



JOINT BUDGET COMMITTEE STAFF FY 2021-22 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Regulatory Agencies

The Department of Regulatory Agencies is statutorily-tasked with ensuring that individuals and businesses who provide Colorado with professional services are doing so ethically and responsibly. These duties are carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through boards, commissions, and advisory committees. The Department's FY 2020-21 appropriation represents approximately 0.4 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF REGULATORY AGENCIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
HB 20-1360 (Long Bill)	\$119,683,304	\$1,974,831	\$110,668,540	\$5,597,251	\$1,442,682	599.8
Other legislation	(930,505)	(34,191)	(832,417)	(63,897)	0	1.0
TOTAL	\$118,752,799	\$1,940,640	\$109,836,123	\$5,533,354	\$1,442,682	600.8
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$118,752,799	\$1,940,640	\$109,836,123	\$5,533,354	\$1,442,682	600.8
R1 Colorado Option health insurance	864,026	0	864,026	0	0	3.4
R2 Prescription drug affordability	371,370	0	371,370	0	0	2.8
Non-prioritized request items	(145,906)	(7,871)	(138,035)	0	0	0.0
Annualize prior year legislation	1,130,083	132,367	932,371	64,805	540	(0.1)
Centrally appropriated line items	704,926	99,836	99,180	83,030	422,880	0.0
Indirect cost assessment	(92,170)	0	(88,929)	0	(3,241)	0.0
TOTAL	\$121,585,128	\$2,164,972	\$111,876,106	\$5,681,189	\$1,862,861	606.9
INCREASE/(DECREASE)	\$2,832,329	\$224,332	\$2,039,983	\$147,835	\$420,179	6.1
Percentage Change	2.4%	11.6%	1.9%	2.7%	29.1%	1.0%

R1 COLORADO OPTION HEALTH INSURANCE: The request includes an increase of \$864,026 cash funds spending authority for FY 2021-22 as well as \$598,036 cash funds spending authority for FY 2022-23 along with 3.4 FTE split between the Legal Services line item in the Executive Director's Office and the Personal Services line item in the Division of Insurance. This will be funded through the Division of Insurance Cash Fund. This request will create a quality, affordable insurance product (Colorado Option) for the individual and small group markets with the goal of improving access to health care for all Coloradans.

R2 PRESCRIPTION DRUG AFFORDABILITY: The request includes an increase of \$371,370 cash funds spending authority and 2.8 FTE for FY 2021-22 and \$162,481 ongoing cash funds spending authority for subsequent years along with 1.5 FTE in FY 2022-23 funded by the Division of Insurance Cash Fund. The request will fund the development of a program that creates transparency and accountability, and aims to reduce the costs of prescription drugs.

NON-PRIORITIZED REQUEST ITEMS: The request includes a decrease of \$145,906 total funds, including a decrease of \$7,871 General Fund, for items requested by other departments that impact the agencies covered in this briefing document. The following table itemizes each requested non-prioritized decision item.

NON-PRIORITIZED REQUEST ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
NP2 Annual fleet vehicle request	\$44,516	\$0	\$44,516	0.0
NP1 DPA Center for Organizational Effectiveness	9,299	0	9,299	0.0
NP3 OIT Budget request package	(199,721)	(7,871)	(191,850)	0.0
TOTAL	(\$145,906)	(\$7,871)	(\$138,035)	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes an increase of \$1,130,083 total funds, including an increase of \$132,367 General Fund and a decrease of 0.1 FTE, for adjustments related to prior year legislation. The primary reason for the large increase in total funds is HB 20-1379, which suspended distribution of PERA contributions for FY 2020-21. The following table itemizes each annualization.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize HB 20-1379 Suspend DD to PERA	\$1,040,006	\$43,832	\$932,277	\$63,897	\$0	0.0
FY20-21 GF HLD reduction	74,526	74,526	0	0	0	0.0
SB18-200 PERA unfunded liability	14,431	509	12,474	908	540	0.0
Annualize HB 20-1332 Prohibit Discrimination Housing	13,500	13,500	0	0	0	0.0
Annualize HB 20-1158 Insurance Coverage Infertility	4,165	0	4,165	0	0	0.1
Annualize SB 20-030 Consumer Protections Utility	(16,545)	0	(16,545)	0	0	(0.2)
TOTAL	\$1,130,083	\$132,367	\$932,371	\$64,805	\$540	(0.1)

