

**Department of Law**  
**Schedule 10**  
**FY 2017-18 Budget Request**

Priority	Number	Division	Request	FTE	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<b>Decision Items</b>									
	1	LSSA	Legal Allocations and Billings	0.0	(\$760,273)	\$0	\$0	(\$760,273)	\$0
	2	Administration	Security Asset Maintenance and FTE	0.0	\$270,811	\$64,062	\$22,403	\$180,594	\$3,752
	3	Criminal Justice	Appellate: FTE Retain to Manage Backlog	3.0	\$256,468	\$256,468	\$0	\$0	\$0
	4	Consumer Protection	Additional Personnel and Charities Unit	5.8	\$574,847	\$297,550	\$441,124	(\$163,827)	\$0
	5	Criminal Justice	2.0 Financial Fraud Investigators	2.0	\$285,124	\$0	\$239,325	\$45,799	\$0
	6	Criminal Justice	POST 2 Year On-Line Police Training	0.0	\$500,010	\$0	\$500,010	\$0	\$0
	7	Criminal Justice	POST Audit Implementation	3.0	\$0	\$0	\$0	\$0	\$0
<b>Total - Decision Items</b>				<b>13.8</b>	<b>\$1,126,987</b>	<b>\$618,080</b>	<b>\$1,202,862</b>	<b>(\$697,707)</b>	<b>\$3,752</b>
<b>Base Reduction Items</b>									
<b>Total - Base Reduction Items</b>				<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Prioritized Items</b>									
		LSSA	Education Legal Services DI	0.9	\$167,042	\$0	\$0	\$167,042	\$0
		Administration	OIT Administration: Secure CO	0.0	\$49,623	\$14,064	\$5,840	\$28,406	\$1,313
		Administration	Vehicle Lease Payments	0.0	(\$3,896)	\$247	\$1,076	(\$5,084)	(\$135)
<b>Total Non Prioritized Items</b>				<b>0.9</b>	<b>\$212,769</b>	<b>\$14,311</b>	<b>\$6,916</b>	<b>\$190,364</b>	<b>\$1,178</b>
<b>Grand Total November 1, 2016</b>				<b>14.7</b>	<b>\$1,339,756</b>	<b>\$632,391</b>	<b>\$1,209,778</b>	<b>(\$507,343)</b>	<b>\$4,930</b>



**Schedule 13**  
**Funding Request for the 2017-18 Budget Cycle**

Department: Department of Law  
 Request Title: Legal Allocations and Billings  
 Priority Number: R-1

Dept. Approval by: *J. Pate* 10/26/2016  
 Date

Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

OSPB Approval by: \_\_\_\_\_  
 Date

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
	Fund	Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>	<b>Total</b>	29,313,165	-	29,361,878	(760,273)	-
	FTE	262.9	0.0	263.1	0.0	0.0
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	29,313,165	-	29,361,878	(760,273)	-
	FF	-	-	-	-	-
<b>(2) Legal Services to State Agencies: Personal Services</b>	<b>Total</b>	27,314,973	-	27,359,315	(660,273)	-
	FTE	262.9	-	263.1	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	27,314,973	-	27,359,315	(660,273)	-
	FF	-	-	-	-	-
<b>(2) Legal Services to State Agencies: Operating and Litigation</b>	<b>Total</b>	1,998,192	-	2,002,563	(100,000)	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	1,998,192	-	2,002,563	(100,000)	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes: \_\_\_\_\_ No: \_\_\_\_\_ If yes, describe the Letternote Text Revision:  
 Cash or Federal Fund Name and COFRS Fund Number: NA  
 Reappropriated Funds Source, by Department and Line Item Name: NA  
 Approval by OIT? Yes: \_\_\_\_\_ No: \_\_\_\_\_ Not Required: x  
 Schedule 13s from Affected Departments:  
 Other Information: Supplemental Criteria: New data resulting in substantive changes in funding needs





# DEPARTMENT OF LAW

*FY 2017-18 Funding Request  
November 1, 2016*

*Cynthia H. Coffmann  
Attorney General*

*Melanie Snyder  
Chief of Staff*

*David C Blake  
Chief Deputy Attorney General*

**Department Priority: 1**  
**Request Title Modify Legal Appropriations and Billings**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	RF	FTE
Total: Legal Services to State Agencies	(763,273)	(763,273)	0.0
Legal Services to State Agencies: Personal Services	(663,273)	(663,273)	
Legal Services to State Agencies: Operating and Litigation	(100,000)	(100,000)	0.0

Summary of Incremental Funding Change for FY 2018-19	Total Funds	RF	FTE
Total: Legal Services to State Agencies	(763,273)	(763,273)	0.0
Legal Services to State Agencies: Personal Services	(663,273)	(663,273)	
Legal Services to State Agencies: Operating and Litigation	(100,000)	(100,000)	00

### Request Summary:

This proposal modifies the way legal appropriations and monthly billings are administered, aligning the Department of Law's (DOL) methodology with other internally billed state services, such as the Administrative Law Judges in the Department of Personnel and Administration and other like efforts.

