



COLORADO
Office of State Planning
& Budgeting

FY 2019-2020 Supplemental Comeback Requests
for Executive Branch Agencies

January 27, 2020

January 24, 2020

The Honorable Representative Daneya Esgar
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Chair Esgar:

On behalf of Governor Jared Polis, the Office of State Planning and Budgeting (OSPB) submits this package of supplemental comeback requests for FY 2019-20. We first note with appreciation the action taken by the Committee today to approve the supplemental requests for the Department of Corrections capacity. For comebacks, OSPB respectfully requests the Committee reconsider five decisions -- four reductions to the Governor's requests, and one increase to the Governor's request. All of the comebacks meet OSPB and the Joint Budget Committee's criteria for supplementals. In addition to the comebacks, OSPB requests the committee consider the other supplemental issues identified at the end of this letter.

Reductions to budget request

1. & 2. Department of Human Services, Division of Youth Services (DYS)

The Committee did not approve two supplemental requests (S-02 and S-03) that are part of a coordinated strategy to improve the safety and security of youth services centers and improve reentry services for committed youth. These requests meet supplemental criteria because of an unforeseen contingency and new information that necessitate the Department to implement these policies in the current fiscal year to provide a safe, secure, and healthy environment for youth in DYS care. Although it is true that improvements in prevention and diversion programs are decreasing the population at DYS facilities, the average security and treatment needs of the population is increasing.

3. Department of Human Services, Family First and Trails

The JBC staff analyst recommended a reduction of \$948,620 to the previously approved September 2019 1331 emergency supplemental of \$1,692,819 for the implementation of Family First Prevention Services Act (Family First). The reduction would remove funding for the previously approved 5.6 FTE due to the Department's revised opt-in date of April 2020 (decision tabled by the Committee). The revised opt-in date, however, does not reduce the Department's need for these positions, and the reduction will create delays and implementation challenges for this important law improving treatment for child welfare and

increasing opportunity for federal dollars. Due to slower than anticipated hiring, the Department now estimates that \$1,433,360 will be sufficient, a reduction of \$259,459.

4. Department of Public Health and Environment (CDPHE) Leased Space

The Committee delayed action on this item and requested a comeback to address outstanding questions about the build-out costs and timing of CDPHE's request to expand leased space at its main campus in Glendale. The Department is requesting \$1.6 million cash fund spending authority in FY19-20, and the FY20-21 cost is \$2.7 million (cash funds and reappropriated funds). Further detail is included in the attached comeback document.

Increases to budget request

5. Department of Public Safety, Community Corrections

The Committee approved a staff-initiated proposal to increase by \$4.6 million General Fund the \$3.9 million budget request for community corrections placements, exceeding the amount the Department believes can be expended in FY 2019-20. Due to capacity and hiring constraints among community corrections providers, the Department does not believe the additional funding can be utilized in the current fiscal year, nor will this additional funding meaningfully address DOC's ongoing capacity challenges. Additionally, the Department estimates that the \$4.6 million plus-up will annualize to an increase of \$20 million in future years, providing unnecessary strain on the General Fund.

Other supplemental issues

In addition to the five comebacks mentioned above, OSPB would like to highlight the following issues for the Committee's consideration in developing the supplemental bills:

A. Setting aside Funds for SB20-003 I Love Colorado State Parks Act

OSPB encourages the Committee to set-aside General Fund resources in FY19-20 to ensure sufficient funding for this bill that would appropriate \$10 million General Fund in FY19-20 to address increased visitation and open Colorado's next state park. The Governor's budget request included supplemental funds for this purpose. Improving access to existing state parks and investing in Colorado's newest park at Fishers Peak are pressing priorities in our growing state. Colorado state parks have experienced an increase in visitation of almost 25 percent in the last five years, while maintenance and capacity improvements have not kept up with this demand. Although other funding sources including park entrance fees and GOCO funding support modest upkeep for our state park system, a periodic General Fund infusion is necessary to keep up with dramatic increases in visitation. These funds are best appropriated in the current year to allow for construction during the summer and fall seasons and reduce the risk of rising construction costs.

