

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF BUDGET BRIEFING
DEPARTMENT OF REGULATORY AGENCIES**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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November 13, 2015**

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DEPARTMENT OF REGULATORY AGENCIES

Department Overview

The Department's mission is broadly defined as consumer protection, which is carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through 41 boards, commissions, and advisory committees across more than 50 professions, occupations, programs, and institutions. The Department is organized in 10 predominantly cash-funded divisions as follows:

- The **Divisions of Banking, Financial Services and Securities** regulate state-chartered financial services institutions including banks, trust companies, credit unions and money transmitters, investment advisers, securities broker-dealers, and sales representatives.
- The **Civil Rights Division** administers and enforces Colorado's civil rights laws and is the only non-cash-funded division, relying on General Fund and Federal Funds.
- The **Division of Insurance** regulates and licenses life, health, property and casualty, and other types of insurance companies and agents.
- The **Public Utilities Commission (PUC)** regulates the providers of public utilities in energy and telecommunications and specified industries that provide transportation for hire directly to consumers. The **Office of Consumer Counsel (OCC)**, structured as a separate division but funded by PUC cash funds, represents the interests of residential, small business, and agricultural consumers on utility matters before the PUC.
- The **Division of Real Estate** licenses real estate agents, appraisers, and mortgage loan originators, registers mortgage companies and homeowners associations, and administers the conservation easement tax credit certification programs.
- The **Division of Professions and Occupations** oversees regulation of over 697,000 licensees in over 50 professions, occupations, and entities.
- Additionally, the **Office of Policy and Research (OPR)** in the **Executive Director's Office (EDO)** provides sunset and sunrise regulatory evaluations and policy recommendations to the General Assembly and is cash funded by the programs reviewed.

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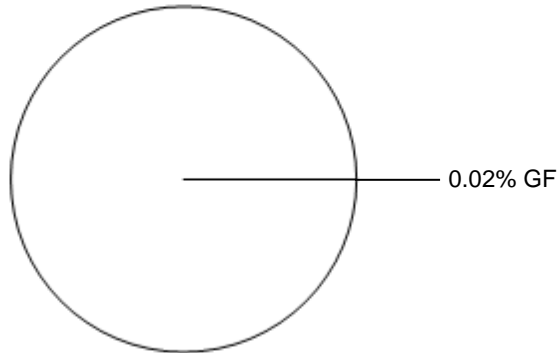
Department Budget: Recent Appropriations

Funding Source	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 *
General Fund	\$1,703,494	\$1,882,646	\$1,923,405	\$1,777,519
Cash Funds	73,652,864	78,674,683	80,292,863	77,347,008
Reappropriated Funds	4,504,371	4,722,507	4,875,289	4,614,232
Federal Funds	<u>1,323,983</u>	<u>1,386,984</u>	<u>1,486,010</u>	<u>1,415,740</u>
Total Funds	\$81,184,712	\$86,666,820	\$88,577,567	\$85,154,499
Full Time Equiv. Staff	572.7	587.6	583.6	585.5

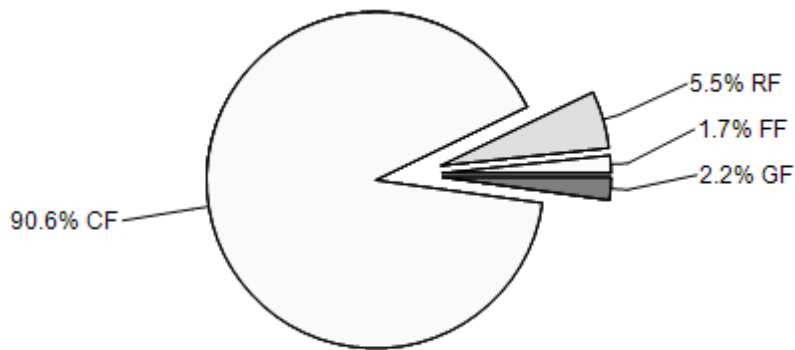
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

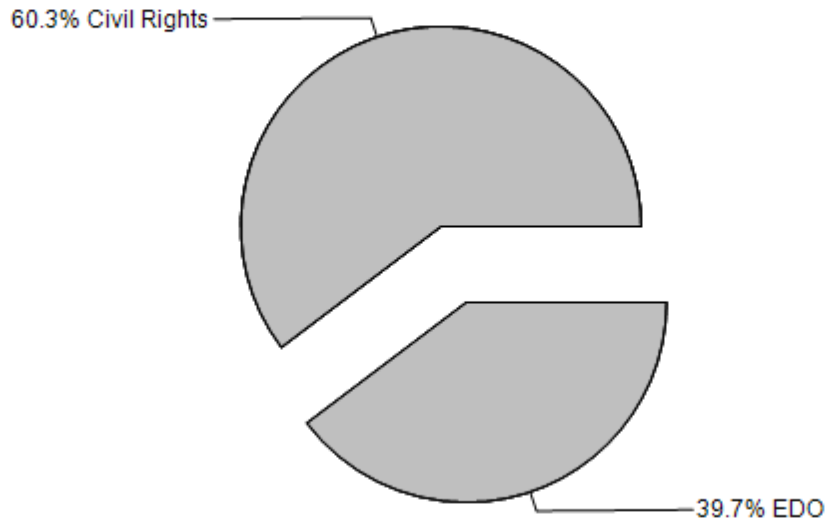


Department Funding Sources

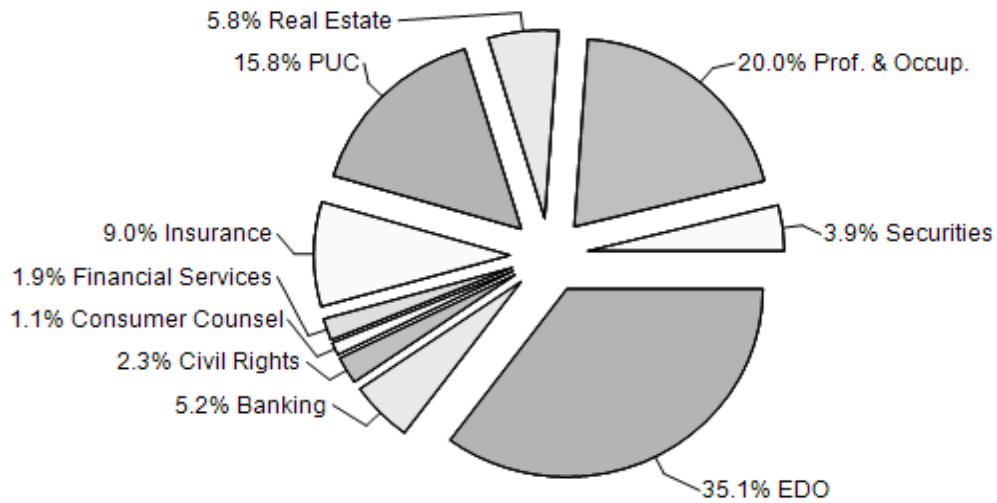


All charts are based on FY 2015-16 appropriations.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on FY 2015-16 appropriations.

General Factors Driving the Budget

The Department's FY 2016-17 budget request consists of 2.1 percent General Fund, 90.8 percent cash funds, 5.4 percent reappropriated funds, and 1.7 percent federal funds. Some of the major factors driving the Department's budget are discussed below.

Legal Services

Due to the impact on parties involved in many of the Department's regulatory decisions, legal services has been, and will continue to be, a driving factor of the Department's budget. Legal services account for 11.8 percent of the Department's FY 2015-16 total appropriation and 26.8 percent of the total legal services provided to all state agencies by the Department of Law.

Department of Regulatory Agencies Legal Services Expenditures					
	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Approp.
Legal Services	\$8,088,494	\$8,165,123	\$9,767,656	\$10,049,506	\$10,458,308
Legal Services Hours	106,835	105,697	107,243	101,500	110,076
Change in Hours	-2,438	(1,138)	1,545	-5,743	8,576
Percent Change in Hours	-2.2%	(1.1%)	1.5%	-5.4%	8.4%
Percent of Department Total	10.5%	10.4%	12.0%	11.6%	11.8%
Dept. of Law Blended Legal Rate	\$75.71	\$77.25	\$91.08	\$99.01	\$95.01
Dept. of Law Total Legal Services to State Agencies	\$27,109,549	\$26,489,283	\$33,148,975	\$40,732,252	\$39,045,548
DORA Percent of State Agencies Total	29.8%	30.8%	29.5%	24.7%	26.8%

From FY 2010-11 through FY 2014-15, five divisions accounted for 82.2 to 88.8 percent of the Department's legal services.

Legal Services Expenditures by Top Five Divisions					
	FY 10-11 Actual	FY 11-12 Actual	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual
Professions & Occupations	\$3,286,424	\$3,336,464	\$3,426,052	\$3,806,424	\$4,186,650
PUC + OCC	1,664,076	1,835,306	1,759,139	2,358,562	2,857,499
Insurance	890,231	787,757	837,152	942,438	980,635
Real Estate	<u>781,201</u>	<u>743,813</u>	<u>594,427</u>	<u>918,930</u>	<u>898,837</u>
Top Five Subtotal	6,621,932	6,703,340	6,616,770	8,026,354	8,923,620
Department Total	\$8,017,385	\$8,088,494	\$8,165,123	\$9,767,656	\$10,049,506
Top Five Percent of Total	82.6%	82.9%	81.0%	82.2%	88.8%

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Other Legislation

The General Assembly has passed an average of 12.2 bills per session over the last ten sessions that impact the Department's regulatory responsibilities. The 2015 Session had a significantly lower-than-average five bills that appropriated only \$148,422 Cash Funds. The following table shows the impact of other legislation on the Department's budget.

Impact of Other Legislation on the DORA Budget						
Session	No. of Bills	General Fund	Cash Funds	Reapprop. Funds	Total	FTE
2006	11	\$0	\$1,088,461	\$194,600	\$1,283,061	7.2
2007	22	42,290	2,670,098	66,962	2,737,060	15.3
2008	19	149,205	2,233,416	0	2,233,416	17.3
2009	10	0	947,305	0	947,305	7.5
2010	13	0	507,245	593,333	1,100,578	6.4
2011	11	0	954,420	0	954,420	6.8
2012	5	0	378,246	0	378,246	2
2013	16	0	334,518	0	334,518	12.8
2014	10	0	802,770	0	802,770	7
2015	5	0	148,422	0	148,422	0
Average	12.2	\$19,150	\$1,006,490	\$85,490	\$1,091,980	8.2

The impact of these bills by division is outlined in the following table.

Divisions Impacted by Bills by Legislative Session											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Professions and Occupations	3	5	7	7	7	8	4	11	3	0	55
Insurance	3	5	6	0	0	2	1	2	1	1	21
Public Utilities Commission	2	6	1	1	2	0	0	1	4	0	17
Real Estate	1	4	1	1	2	1	0	1	0	1	12
All Other Divisions	<u>2</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>17</u>
Total	11	22	19	10	13	11	5	16	10	5	122

Licenses Issued

The Department is responsible for consumer protection and licenses professionals in various industries as part of this mission. The Divisions of Insurance, Real Estate, Professions and Occupations, and Securities issue the majority of individual licenses. Budgets in these divisions are driven primarily by the number of individuals requiring licensure. The following table outlines the number of licenses regulated by these divisions.

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Number of Licenses Regulated by the Divisions of Insurance, Real Estate, Registrations, and Securities					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Div. of Insurance Producer Licenses					
New Licenses	29,789	30,556	30,900	31,603	33,160
Active Licenses	129,559	128,710	134,951	142,105	150,058
Div. of Real Estate					
Broker & Salesperson	39,062	37,560	37,439	38,729	40,268
Mortgage Loan Originators	4,840	5,443	7,182	8,074	8,494
Appraisers	3,365	3,209	3,068	2,833	2,734
Div. of Professions and Occupations					
New Licenses	34,431	35,210	36,152	35,793	40,257
Active Licenses	345,026	347,285	366,402	368,851	387,924
Div. of Securities					
Sales Representative License Renewals	153,576	163,818	165,433	171,999	187,878
Investment Advisor License Renewals	9,522	9,743	10,297	11,103	12,287

Number of Examinations by the Divisions of Banking and Securities

The deterioration of the financial sector in 2008 increased the workload of the examination sections of the Divisions of Banking, Financial Services, and Securities which have since decreased for the Banking and Financial Services Divisions. Securities examinations increased in FY 2011-12 due to additional oversight requirements in federal law. The following table outlines the changes in the number of examinations conducted by these three divisions since FY 2010-11.