### Background:

Currently, legal appropriations are based on "budgeted hours" to most of the client agencies. Higher Ed and a few other smaller agencies currently do not receive direct legal appropriations. The DOL, bills each client agency based on the number of hours worked on behalf of each client monthly. There is no profit margin built into the legal rate. Additionally, each appropriated legal hour includes a portion of

common costs that the DOL must pay to sister agencies. These costs include: Risk Management, Workers' Compensation, OIT Administration, CORE Operations, Carr Building Lease Space, and Administrative Law Judges.

The DOL must earn the monthly revenue to cover these costs along with salaries, associated state paid benefits, and associated operating expenses. Currently, the DOL is the only internal service that collects monthly revenue based on the actual monthly hours worked on behalf of sister agencies.

Additionally, in instances where there is litigation, the DOL fronts the dollars on the costs for that litigation which may include experts, court reporting, travel for depositions etc. The DOL then "bills" the client agencies, monthly, for these

actual costs. The client agencies may pay for these bills from their operating or personal services lines and the DOL “offsets” these expenses with that revenue.

Moving forward, the DOL is proposing that the State utilize an allocated methodology to increase efficiency and accountability. This methodology will analyze each client agency’s previous consumption of hours and litigation expenses and forecast that percentage of usage against anticipated appropriations. For FY 2017-18, the DOL is proposing a 3-year average of consumed hours calculated against total Legal Services to State Agencies expenses, as well as a two-year average of litigation expenses.

The DOL has traditionally reverted spending authority in its Personal Services and Operating Expenses line items. This is due to the legal hours worked on an annual basis being below the actual legal appropriation. In some instances, this is due to the time required to fill legal expertise when an employee retires or otherwise leaves the employment of the DOL. In other instances, it is due to the fact that the hours appropriated to a particular client agency did not accurately reflect the amount of legal work that was actually necessary for that fiscal year. Lastly, in some instances, the client agency may have a revenue issue, and as such, work is postponed or delayed due to the inability to pay.

Under the new proposal, the DOL will bill each client agency monthly for 1/12 of their allocation. The DOL will not change any other internal business practices associated with legal data. The DOL will continue to track hours worked on behalf of each client and the matters within each client as well as the litigation expenses annually by client. This will allow the DOL to use actual data to best reflect future legal needs, based on an average of previous years’ consumption.

**Anticipated Outcomes:**

This proposal will allocate all litigation cost and costs associated with anticipated legal hours in one

budget line so that each client agency will know their annual contribution for their legal expenses for the fiscal year and will thereby eliminate the need for a second “litigation billing”. This will help stabilize fee setting for those programs that are cash funded, as well as remove the need to utilize personal services and operating lines for litigation expenses, which will improve the efficiency and transparency of the system as a whole, allowing dollars to be used for what they were originally intended.

Additionally, “appropriating” all legal hours and litigation expenses in one appropriation, for the agencies that have Legal appropriations, will provide better data across the enterprise.

This solution will provide the DOL a known annual revenue source which will make the DOL more efficient with planning and resource distribution to best meet annual client agency needs within appropriations.

Lastly, this methodology will bring consistency to the state’s appropriations of central service activities.

The DOL has recently reverted on average \$2.4M of its Legal Services to State Agencies (LSSA) Line Item the last two years, which is an average of roughly 7%. As pointed out above, these reversions are due to various turnover in the 260 FTE line item and in some instances to revenue issues in client agencies. The DOL additionally has absorbed \$168K average over the past two years for annual and sick leave payouts associated with retirements, as well as using part time and temporary support to continue legal efforts by \$225K average over the last few years. The DOL’s proposal, for the LSSA Personal Services line item is to absorb the average \$389K of litigation expenses that have worked through this line item the past two years, assume a similar FTE need of 228 billing FTE along with additional support staff, and reduce the appropriation by \$663,000, a 2.4% variance. These calculations are the best attempt to balance the work required across the enterprise, the potential for additional litigation

expenses, receiving the appropriate revenue to cover expenses, not compromising legal efforts, and maintaining a reasonable fund balance. (See Chart 1 Below).