B. Addressing Critical Deferred Maintenance Projects in the Department of Corrections

The Committee has not yet made a decision on the Department of Corrections (DOC) request to release the restricted spending authority preventing DOC from investing in deferred maintenance projects that are necessary to maintain safe and efficient operations (S-01). The \$1.1 million funding restriction in FY 2019-20 is the result of an over expenditure in FY 2018-19 following Committee approval for its September 2018 1331 emergency supplemental request (funding modifications at the Centennial Correctional Facility-South), and the omission of these funds in the final version of the supplemental bill SB 19-111. OSPB encourages the Committee to approve unrestricted access to the full FY 2019-20 appropriation that will enable the completion of 11 additional high priority deferred maintenance projects, including, replacing a steam converter at the Denver Reception & Diagnostic Center and replacing the weakening water tank at the East Canon Complex.

C. Maintaining the Controlled Maintenance Priority List (Department of Public Health and Environment (CDPHE) State Laboratory)

The Committee approved a measure to increase the previously approved FY19-20 June 2019 emergency supplemental request for mechanical repairs to the State Laboratory. The Committee moved up the funding for the second phase of the project, which is included in Level 2 of the Office of the State Architect's FY20-21 controlled maintenance recommendation list. While OSPB supports the full funding of the project over the two years, moving up the funding has the effect of prioritizing the Level 2 controlled maintenance project ahead of other projects on the Level 1 list. OSPB supports the prioritization established by the Office of the State Architect.

D. Option for \$475k in Balancing (Department of Personnel and Administration Annual Fleet Supplemental True-Up)

Per tradition, the Committee voted to oppose this true-up, and allow the anticipated savings to revert to the General Fund rather than "book" the savings for spending in the current budget cycle. OSPB notes that the \$474,386 in savings would be available to the Committee for balancing if DPA's proposal was approved.

E. Technical Correction for Governor's Office Mansion Maintenance Fund

The Governor's Budget requested a technical correction to provide spending authority of \$25,000 in the Mansion Maintenance Fund to allow use of existing earned revenue. When the fund was created (SB 18-208), there was no appropriation authority provided, restricting the Governor's use of any earned revenue in this fund at any level. The Committee has asked for a JBC staff comeback on this issue. OSPB would urge the committee to consider this request due to the fact that there is no current appropriation authority, and that the timing of the statutory reporting requirement required a January 2nd submission.

F. Technical Estimates for Early Intervention Caseload Growth (DHS)

The Committee approved the Department's S-04 Early Intervention Caseload Growth request of \$1.5M in FY 2019-20; the Governor's Office is concurrence with this decision. The Joint Budget Committee Staff and the Department rely on differing methodology to estimate the cost of Early Intervention caseload growth. Specifically, the Joint Budget Committee Staff uses a combined projected caseload increase and inflation to estimate the costs, whereas the Department only uses projected caseload increase. The Staff's use of inflation is already addressed through the provider rate increase for Early Intervention services. In addition, Staff used previous years' expenditures to guide their own analysis. However, due to changes in reimbursement, the trend of large expenditures in the fourth quarter of the Fiscal Year are expected to no longer be accurate. The Governor's Office believes the staff analysis will have additional out year costs due to maintenance of effort requirements.

Thank you for your consideration of these comeback requests and other supplemental issues.

Respectfully,

A handwritten signature in black ink, appearing to read "Lauren Larson", with a long, sweeping underline.

Lauren Larson
Director

CC:

Senator Dominick Moreno, JBC Vice Chair

Representative Julie McCluskie, JBC Committee Member

Senator Bob Rankin, JBC Committee Member

Representative Kim Ransom, JBC Committee Member

Senator Rachel Zenzinger, JBC Committee Member

Ms. Carolyn Kampman, Joint Budget Committee Staff Director



S-3 Splitting Lookout Mountain Youth Services Center

	FY 2019-20 Appropriation	FY 2019-20 Supplemental Request	JBC Action	Comeback Request	Difference Between JBC Action and Comeback Request
Total Funds	\$69,329,722	\$180,410	\$0	\$180,410	\$180,410
General Fund	\$69,329,722	\$180,410	\$0	\$180,410	\$180,410
Cash Funds	\$0	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0
FTE	1002.5	1.2		1.2	1.2

Summary of Initial Request

The Office of State Planning and Budgeting requests that the Committee fund \$180,410 for the Department of Human Services, Division of Youth Services to establish four (4) distinct commitment facilities on the Lookout Mountain Youth Services campus. The creation of four (4) unique facilities on the Lookout Mountain campus includes a FTE request for a Director of Facility Operations, three (3) facility directors, one (1) assistant facility director, and two (2) clinical directors for a total of 7.0 positions which are prorated as 1.2 FTE for this year. This supplemental request would allow the Department to begin implementing this new structure on April 1, 2020.