Examinations Conducted by the Divisions of Banking, Financial Services, and Securities						
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	Change Since FY 10-11
Banking Examinations	195	171	180	141	146	(25.1%)
Credit Union Examinations	39	34	31	34	34	(12.8%)
Securities Examination	65	110	175	138	174	167.7%

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Summary: FY 2015-16 Appropriation & FY 2016-17 Request

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
S.B. 15-234 (Long Bill)	\$88,429,145	\$1,923,405	\$80,144,441	\$4,875,289	\$1,486,010	583.6
Other legislation	<u>148,422</u>	<u>0</u>	<u>148,422</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$88,577,567	\$1,923,405	\$80,292,863	\$4,875,289	\$1,486,010	583.6
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	\$88,577,567	1,923,405	\$80,292,863	\$4,875,289	\$1,486,010	583.6
R1 Annualize terms of new lease agreement	(2,374,717)	(97,037)	(1,964,299)	(272,917)	(40,464)	0.0
NPI FY 2016-17 Secure Colorado	19,193	0	19,193	0	0	0.0
NPI Annual fleet vehicle request	17,980	0	17,980	0	0	0.0
NPI Resources for administrative courts	11,794	533	11,261	0	0	0.0
Annualize prior year legislation	24,419	0	24,419	0	0	1.9
Indirect cost assessment	8,198	0	22,066	0	(13,868)	0.0
Annualize prior year funding	(22,154)	4,446	(20,785)	(5,814)	(1)	0.0
Centrally appropriated line items	<u>(1,107,781)</u>	<u>(53,828)</u>	<u>(1,055,690)</u>	<u>17,674</u>	<u>(15,937)</u>	<u>0.0</u>
TOTAL	\$85,154,499	\$1,777,519	\$77,347,008	\$4,614,232	\$1,415,740	585.5
Increase/(Decrease)	(\$3,423,068)	(\$145,886)	(\$2,945,855)	(\$261,057)	(\$70,270)	1.9
Percentage Change	(3.9%)	(7.6%)	(3.7%)	(5.4%)	(4.7%)	0.3%

Description of Requested Changes

R1 Annualize terms of new lease agreement: The Department of Regulatory Agencies requests a reduction of \$2,374,171 total funds, including \$97,037 General Fund, \$1,964,299 Cash Funds, \$272,917 Reappropriated Funds, and \$40,464 Federal Funds for its Leased Space line item. The Department has signed a new 10-year lease from FY 2016-17 through FY 2026-27 at their current location of 1560 Broadway in Denver that includes significant cost savings in the first year of the lease.

NPI FY 2016-17 Secure Colorado: The request seeks an increase of \$19,193 Cash Funds for FY 2016-17 to cover the Department’s share of the Office of Information Technology’s implementation of advanced security event analytics capabilities. *This request item will be addressed in separate staff briefings for the Governor’s Office.*

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NPI Annual fleet vehicle request: The request includes the annual fleet vehicle change from the Department of Personnel. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

NPI Resources for administrative courts: The request includes an adjustment for the Administrative Law Judge Services line item from the Department of Personnel. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Annualize prior year legislation: The request includes adjustments related to prior year legislation.

Indirect cost assessment adjustments: The request includes an \$8,198 increase in total funds that reflects adjustments to indirect cost assessment lines as a result of the Statewide Indirect Cost Plan.

Annualize prior year funding: The request includes adjustments related to prior year budget actions.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; administrative law judges; payment to risk management and property funds; and leased space and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Issue: New Lease for Department

The Department of Regulatory Agencies (DORA) has signed a new lease for the 1560 Broadway office space, which starts July 1, 2016.

SUMMARY:

- On July 27, 2015, the Department signed a new 10-year lease for FY 2016-17 through FY 2026-27 at its current location. The net cost of the lease is estimated at \$47.8 million, with significant saving the first five years.
- The Department and its partners were able to negotiate highly favorable lease terms including: nine months of free rent in the first year of the lease; \$3.4 million in tenant improvement allowances, over half of which will be used as a rent credit in the first five years of the lease; and a 7% cap on the annual increase of operating expenses.
- As a result of expiring lease incentives, there will be two instances of significant increases in the cost of the lease. From Year 1 to Year 2 the cost will increase by \$2.5 million. From Year 5 to Year 6 the cost will increase by \$1.2 million.

RECOMMENDATION:

Staff recommends that the Committee approve at figure setting staff's recommendation of a \$788,208 Cash Funds appropriation for the Leased Space line item. The Department requests \$818,925 Cash Funds for this line item. The difference in amounts is attributable to the methodology by which the annual operating costs for this expenditure are calculated. A more detailed discussion of this methodology is provided below.

DISCUSSION:

The Executive Director signed a new 10-year lease at the 1560 Broadway in Denver address on July 27, 2015. The Department's new lease covers 165,764 square feet of office space, a 5,763 square foot increase over the current lease. The increased square footage does not represent an increase in usable office space; rather, it is a result of changes in the Building Owners and Managers Association's methodology for calculating square footage. Under the new lease, DORA and its employees will occupy the same space it currently occupies. Pursuant to space standards set by the Office of the State Architect, the new lease is classified as Category 3. Category 3 leases are those leases where the amount of square feet leased is more than 232 rentable square feet per office worker but less than the private sector average of 291 rentable square feet per office worker. Under the new lease, the Department will use about 283 square feet per employee.

Background

The Department occupies consolidated space at 1560 Broadway in Denver with a present total of 159,916 square feet. The Department no longer utilizes satellite locations throughout the state, with the exception a small amount of federally funded satellite space that exists in Pueblo for the

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Division of Civil Rights. The Department is presently in the last year of a 10-year contract for this lease, which will expire June 30, 2016.

In concert with the Department of Personnel and Administration’s State Buildings and Real Estate Programs and a State-designated commercial realtor, the Department conducted numerous site visits to various office spaces in the Denver Metro area, receiving quotes for these spaces ranging from the mid-\$20s to the low-\$30s per square foot per year. Other Denver locations considered were 101 W. Colfax and 1801 California Street, as well as office space in the Denver Technological Center. However, moving to another location would have cost more than the difference in lease rates offered, due to the need to build-out and reconfigure any new premises. The Department’s realtor estimated these costs would have been at least \$3 million.

New Lease Terms and Costs

The estimated 10-year cost of the new lease is \$47.8 million. The 10-year average lease rate is \$28.84 per square foot per year, which is on par with current annual rates in the same building. The Department negotiated a \$3.4 million tenant improvement allowance, with the ability to utilized part of that allowance as a rent credit in the first five years of the lease. The Department intends to maximize the utilization of this rent credit, resulting in a reduction of \$5.88 per square foot per year for five years. When the rent credit expires at the beginning of the sixth year of the lease (FY 2021-22), the annual square footage rate will increase significantly, as the table below shows.

10-Year Anticipated Leased Space Line Item Appropriation					
Fiscal Year	Gross Rate*	Gross Annual Cost	Rent Credit per Sq. Ft.	Effective Rate	Total Required Appropriation
2016-17**	\$24.90	\$1,031,881	(\$5.88)	\$19.02	\$788,208
2017-18	25.99	4,308,206	(5.88)	20.11	3,333,514
2018-19	27.12	4,495,520	(5.88)	21.24	3,520,827
2019-20	28.29	4,689,464	(5.88)	22.41	3,714,771
2020-21	29.51	4,891,696	(5.88)	23.63	3,917,003
2021-22	30.78	5,102,216	0	30.78	5,102,216
2022-23	32.11	5,322,682	0	32.11	5,322,682
2023-24	33.49	5,551,436	0	33.49	5,551,436
2024-25	34.93	5,790,137	0	34.93	5,790,137
2025-26	36.44	6,040,440	0	36.44	6,040,440
2026-27**	38.02	<u>4,726,760</u>	0	38.02	<u>4,726,760</u>
Total		\$51,950,438			\$47,807,995

*Rates include base rate of \$16.50/SF escalating at \$0.50 annually, plus estimated operating expenses in each year
**Only 3 months' occupancy in FY 16-17 and 9 months' occupancy in FY 26-27 estimated here due to rent abatement in Year 1

The first year of the new lease offers significant savings compared to FY 2015-16 appropriations, allowing the Department to completely cut General Fund appropriations for the Leased Space line item in FY 2016-17. The FY 2016-17 savings are approximately \$2.4 million, including reductions of \$97,037 General Fund, \$1,964,298 Cash Funds, \$272,917 Reappropriated Funds, and \$40,464 Federal Funds. These savings are a result of the negotiated

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lease terms, which include the rent credit mentioned above and nine months free rent for FY 2016-17. However, it should be noted that the cost of the lease will increase by approximately \$2.5 million in FY 2017-18 because the Department must make a full year’s worth of payments.

Lease Rate and Operating Cost Calculations

The Department’s base rate is \$16.50 per square foot per year. This rate increases by \$0.50 per year, an escalation viewed as reasonable and standard by the Department and its realtor. The Department will also be responsible for paying its pro-rata share of the buildings operating costs, which is conservatively estimated at \$7.85 per square foot in FY 2016-17. It is worth emphasizing that the *operating costs rate is an estimate* and the actual rate may be lower or higher; however, the Department has erred on the high end of the estimated costs. The lease stipulates that the Department’s operating expenses may increase by no more than 7 percent above the prior year, regardless of actual operating costs of the building. In order to ensure that there are sufficient appropriations, the first year’s lease rate includes a 7 percent increase to the base operating cost estimate.

The following table details the methodology used by staff to calculate the new lease’s annual rate per square foot and shows the incremental increase in the net lease rate over the 10-year term of the lease.

Anticipated Lease Annual Rate Schedule						
Fiscal Year	Base Rate	Base Rate Increase	Operating Cost Base Rate	Op. Cost w/ 7.0 percent increase cap	Rent Credit	Net Lease Rate
	<i>A</i>	<i>B</i>	<i>C</i>	<i>E</i>	<i>F</i>	<i>A+B+E-F</i>
2016-17	\$16.50	\$0.00	\$7.85	\$8.40	\$5.88	\$19.02
2017-18	16.50	0.50	7.85	8.99	5.88	20.11
2018-19	16.50	1.00	7.85	9.62	5.88	21.24
2019-20	16.50	1.50	7.85	10.29	5.88	22.41
2020-21	16.50	2.00	7.85	11.01	5.88	23.63
2021-22	16.50	2.50	7.85	11.78	0	30.78
2022-23	16.50	3.00	7.85	12.61	0	32.11
2023-24	16.50	3.50	7.85	13.49	0	33.49
2024-25	16.50	4.00	7.85	14.43	0	34.93
2025-26	16.50	4.50	7.85	15.44	0	36.44
2026-27	\$16.50	\$5.00	\$7.85	\$16.52	\$ 0	\$38.02

The Department’s request of \$818,925 Cash Funds includes \$91,087 for the 7 percent annual cap on the increase of operating costs. This operating cost amount is for a full 12 months. However, the Department negotiated nine months of free rent in FY 2016-17, so that figure should only be calculated for the three months the Department is paying rent. The FY 2016-17 net lease rate includes the Base Rate (A) plus the operating cost with the 7 percent cap (E) minus the rent credit (F). This rate is then multiplied by the number of months the Department will pay rent in FY 2016-17 (3 months) and by the total square footage of the Department’s leased space (165,764 sq. ft.), which results in staff’s recommended appropriation of \$788,208 Cash Funds.

Issue: Broadband Deployment Board

The Department of Regulatory Agencies' Broadband Deployment Board (Board) was created "to promote the state policy of providing universal access to broadband services...if competition for local exchange services fails to deliver broadband service throughout the state." (Section 40-15-509.5 (2), C.R.S.) The Board administers the Broadband Fund (Fund), created in Section 40-15-509.5 (4) (a), C.R.S., which is used to award grants for broadband development in unserved areas of Colorado.

SUMMARY:

- House Bill 14-1328 (Connect Colorado Broadband Act) added Section 40-15-509.5, C.R.S., which authorized the creation of Broadband Deployment Board and the Broadband Fund.
- The Board is funded through transfers from High Cost Support Mechanism (HCSM), which is not subject to JBC approval. However, these transfers are counted toward to the State's TABOR limit.
- Assuming approval and enactment of a settlement agreement between the Public Utilities Commission (PUC) and several telecommunication providers, a \$2.6 million transfer from HCSM to the Fund is anticipated for FY 2015-16.

RECOMMENDATION:

Staff recommends that the Committee:

- Approve staff's supplemental for FY 15-16 Long Bill to add an informational line item in the Department's Executive Director's Office and Administrative Services section for the Broadband Deployment Board.
- Amend statute to specify the date the funds from HCSM are to be transferred to the Broadband Fund (e.g. July 1 of each fiscal year) and that this transfer is continuously appropriated to the Fund.
- Amend statute to clarify that the projected decline in HCSM contributions qualify as part of the required proportional reduction in contributions, pursuant to Section 40-15-208 (2) (a) (III), C.R.S.

Staff will work with the Office of Legislative Legal Services, in consultation with the Department, to draft language amending the relevant parts of Section 40-15-509.5, C.R.S., per staff's recommendations.

DISCUSSION:

In Section 40-15-502 (4), the General Assembly sets the "goal of universal access" to broadband service as state policy. Furthermore, the General Assembly acknowledges that "it may be necessary to provide financial assistance" to promote this state policy. (Section 40-15-509.5 (2), C.R.S.) The Broadband Deployment Board, created in Section 40-15-509.5 (5) (a), C.R.S., is an

independent board meant to provide direction and oversight to these funding efforts, while ensuring the achievement of state policy.

Background

House Bill 14-1328 (Connect Colorado Broadband Act), which created the Board, was signed into law and became effective on May 10, 2014. This bill appropriated \$86,518 cash funds from the Colorado High Cost Administration Fund and 0.7 FTE to the Public Utilities Commission for personal services, operating expenses, capital outlay, and the purchase of legal services. Additionally, the bill provided a one-time \$200,000 cash fund appropriation from the HCSM to the Fund for the administrative costs of program start-up.

The Final Fiscal Note and the JBC Staff Fiscal Analysis for HB14-1328 outline several technical issues with the bill due to from ambiguous statutory language. These issues include funding ongoing administrative costs, whether appropriations are continuous or annual, and how the provisions for proportional reductions of the HCSM surcharge are applied. While the Department and JBC staff agree on the interpretation of statute, JBC staff believes that it is prudent and within the authority of the Committee to address these issues. Minor adjustments to statute to clarify program implementation and legislative intent are all that is needed.