The same rationale is being applied to the LSSA Operating and Litigation Line Item. This line item has reverted \$780K average over the last two fiscal years. Additionally, this line has fronted an average of \$626K of litigation expenses. As such the DOL, is proposing a \$100K reduction in this line item to cover the annual operating expenses and anticipated litigation expenses.

**Assumptions for Calculations:**

The DOL is assuming a 3-year average for each client agency in hours used and a 2-year average of litigation expenses. Additionally, the DOL is

factoring in a variance to the LSSA Personal Services and Operating Lines, a reduction in budget need, to accommodate for the downtime in lost work and expenses due to employee turnover.

This methodology assumes 377,255 hours of billable work across the state enterprise and \$1,015,164 of litigation expenses.

**Impact to Other State Government Agency:**

Each client agency will be allocated a legal appropriation that includes their anticipated legal hour and litigation expense consumption.

**Current Statutory Authority or Needed Statutory Change: NA**

**Chart 1: Litigation Expenses FY 15 and FY 16:**

DOL Expense Line	FY 15	FY 16	2 year Avg
PS	347,072.07	432,038.64	389,555
OP	883,698.54	368,161.09	625,930
Totals	1,230,770.61	800,199.73	1,015,485

\*These are costs incurred by the DOL then billed to the client agency as litigation billings. The DOL offsets these expenses by the revenue received, thereby the expense is only shown in the client agency's budget.

**Chart 2: FY 16 end of year expenses, revenues, and fund balance:**

	FY 16 Actuals
Actual / Anticipated Cash Inflow During Fiscal Year	35,711,151
Actual / Appropriated Cash Outflow During Fiscal Year	35,989,130
Operating Cash on Hand at Year End	6,391,766
SCO Reported Fund Balance	2,767,836

**Chart 3: FY 18 Legal Hours and Litigation Allocations: Need decisions on Asset Maint Security DI as that impacts Indirect Recoveries.**

\*The total estimated legal services for Risk Management & Workers' Comp to explain the difference in calculation methodologies. The department of Law's calculation methodology is based on historical numbers, while DPA's estimate in the common policy is based on actuarial projections which use statistical models to make educated predictions about

future events. Additionally, estimated hours for FY 18 may differ with agency requests, based on assumptions on annualizations of out year special bills.