This request supports the Department’s strategic plan by creating smaller facilities to improve the continuum of care by modifying or building smaller treatment and relationship-focused secure care facilities that keep young people engaged with their families and communities. Smaller facilities with concentrated treatment groups have a reduced frequency of violent incidents and escapes.

While the total population at DYS facilities has declined, the remaining population requires significant resources to serve effectively. The Department anticipates that the creation of four distinct commitment facilities will increase safety for youth and staff and improve treatment outcomes and family engagement treatment plans. Additionally, the Department anticipates a decrease in assaults, a decrease in the use of seclusion and restraint, and an increase in staff retention. The Department believes this request meets supplemental criteria as the security, safety, education, and treatment of youth in DHS care is critical to successful outcomes.

JBC Committee Action

During the January 22nd supplemental figure setting, the Joint Budget Committee denied the Department's request based on the rationale that the request did not meet supplemental criteria.

OSPB Comeback Narrative

The Department believes this request meets supplemental criteria because of an unforeseen contingency and new information that requires the Department to implement this policy in the current fiscal year. The Department has experienced unforeseen safety and security incidents that have had ripple effects on the placement and the educational attainment of youth. In addition, the Department has been cognizant of the increasing concerns from the Golden, Colorado civilian and law enforcement communities in 2019.

The Department has seen an increase in violence and disruptive behavior at Lookout Mountain in 2019 that cannot be mitigated under current policy. This triggered the Department to reevaluate the management and operational structure of the Lookout Mountain campus. The Department has planned this supplemental in conjunction with the FY 2020-21 request since the summer in order to immediately address these new safety and security concerns. The safety and security incidents at Lookout Mountain that prompted a thorough look at moving the Lookout campus to smaller, single-purpose facilities:

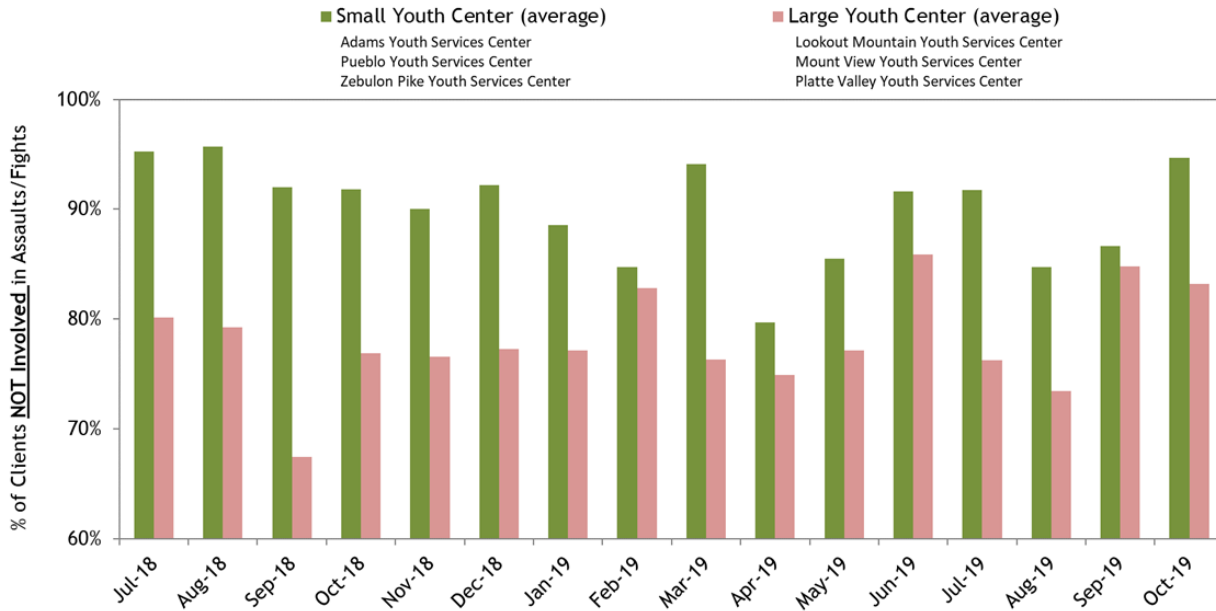
- Two (2) completed escapes of three (3) youth
- Two (2) disturbances in residential units involving multiple youth
- One (1) large fight in Central Dining involving 10-12 youth

Best practice and experience continues to show that smaller facilities produce better outcomes and safer environments. Moving to smaller, individual youth centers on a larger campus is imperative to immediately create a safer environment for youth and staff, while also moving towards best practice.