The Board consists of 16 members from both major political parties, with statutory requirements for the number of representatives from the Executive branch, local entities, the broadband industry, and the public. Board members serve four year terms and cannot server more than two consecutive terms. The Board is currently developing a project application and grant award process. Grant applicants must demonstrate that their projects represent new broadband deployment, provide maps proving the proposed project area is unserved, and that the applicant has involved the local community and stakeholders in project development. The Board provides an annual report to the following committees: House Transportation and Energy, House Business Affairs and Labor, and Senate Agriculture, Natural Resources, and Energy. The Board is scheduled to sunset on July 1, 2024. (Section 40-15-509.5, C.R.S.)

Funding the Broadband Deployment Board

The Broadband Deployment Board's work is funded by the Broadband Fund, created in Section 40-15-509.5 (4) (a), C.R.S. The Fund receives cash fund transfers, contingent on approval by the PUC, from the HCSM. These transfers do not require appropriated spending authority from the JBC; pursuant to Section 40-15-509.5 (4) (a), C.R.S., these funds are considered continuously appropriated. While JBC staff and the Department agree on this interpretation of statute, the language of this section is not explicit. The vague nature of the statutory language allows for the possibility of misinterpretation. The addition of explicit language defining these transfers as continuous will provide clarity to legislative intent.

High Cost Support Mechanism

The High Cost Support Mechanism, created under Section 40-15-208 (2) (a) (I), C.R.S. and administered by the PUC, provides financial assistance to telecommunication companies that provide basic service and broadband service in high-cost areas that lack effective competition. This support allows the provider to recoup its reasonable business costs while providing

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affordable service to end users. While the PUC administers the HCSM, the fund is held outside of the State. The PUC has contracted with Solix, a private management and consulting firm, to provide the day-to-day management of the HCSM.

The HCSM makes quarterly distributions to eligible providers who serve customers in high-cost areas of the state. The HCSM receives revenue from all providers of intrastate telecommunications services through a rate element assessment on their service revenues. This rate element assessment, also known as the Colorado Universal Service Charge, is currently 2.6 percent and the charge is generally passed along to consumers. Telecommunication companies report their intrastate revenues twice a year.

The HCSM is facing declining contributions while distribution obligations remain relatively steady, which will result in a negative fund balance in 2015 if the status quo is maintained. In October 2015, PUC staff projected a 2 percent quarterly decline in contributions, assuming the 2.6 percent rate is maintained. The PUC does not anticipate increasing that rate because any increase will disallow transfers from the HCSM to the Broadband Fund. Instead, PUC staff and some eligible providers have worked together to find a solution to the HCSM's solvency issues.

CenturyLink Lawsuit and Settlement Agreement

PUC staff and several eligible providers have reached a settlement agreement that would allow the HCSM to reduce its distribution obligations in 2015-2018 while maintaining its current assessed rate of 2.6 percent. The settlement agreement is a by-product of a lawsuit brought by CenturyLink against the PUC in regards to the latter's determination that 56 wire centers along the Front Range were to be reclassified as effective competition areas (ECAs). A wire center is the area where a provider terminates its local lines, usually a central office location from which a telephone obtains a dial tone. The PUC had planned to transfer the funds no longer needed for the 56 wire centers to the Broadband Fund. However, as a result of the lawsuit, PUC did not authorize that transfer.

Assuming the PUC approves the settlement agreement and the agreement takes effect, approximately \$2.6 million will be transferred to the Broadband Fund. The PUC is currently considering the merits of this agreement. The table below, provided by PUC staff, shows the HCSM projected contributions, distributions, and end of year balance for the life of the agreement, 2015-2018. The 2015 projected balance excludes the \$2.6 million that would be transferred to the Fund if the agreement takes effect. The projections for 2016-2018 do not include transfers to the Fund.

HCSM Projected Solvency			
Calendar Year	Contributions	Distributions	End of Year Balance
2015	\$42,569,621	\$34,493,397	\$12,936,874
2016	39,151,977	33,999,397	17,695,453
2017	35,762,705	33,999,398	19,064,762
2018	\$32,666,834	\$33,999,399	\$17,339,198

HCSM transfers to the Broadband Fund

From calendar years 2016-2023, pursuant to Section 40-15-208 (2) (a) (III), C.R.S., the total amount of contributions collected by the HCSM must be reduced by a statutorily determined proportion of the amount of money transferred to the Broadband Fund. For example, if the HCSM transfers \$5 million to the Fund in 2016, then the total amount of HCSM contributions in 2016 must be reduced by 5% of the transfer, or \$250,000. If the HCSM collects \$42.5 million in contributions for 2015, the total contributions collected in 2016 must be no more than \$42.25 million. As the previous table shows, current projections of contributions fall significantly below this limit.

JBS staff, the Office of Legislative Legal Services, and the Department agree that the intent of statute allows the natural decline of contributions to fulfill the proportional reduction requirement; however, Section 40-15-208 (2) (a) (III), C.R.S., does not provide specific language to that effect. JBC staff believes that adding language to this section that explicitly addresses the qualification of declining contributions to meet the required reductions provides necessary statutory clarity. This clarity will help to prevent any misinterpretation or confusion once the proportional reductions are required.

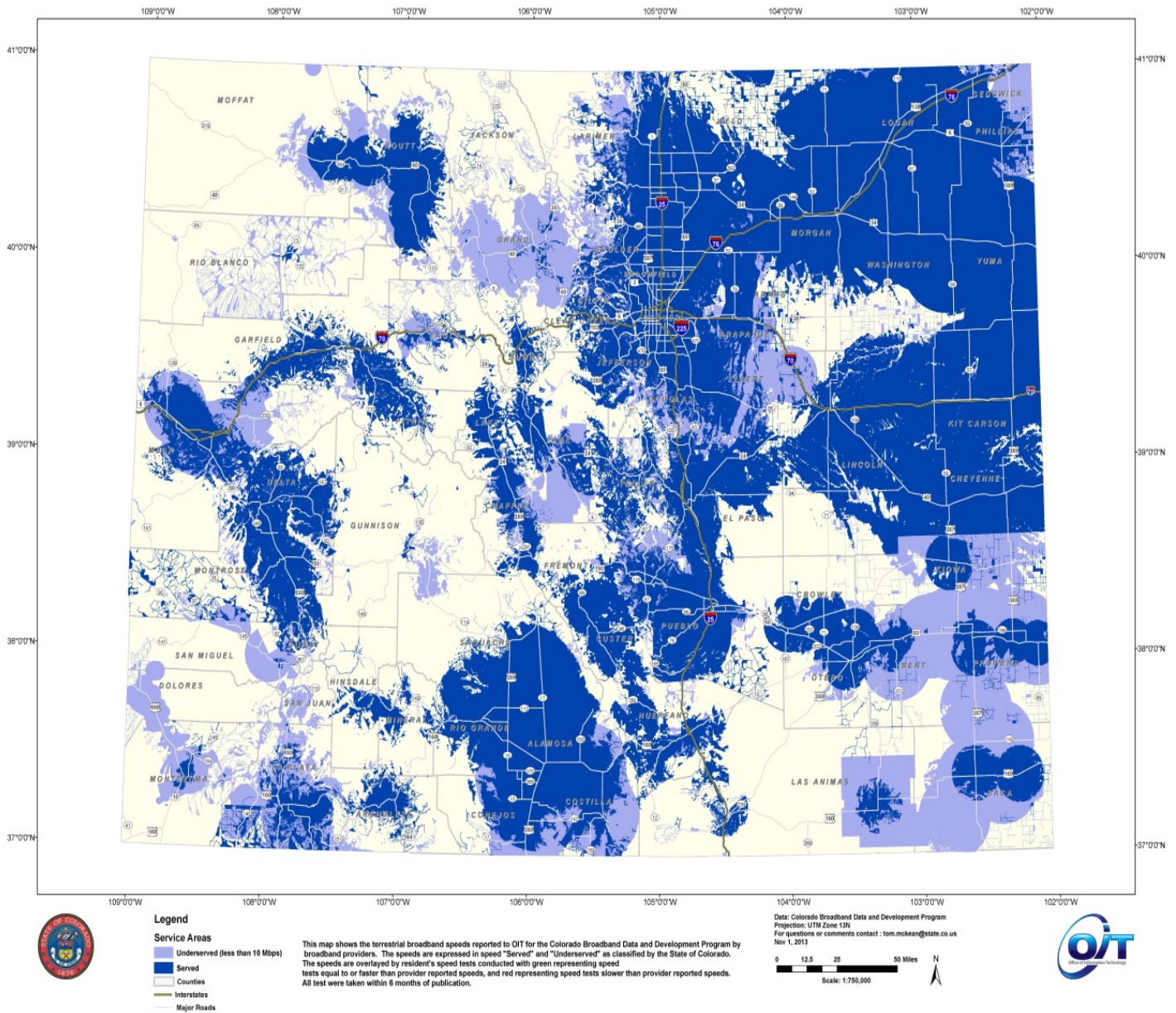
The HCSM is outside of the State's TABOR district. As a result, **the transfer from the HCSM to the Fund is counted toward the State's TABOR limit.** To date, only \$200,000 has been transferred to the Fund, but the Department anticipates approximately \$2.6 million to be transferred by the end of the current fiscal year (FY 2015-16). The amount of future annual transfers is not currently known because it is dependent on the availability of funds and the discretion of the PUC. However, PUC staff is projecting positive end of year balances for the HCSM through 2018, with amounts ranging between approximately \$13 million to \$19 million. The Department and PUC staff does not anticipate the entire surplus to be transferred to the Fund. Transfers will likely be made annually and as a lump sum.

Other State Agencies' Programs

Governor's Office of Information Technology

The Governor's Office of Information Technology (OIT) administers the Colorado Broadband Data and Development Program (CBDDP), which is a statewide broadband mapping and planning initiative. The program is federally funded by a \$5.3 million American Recovery and Reinvestment Act Grant and administered by the National Telecommunications and Information Administration. The CBDDP has four components: broadband availability mapping, planning, distance learning, and address data development. OIT strives to be the focal point for federal funding for broadband within the state. An OIT map depicting areas with and without broadband service is below. OIT has one representative on the Board.

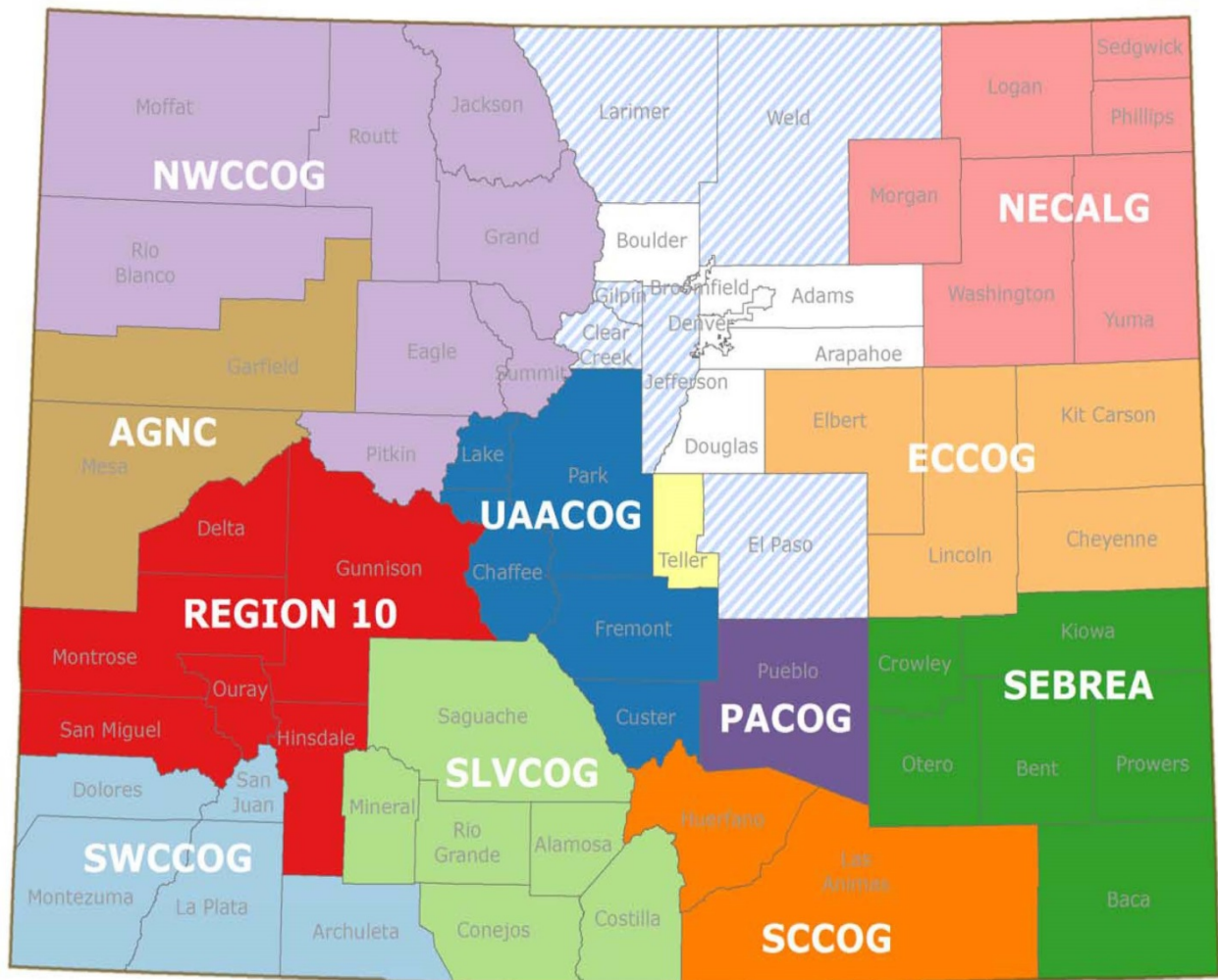
COLORADO TERRESTRIAL BROADBAND STATE GOAL SERVED / UNDERSERVED



Department of Local Affairs

The Department of Local Affairs (DOLA) administers a broadband grant program for local governments that are economically or socially impacted by the development of energy and mineral resources. This program is funded by a \$20 million earmark from DOLA’s Energy Impact Assistance grant funds and requires local governments match a certain proportion of for grant monies depending on the nature of the program. Broadband grants are awarded to support two general areas: planning and infrastructure development. Refer to Appendix E for program details. DOLA’s Energy Impact Assistance Advisory Committee, created in Section 34-63-102 (5) (b) (I), C.R.S, provides program oversight. Below is a map of DOLA’s regional broadband partnerships. DOLA’s Broadband program has one representative on the Board.