	Department	Actual Legal Hours FY 14	Actual Legal Hours FY 15	Actual Legal Hours FY 16	3 year avg percentage of hours consumed	2 year Avg Litigation Exp	% of Litigation Expenses	Allocated % for FY 18 Legal Estimates	Est FY 18 Legal Allocation with Litigation Expenses (DOL Decision Item)	FY 18 Legal Hours (Long Bill, Special Bills, estimate on out year special bills	Est Legal using appropriated hours methodology. Current methodology. This does not include any litigation expenses
AG	AGRICULTURE, DEPT. OF	4,408.5	4,678.2	5,320.6	1.287%	1,643	0.16%	1.25%	501,867	8,253	819,170
CO	CORRECTIONS, DEPT. OF	13,799.6	20,367.0	18,472.4	4.701%	27,527	2.71%	4.64%	1,857,961	19,653	1,950,703
EC	GOVERNOR'S ENERGY OFFICE	1,060.2	809.3	1,274.0	0.281%	0	0.00%	0.27%	109,097	1,100	109,183
ED	EDUCATION, DEPT. OF	4,367.2	5,979.3	5,767.0	1.439%	16,196	1.60%	1.44%	577,525	6,071	602,591
EDCI	CHARTER INSTITUTE	391.1	463.3	678.0	0.137%	804	0.08%	0.14%	54,091	0	0
EDDB	DEAF AND BLIND, DIV OF	40.5	109.4	464.9	0.055%	382	0.04%	0.05%	21,769	0	0
EX	GOVERNOR, OFFICE OF	9,052.4	3,141.8	1,669.0	1.238%	8,898	0.88%	1.23%	491,178	5,112	507,403
HC	HLTH CARE POLICY & FINANCE	10,152.3	11,605.3	9,616.2	2.802%	19,855	1.96%	2.78%	1,111,270	14,406	1,429,900
HEAR	Arapahoe Community College	15.1	50.4	9.4	0.007%	7	0.00%	0.01%	2,606	11,066	1,098,381
HEAS	Adams State University	1,199.9	1,103.4	2,064.7	0.390%	589	0.06%	0.38%	152,259	0	0
HEAU	Auraria Higher Education Center	115.5	104.2	141.3	0.032%	0	0.00%	0.03%	12,529		0
HEBA	Board of Governors	0.0	0.0	0.0	0.000%	0	0.00%	0.00%	0		0
HECA	Auraria Community College	62.1	55.3	182.4	0.027%	295	0.03%	0.03%	10,737		0
HECC	Community Colleges Auraria	1.9	0.3	0.0	0.000%	0	0.00%	0.00%	76		0
HECD	Community College of Denver	20.3	234.1	6.9	0.023%	24	0.00%	0.02%	9,095		0
HECO	CCCOES	90.7	494.1	293.3	0.078%	490	0.05%	0.08%	31,030		0
HECR	Competitive Research Authority	0.0	0.0	0.0	0.000%	0	0.00%	0.00%	0		0
HECS	Colorado State University	824.0	1,358.9	1,246.7	0.306%	2,473	0.24%	0.30%	121,820		0
HECU	University of Colorado - Boulder	123.6	517.5	147.7	0.070%	39	0.00%	0.07%	27,419		0
HECX	University of CO Health Science	0.2	0.0	0.0	0.000%	0	0.00%	0.00%	7		0
HEDT	State Colleges Employee Disability Insurance Trust	674.1	215.8	195.8	0.097%	2,648	0.26%	0.10%	40,671		0
HEFL	Fort Lewis College	1,575.0	892.8	747.2	0.287%	463	0.05%	0.28%	112,101		0
HEFR	Front Range Community College	387.1	390.1	514.1	0.115%	554	0.05%	0.11%	45,440		0
HEGL	College Assist	54.6	77.2	32.9	0.015%	0	0.00%	0.01%	5,716		0
HEHE	Commission on Higher Education	188.2	321.5	478.1	0.088%	0	0.00%	0.09%	34,282		44,467
HEHF	State Historic Fund	0.0	0.0	0.0	0.000%	0	0.00%	0.00%	0		0
HEHS	State Historical Society of Colorado	320.5	469.2	423.9	0.108%	253	0.02%	0.11%	42,404		0
HELA	Lamar Community College	0.9	1.9	0.0	0.000%	0	0.00%	0.00%	96		0
HEME	Metropolitan State University of Denver	1,390.8	1,498.8	1,239.9	0.369%	42	0.00%	0.36%	143,364		0
HEMI	Colorado School of Mines	1,961.7	1,280.0	843.1	0.365%	10,205	1.01%	0.38%	153,295		0
HEMS	Colorado Mesa University	829.7	666.2	922.5	0.216%	163	0.02%	0.21%	84,116		0
HENO	University of Northern Colorado	60.0	501.6	459.7	0.091%	896	0.09%	0.09%	36,457		0
HENW	Northwestern Community College	7.2	0.0	0.0	0.001%	4	0.00%	0.00%	253		0
HEOB	Collegeinvest	39.2	13.4	21.4	0.007%	0	0.00%	0.01%	2,568		0
HEOT	Otero Junior College	0.9	0.0	0.0	0.000%	0	0.00%	0.00%	30		0
HEPA	Auraria Parking Enterprise	0.0	0.0	0.0	0.000%	0	0.00%	0.00%	0		0
HEPP	Pikes Peak Community College	271.8	315.8	183.4	0.069%	50	0.00%	0.07%	26,813		0
HEPS	Private Vocational Schools	231.6	592.5	398.4	0.109%	1,370	0.13%	0.11%	43,975		0
HEPV	Pueblo Community College	53.0	50.6	35.6	0.012%	75	0.01%	0.01%	4,915		0
HERR	Red Rocks Community College	56.1	63.8	25.8	0.013%	0	0.00%	0.01%	5,056		0
HESC	Colorado State University - Pueblo	17.3	265.9	274.7	0.050%	1,199	0.12%	0.05%	20,716		0
HETR	Trinidad State Junior College	49.5	3.2	16.7	0.006%	0	0.00%	0.01%	2,408		0
HEWS	Western State Colorado University	1,088.0	746.1	656.1	0.222%	514	0.05%	0.22%	87,004		0
HEGC	CSU Global	0.0	0.0	0.0	0.000%	0	0.00%	0.00%	0		0
HENJ	Northeastern Junior College	2.0	1.4	48.4	0.005%	0	0.00%	0.00%	1,797		0

