease the appropriation from S.B. 13-283 by \$79,992 cash funds from the Marijuana Tax Cash Fund in FY 2016-17 and by another \$79,992 cash funds in FY 2017-18, eliminating the full appropriation of \$159,983.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the JBC approve the continued funding of \$159,983 cash funds for FY 2016-17 and beyond as requested. The requirements in the study report include:

- Marijuana-initiated contacts by law enforcement, broken down by judicial district and by race and ethnicity;
- Comprehensive school data, both statewide and by individual school, including suspensions, expulsions, and police referrals related to drug use and sales, broken down by specific drug categories;
- Marijuana arrest data, including amounts of marijuana with each arrest, broken down by judicial district with each arrest, broken down by judicial district and by race and ethnicity;
- Traffic accidents, including fatalities and serious injuries related to being under the influence of marijuana;

- Diversion of marijuana to persons under twenty-one years of age;
- Diversion of marijuana out of Colorado;
- Crime occurring in and relating to the operation of marijuana establishments;
- Utilization of parcel services for the transfer of marijuana;
- Data related to drug-endangered children, specifically for marijuana;
- Probation Data;
- Data on emergency room visits related to the use of marijuana and the outcomes of those visits, including information from Colorado poison control center;
- Outdoor marijuana cultivation facilities;
- Money laundering related to both licensed and unlicensed marijuana; and
- The role of organized crime in marijuana.

The Department of Public Safety and the Governor's Office of Marijuana Coordination are unequivocal in the position that the introduction of legalized marijuana to Colorado requires in-depth analysis and continued study so that policy makers and the public understand the impact of legalization on public safety, public health, and youth access and use. Elimination of this funding would seriously inhibit our ability to maintain a grasp of the impacts of this policy change on the citizens of the state.

Important pieces of data available to study the impacts of marijuana legalization were not available before the implementation of Amendment 64 on January 1, 2014, and more data continues to become available as the Department works with other state agencies to collect it. DCJ anticipates that at least five more years (following the study dates of 2014-2016) of data collection and analysis are required to fully understand the significant short-term impacts of commercialization on Colorado's law enforcement agencies, the criminal and juvenile justice systems, and other entities. Many of these impacts are yet to be seen.

Additionally, assuming this funding would continue, the Governor's Office of Information Technology (OIT) submitted a budget request to develop an electronic, web-based data warehouse for the implementation of an interactive data portal that will house a growing number of data sets that will allow for easy access to timely and relevant information about the impact of marijuana regulation and legalization. This project will assist in meeting the requirements for a data study outlined in S.B. 13-283. The OIT project requires the resources provided to the Department of Public Safety in S.B.13-283 to obtain the data necessary for the portal. The data must be acquired, cleaned, and analyzed in preparation for use in the portal. If this funding is discontinued, the Department would need to request additional resources to support the OIT project.