Just months ago, committed youth were placed in detention centers and in out-of-state residential placements in order to immediately address the concerns surfacing at the largest long-term commitment center in the State - Lookout Mountain. Youth who are currently placed in state detention centers are not receiving the same quality of education or treatment services as those placed in youth centers designed for longer-term committed youth. Therefore, it is urgent to utilize the capacity available at the Lookout Mountain campus within a new structure and providing the highest level of services, including education, available to youth who have been committed.

Smaller facilities with smaller treatment groups have a reduced frequency of violent incidents and escapes. The Department has recognized that in its smaller youth centers with thirty (30) or fewer beds, such as Adams Youth Services Center, Pueblo Youth Services Center, and Zeb Pike Youth Services Center, the number of fights and assaults-per-capita is lower than in the larger youth services centers serving higher numbers of youth.

When comparing smaller and larger youth centers side-by-side, trend data indicate that smaller youth centers (shown as the green bars) perform better. The smaller youth centers have a higher percentage of youth not involved in assaults/fights over time. In contrast, the larger youth centers (shown as the red bars) show lower performance in this area. In other words, larger youth centers have more youth involved in assaults/fights (or as depicted in the chart, a lower percentage of clients not involved).



As mentioned previously, the Department moved youth from Lookout Mountain to other YSCs across the state due to the violent incidents, causing a system-wide capacity issue. Rather than just placing more youth at Lookout Mountain to solve the capacity crisis, the Department is requesting to create smaller facilities, for better outcomes, within the campus, in order to use it both optimally and safely with a better structure in place.

The events at Lookout Mountain and the subsequent drastic reduction in the number of youth placed at the facility created an emergency situation in the Department and is being addressed as an unforeseen contingency. This is placing undue stress on other youth centers and possibly creating additional safety and security issues that were not known when the current appropriation was made.

Approval of this request will allow the Department to immediately address violent incidents at the largest commitment facility in Colorado, provide better reentry outcomes for youth and increase safety for youth and staff. The safety and security of this vulnerable population must not be delayed.



S-2 Drug Detection Devices, Canine, and Staffing

	FY 2019-20 Appropriation	FY 2019-20 Supplemental Request	JBC Action	Comeback Request	Difference Between JBC Action and Comeback Request
Total Funds	\$69,329,722	\$366,500	\$0	\$366,500	\$366,500
General Fund	\$69,329,722	\$366,500	\$0	\$366,500	\$366,500
Cash Funds	\$0	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0
FTE	1,002.5	1.7	0	1.7	1.7

Summary of Initial Request

The Office of State Planning and Budgeting requests that the Committee fund \$366,500 for the Department of Human Services, Division of Youth Services to purchase drug detection devices for three of the ten youth services centers (YSCs). This request includes 1.7 FTE (10 positions prorated for this year) to operate the drug detection devices to check visitors and staff for drugs upon entry into these YSCs. It also includes contracted services for drug detection canines in all ten youth centers to check facility buildings and grounds for contraband on a randomized basis. In the first three months of FY 2019-20, the Department has experienced over thirty (30) drug incidents, a number that will likely increase as youth and staff develop more sophisticated ways of maneuvering the system. While the total population at DYS facilities has declined, the remaining population requires significant resources to serve effectively. In light of increased occurrences of drug incidents, the request would improve the safety and security of the youth and staff in these youth centers.

JBC Committee Action

The Committee declined this request based on the premise that the request did not meet supplemental criteria.

OSPB Comeback Narrative

OSPB and the Department believe this request meets supplemental criteria because of an unforeseen contingency that requires the Department to implement these measures in the current fiscal year. In the first three months of FY 2019-20, the Department has experienced over thirty (30) drug incidents, a number that will likely increase as youth and staff develop more sophisticated ways of maneuvering the system. In light of increased occurrences of drug incidents, the request would improve the safety and security of the youth and staff in these youth centers.