	Department	Actual Legal Hours FY 14	Actual Legal Hours FY 15	Actual Legal Hours FY 16	3 year avg percentage of hours consumed	2 year Avg Litigation Exp	% of Litigation Expenses	Allocated % for FY 18 Legal Estimates	Est FY 18 Legal Allocation with Litigation Expenses (DOL Decision Item)	FY 18 Legal Hours (Long Bill, Special Bills, estimate on out year special bills)	Est Legal using appropriated hours methodology. Current methodology. This does not include any litigation expenses
HECM	Colorado Mountain College	2.1	170.5	178.5	0.031%	0	0.00%	0.03%	12,185		0
HEMO	Morgan Community College	0.9	3.6	0.0	0.000%	0	0.00%	0.00%	155		0
HECW	University of Colorado - Colorado Springs	0.0	0.0	1.4	0.000%	0	0.00%	0.00%	49		0
HI	TRANSPORTATION	13,875.4	15,000.1	15,515.9	3.964%	80,846	7.96%	4.08%	1,631,962	16,432	1,630,995
HL	PUBLIC HEALTH & ENVIRONMNT	30,845.4	29,548.8	31,567.3	8.213%	30,108	2.97%	8.06%	3,225,582	30,702	3,047,396
HS	HUMAN SERVICES DEPARTMENT	18,981.6	22,021.8	21,510.3	5.583%	24,103	2.37%	5.49%	2,196,800	17,669	1,753,776
IT	INNOVATION & TECHNOLOGY	0.0	371.0	566.4	0.084%	0	0.00%	0.08%	32,531	489	48,537
JD	JUDICIAL DEPARTMENT	1,419.7	1,562.7	2,707.5	0.508%	10,089	0.99%	0.52%	208,870	190,100	198,514
JdAL	ALTERNATE DEFENSE COUNCIL	0.0	0.0	63.3	0.006%	24	0.00%	0.01%	2,224	0	0
JDCO	CHILD PROTECTION OMBUDSMEN	0.0	0.0	274.1	0.024%	0	0.00%	0.02%	9,513	22,812	23,822
JDCR	CHILD REPRESENTATION	19.7	86.1	33.3	0.012%	0	0.00%	0.01%	4,828	0	0
JDEC	INDEPENDENT ETHICS COMMISSION	1,582.5	1,404.4	1,391.9	0.391%	4	0.00%	0.38%	151,973	171,090	178,663
JDGR	ATTORNEY REGULATION COUNSEL	0.0	0.0	6.6	0.001%	0	0.00%	0.00%	229	0	0
JDPD	PUBLIC DEFENDER	2.7	3.8	136.1	0.013%	6	0.00%	0.01%	4,956	0	0
JDRP	RESPONDENT PARENTS COUNSEL	0.0	0.0	4.7	0.000%	0	0.00%	0.00%	163	1,901	1,985
LA	LABOR & EMPLOYMENT DEPT.	7,007.2	8,381.7	8,660.8	2.148%	2,850	0.28%	2.09%	837,875	8,615	855,101
LE	LEGISLATIVE BRANCH	19.2	34.4	68.0	0.011%	0	0.00%	0.01%	4,220	188	18,660
LO	LOCAL AFFAIRS DEPT.	1,612.9	1,537.6	1,190.0	0.388%	1,343	0.13%	0.38%	152,155	1,780	176,678
LW	LAW, DEPARTMENT OF	128.8	132.1	354.3	0.055%	0	0.00%	0.05%	21,349	411	40,795
MA	MILITARY AFFAIRS, DEPT.	17.2	43.8	150.2	0.019%	0	0.00%	0.02%	7,330	110	10,918
NR	NATURAL RESOURCES, DEPT.	50,353.4	51,430.4	51,176.3	13.660%	337,444	33.24%	14.22%	5,689,782	50,972	5,059,340
PA	PERA PENSION PLANS	7.0	0.0	13.6	0.002%	0	0.00%	0.00%	715	29	2,878
PE	DEPARTMENT OF PERSONNEL & ADMINISTRATION	3,164.4	3,021.8	2,705.5	0.794%	29,161	2.87%	0.85%	341,534	2,893	287,151
PERM PE	RISK MGT & WORKRS' COMP	36,245.4	41,057.4	45,078.6	10.929%	191,574	18.87%	11.16%	4,463,739	45,323	4,498,636
PS	PUBLIC SAFETY, DEPT OF	4,374.8	3,717.1	3,484.4	1.034%	612	0.06%	1.01%	402,451	4,005	397,525
RG	REGULATORY AGENCIES	96,755.1	99,183.2	88,489.2	25.401%	79,825	7.86%	24.90%	9,961,381	111,656	11,082,667
RV	REVENUE, DEPT. OF	36,794.7	39,407.8	39,887.9	10.367%	114,726	11.30%	10.39%	4,158,587	47,478	4,712,536
SF	COLO ST. FAIR AUTHORITY	1,099.8	146.1	229.3	0.132%	0	0.00%	0.13%	51,198	263	26,105
ST	SECRETARY OF STATE	3,178.7	3,274.9	2,947.1	0.840%	14,791	1.46%	0.86%	342,966	4,300	426,806
TR	TREASURY, DEPT. OF	1,051.0	1,067.7	929.3	0.272%	0	0.00%	0.26%	105,782	575	57,073
		<b>363,523.3</b>	<b>382,048.3</b>	<b>374,193.4</b>	<b>100.000%</b>	<b>1,015,164</b>	<b>100.00%</b>	<b>100.00%</b>	<b>40,008,897</b>	<b>414,059</b>	<b>41,098,356</b>