CENTRALLY APPROPRIATED LINE ITEMS: The request includes an increase of \$704,926 total funds, including \$99,836 General Fund, for adjustments to centrally appropriated line items for the following: leased space; state contributions for health, life, and dental benefits; payments to the Governor's Office of Information Technology (OIT); payment to risk management and property funds; short-term disability; the Department of Law Fraud Prosecution Adjustment; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; legal services; administrative law judges; CORE operations; and workers' compensation. The following table itemizes each requested centrally appropriated line item change.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Leased space adjustment	\$909,813	\$0	\$767,401	\$59,649	\$82,763	0.0
Health, life, and dental adjustment	214,129	89,577	(58,330)	8,636	174,246	0.0
Payments to OIT adjustment	162,581	6,407	156,174	0	0	0.0
Payment to risk management / property funds adjustment	70,900	2,970	57,913	5,547	4,470	0.0
Short-term disability adjustment	65,291	2,301	56,437	4,109	2,444	0.0
Department of Law Fraud Prosecution Adjustment	24,188	0	24,188	0	0	0.0
PERA Direct Distribution	1,356	(7,134)	(32,135)	1,647	38,978	0.0
Legal services adjustment	(593,740)	0	(593,740)	0	0	0.0
ALJ adjustment	(69,650)	(5,561)	(64,089)	0	0	0.0
AED adjustment	(25,777)	6,245	(88,993)	1,465	55,506	0.0
SAED adjustment	(25,777)	6,245	(88,993)	1,465	55,506	0.0

CORE adjustment	(19,988)	(1,611)	(22,256)	(2,139)	6,018	0.0
Workers' compensation adjustment	(8,400)	397	(14,397)	2,651	2,949	0.0
TOTAL	\$704,926	\$99,836	\$99,180	\$83,030	\$422,880	0.0

INDIRECT COST ASSESSMENTS: The request includes a net decrease of \$92,170 total funds in the Department's indirect cost assessment.

BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of [Example].

S1 EXPAND STATEWIDE BROADBAND ACCESS: The request includes \$24.3 million General Fund to award two federal broadband grants to eligible unfunded applications for last-mile broadband investment. Last-mile broadband refers to the local network infrastructure closest to the end users. The Public Utilities Commission would administer these grants.

S2 EXPAND STATEWIDE BROADBAND ACCESS: The request includes \$25.0 million General Fund to award one-time funds to 15 applications deemed eligible by the Broadband Deployment Board for last-mile broadband investments across Colorado. This funding will go toward improving broadband infrastructure in unserved areas of the state. The Public Utilities Commission would administer these grants.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

INFORMATIONAL ISSUE: 2020 SESSION BUDGET BALANCING ACTIONS: This issue describes actions taken by the General Assembly during the 2020 Session to balance the budget in the context of the Department of Regulatory Agencies. There were two actions taken to decrease General Fund appropriations, and those were the common policy changes made across all departments. These were the 5.0 percent Health, Life, Dental/Personal Services base reductions, as well as the suspension of PERA Direct Distribution. Further actions taken by the General Assembly included cash fund transfers totaling \$2.9 million from the Division of Insurance Cash Fund, the Division of Banking Cash Fund, the Prescription Drug Monitoring Fund, and the Highway Rail Crossing Signalization Fund. Finally, the General Assembly also eliminated previously scheduled statutory diversions related to SB 20-215 from the General Fund of \$15.0 million in FY 2019-20 and \$40.0 million in FY 2020-21.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2020.