The unforeseen increase in the introduction of drugs in youth centers is considered an emergency situation and therefore is being requested as a supplemental. The continual safety of youth and staff in residential state-operated youth centers is the highest priority. In addition to the increase in drug incidents, the Department is experiencing an acceleration in the sophistication of the concealment of drugs. For example, advanced manufacturing processes that allow for the concealment of drugs, such as high potency Tetrahydrocannabinol (THC) wax products which are easily hidden behind ears, in noses, and in hair, and evade normal detection procedures. Due to the related health emergencies stemming from youth consuming these products, the Department cannot delay securing optimal safety of the youth in their care. Improved drug deterrence and detection systems are needed immediately.

The Department requested a supplemental General Fund appropriation for \$366,500 to purchase drug detection devices at Lookout Mountain, Mount View and Zeb Pike Youth Services Centers (YSCs) to pilot the devices at a variety of physical plants. The request also included FTE to work two (2) shifts per YSC to operate the devices for 16 hours a day, 7 days a week. Lastly, funding was also requested for contracted drug detection canines to perform random searches for drugs in all areas in all ten YSCs. If approved, the FTE would begin in April 2020. This request is a response to the urgent safety concerns at YSCs.

DYS has improved and strengthened policies and protocols this year to combat the introduction of contraband in State facilities; however, the new policies cannot readily prevent all drugs from being introduced into youth centers. On October 1, 2019, the Department instituted a new policy requiring staff and visitors to utilize clear bags to bring allowable personal belongings into a secure facility. This new policy alone has not been effective in stopping the entry of drug contraband. Drug detection devices for use with all individuals entering a youth center (staff and visitors) will greatly assist in the detection of drugs before they enter secure facilities. Additionally, the trained drug detection canines will allow DYS to detect and remove narcotics after they are brought into the facilities, and will allow DYS to search all areas of a youth center and the grounds.

The health and safety of youth in secure facilities is an immediate concern and action to improve conditions should not be delayed. The potential for drugs to increase in numbers without the additional measures requested is likely and subsequently detrimental to any residential youth center occupants and the staff that care for our youth. Safety, security, health-related emergencies, as well as programming success, are substantially at risk. The immediate impact on the safety of YSCs is real when drugs are present. Drugs promote an overall unsafe environment. Approval of this request beginning in FY 2019-20 will result in safer and secure YSCs. It will also support an atmosphere that is conducive for youth reentry.



ES-01 Family First and Colorado Trails

	FY 2019-20 Appropriation	FY 2019-20 Supplemental Request	JBC Action	Comeback Request	Difference Between JBC Action and Comeback Request
Total Funds	\$	\$1,692,819	\$0	\$1,433,360	\$259,459
General Fund	\$	\$1,332,590	\$0	\$1,117,239	\$215,351
Cash Funds	\$	\$0	\$0	\$0	\$0
Reappropriated Funds	\$	\$0	\$0	\$0	\$0
Federal Funds	\$	\$360,229	\$0	\$316,121	\$44,108

Summary of Initial Action

The Department requested \$1,692,819 total funds in FY 2019-20 to support initial implementation of the federal Family First Prevention Services Act (Family First), and for ongoing implementation costs as well as for ongoing operating and maintenance costs to Trails as a September 1331 emergency supplemental.

JBC Committee Action

The Joint Budget Committee (JBC) moved to delay a decision until the Department returned with a comeback.

OSPB Comeback Narrative

Significant work and progress has been made towards Colorado's implementation of Family First. Substantive challenges remain, however, as we continue to receive federal guidance and gain a fuller understanding of all that is required to ensure successful implementation that will truly benefit Colorado's children, youth, and families. Given these challenges, Colorado's Family First Implementation Team (comprised of a variety of stakeholders including county representatives) recommended a delay of Family First implementation from January 2020 and recommended implementation to occur as soon as possible, but no later than April 30, 2020. The Department agreed with this recommendation and is working to identify a new opt-in date targeted for Spring 2020. The short implementation delay in no way changes the rationale or urgency of the Department's September 2019 funding request.

If Family First would have been implemented in January 2020 as originally planned, the Department would be in the same place as it is today in terms of the timeline for hiring the FTE approved in the emergency supplemental. All of the positions have been posted and three positions have already been filled. The remaining positions continue to be needed imminently for implementation of Family First regardless of when Colorado is able to implement. In fact, any delay in filling the FTEs required to build the infrastructure necessary for Family First will create additional challenges in implementation and another request for funding will need to be made for these positions. All requested FTEs that were denied are critical to the success of Family First implementation, and removal of the funding for these FTEs will result in potential further delays in the implementation and the opportunity to earn federal dollars available through Family First.