DOLA Regional Broadband Partnerships



Colorado Department of Local Affairs, 7/07/2015

Federal Broadband Policy

On March 17, 2010, the Federal Communications Commission (FCC) released their National Broadband Plan (NBP), which established federal broadband policy. The plan provides recommendations intended to ensure that the nation's broadband ecosystem is robust and accessible. While identifying specific actions that the federal government can take, the NBP acknowledges that adjustments to new technological and market developments will be necessary. As such, the NBP articulates four ways in which government can positively influence the broadband ecosystem:

- Design policies to ensure robust competition;
- Ensure efficient allocation and management of government controlled assets;
- Reform current universal service mechanisms to support deployment of broadband and voice in high-cost areas; and
- Reform laws, policies, standards, and incentives to maximize the benefits of broadband.

Refer to Appendix F for the Executive Summary of the NBP.

Colorado Municipalities and Broadband

House Bill 05-152 (Local Gov. Competition Cable TV Telecom) imposed limitations on the provision by local government of cable television service, telecommunication service, and high speed internet access service to subscribers. Section 29-27-103, C.R.S., prevents local government from providing telecommunications services, including broadband. However, local governments may provide telecommunications services if their electorate approves a ballot measure giving them the authority to do so, or if no private provider is available within their boundaries. (Section 20-27-201 and 202, C.R.S.) During this year's elections, 44 cities and counties approved ballot measures giving their local government the authority to pursue broadband deployment projects.

Issue: Colorado Health Insurance Cooperative Failure

The Colorado Health Insurance Cooperative, also known as Colorado HealthOP, was created as a Consumer Operated and Oriented Plan (CO-OP) under the federal Patient Protection and Affordable Care Act (ACA).

SUMMARY:

- The Division of Insurance (DOI) will not allow Colorado HealthOP (HealthOP) to offer policies to consumers in 2016 because the insurance provider did not meet its statutorily required minimum capital and surplus levels to remain in operation. (Section 10-3-201 (1) (V), C.R.S.)
- HealthOP sold insurance policies both on and off the Colorado Health Insurance Exchange (Exchange), also known as Connect for Health Colorado. Of the policies sold on the Exchange, approximately 80,000 were individual policies and 3,000 were small group policies.
- HealthOP's financial viability was compromised as a result of a severe cut in the amount of money received through a federal, risk-based reimbursement program. HealthOP is one of 12 CO-OPs nationwide that have closed or will do so by the end of this year.

RECOMMENDATIONS:

Staff recommends the Committee request the Department provide the following information:

- Any costs for which the State is liable due to the closure of HealthOP;
- Impact of HealthOP closure on insurance premiums and tax credits; and
- Impact of HealthOP closure on market competition.

DISCUSSION:

The Colorado Health Insurance Cooperative, also known as Colorado HealthOP, was created as a Consumer Operated and Oriented Plan (CO-OP) under the Patient Protection and Affordable Care Act (ACA). According to the Division of Insurance, HealthOP has approximately 112,000 members with 83,000 policies purchased on the Colorado Health Insurance Exchange and 29,000 policies purchased off the Exchange. In 2015, HealthOP claimed approximately 40 percent of the Exchange's individual market.

On October 16, 2015, the DOI made the decision to prevent the Colorado HealthOP from selling insurance policies in 2016. The Commissioner of Insurance determined that HealthOP was not financially viable because the organization could not meet the State's minimum capital and surplus requirements, pursuant to Section 10-3-201 (1) (V), C.R.S. HealthOP is expected to be in the negative by \$34 million by the end of 2015. The insurance provider was expecting approximately \$16.2 million from a federal, risk-based reimbursement program in 2015. However, on October 8 of this year, the Centers for Medicaid and Medicare (CMS) announced

that it would only reimburse health insurers 12.6 percent of what they were expecting under the program. As a result, HealthOP will only receive about \$2 million in reimbursements.

DOI suggests several reasons why the federal reimbursement level is so low. The shortfall in federal funds is a result of more insurance companies being eligible for the reimbursements than were required to pay into the program. It is also likely that many companies underestimated their risk and set their premium too low. Also, recent federal legislation required CMS to make the reimbursement program budget neutral.

Impact of HealthOP Failure

The failure of HealthOP will have an impact on the Advanced Premium Tax Credits (APTC) in some areas of the state. The APTC calculation is linked to the premium costs for the second-lowest silver plan available to consumers; there are four plan tiers (bronze, silver, gold, and platinum). HealthOP was the second-lowest silver plan in several regions of Colorado in 2015. The DOI established nine geographic rating areas in 2016, which are used by insurance carriers in setting their premiums. An increase in the applicable premium cost will result in an increase in the APTC, which will help to offset some of the cost increase borne by consumers.

If HealthOP is unable to pay its claims, those claims will be paid by the Colorado Life and Health Insurance Protection Association, a private non-profits created in Section 10-20-106 (1), C.R.S. The Association's members are companies that are licensed to sell annuities, life, and health insurance products in Colorado. Membership with the Association is a condition of the insurers' authority to sell insurance in the State. Member companies are required to pay an assessment to provide the Association with the necessary funds to carry out its statutory obligations. (Section 10-20-109 (1), C.R.S.) This means that the State is not directly liable for covering the costs of paying claims for failed insurance companies. The Association is supervised by the Commissioner of Insurance and its meetings and records may be opened to the public, consistent with state insurance laws. (Section 10-20-10, C.R.S.)

The failure of HealthOP will force its members to sign up for new policies during the open enrollment period, which is currently underway. The Exchange anticipates about 75 percent of the HealthOP customers to sign up for new policies through their marketplace. The DOI reports that for 2016, 20 insurance carriers are offering a total of 1,073 ACA-compliant plans to individuals and small businesses. Of these, 413 plans are for individuals (188 on-exchange; 255 off-exchange) and 660 plans are for small employers (159 on-exchange; 501 off-exchange).

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Appendix A: Number Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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DEPARTMENT OF REGULATORY AGENCIES
Barbara Kelley, Executive Director

(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES

The Executive Director's Office performs department-wide administrative functions including accounting, budgeting, and purchasing. The Office of Policy and Research conducts sunrise and sunset evaluations pursuant to section 24-34-104 (8), C.R.S.

Personal Services	<u>2,184,005</u>	<u>2,778,264</u>	<u>2,385,638</u>	<u>2,430,854</u>
FTE	28.0	27.9	29.5	29.5
General Fund	3,363	0	8,800	34,875
Cash Funds	44,020	62,845	67,000	30,500
Reappropriated Funds	2,136,622	2,715,419	2,309,838	2,365,479
Health, Life, and Dental	<u>3,716,294</u>	<u>0</u>	<u>4,235,452</u>	<u>4,186,649</u>
General Fund	133,384	0	121,741	119,053
Cash Funds	3,360,040	0	3,826,198	3,790,660
Reappropriated Funds	178,707	0	240,598	236,639
Federal Funds	44,163	0	46,915	40,297
Short-term Disability	<u>61,865</u>	<u>0</u>	<u>81,112</u>	<u>68,255</u>
General Fund	2,267	0	2,622	2,000
Cash Funds	55,204	0	72,507	61,826
Reappropriated Funds	3,796	0	5,031	3,925
Federal Funds	598	0	952	504

* This line item includes a decision item.

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>1,172,505</u>	<u>0</u>	<u>1,644,105</u>	<u>1,729,990</u>	
General Fund	42,994	0	53,114	50,621	
Cash Funds	1,045,741	0	1,469,588	1,567,171	
Reappropriated Funds	72,112	0	102,083	99,342	
Federal Funds	11,658	0	19,320	12,856	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>1,058,510</u>	<u>0</u>	<u>1,588,056</u>	<u>1,711,969</u>	
General Fund	38,677	0	51,303	50,094	
Cash Funds	944,208	0	1,419,489	1,550,846	
Reappropriated Funds	65,101	0	98,603	98,307	
Federal Funds	10,524	0	18,661	12,722	
Salary Survey	<u>1,026,723</u>	<u>0</u>	<u>414,720</u>	<u>53,521</u>	
General Fund	35,734	0	12,882	0	
Cash Funds	929,071	0	370,833	51,472	
Reappropriated Funds	45,397	0	25,724	0	
Federal Funds	16,521	0	5,281	2,049	
Merit Pay	<u>509,586</u>	<u>0</u>	<u>363,212</u>	<u>0</u>	
General Fund	18,413	0	11,821	0	
Cash Funds	450,310	0	321,658	0	
Reappropriated Funds	35,392	0	25,306	0	
Federal Funds	5,471	0	4,427	0	

* This line item includes a decision item.

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Workers' Compensation	<u>60,949</u>	<u>75,729</u>	<u>85,123</u>	<u>111,350</u>	
General Fund	1,941	2,600	2,878	3,765	
Cash Funds	55,784	70,485	78,038	102,082	
Reappropriated Funds	2,090	2,644	2,927	3,829	
Federal Funds	1,134	0	1,280	1,674	
Operating Expenses	<u>98,602</u>	<u>100,309</u>	<u>210,344</u>	<u>210,344</u>	
General Fund	0	0	3,689	3,689	
Cash Funds	10,621	0	95,427	95,427	
Reappropriated Funds	87,981	100,309	111,228	111,228	
Legal Services	<u>9,610,693</u>	<u>10,049,506</u>	<u>10,458,308</u>	<u>10,565,393</u>	
General Fund	186,557	216,752	206,764	209,245	
Cash Funds	9,106,714	9,775,787	9,967,042	10,068,233	
Reappropriated Funds	144,762	56,967	103,547	104,789	
Federal Funds	172,660	0	180,955	183,126	
Administrative Law Judge Services	<u>243,353</u>	<u>278,450</u>	<u>357,148</u>	<u>199,130</u> *	
General Fund	11,005	12,593	16,152	9,005	
Cash Funds	232,348	265,857	340,996	190,125	
Payment to Risk Management and Property Funds	<u>199,878</u>	<u>254,628</u>	<u>246,423</u>	<u>224,717</u>	
General Fund	6,366	8,740	8,332	7,598	
Cash Funds	182,942	236,997	225,911	206,012	
Reappropriated Funds	6,854	8,891	8,475	7,728	
Federal Funds	3,716	0	3,705	3,379	
Vehicle Lease Payments	<u>203,988</u>	<u>210,471</u>	<u>219,218</u>	<u>237,198</u> *	
Cash Funds	203,988	210,471	219,218	237,198	

* This line item includes a decision item.

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>657,161</u>	<u>623,243</u>	<u>671,403</u>	<u>671,403</u>	
Cash Funds	466,404	449,164	480,646	480,646	
Reappropriated Funds	190,757	174,079	190,757	190,757	
Hardware/Software Maintenance	<u>578,590</u>	<u>723,020</u>	<u>729,218</u>	<u>729,218</u>	
General Fund	800	0	800	800	
Cash Funds	319,188	469,129	469,816	469,816	
Reappropriated Funds	258,602	253,891	258,602	258,602	
Leased Space	<u>3,004,990</u>	<u>2,853,092</u>	<u>3,193,641</u>	<u>818,924</u> *	
General Fund	93,609	96,244	97,037	0	
Cash Funds	2,548,585	2,415,056	2,653,882	689,583	
Reappropriated Funds	294,727	341,792	372,072	99,155	
Federal Funds	68,069	0	70,650	30,186	
Capitol Complex Leased Space	<u>5,339</u>	<u>0</u>	<u>4,147</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	5,339	0	4,147	0	
Payments to OIT	<u>0</u>	<u>3,103,376</u>	<u>3,844,690</u>	<u>2,620,363</u> *	
General Fund	0	130,444	161,603	109,334	
Cash Funds	0	2,972,932	3,683,087	2,511,029	
CORE Operations	<u>142,463</u>	<u>195,544</u>	<u>186,920</u>	<u>165,170</u>	
General Fund	3,016	4,136	3,820	3,376	
Cash Funds	131,452	180,433	166,481	147,109	
Reappropriated Funds	7,995	10,975	10,125	8,947	
Federal Funds	0	0	6,494	5,738	

* This line item includes a decision item.