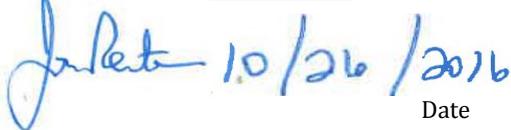
3 Yr Avg Hours 373,255.0  
207.4

FY 18 Est Total Budget 40,008,894  
LSSA PS 26,699,042  
LSSA Op 1,902,563  
LSSA Indirect 3,162,644  
PS POTS (HLD, SS, Merit, AED, SAED, STD) 5,339,050  
Centrally Appropriated Operating (Risk, WC, Fleet Etc.) 2,905,595

## Schedule 13

### Funding Request for the 2017-18 Budget Cycle

Department: Department of Law  
 Request Title: IT Security Asset Maintenance and FTE  
 Priority Number: R-2

Dept. Approval by:   
 Date: 10/26/2016

X Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 X Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

OSPB Approval by: \_\_\_\_\_  
 Date: \_\_\_\_\_

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
Fund		Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>	<b>Total</b>	4,653,963	144,776	4,649,260	270,811	260,814
	FTE	46.2	0.0	46.2	0.0	0.0
	GF	174,663	51,572	174,663	64,062	64,062
	GFE	-	-	-	-	-
	CF	75,291	17,292	75,291	22,403	22,403
	RF	4,385,793	73,309	4,381,090	180,594	170,597
	FF	18,216	2,603	18,216	3,752	3,752
<b>(1) Administration:</b>						
<b>Administration Personal Services</b>	<b>Total</b>	3,805,907	-	3,805,907	70,515	70,515
	FTE	46.2	-	46.2	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	3,805,907	-	3,805,907	70,515	70,515
	FF	-	-	-	-	-
<b>(1) Administration:</b>						
<b>Operating Expenses</b>	<b>Total</b>	202,850	-	198,147	11,907	1,910
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	202,850	-	198,147	11,907	1,910
	FF	-	-	-	-	-
<b>(1) Administration:</b>						
<b>Information Technology Asset Maintenance</b>	<b>Total</b>	645,206	144,776	645,206	188,389	188,389
	FTE	-	-	-	-	-
	GF	174,663	51,572	174,663	64,062	64,062
	GFE	-	-	-	-	-
	CF	75,291	17,292	75,291	22,403	22,403
	RF	377,036	73,309	377,036	98,172	98,172
	FF	18,216	2,603	18,216	3,752	3,752

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
	Fund	Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<p> <b>Letternote Text Revision Required?</b>      <b>Yes:</b>                      <b>No:</b>                      <b>If yes, describe the Letternote Text Revision:</b>  <b>Cash or Federal Fund Name and CORE Fund Number:</b>      All DOL cash funds that support personal services  <b>Reappropriated Funds Source, by Department and Line Item Name:</b>      NA  <b>Approval by OIT?</b>                      <b>Yes:</b>                      <b>No:</b>                      <b>Not Required: x</b>  <b>Schedule 13s from Affected Departments:</b>  <b>Other Information:</b>                      <b>Supplemental Criteria: New data resulting in substantive changes in funding needs</b> </p>						



# DEPARTMENT OF LAW

Cynthia H. Coffman  
Attorney General

*FY 16-17 Supplemental Request and FY 2017-18 Funding Request  
November 1, 2016*

Melanie Snyder  
Chief of Staff

David C Blake  
Chief Deputy Attorney General

**Department Priority: 2**  
**Request Title IT Security Asset Maintenance and FTE Supplemental and Decision Item**

Summary of Incremental Funding Change for	Total Funds	GF	CF	RF	FF	FTE
<b>FY 2016-17</b>						
<b>Total Request</b>	<b>144,776</b>	<b>51,572</b>	<b>17,292</b>	<b>73,309</b>	<b>2,603</b>	<b>0.0</b>
Information Technology Asset Maintenance	144,776	51,572	17,292	73,309	2,603	0.0