The table below lists the FTE requested, hiring status, why these positions are needed now, and how these FTE support proposed 2020 legislation.

Position	Has the position been hired?	If not, where in the process is the position?	Why is the position needed before we implement Family First in April?	How does this position relate to the Family First bill that will be introduced this session?
Trails Product Owner	Yes	N/A	This person directs all work completed for Trails Modernization, with a focus on the modifications required for Family First.	This position ensures that all Family First activities are integrated into Trails, including anything related to both federal and state laws.
Social Services Specialists for the Licensing/Monitoring Team (2)	Yes	N/A	These positions are necessary to create guidelines for Qualified Residential Treatment Provider (QRTP) accreditation standards, to monitor the fidelity of these standards, and investigate complaints from the Department's Office of Behavioral Health (OBH) when QRTPs are non-compliant in the fidelity of the delivery of their trauma-informed care models.	No positions were provided to the Department upon the passage of HB 19-1308 and the Department has had to work with existing resources to develop rules around this new licensing type. These two new positions are critically needed to provide guidance around the assessments required for QRTP placement and to continue to develop the availability of QRTP placements. The proposed bill specifically has

				updated QRTP language and an updated qualified assessor definition.
Training Specialist V	No	This position was posted and interviews were held; none of the applicants had the experience necessary to fill this role. The position's duties will be revised to remove supervisory duties and will be reposted at the end of January 2020.	This position is responsible for designing and delivering training that caseworkers will need prior to the implementation of Family First. Family First training must begin prior to implementation and continue after implementation.	This position will be responsible for designing and delivering ongoing training and coaching related to statutory and practice changes that will be required by the Family First bill that will be introduced this session.
Data Analyst IV	No	This position was posted on December 13, 2019. Only five candidates met the minimum qualifications so the position was reposted on January 6, 2020. Applications are currently being reviewed.	This position will develop/design a process to review and analyze prevention-related data and required reporting data elements for Family First.	The Family First bill will require data tracking for candidacy, prevention services, outcomes, and juvenile justice youth.
Project Manager for Family First Implementation	No	This position was posted and closed. Initial offers were declined as the applicants accepted other job offers. The position was reposted on December 19, 2019. Applications are currently being reviewed.	This position is a key coordinator in working with multiple stakeholders and assessing the readiness of multiple systems as implementation develops and launches. This position assumes the duties of a contractor with the same charge whose service ended December 31, 2019.	This position will be responsible for project management related to Family First implementation and is needed now as the State works to finalize and submit its Prevention Plan to the Federal Government.

				Prevention, QRTP and specific court findings are all parts of the proposed bill. The Project Manager will be instrumental in working to provide guidance to counties and other stakeholders as we implement, including the finalization and implementation of the legislation.
Auditor/ Finance Unit	No	This position was posted on December 11, 2019, and has closed. Applications are currently being reviewed.	Family First requires fiscal information to be reported federally. Additionally, to meet IV-E claiming requirements, county programs will need to be audited to assure compliance with state and federal requirements of the IV-E programs. These are additional workloads and require additional resources.	The bill is anticipated to have funding elements in it. This position offers critical capacity to the Department's Finance Team as it continues to assess the fiscal implications related to implementation.

The Governor's Office and the Department recognize that the hiring of all of these FTEs has not yet been accomplished. The Governor's Office and the Department are amenable to a reduction of \$259,459 total funds previously approved by the JBC, which represents the total amount of salary savings due to these delays in hiring.



REQUEST TITLE: S-01 Leased Space Buildout

	FY 2019-20 Appropriation	FY 2019-20 Supplemental Request	JBC Action	Comeback Request	Difference Between JBC Action and Comeback Request
Total Funds	\$9,469,538	\$1,660,281	vote tabled	\$1,660,281	\$1,660,281
General Fund	\$1,131	\$0		\$0	\$0
Cash Funds	\$243,000	\$1,660,281		\$1,660,281	\$1,660,281
Reapprop. Funds	\$9,211,907	\$0		\$0	\$0
Federal Funds	\$13,500	\$0		\$0	\$0

Summary of Initial Request

The Department of Public Health and Environment (the Department or CDPHE) requests \$1,660,281 cash fund spending authority in FY 2019-20; \$1,660,281 cash fund spending authority and \$1,062,288 reappropriated funds spending authority from indirect cost recoveries in FY 2020-21; \$1,082,099 reappropriated funds spending authority from indirect cost recoveries for 2021-22 and ongoing to expand its current leased space at the main campus located at 4300 Cherry Creek Drive South in Glendale, Colorado.