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
Consumer Outreach/Education Program	<u>136,367</u>	<u>141,399</u>	<u>205,000</u>	<u>205,000</u>	
Cash Funds	136,367	141,399	205,000	205,000	
Purchase of Services from Computer Center	<u>1,642,373</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	63,346	0	0	0	
Cash Funds	1,579,027	0	0	0	
Management and Administration of OIT	<u>144,258</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	5,626	0	0	0	
Cash Funds	138,632	0	0	0	
Colorado State Network	<u>203,964</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	7,954	0	0	0	
Cash Funds	196,010	0	0	0	
Information Technology Security	<u>20,702</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	807	0	0	0	
Cash Funds	19,895	0	0	0	
Legislation Appropriated at the Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
TOTAL - (1) Executive Director's Office and Administrative Services	26,683,158	21,387,031	31,123,878	26,939,448	(13.4%)
<i>FTE</i>	<u>28.0</u>	<u>27.9</u>	<u>29.5</u>	<u>29.5</u>	0.0%
General Fund	655,859	471,509	763,358	603,455	(20.9%)
Cash Funds	22,161,890	17,250,555	26,136,964	22,454,735	(14.1%)
Reappropriated Funds	3,530,895	3,664,967	3,864,916	3,588,727	(7.1%)
Federal Funds	334,514	0	358,640	292,531	(18.4%)

* This line item includes a decision item.

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(2) DIVISION OF BANKING

The Division of Banking regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies; and conducts examinations of institutions and ensures institutions comply with the Public Deposit Protection Act. The Division is entirely cash funded by the Division of Banking Cash Fund, pursuant to section 11-102-403, C.R.S.

Personal Services	<u>2,829,779</u>	<u>3,190,415</u>	<u>3,775,541</u>	<u>3,816,881</u>	
FTE	36.4	33.3	40.0	40.0	
Cash Funds	2,829,779	3,190,415	3,775,541	3,816,881	
Operating Expenses	<u>458,867</u>	<u>449,747</u>	<u>490,703</u>	<u>490,703</u>	
Cash Funds	458,867	449,747	490,703	490,703	
Board Meeting Costs	<u>22,181</u>	<u>12,103</u>	<u>23,500</u>	<u>23,500</u>	
Cash Funds	22,181	12,103	23,500	23,500	
Indirect Cost Assessment	<u>288,212</u>	<u>309,653</u>	<u>315,415</u>	<u>317,097</u>	
Cash Funds	288,212	309,653	315,415	317,097	
Legislation Appropriated at the Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Program Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
TOTAL - (2) Division of Banking	3,599,039	3,961,918	4,605,159	4,648,181	0.9%
FTE	<u>36.4</u>	<u>33.3</u>	<u>40.0</u>	<u>40.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	3,599,039	3,961,918	4,605,159	4,648,181	0.9%

* This line item includes a decision item.

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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	Request vs. Appropriation
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(3) CIVIL RIGHTS DIVISION

The Civil Rights Division enforces state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex (gender), national origin, ancestry, physical or mental disability, religion, color, marital status, or sexual orientation.

Personal Services	<u>1,543,233</u>	<u>1,545,087</u>	<u>1,907,901</u>	<u>1,946,757</u>	
FTE	23.5	24.1	27.2	27.2	
General Fund	912,290	1,187,910	1,075,589	1,089,606	
Reappropriated Funds	281,164	357,177	416,922	432,054	
Federal Funds	349,779	0	415,390	425,097	
Operating Expenses	<u>90,951</u>	<u>65,918</u>	<u>105,460</u>	<u>105,460</u>	
General Fund	59,318	65,918	62,284	62,284	
Federal Funds	31,633	0	43,176	43,176	
Hearings Pursuant to Complaint	<u>16,955</u>	<u>17,000</u>	<u>18,000</u>	<u>18,000</u>	
General Fund	16,955	17,000	17,000	17,000	
Federal Funds	0	0	1,000	1,000	
Commission Meeting Costs	<u>5,163</u>	<u>5,174</u>	<u>12,374</u>	<u>12,374</u>	
General Fund	5,163	5,174	5,174	5,174	
Federal Funds	0	0	7,200	7,200	
Indirect Cost Assessment	<u>30,672</u>	<u>0</u>	<u>24,710</u>	<u>16,576</u>	
General Fund	0	0	0	0	
Federal Funds	30,672	0	24,710	16,576	
TOTAL - (3) Civil Rights Division	1,686,974	1,633,179	2,068,445	2,099,167	1.5%
<i>FTE</i>	<u>23.5</u>	<u>24.1</u>	<u>27.2</u>	<u>27.2</u>	(0.0%)
General Fund	993,726	1,276,002	1,160,047	1,174,064	1.2%
Reappropriated Funds	281,164	357,177	416,922	432,054	3.6%
Federal Funds	412,084	0	491,476	493,049	0.3%

* This line item includes a decision item.

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(4) OFFICE OF CONSUMER COUNSEL

The Office of Consumer Counsel represents the interests of residential, agricultural and small business consumers at electric, gas, and telecommunications utility rate and service proceedings before the Public Utility Commission. The Division is cash funded by the Public Utilities Commission Fixed Utility Fund pursuant to section 40-2-114, C.R.S.

Personal Services	<u>692,177</u>	<u>857,729</u>	<u>838,235</u>	<u>851,259</u>	
FTE	7.0	6.8	7.0	7.0	
Cash Funds	692,177	857,729	838,235	851,259	
Operating Expenses	<u>39,956</u>	<u>35,083</u>	<u>55,787</u>	<u>55,787</u>	
Cash Funds	39,956	35,083	55,787	55,787	
Indirect Cost Assessment	<u>50,437</u>	<u>54,189</u>	<u>55,197</u>	<u>55,491</u>	
Cash Funds	50,437	54,189	55,197	55,491	
TOTAL - (4) Office of Consumer Counsel	782,570	947,001	949,219	962,537	1.4%
FTE	<u>7.0</u>	<u>6.8</u>	<u>7.0</u>	<u>7.0</u>	<u>0.0%</u>
Cash Funds	782,570	947,001	949,219	962,537	1.4%

* This line item includes a decision item.

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(5) DIVISION OF FINANCIAL SERVICES

The Division of Financial Services regulates state-chartered credit unions, savings and loans, and life care institutions; and conducts examinations of institutions to ensure continued compliance with regulatory standards. The Division is entirely cash funded by the Division of Financial Services Cash Fund pursuant to section 11-40-106 (2), C.R.S.

Personal Services	<u>1,066,115</u>	<u>1,323,951</u>	<u>1,382,357</u>	<u>1,402,636</u>	
FTE	13.5	13.6	15.6	15.6	
Cash Funds	1,066,115	1,323,951	1,382,357	1,402,636	
Operating Expenses	<u>124,075</u>	<u>139,819</u>	<u>145,921</u>	<u>145,921</u>	
Cash Funds	124,075	139,819	145,921	145,921	
Indirect Cost Assessment	<u>93,669</u>	<u>100,637</u>	<u>123,011</u>	<u>123,667</u>	
Cash Funds	93,669	100,637	123,011	123,667	
Program Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

TOTAL - (5) Division of Financial Services	1,283,859	1,564,407	1,651,289	1,672,224	1.3%
FTE	<u>13.5</u>	<u>13.6</u>	<u>15.6</u>	<u>15.6</u>	(0.0%)
General Fund	0	0	0	0	0.0%
Cash Funds	1,283,859	1,564,407	1,651,289	1,672,224	1.3%

* This line item includes a decision item.

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(6) DIVISION OF INSURANCE

The Division of Insurance is responsible for licensing insurance agents and adjusters; and regulating insurance companies, non-profit hospitals, prepaid dental plans, health maintenance organizations, self-insurance pools for workers' compensation, bail bondsmen, and pre-need funeral contracts. Unless otherwise indicated, the Division is funded by the Division of Insurance Cash Fund pursuant to section 10-1-103 (3), C.R.S.

Personal Services	<u>5,171,361</u>	<u>6,671,186</u>	<u>6,179,123</u>	<u>6,289,137</u>	
FTE	76.3	74.7	83.2	83.2	
Cash Funds	5,171,361	6,671,186	6,179,123	6,289,137	
Operating Expenses	<u>254,747</u>	<u>250,471</u>	<u>291,716</u>	<u>291,716</u>	
Cash Funds	254,747	250,471	291,716	291,716	
Out-of-State Travel Expenses	<u>7,627</u>	<u>21,079</u>	<u>100,000</u>	<u>100,000</u>	
Cash Funds	7,627	21,079	100,000	100,000	
Senior Health Counseling Program	<u>509,000</u>	<u>1,177,873</u>	<u>517,794</u>	<u>517,794</u>	
FTE	0.0	4.3	2.0	2.0	
Federal Funds	509,000	1,177,873	517,794	517,794	
Transfer to CAPCO Administration	<u>79,468</u>	<u>81,852</u>	<u>84,036</u>	<u>84,036</u>	
Cash Funds	79,468	81,852	84,036	84,036	
Indirect Cost Assessment	<u>629,297</u>	<u>641,756</u>	<u>774,163</u>	<u>771,927</u>	
Cash Funds	597,322	641,756	656,063	659,561	
Federal Funds	31,975	0	118,100	112,366	
Legislation Appropriated at the Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

TOTAL - (6) Division of Insurance	6,651,500	8,844,217	7,946,832	8,054,610	1.4%
FTE	<u>76.3</u>	<u>79.0</u>	<u>85.2</u>	<u>85.2</u>	(0.0%)
General Fund	0	0	0	0	0.0%
Cash Funds	6,110,525	7,666,344	7,310,938	7,424,450	1.6%
Federal Funds	540,975	1,177,873	635,894	630,160	(0.9%)

* This line item includes a decision item.

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(7) PUBLIC UTILITIES COMMISSION

The Public Utilities Commission regulates the rates and services of fixed and transportation utilities in Colorado; and administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, and the Disabled Telephone Users Program.

Personal Services	<u>8,296,067</u>	<u>9,522,633</u>	<u>9,345,496</u>	<u>9,494,686</u>	
FTE	92.1	88.7	97.3	97.3	
General Fund	0	132,910	0	0	
Cash Funds	8,296,067	9,389,723	9,345,496	9,494,686	
Operating Expenses	<u>392,016</u>	<u>342,219</u>	<u>444,473</u>	<u>444,473</u>	
Cash Funds	392,016	342,219	444,473	444,473	
Expert Testimony	<u>0</u>	<u>24,999</u>	<u>25,000</u>	<u>25,000</u>	
Cash Funds	0	24,999	25,000	25,000	
Disabled Telephone Users Fund Payments	<u>1,492,934</u>	<u>1,264,387</u>	<u>1,900,542</u>	<u>1,900,542</u>	
Cash Funds	1,492,934	1,264,387	1,900,542	1,900,542	
Transfer to Reading Services for the Blind Cash Fund	<u>350,000</u>	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	
Cash Funds	350,000	360,000	360,000	360,000	
Commission for the Deaf and Hard of Hearing Cash Fund	<u>966,150</u>	<u>1,102,305</u>	<u>1,012,818</u>	<u>1,012,818</u>	
Cash Funds	966,150	1,102,305	1,012,818	1,012,818	
Colorado Bureau of Investigation Background Checks Pass-through	<u>72,325</u>	<u>68,024</u>	<u>104,377</u>	<u>104,377</u>	
Cash Funds	72,325	68,024	104,377	104,377	

* This line item includes a decision item.

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Indirect Cost Assessment	<u>684,507</u>	<u>721,172</u>	<u>767,246</u>	<u>771,336</u>	
Cash Funds	684,507	721,172	767,246	771,336	
Federal Funds	0	0	0	0	
Colorado Commission for Individuals who are Blind or Visually Impaired	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Low Income Telephone Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Transportation Network Companies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Legislation Appropriated at the Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
TOTAL - (7) Public Utilities Commission	12,253,999	13,405,739	13,959,952	14,113,232	1.1%
FTE	<u>92.1</u>	<u>88.7</u>	<u>97.3</u>	<u>97.3</u>	0.0%
General Fund	0	132,910	0	0	0.0%
Cash Funds	12,253,999	13,272,829	13,959,952	14,113,232	1.1%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(8) DIVISION OF REAL ESTATE

The Division of Real Estate licenses real estate brokers, real estate appraisers, and mortgage brokers; and administers enforcement programs to ensure compliance with state and federal regulatory laws.

Personal Services	<u>2,973,001</u>	<u>4,205,207</u>	<u>3,985,287</u>	<u>4,011,556</u>	
FTE	47.7	48.3	55.9	55.9	
Cash Funds	2,973,001	4,205,207	3,985,287	4,011,556	
Operating Expenses	<u>154,049</u>	<u>158,630</u>	<u>244,557</u>	<u>244,557</u>	
Cash Funds	154,049	158,630	244,557	244,557	
Commission Meeting Costs	<u>20,576</u>	<u>26,504</u>	<u>38,836</u>	<u>38,836</u>	
Cash Funds	20,576	26,504	38,836	38,836	
Hearings Pursuant to Complaint	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>4,000</u>	
Cash Funds	0	0	4,000	4,000	
Mortgage Broker Consumer Protection	<u>343,692</u>	<u>360,955</u>	<u>389,265</u>	<u>389,265</u>	
Cash Funds	343,692	360,955	389,265	389,265	
Indirect Cost Assessment	<u>352,341</u>	<u>432,738</u>	<u>440,792</u>	<u>443,142</u>	
Cash Funds	352,341	432,738	440,792	443,142	
Legislation Appropriated at the Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
TOTAL - (8) Division of Real Estate	3,843,659	5,184,034	5,102,737	5,131,356	0.6%
FTE	<u>47.7</u>	<u>48.3</u>	<u>55.9</u>	<u>55.9</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	3,843,659	5,184,034	5,102,737	5,131,356	0.6%

* This line item includes a decision item.