Summary of Incremental Funding Change for	Total Funds	GF	CF	RF	FF	FTE
<b>FY 2017-18</b>						
<b>Total Request</b>	<b>270,811</b>	<b>64,062</b>	<b>22,403</b>	<b>180,594</b>	<b>3,752</b>	<b>0.0</b>
Administration Personal Services	70,515	0	0	70,515	0	0.0
Administration Operating	11,907	0	0	11,907	0	0.0
Information Technology Asset Maintenance	188,389	64,062	22,403	98,172	3,752	0.0

Summary of Incremental Funding Change for	Total Funds	GF	CF	RF	FF	FTE
<b>FY 2018-19</b>						
<b>Total Request</b>	<b>260,814</b>	<b>64,062</b>	<b>22,403</b>	<b>170,597</b>	<b>3,752</b>	<b>0.0</b>
Administration Personal Services	70,515	0	0	70,515	0	0.0
Administration Operating	1,910	0	0	1,910	0	0.0
Information Technology Asset Maintenance	188,389	64,062	22,403	98,172	3,752	0.0

**Request Summary:**

The Department of Law (DOL) is requesting a supplemental increase to the DOL Information Technology Asset Maintenance Line to provide the needed resources to address security concerns discovered from an FY 16 audit of the IT security infrastructure and protocols.

Additionally, the DOL is requesting a decision item to address the annual replacement of the department's IT infrastructure, to address out year security protocols and to bolster the oversight of security effort and protocols with funding for an additional 1.0 FTE.

**Background:**

The DOL manages its IT infrastructure budgets through the Information Technology and Asset Maintenance Line Item. Currently the budget for IT efforts is \$645,206 TF. This line item was augmented by an FY 15 budget request addressing increasing FTE in the DOL

This budget is not adequate to address the annual replacement cycles of primarily laptops and desktops, due to increasing FTE over the last three years. The current state budget process does not accommodate for replacement cycles of equipment in the Information Technology Asset Maintenance Line Item. Additionally, this request provides the necessary tools to bolster security risk mitigation efforts.

The DOL engaged an independent security assessment during FY 2015-16. Assessments were conducted against external and public systems, onsite, and the consultants also performed an organizational profiling assessment, in which information is gathered from publicly available sources. Additionally, a Risk Assessment, Social Engineering Assessment and Password Strength Assessment were conducted.

Generally, the DOL graded out well, but recommendations were made to further strengthen security efforts, thereby minimizing risk to compromised data. Although it is not appropriate to point out the identified risks and proposed solutions in this public document, the DOL provided the full assessment report to Joint Budget Committee staff.

**Anticipated Outcomes:**

With this request, the DOL will accommodate two goals. One, this request will allow the DOL to maintain the IT infrastructure replacement plan, thereby minimizing risk to business efforts through maintaining an updated hardware and software infrastructure. This will better position the department to minimize various hardware or software failures, ensuring each department employee has the appropriate tools to ensure

adequate document and data handling as the agency represents client agencies and other state interests.

Secondly, and, more importantly, this request will provide the DOL with the appropriate resources to implement various security improvements, thereby protecting sensitive data.

Lastly, with regard to security hardware/software upgrades, this request will recalculate funding splits on the Information Technology Asset Maintenance Line Item to accommodate for FTE numbers across the DOL funding enterprise.

The security funding requests as outlined include procurement of additional tools, which require management, oversight and methodologies resulting in a direct impact on current security staffing. Currently, the DOL employs 1.0 Security Administrator FTE who is directly responsible for IT security infrastructure.

The additional security tools in conjunction with ongoing efforts to bolster security will increase staffing requirements. With these resources, existing IT staff would be able to put more time into policy and procedure development, incident response and analysis, cross department collaboration, and other higher level tasks and management analysis. This new security support FTE, will be responsible for the day to day monitoring and analysis that will be required with the implementation of the new security tools. These two cybersecurity centric staff will back each other up in daily operations.

**Assumptions for Calculations:**

The Department of Law is requesting these dollars based on the life cycle estimates established in Chart #1, for the new FTE additions. Additionally, the DOL is estimating security improvements by hardware and software estimates, based on verbal quotes from various providers. (See Chart #2). Lastly, the department is requesting the fund source of the appropriation to be in line with the FTE splits.