JBC Committee Action

The JBC has tabled the vote on this request pending additional information on the occupancy of the new space, buildout costs, and timing.

OSPB Comeback Narrative

The Department is requesting that the JBC considers the following information on occupancy, buildout cost, and timing prior to voting on this request.

Occupancy

Following the initial move in of the Hazardous Materials and Waste Management division the additional space will be 56% occupied, with the remaining space to be available to accommodate future growth and be available for other state agencies in the interim. CDPHE plans to move 118 employees into 211 work spaces; with additional space allocated for conferences rooms, break rooms, and other common space. The Department is also reviewing how other divisions are spread across the three buildings on campus. CDPHE will determine how to most efficiently house divisions on campus in order to place

programs together as a cohesive unit. Having some flexibility in the additional space will allow the Department to place divisions into areas that are appropriate for their anticipated growth.

Additionally, it is neither possible nor prudent for the Department to lease only a portion of the space available. The owner of the building is not willing to subdivide the 36,688 square feet. Based on the average growth of 40 FTE per year in recent years the Department would fill the additional space in less than three years. Additionally, the Department is prepared to engage with other Executive Branch Departments, if feasible, to address short term space needs in the interim.

Currently, Department staff overcrowd available workspaces. Without the ability to occupy additional space, staff will continue to share and occupy space not originally intended for office space usage such as closets and stairwells. These temporary solutions to overcrowding would violate city fire code and do not provide for a safe work environment.

Buildout Cost

The Department is requesting \$1,137,328 to buildout the available space. The area is currently set up for a call center, which does not align with the Department's needs. It is common practice for a lessee to contribute to the construction costs for outfitting a space to their needs. JLL, the Department's real estate broker, has informed CDPHE that the current average cost of buildout is \$50 per square foot. Due to the current construction boom in Denver it is reasonable to assume that these costs will increase in the near future. In preliminary talks the owner has indicated that they would be willing to contribute \$19 per square foot to buildout the space, leaving CDPHE responsible for \$31 per square foot. Amortizing the \$31 dollars per square foot over six years results in a cost per square foot of \$5.16 per year. Leasing space in a different building would still require buildout, and would have a greater IT cost, as the building would presumably not be connected to OIT's network.

Timing

The Department has submitted this request as a supplemental and budget amendment, rather than just a budget amendment, due to the owners desire to have a new tenant in place as soon as possible. The Department has a small window of opportunity to lease this property after the current tenant vacates and the building owner begins negotiations for a new tenant, as the Department has the right of first refusal within its current lease. The Department's property broker notified the Administration Division's Fiscal manager of the current tenant's intent to vacate the property by April 1, 2020. Inaction by the Department to secure this leased space could lead to another tenant occupying the space for another five to ten years. In that time, the Department will have well exceeded its available space.

The Department has negotiated a preliminary per square foot rate of \$25, significantly more favorable than the current \$30 per square foot market rate in the area. Taking this opportunity to secure a more favorable rate is a cost effective solution compared to leasing additional

space in the future at the standard market rate. Additionally, the proposed expansion requires minimal relocation efforts and avoids establishment of further IT infrastructure, and costs associated with a total demolition and construction of other available commercial spaces off campus that would be necessary to meet the Department's needs. Since the Department has an established relationship with the building's owner, it can expect a stable tenant relationship and ease in negotiating rates and terms for the final lease.

Without authorized funding to proceed with this project, Department staff will continue to overcrowd available workspaces and the Department will not be able to house any additional staff added through budget actions or the legislative session. Staff will continue to share and occupy space not originally intended for office space usage such as closets and stairwells. These temporary solutions to overcrowding would violate city fire code and do not provide for a safe work environment. These conditions result in low morale and lost productivity. If the Department is not able to secure a lease for the additional space it will be forced to look into leasing space elsewhere, which based on the prevailing rate of \$30 per square foot, will cost the State more money in the long run.