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(9) DIVISION OF PROFESSIONS AND OCCUPATIONS

The Division of Professions and Occupations oversees boards and commissions that promulgate rules to ensure continued competency of regulated professionals; enforces laws; and takes action against individuals failing to follow laws and regulations.

Personal Services	<u>12,075,526</u>	<u>15,284,669</u>	<u>13,916,975</u>	<u>14,228,815</u>	
FTE	188.1	183.9	196.9	198.8	
Cash Funds	11,479,744	15,016,893	13,323,524	13,635,364	
Reappropriated Funds	595,782	267,776	593,451	593,451	
Operating Expenses	<u>1,169,205</u>	<u>1,145,960</u>	<u>1,475,649</u>	<u>1,477,454</u>	
Cash Funds	1,169,205	1,145,960	1,475,649	1,477,454	
Reappropriated Funds	0	0	0	0	
Office of Expedited Settlement Program Costs	<u>336,256</u>	<u>438,700</u>	<u>392,549</u>	<u>400,223</u>	
FTE	0.0	5.0	5.0	5.0	
Cash Funds	336,256	438,700	392,549	400,223	
Hearings Pursuant to Complaint	<u>237,476</u>	<u>179,514</u>	<u>307,075</u>	<u>307,075</u>	
Cash Funds	237,476	179,514	307,075	307,075	
Payments to Department of Health Care Policy and Financing	<u>14,652</u>	<u>0</u>	<u>14,652</u>	<u>14,652</u>	
Cash Funds	14,652	0	14,652	14,652	
Indirect Cost Assessment	<u>1,373,339</u>	<u>1,580,005</u>	<u>1,592,055</u>	<u>1,600,543</u>	
Cash Funds	1,373,339	1,580,005	1,592,055	1,600,543	
Legislation Appropriated at the Division Level	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
TOTAL - (9) Division of Professions and Occupations	15,206,454	18,628,848	17,698,955	18,028,762	1.9%
FTE	<u>188.1</u>	<u>188.9</u>	<u>201.9</u>	<u>203.8</u>	<u>0.9%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	14,610,672	18,361,072	17,105,504	17,435,311	1.9%
Reappropriated Funds	595,782	267,776	593,451	593,451	0.0%

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(10) DIVISION OF SECURITIES					
The Division of Securities monitors the conduct of Colorado broker-dealers and sales representatives; and investigates citizen complaints and other indications of investment fraud. The Division is funded by the Division of Securities Cash Fund pursuant to section 11-51-707 (2), C.R.S.					
Personal Services	<u>1,819,442</u>	<u>2,301,291</u>	<u>2,255,498</u>	<u>2,288,371</u>	
FTE	22.9	23.0	24.0	24.0	
Cash Funds	1,819,442	2,301,291	2,255,498	2,288,371	
Operating Expenses	<u>56,253</u>	<u>101,665</u>	<u>58,999</u>	<u>58,999</u>	
Cash Funds	56,253	101,665	58,999	58,999	
Hearings Pursuant to Complaint	<u>14,512</u>	<u>15,560</u>	<u>19,594</u>	<u>19,594</u>	
Cash Funds	14,512	15,560	19,594	19,594	
Board Meeting Costs	<u>820</u>	<u>836</u>	<u>4,500</u>	<u>4,500</u>	
Cash Funds	820	836	4,500	4,500	
Securities Fraud Prosecution	<u>878,410</u>	<u>935,415</u>	<u>943,261</u>	<u>943,261</u>	
Cash Funds	878,410	935,415	943,261	943,261	
Indirect Cost Assessment	<u>172,223</u>	<u>185,792</u>	<u>189,249</u>	<u>190,257</u>	
Cash Funds	172,223	185,792	189,249	190,257	
Program Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
TOTAL - (10) Division of Securities	2,941,660	3,540,559	3,471,101	3,504,982	1.0%
FTE	<u>22.9</u>	<u>23.0</u>	<u>24.0</u>	<u>24.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	2,941,660	3,540,559	3,471,101	3,504,982	1.0%
TOTAL - Department of Regulatory Agencies	74,932,872	79,096,933	88,577,567	85,154,499	(3.9%)
FTE	<u>535.5</u>	<u>533.6</u>	<u>583.6</u>	<u>585.5</u>	<u>0.3%</u>
General Fund	1,649,585	1,880,421	1,923,405	1,777,519	(7.6%)
Cash Funds	67,587,873	71,748,719	80,292,863	77,347,008	(3.7%)
Reappropriated Funds	4,407,841	4,289,920	4,875,289	4,614,232	(5.4%)
Federal Funds	1,287,573	1,177,873	1,486,010	1,415,740	(4.7%)

Appendix B: **Recent Legislation Affecting Department Budget**

2014 Session Bills

S.B. 14-099 (Provisional Physical Therapy License): Provides for provisional physical therapy licensing. Persons holding a provisional license may only practice under the supervision of a physical therapist actively licensed in Colorado. Provisional physical therapy licenses may only be issued one time and are valid for no more than 120 days. Appropriates \$18,336 cash funds from the Division of Professions and Occupations Cash Fund to the Department for FY 2014-15, including \$120 to the Division of Professions and Occupations for operating expenses and reappropriates \$18,216 to the Department of Law for the provision of legal services.

S.B. 14-125 (Transportation Network Companies Regulation): Authorizes the Public Utilities Commission (PUC) to regulate transportation network companies, which are companies that match drivers and passengers through a digital network, such as a mobile phone application, for transportation from an agreed-upon point of origin to an agreed-upon destination. Exempts transportation network companies from much of the PUC's authority, including regulation of rates, entry, operational requirements, and general requirements governing common carriers, contract carriers, and motor carriers, but does require a transportation network company to obtain a permit from the PUC and authorizes the PUC to regulate permit holders with respect to safety conditions, insurance requirements, and driver qualifications. Creates the Transportation Network Company Fund and appropriates 2.5 FTE and \$179,777 cash funds from the fund to the Department and reappropriates \$9,108 and 0.1 FTE to the Department of Law for the provision of legal services for FY 2014-15.

S.B. 14-133 (Mandatory Licensure Private Investigators): Repeals the existing voluntary licensure program for private investigators (PIs) and replaces it with a mandatory licensure program. Provides for repayment of the current voluntary program's deficit through a license surcharge to be paid over the life of the new mandatory program, which is scheduled to repeal on September 1, 2020. Appropriates 0.3 FTE and \$28,300 cash funds from the Division of Professions and Occupations Cash Fund to the Department for FY 2014-15, including \$19,243 and 0.3 FTE to the Division of Professions and Occupations for personal services and reappropriates \$9,057 to the Department of Law for the provision of legal services. Appropriates \$10,544 cash funds from the Colorado Bureau of Investigation Identification Unit Fund for fingerprint-based criminal history checks for FY 2014-15.

H.B. 14-1081 (Motor Carrier Safety Fund): Creates the Motor Carrier Safety Fund to be used for the advancement of highway safety relating to commercial carrier operations. Beginning with FY 2013-14, excess uncommitted reserves in the Public Utilities Commission Motor Carrier Fund are transferred to the Motor Carrier Safety Fund instead of the Hazardous Materials Safety Fund and the Nuclear Materials Transportation Fund. Also transfers \$1,730,839 from the Hazardous Materials Safety Fund to the Motor Carrier Safety Fund on February 27, 2014.

H.B. 14-1195 (Insurance Premium Tax Diversions to Cash Funds): Clarifies the methods for diversions of Insurance Premium Taxes to specified cash funds that would otherwise be deposited in the General Fund.

H.B. 14-1199 (Consumer Goods Service Contracts Regulation): Provides for changes to the regulation of consumer goods service contracts based on the model act of the National Association of Insurance Commissioners. Appropriates \$13,560 cash funds from the Division of Insurance Cash Fund to the Department for FY 2014-15, including 0.2 FTE and \$9,917 to the Division of Insurance for personal services, and reappropriates \$3,643 to the Department of Law for the provision of legal services.

H.B. 14-1227 (Sunset Continue Dental Examiners Board): Continues the State Board of Dental Examiners as the Colorado Dental Board until September 1, 2023 with the sunset review modifications. Appropriates \$109,008 cash funds from the Division of Professions and Occupations Cash Fund to the Department for FY 2014-15, including 1.0 FTE and \$42,530 to the Division of Professions and Occupations for personal services, \$5,653 to the Division for operating expenses and capital outlay, and \$3,900 to the Division for board expenses, and reappropriates \$56,925 and 0.3 FTE to the Department of Law for the provision of legal services.

H.B. 14-1283 (Modify Prescription Drug Monitoring Program): Makes modifications to the Prescription Drug Monitoring Program. Appropriates \$7,500 cash funds from the Prescription Drug Monitoring Cash Fund to the Department for information technology modifications.

H.B. 14-1328 (Connect Colorado Broadband Act): Creates the 16-member Broadband Deployment Board (BDB) in the Department of Regulatory Agencies and the Broadband Fund, administered by the BDB, from which grants are awarded for broadband development in unserved areas of the state. Moneys in the Broadband Fund are appropriated in statute to the BDB. Funding to the Broadband Fund is provided by transfer from surcharges in the High Cost Support Mechanism, as determined by the Public Utilities Commission. Appropriates \$86,518 cash funds from the Colorado High Cost Administration Fund to the Department for FY 2014-15, including \$52,733 and 0.7 FTE to the PUC for personal services, \$5,368 to the PUC for operating expenses and capital outlay, and reappropriates \$28,417 and 0.2 FTE to the Department of Law for the provision of legal services, and an additional \$27,324 cash funds and 0.2 FTE from the Broadband Fund to the Department of Law for the provision of legal services for FY 2014-15.

H.B. 14-1329 (Deregulate Internet Protocol Telecomm): Deregulates certain telecommunication products, services and providers. Eliminates the authority of the Public Utilities Commission (PUC) to regulate advanced and premium telephone services (e.g., call waiting, three-way calling), internet-protocol-enabled service and voice-over-internet protocol service (VoIP), most long-distance services, private line service with fewer than 24 lines, certain operator services, and any telecommunication product or service not otherwise defined or classified in statute for the purposes of PUC regulation. The PUC retains authority to regulate "cramming" (unauthorized charges) and "slamming" (unauthorized changes of a carrier) by long-distance carriers. Appropriates \$39,436 cash funds from the Public Utilities Commission Fixed Utility Fund to the Department for FY 2014-15, including \$21,220 and 0.3 FTE to the Public

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Utilities Commission for personal services and reappropriates \$18,216 to the Department of Law for the provision of legal services.

H.B. 14-1331 (Regulate Basic Local Exchange Service): Modifies the statutory framework for the regulation of local telephone service. Limits, but retains authority for the Colorado Public Utilities Commission (PUC) to regulate basic emergency service and the providers of basic local exchange service. Eliminates the PUC's authority to regulate long-distance telecommunications, the white page directory and other listed telephone number services, operator services, advanced features (e.g., call waiting, three-way calling) and premium services, "touch-tone" dialing, private telecommunications networks, and telecommunications services and products not otherwise classified under PUC statutes. Appropriates \$270,335 cash funds from the Public Utilities Commission Fixed Utility Fund to the Department for FY 2014-15, including \$153,376 and 2.0 FTE to the PUC for personal services, \$11,306 to the PUC for operating expenses and capital outlay, and reappropriates \$105,653 and 0.6 FTE to the Department of Law for the provision of legal services.

H.B. 14-1336 (Long Bill): General appropriations act for FY 2014-15.

H.B. 14-1398 (Authorize Marijuana Financial Service Cooperatives): Allows for the creation and regulation of marijuana financial services cooperatives referred to as "cannabis credit co-ops" or CCCs, a new type of financial services entity with membership restricted to licensed marijuana businesses, conditional upon certain events occurring. CCCs are regulated by the Division of Financial Services in the Department. Once an incorporator of a CCC receives approval from the Federal Reserve System Board of Governors, the Department must convene a stakeholder group to discuss any conflicts in law that may exist and to recommend ways to resolve any conflicts. No CCC application may be approved until this stakeholder group has met and the General Assembly has resolved all identified conflicts. If no CCC charters are issued by August 1, 2017, the regulation of CCCs is repealed on September 1, 2017. Otherwise, the regulation of CCCs is scheduled to repeal on September 1, 2020. Appropriates \$50,000 from the Marijuana Tax Cash Fund to the Department for FY 2014-15, including \$35,427 to the Division of Financial Services for stakeholder workgroup expenses and reappropriates \$14,573 to the Department of Law for the provision of legal services.

2015 Session Bills

S.B. 15-104 (Sunset CO Division of Securities): Continues the Division of Securities until September 1, 2026 and repeals the \$25 license fee cap for sales representatives and investment advisor representatives.

S.B. 15-105 (Sunset Review Respiratory Therapy Practice Act): Implements the recommendations from the 2014 sunset review for the licensing of respiratory therapists and extends the program until September 1, 2024.

S.B. 15-106 (Sunset Barber & Cosmetologist Act & Committee): Continues the Barber and Cosmetologist Act and the Cosmetology Advisory Committee until September 1, 2026. The bill also adds a sixth member to the committee and requires at least one of the committee members to

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own or operate a school that provides training for licensees in the industry. Appropriates \$8,506 cash funds from the Division of Professions and Occupations Cash Fund to the Department and reappropriates those funds to the Department of Law for the purchase of legal services.

S.B. 15-110 (Sunset Mortuary Science Regulation): Continues the registration of funeral homes and crematories by the Division of Professions and Occupations until July 1, 2024. Requires the institution of a chain of command for human remains and clarifies the definitions of “crematory” and “funeral establishment.” Clarifies that a funeral establishment has 24-hour deadline to embalm, refrigerate, cremate, bury, or entomb human remains after taking custody. Appropriates \$4,726 cash funds from the Division of Professions and Occupations Cash Fund to the Department and reappropriates those funds to the Department of Law for the purchase of legal services.

S.B. 15-119 (Sunset Pesticide Applicators): Continues the Pesticide Applicators’ Act until September 1, 2022 and implements the recommendations of the sunset review and report on the regulation of pesticide applicators.

S.B. 15-160 (Supplemental Bill): Supplemental appropriation to the Department to modify FY 2014-15 appropriations included in the FY 2014-15 Long Bill (H.B. 14-1336).

S.B. 15-210 (Title Insurance Commission): Creates the Title Commission in the Division of Insurance to serve as an advisory body to the Commissioner of Insurance in matters of title insurance. The commission may propose rules, bulletins, position statements, and consumer protections to the commissioner. It may also consult with the commissioner or his or her designee about final agency actions related to enforcement, licensing, or market conduct actions. At each quarterly meeting, the commission will be provided with a written summary of complaints investigated and closed by the division without action. The bill appropriates \$50,000 cash funds from the Division of Insurance Cash Fund to the Division of Insurance for implementation.

S.B. 15-234 (Long Bill): General appropriations act for FY 2015-16.

S.B. 15-271 (Continuation Of The Office Of Consumer Counsel): Continues the Office of the Consumer Counsel (OCC) in the Department until September 1, 2021 and implements recommendations from the sunset review.

H.B. 15-1246 (Crowdfund Intrastate Securities On-line): Allows Colorado residents to invest in Colorado companies through online intermediaries under a simplified regulatory regime. To be eligible to crowdfund an interstate equity offering, a security issuer must be a business entity organized under Colorado law that meets certain requirements. The bill establishes regulatory requirements for on-line intermediaries, including how they will be compensated.

H.B. 15-1309 (Protective Restorations By Dental Hygienists): Allows dental hygienists to receive a permit from the Colorado Dental Board to perform interim therapeutic restorations. Establishes an advisory committee to develop standards for interim therapeutic restorations. Places various restrictions on dental hygienists performing interim therapeutic restorations,

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including prohibiting the use of local anesthesia and requiring that a dentist first provide the diagnosis, treatment plan, and instruction for the dental hygienist to perform the restoration. Appropriations include \$37,940 cash funds from the Division of Professions and Occupations to the Department for FY 2015-16, including \$30,514 for personal services and \$7,426 for the purchase of legal services from the Department of Law. The bill also appropriates \$37,606 to the Department of Health Care Policy and Financing for FY 2015-16, including \$10,815 General Fund and \$833 cash funds from various cash funds. This provision also states the Department of Health Care Policy and Financing will receive \$25,958 federal funds to implement the act.

H.B. 15-1343 (Streamline HOA Manager Licensing Requirements): Modifies the Community Association Manager (CAM) Licensing Program, including: amending the definition of CAM practices; defining and setting limits on CAM apprentices; modifying examination requirements so that licensees who hold a Certified Manager of Community Associations designation are no longer required to pass the general portion of the exam; requiring a credentialed applicant from another state to complete only the Colorado law portion of the exam; and repealing the Community Association Manager Licensing Cash Fund and transferring those funds to the Division of Real Estate Cash Fund on July 1, 2015. Appropriates \$47,250 from the Division of Real Estate Cash Fund to the Division of Real Estate for operating expenses.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

There were no Long Bill footnotes for FY 2015-16 for the Department of Regulatory Agencies.

Requests for Information

There were no Long Bill requests for information for FY 2015-16 for the Department of Regulatory Agencies.

Appendix D: FY 2014-15 SMART Act Annual Performance Report and FY 2015-16 Performance Plan

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Regulatory Agencies by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2014-15 report dated October 2015 can be found at the following link:

<https://sites.google.com/a/state.co.us/colorado-performance-management/department-performance-plans/regulatory-agencies/fy-2014-15-performance-plan-and-evaluation-reports>

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Regulatory Agencies is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2015-16 plan dated July 1, 2015 can be found at the following link:

<https://sites.google.com/a/state.co.us/colorado-performance-management/department-performance-plans/regulatory-agencies/fy-2015-16-performance-plan-and-evaluation-reports>

Appendix E: Department of Local Affairs' Broadband Program Funding Policies

Attached is a copy of the Department of Local Affairs' Broadband Program Funding Policies.



Policies for Funding of Local Government Broadband Planning and Infrastructure Projects

I. Introduction/Background

The Department of Local Affairs (DOLA) recognizes that provision of high speed broadband services can play a critical role in enhancing local government operations and community development efforts.

DOLA recognizes that local governments can play a role assisting public institutions and private businesses, as well as local citizens, to gain access to reliable broadband service at affordable costs. Such locally initiated actions can be undertaken under local authority to enhance economic development, improve distance learning opportunities, promote inter-jurisdictional communication, improve health care delivery and to meet citizens' requests for better access to the breadth of services available over broadband.

DOLA has earmarked \$20 million in Energy Impact Assistance (EIA) grant funds to assist in such local government efforts, subject to certain conditions.

EIA grants are directed by statute to communities that are economically or socially impacted by the development of energy and mineral resources. Grants are also awarded based on financial need, among other review criteria. As a consequence, the majority of grant funding is directed to smaller and more rural communities. These are precisely the areas where sufficient broadband service is lacking, and DOLA anticipates that broadband funding will be directed to these areas.

Impact Grants for broadband are made available to support two general areas - planning and provision of infrastructure.

II. Planning

A. Regional Planning/Interconnectivity

DOLA will support efforts by local governments to engage in planning to determine optimal regional configurations of infrastructure, to identify infrastructure needs, and to identify potential partnerships among public and private entities to achieve enhanced broadband service.

Such planning activities are generally undertaken by Regional Councils of Governments (COGs) or similar regional organizations. Any new applications for regional planning activities must take into account and coordinate with any recently completed or currently in-process regional plans.

Grants for broadband planning must meet the following criteria:



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- Grantee must invite any private sector service providers to participate in the planning process including development of solutions
- Potential private sector as well as public/private solutions must be considered
- The regional planning process must assess the current level of broadband availability, including used and unused capacity, and the community's desired broadband service level, including prioritization of needs (redundancy, reduced costs, increased speeds etc.) and possible options for achieving desired service levels
- Once regional plans have been completed, DOLA will support efforts to develop more detailed plans necessary to develop applications for middle mile infrastructure grant applications. The minimum geographic scale of these plans is the county level.

B. Match

- Local governments applying for regional planning grants must contribute a minimum of 25% match.
- Local governments applying for sub-regional (county) plans must contribute a minimum of 50% match.

III. Infrastructure

DOLA will support efforts by local governments to build certain types of infrastructure necessary to providing enhanced broadband services.

Such grants are subject to certain conditions, as follows:

A. Plans in Place

Infrastructure grant applications will be considered only after demonstration that the proposed project is consistent with a regional broadband plan, and if applicable, more detailed sub-regional (county) plans.

B. Middle Mile Infrastructure Only

Middle mile infrastructure is considered any infrastructure that is utilized to provide or enhance the network connection between communities and a provider of core network services, including the interconnection of community anchor institutions (CAIs). Typically, middle mile infrastructure will be considered to terminate at local fiber loops connecting CAIs. Such loops should be designed with good access points ("hand holes") for last mile connections. Where appropriate, fiber to publicly-owned towers or other critical public infrastructure will be considered middle mile.

C. Not for Service Provision to End User

The funds shall not be used for "Last Mile" deployments, which will be considered any infrastructure that terminates at a residential, business or other non-governmental address ("fiber to the curb"). Thus, connections from CAI loops to neighborhoods are considered last mile.



This limitation excludes service provision equipment such as routers, switches and the like from consideration for funding from this program.

However, projects submitted for funding must demonstrate plans for eventual use of the system, including plans for maintenance and system upgrades. Public/private partnerships to provide service are encouraged.

D. Basic Infrastructure

Conduit systems, fiber, towers, ROW, appurtenances and similar systems necessary to enhance middle mile connections will be considered for funding. For applicants who are subject to the restrictions of SB 05-152 (CRS 29-27-101 et seq.), funding for fiber that is intended to benefit non-governmental users (e.g., private citizens, businesses) will be limited to dark fiber.

E. The awarding of any grants as part of this program does not constitute an acknowledgment that the funded project is in compliance with applicable laws and regulations. As with all DOLA grant programs, it is the responsibility of the applicant to ensure such compliance.

F. Any infrastructure built with program funds and offered to private entities must be done so in an open access, competitively neutral model. Access and rates must be provided on a competitively neutral and non-discriminatory basis for all providers regardless of technology.

G. Applicant will be required to allow use of any infrastructure for public safety purposes and encouraged to work with local public safety entities to define their specific needs.

H. Applicant must agree to share infrastructure location information (GIS) to assist the state in building an asset inventory.

I. Applicant is encouraged to work with the private sector to investigate and secure other available funding, such as the Broadband Deployment Fund (HB 14-1328, CRS 40-15-208). Applications which have a private sector application counterpart under consideration by the Broadband Deployment Fund will be given special consideration in order to leverage State funds.

J. Match

As with other capital construction projects, applicants are required to match grant funds on a dollar-for-dollar basis. In cases where the applicant's financial condition does not permit a 50/50 match, a minimum match of 25% is required.

IV. Application Process

1. Planning Grants

Applications for planning grants may be submitted at any time. Such applications shall be reviewed by the Impact Assistance Advisory Committee and approved administratively.

2. Infrastructure Grants



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Applications for infrastructure grants are made through the regular Impact Program process, with 3 application deadlines per year.

([LINK TO IMPACT PROGRAM APPLICATION PROCESS WEBPAGE](#))

Applications for infrastructure do not compete with applicants' other projects submitted through the regular cycle.

3. Agency Review Required

Applications for both planning and infrastructure are subject to review & comment by the Office of Information Technology, the Office of Economic Development and International Trade, and the relevant Council(s) of Governments. Pre-application review by these agencies is encouraged.

Appendix F: National Broadband Plan – Executive Summary

Attached is a copy of the Executive Summary of the Federal Communications Commission's National Broadband Plan, which was released on March 17, 2010.

EXECUTIVE SUMMARY

Broadband is the great infrastructure challenge of the early 21st century.

Like electricity a century ago, broadband is a foundation for economic growth, job creation, global competitiveness and a better way of life. It is enabling entire new industries and unlocking vast new possibilities for existing ones. It is changing how we educate children, deliver health care, manage energy, ensure public safety, engage government, and access, organize and disseminate knowledge.

Fueled primarily by private sector investment and innovation, the American broadband ecosystem has evolved rapidly. The number of Americans who have broadband at home has grown from eight million in 2000 to nearly 200 million last year. Increasingly capable fixed and mobile networks allow Americans to access a growing number of valuable applications through innovative devices.

But broadband in America is not all it needs to be. Approximately 100 million Americans do not have broadband at home. Broadband-enabled health information technology (IT) can improve care and lower costs by hundreds of billions of dollars in the coming decades, yet the United States is behind many advanced countries in the adoption of such technology. Broadband can provide teachers with tools that allow students to learn the same course material in half the time, but there is a dearth of easily accessible digital educational content required for such opportunities. A broadband-enabled Smart Grid could increase energy independence and efficiency, but much of the data required to capture these benefits are inaccessible to consumers, businesses and entrepreneurs. And nearly a decade after 9/11, our first responders still lack a nationwide public safety mobile broadband communications network, even though such a network could improve emergency response and homeland security.

Fulfilling the Congressional Mandate

In early 2009, Congress directed the Federal Communications Commission (FCC) to develop a National Broadband Plan to ensure every American has “access to broadband capability.” Congress also required that this plan include a detailed strategy for achieving affordability and maximizing use of broadband to advance “consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, employee training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.”

Broadband networks only create value to consumers and businesses when they are used in conjunction with broadband-capable devices to deliver useful applications and content. To fulfill Congress’s mandate, the plan seeks to ensure that the entire broadband ecosystem—networks, devices, content and applications—is healthy. It makes recommendations to the FCC, the Executive Branch, Congress and state and local governments.

The Plan

Government can influence the broadband ecosystem in four ways:

1. Design policies to ensure robust competition and, as a result maximize consumer welfare, innovation and investment.
2. Ensure efficient allocation and management of assets government controls or influences, such as spectrum, poles, and rights-of-way, to encourage network upgrades and competitive entry.
3. Reform current universal service mechanisms to support deployment of broadband and voice in high-cost areas; and ensure that low-income Americans can afford broadband; and in addition, support efforts to boost adoption and utilization.
4. Reform laws, policies, standards and incentives to maximize the benefits of broadband in sectors government influences significantly, such as public education, health care and government operations.