S-01 Community Corrections Caseload Adjustment

	FY 2019-20 Appropriation	FY 2019-20 Supplemental Request	JBC Action	Comeback Request	Difference Between JBC Action and Comeback Request
Total Funds	\$68,791,215	\$3,902,206	\$ 8,500,520*	\$3,902,206	(\$4,598,314)
General Fund	\$ 68,791,215	\$3,902,206	\$8,500,520* ¹	\$3,902,206	(\$4,598,314)
Cash Funds	\$0	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0

Summary of Initial Request

The Department of Public Safety (DPS) requested a supplemental General Fund appropriation of \$3,902,206 in FY 2019-20 in the Community Corrections section of the long bill to address increasing caseload demand. This amount included \$209,191 General Fund to release the restricted spending authority resulting from an over-expenditure in FY 2018-19. It also included \$914,494 to expand community corrections in El Paso County.

The Office of Community Corrections (OCC) provides a sentencing alternative in lieu of prison incarceration for felony offenders. Community corrections combines residential supervision and treatment for offenders ineligible for probation supervision, or for those who have spent time in prison and are awaiting parole placement by the state parole board.

The Community Corrections Placements line item is used to fund beds and specific treatment categories across the state. Current bed demand and projected caseload needs exceed available appropriations in the FY 2019-20 operating year. The supplemental will be utilized to meet caseload demands.

¹ \$4.6 million of this funding is proposed to be included in the fiscal note for the companion legislation to amend statute to remove the transfer of community corrections reversions.

JBC Committee Action

During the January 9th supplemental figure setting, the Joint Budget Committee approved staff's recommendation to appropriate \$3.9 million for community corrections placements. The Committee also approved sponsoring legislation that would amend statute to replace the Community Corrections reversions currently transferred to the Department of Local Affairs (DOLA) with a direct appropriation of \$500,000 General Fund to the Department of Corrections (DOC) to be transferred to DOLA for the purposes of supporting housing programs for recently released prisoners. The Joint Budget Committee also supported including additional funding of \$4.6 million to fund Potential Bed Capacity in the community corrections system. This funding would be provided in the fiscal note to the companion bill. DPS requests that the Joint Budget Committee reconsider this increased funding and potential legislation to change reversion provisions because the \$3.9 million request reflects DPS anticipated caseload need and the proposed additional funding does not address DOC's ongoing capacity challenges.

OSPB Comeback Narrative

DPS requested a supplemental General Fund appropriation of \$3.9 million in FY 2019-20 in the Community Corrections section of the long bill to address projected caseload need. Efforts are underway through H.B.18-1251 and H.B.18-1410 to increase the utilization of community corrections placements and, subsequently, address overcrowding issues within DOC. These efforts have significantly contributed to achieving the highest levels of community corrections placements in years. In developing this funding request, the Department collaborated with local community corrections boards and providers to ensure that the request was responsive to the growing needs associated with higher utilization. The Department believes that \$3.9 million General Fund is sufficient to meet the projected caseload needs in FY 2019-20 and that the additional increase of \$4.6 million will likely result in reversion of this funding due to the limited ability of providers to increase supply in the remaining months of FY2019-20.

Due to recent changes in the state prison capacity, DOC is utilizing community corrections as a resource for capacity management. The \$3.9 million request includes funding for up to 221 beds that can be used as an alternative to incarceration. These beds are available and can be staffed for transition clients. DOC does not believe with the proposed additional funding of \$4.6 million will address the current capacity crisis for a number of reasons. First, it is unlikely that providers will have the capacity to staff additional beds before the end of FY 2019-20. Second, a majority of the new beds will be used for diversion clients as many community corrections providers covered by the expansion do not take transition clients unless they have local ties. Some providers are also required to get local board approval before taking transition clients, a process that could delay transitioning offenders from DOC to community corrections. .

The proposed additional funding of \$4.6 million increase assumes that funding community corrections at full Potential Bed Capacity will result in higher utilization. Higher utilization will be difficult under this new system because of staffing challenges faced by providers. The providers included in the original request were chosen because they have the resources to immediately staff additional beds. The Department aims to make sure providers have staffing levels appropriate for their caseload. DPS is concerned that most providers will not be able to staff all beds funded by this proposed additional funding by the end of FY 2019-20, which will result in reversions of the funding and not significantly address current capacity challenges.

Community corrections placement funding will exceed projected bed demand and caseload needs if the Committee does not reduce the appropriation to \$3.9M General Fund. Additionally, the \$8.5M appropriation will annualize to an increase of \$20M in future years, providing unnecessary strain on the General Fund. DOLA and DOC concur with this request.

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