1. Establishing competition policies. Policymakers, including the FCC, have a broad set of tools to protect and encourage competition in the markets that make up the broadband ecosystem: network services, devices, applications and content. The plan contains multiple recommendations that will foster competition across the ecosystem. They include the following:

- **Collect, analyze, benchmark and publish detailed, market-by-market information on broadband pricing and competition,** which will likely have direct impact on competitive behavior (e.g., through benchmarking of pricing across geographic markets). This will also enable the FCC and other agencies to apply appropriate remedies when competition is lacking in specific geographies or market segments.
- **Develop disclosure requirements for broadband service providers** to ensure consumers have the pricing and performance information they need to choose the best broadband

offers in the market. Increased transparency will incent service providers to compete for customers on the basis of actual performance.

- **Undertake a comprehensive review of wholesale competition rules** to help ensure competition in fixed and mobile broadband services.
- **Free up and allocate additional spectrum for unlicensed use**, fostering ongoing innovation and competitive entry.
- **Update rules for wireless backhaul spectrum** to increase capacity in urban areas and range in rural areas.
- **Expedite action on data roaming** to determine how best to achieve wide, seamless and competitive coverage, encourage mobile broadband providers to construct and build networks, and promote entry and competition.
- **Change rules to ensure a competitive and innovative video set-top box market**, to be consistent with Section 629 of the Telecommunications Act. The Act says that the FCC should ensure that its rules achieve a competitive market in video “navigation devices,” or set-top boxes—the devices consumers use to access much of the video they watch today.
- **Clarify the Congressional mandate allowing state and local entities to provide broadband in their communities** and do so in ways that use public resources more effectively.
- **Clarify the relationship between users and their online profiles to enable continued innovation and competition in applications and ensure consumer privacy**, including the obligations of firms collecting personal information to allow consumers to know what information is being collected, consent to such collection, correct it if necessary, and control disclosure of such personal information to third parties.

2. Ensuring efficient allocation and use of government-owned and government-influenced assets. Government establishes policies for the use of spectrum and oversees access to poles, conduits, rooftops and rights-of-way, which are used in the deployment of broadband networks. Government also finances a large number of infrastructure projects. Ensuring these assets and resources are allocated and managed efficiently can encourage deployment of broadband infrastructure and lower barriers to competitive entry. The plan contains a number of recommendations to accomplish these goals. They include the following:

- **Spectrum** is a major input for providers of broadband service. Currently, the FCC has only 50 megahertz in inventory, just a fraction of the amount that will be necessary to match growing demand. More efficient allocation and assignment of spectrum will reduce deployment costs, drive

investment and benefit consumers through better performance and lower prices. The recommendations on spectrum policy include the following:

- **Make 500 megahertz of spectrum newly available** for broadband within 10 years, of which 300 megahertz should be made available for mobile use within five years.
- **Enable incentives and mechanisms to repurpose spectrum** to more flexible uses. Mechanisms include incentive auctions, which allow auction proceeds to be shared in an equitable manner with current licensees as market demands change. These would benefit both spectrum holders and the American public. The public could benefit from additional spectrum for high-demand uses and from new auction revenues. Incumbents, meanwhile, could recognize a portion of the value of enabling new uses of spectrum. For example, this would allow the FCC to share auction proceeds with broadcasters who voluntarily agree to use technology to continue traditional broadcast services with less spectrum.
- **Ensure greater transparency** of spectrum allocation, assignment and use through an FCC-created spectrum dashboard to foster an efficient secondary market.
- **Expand opportunities for innovative spectrum access models** by creating new avenues for opportunistic and unlicensed use of spectrum and increasing research into new spectrum technologies.
- **Infrastructure** such as poles, conduits, rooftops and rights-of-way play an important role in the economics of broadband networks. Ensuring service providers can access these resources efficiently and at fair prices can drive upgrades and facilitate competitive entry. In addition, testbeds can drive innovation of next-generation applications and, ultimately, may promote infrastructure deployment. Recommendations to optimize infrastructure use include:
 - **Establish low and more uniform rental rates for access to poles**, and simplify and expedite the process for service providers to attach facilities to poles.
 - **Improve rights-of-way management for cost and time savings**, promote use of federal facilities for broadband, expedite resolution of disputes and identify and establish “best practices” guidelines for rights-of-way policies and fee practices that are consistent with broadband deployment.
 - **Facilitate efficient new infrastructure construction**, including through “dig-once” policies that would make federal financing of highway, road and bridge projects contingent on states and localities allowing joint deployment of broadband infrastructure.

- **Provide ultra-high-speed broadband connectivity to select U.S. Department of Defense installations** to enable the development of next-generation broadband applications for military personnel and their families living on base.

3. Creating incentives for universal availability and adoption of broadband. Three elements must be in place to ensure all Americans have the opportunity to reap the benefits of broadband. All Americans should have access to broadband service with sufficient capabilities, all should be able to afford broadband and all should have the opportunity to develop digital literacy skills to take advantage of broadband. Recommendations to promote universal broadband deployment and adoption include the following:

- **Ensure universal access to broadband network services.**
 - **Create the Connect America Fund (CAF)** to support the provision of affordable broadband and voice with at least 4 Mbps *actual* download speeds and shift up to \$15.5 billion over the next decade from the existing Universal Service Fund (USF) program to support broadband. If Congress wishes to accelerate the deployment of broadband to unserved areas and otherwise smooth the transition of the Fund, it could make available public funds of a few billion dollars per year over two to three years.
 - **Create a Mobility Fund to provide targeted funding** to ensure no states are lagging significantly behind the national average for 3G wireless coverage. Such 3G coverage is widely expected to be the basis for the future footprint of 4G mobile broadband networks.
 - **Transition the “legacy” High-Cost component of the USF** over the next 10 years and shift all resources to the new funds. The \$4.6 billion per year High Cost component of the USF was designed to support primarily voice services. It will be replaced over time by the CAF.
 - **Reform intercarrier compensation**, which provides implicit subsidies to telephone companies by eliminating per-minute charges over the next 10 years and enabling adequate cost recovery through the CAF.
 - **Design the new Connect America Fund and Mobility Fund in a tax-efficient manner** to minimize the size of the broadband availability gap and thereby reduce contributions borne by consumers.
 - **Broaden the USF contribution base** to ensure USF remains sustainable over time.
- **Create mechanisms to ensure affordability to low-income Americans.**

- **Expand the Lifeline and Link-Up programs by allowing subsidies provided to low-income Americans to be used for broadband.**
 - **Consider licensing a block of spectrum with a condition to offer free or low-cost service** that would create affordable alternatives for consumers, reducing the burden on USF.
- **Ensure every American has the opportunity to become digitally literate.**
 - **Launch a National Digital Literacy Corps** to organize and train youth and adults to teach digital literacy skills and enable private sector programs addressed at breaking adoption barriers.

4. Updating policies, setting standards and aligning incentives to maximize use for national priorities. Federal, Tribal, state and local governments play an important role in many sectors of our economy. Government is the largest health care payor in the country, operates the public education system, regulates many aspects of the energy industry, provides multiple services to its citizens and has primary responsibility for homeland security. The plan includes recommendations designed to unleash increased use, private sector investment and innovation in these areas. They include the following:

- **Health care.** Broadband can help improve the quality and lower the cost of health care through health IT and improved data capture and use, which will enable clearer understanding of the most effective treatments and processes. To achieve these objectives, the plan has recommendations that will:
 - Help ensure health care providers have access to affordable broadband by transforming the FCC’s Rural Health Care Program.
 - Create incentives for adoption by expanding reimbursement for e-care.
 - Remove barriers to e-care by modernizing regulations like device approval, credentialing, privileging and licensing.
 - Drive innovative applications and advanced analytics by ensuring patients have control over their health data and ensuring interoperability of data.
- **Education.** Broadband can enable improvements in public education through e-learning and online content, which can provide more personalized learning opportunities for students. Broadband can also facilitate the flow of information, helping teachers, parents, schools and other organizations to make better decisions tied to each student’s needs and abilities. To those ends, the plan includes recommendations to:

- Improve the connectivity to schools and libraries by upgrading the FCC's E-Rate program to increase flexibility, improve program efficiency and foster innovation by promoting the most promising solutions and funding wireless connectivity to learning devices that go home with students.
 - Accelerate online learning by enabling the creation of digital content and learning systems, removing regulatory barriers and promoting digital literacy.
 - Personalize learning and improve decision-making by fostering adoption of electronic educational records and improving financial data transparency in education.
- **Energy and the environment.** Broadband can play a major role in the transition to a clean energy economy. America can use these innovations to reduce carbon pollution, improve our energy efficiency and lessen our dependence on foreign oil. To achieve these objectives, the plan has recommendations that will:
 - Modernize the electric grid with broadband, making it more reliable and efficient.
 - Unleash energy innovation in homes and buildings by making energy data readily accessible to consumers.
 - Improve the energy efficiency and environmental impact of the ICT sector.
- **Economic opportunity.** Broadband can expand access to jobs and training, support entrepreneurship and small business growth and strengthen community development efforts. The plan includes recommendations to:
 - Support broadband choice and small businesses' use of broadband services and applications to drive job creation, growth and productivity gains.
 - Expand opportunities for job training and placement through an online platform.
 - Integrate broadband assessment and planning into economic development efforts.
- **Government performance and civic engagement.** Within government, broadband can drive greater efficiency and effectiveness in service delivery and internal operations. It can also improve the quantity and quality of civic engagement by providing a platform for meaningful engagement with representatives and agencies. Through its own use of broadband, government can support local efforts to deploy broadband, particularly in unserved communities. To achieve these goals, the plan includes recommendations to:
 - Allow state and local governments to purchase broadband from federal contracts such as Networx.
 - Improve government performance and operations through cloud computing, cybersecurity, secure authentication and online service delivery.
 - Increase civic engagement by making government more open and transparent, creating a robust public media

ecosystem and modernizing the democratic process.

- **Public safety and homeland security.** Broadband can bolster efforts to improve public safety and homeland security by allowing first responders to send and receive video and data, by ensuring all Americans can access emergency services and improving the way Americans are notified about emergencies. To achieve these objectives, the plan makes recommendations to:
 - Support deployment of a nationwide, interoperable public safety mobile broadband network, with funding of up to \$6.5 billion in capital expenditures over 10 years, which could be reduced through cost efficiency measures and other programs. Additional funding will be required for operating expenses.
 - Promote innovation in the development and deployment of next-generation 911 and emergency alert systems.
 - Promote cybersecurity and critical infrastructure survivability to increase user confidence, trust and adoption of broadband communications.

Long-Term Goals

In addition to the recommendations above, the plan recommends that the country adopt and track the following six goals to serve as a compass over the next decade.

Goal No. 1: At least 100 million U.S. homes should have affordable access to actual download speeds of at least 100 megabits per second and actual upload speeds of at least 50 megabits per second.

Goal No. 2: The United States should lead the world in mobile innovation, with the fastest and most extensive wireless networks of any nation.

Goal No. 3: Every American should have affordable access to robust broadband service, and the means and skills to subscribe if they so choose.

Goal No. 4: Every American community should have affordable access to at least 1 gigabit per second broadband service to anchor institutions such as schools, hospitals and government buildings.

Goal No. 5: To ensure the safety of the American people, every first responder should have access to a nationwide, wireless, interoperable broadband public safety network.

Goal No. 6: To ensure that America leads in the clean energy economy, every American should be able to use

broadband to track and manage their real-time energy consumption.

Meeting these six goals will help achieve the Congressional mandate of using broadband to achieve national purposes, while improving the economics of deployment and adoption. In particular, the first two goals will create the world's most attractive market for broadband applications, devices and infrastructure and ensure America has the infrastructure to attract the leading communications and IT applications, devices and technologies. The third goal, meanwhile, will ensure every American has the opportunity to take advantage of the benefits broadband offers, including improved health care, better education, access to a greater number of economic opportunities and greater civic participation.

Budget Impact of Plan

Given the plan's goal of freeing 500 megahertz of spectrum, future wireless auctions mean the overall plan will be revenue neutral, if not revenue positive. The vast majority of recommendations do not require new government funding; rather, they seek to drive improvements in government efficiency, streamline processes and encourage private activity to promote consumer welfare and national priorities. The funding requests relate to public safety, deployment to unserved areas and adoption efforts. If the spectrum auction recommendations are implemented, the plan is likely to offset the potential costs.

Implementation

The plan is in beta, and always will be. Like the Internet itself, the plan will always be changing—adjusting to new developments in technologies and markets, reflecting new realities, and evolving to realize the unforeseen opportunities of a particular time.

As such, implementation requires a long-term commitment to measuring progress and adjusting programs and policies to improve performance.

Half of the recommendations in this plan are offered to the FCC. To begin implementation, the FCC will:

- ▶ Quickly publish a timetable of proceedings to implement plan recommendations within its authority.
- ▶ Publish an evaluation of plan progress and effectiveness as part of its annual 706 Advanced Services Inquiry.
- ▶ Create a Broadband Data Depository as a public resource for broadband information.

The remaining half of the recommendations are offered to the Executive Branch, Congress and state and local governments. Policymakers alone, though, cannot ensure success. Industry, non-profits, and government together with the American people, must now act and rise to our era's infrastructure challenge.