The DOL appropriated FTE has grown from 452.5 (Page 5, FY 2014-15 Staff Figure Setting Department of Law) to 483.8 for FY 2016-17, Long Bill plus Special Bills). This is an increase of 31.3 FTE, a 7% increase. The DOL is using a 4-year replacement cycle on these FTE for calculation purposes, and is assuming all other software and hardware can accommodate this increase currently.

The IT Prof FTE is assumed to be hired at the range minimum. Additionally, the DOL has more appropriated FTE in the Administration Line Item than can be filled with current spending authority. As such, this request is not suggesting an additional FTE, as the FTE can be absorbed.

**Consequences if not Funded:**

If this request is not funded, the department will continue to manage IT infrastructure needs and security through available resources and priorities.

However, the consequence of not funding the request has the potential to compromise the DOL's ability to effectively represent the legal interests of the state and ensure proper security of the wide variety of highly confidential information entrusted to the department. Stretching the life expectancy of computer equipment can result in total loss of data on network servers; missing a court filing deadline due to loss of a desktop hard drive; and/or loss of productivity as a result of network failure. The department loses \$95.05 (LSSA Blended Rate) for each hour that an individual is unable to access data due to desktop or network failure. Should the entire network be inaccessible, the potential loss to the department is up to \$45,985 per hour (\$95.05\*483.8 FTE). Without a right sizing of the IT replacement budget, the efficient and effective work of the department may be compromised.

Additionally, a security breach of protected and sensitive data would not only compromise and disrupt state legal and prosecutorial efforts, but has the potential to expose highly confidential information. In addition to promoting the DOL's

compliance with the Colorado Information Security Policies (CISP) the DOL is implementing the Center for Internet Security Critical Security Controls (CISCSC) as listed:

1. Inventory of Authorized and Unauthorized Software;
2. Security Configurations for Hardware and Software on Mobile Devices, Laptops, Workstations, and Servers;
3. Continuous Vulnerability Assessment and Remediation;
4. Controlled Use of Administrative Privileges;
5. Maintenance, Monitoring, and Analysis of Audit Logs;
6. Email and Web Browsing Protection;
7. Malware Defenses;
8. Limitation and Control of Network Ports, Protocols, and Services;
9. Data Recovery Capability;
10. Secure Configurations for Network Devices such as Firewalls, Routers, and Switches;
11. Boundary Defense;
12. Data Protection;
13. Controlled Access Based on the Need to Know;
14. Wireless Access Control;
15. Account Monitoring and Control;
16. Security Skills Assessment and Appropriate Training to Fill Gaps;
17. Application Software Security;
18. Incident Response and Management;
19. Penetration Tests and Red Team Exercises.

An additional IT Security FTE would best situate the DOL to effectively plan, assess and support compliance with the CISP and CISCSC.

**Impact to Other State Government Agency:**

This request, if approved, will ultimately increase the transfer of dollars from CDPHE and DORA to support the CERCLA, Mortgage Broker Consumer Protection, and Securities Fraud programs.

Additionally, the Legal Services to State Agencies Cash Fund contributes roughly 77% of the Indirect Recoveries to support the Administration Personal Services and Operating Lines. An FY 18 increase to the Administration Personal Services and Operating Lines of roughly \$82,000 would

increase the legal rate by roughly \$0.15/hour (( $\$82,000 \times 77\%$ )/415,000 appropriated hours.)

**Current Statutory Authority or Needed Statutory Change: NA**

**Chart #1: Forecasted annual replacement need for new FTE since last Asset Maintenance Request:**

A	FY 14 Total FTE	452.5
B	FY 17 Total FTE	483.8
C=B-A	Total Increase in FTE	31.3
D	Laptop Est price, with software	\$1,800
E=D*C	Total Cost	\$56,340
F=E/4	Est Cost 4 year replacement	\$14,085

**Chart #2: Security Estimate (Details of Security estimates provided to JBC staff under separate cover)**

FY 2016-17	FY 2017-18 and out years
144,776	174,304

**Chart #3 FY 16-17 Supplemental Request with Security Enhancements**

	TF	GF	CF	RF	FF
Current Asset Maintenance Appropriation	645,206	174,663	75,291	377,036	18,216
FY 17 Appropriation with Supplemental Request	789,982	226,235	92,583	450,345	20,819
FY 17 Supplemental Request	144,776	51,572	17,292	73,309	2,603

**Chart #4 FY 2017-18 Decision Item Request: Security improvements and increase in laptop inventory**

	TF	GF	CF	RF	FF
Current Asset Maintenance Appropriation	645,206	174,663	75,291	377,036	18,216
FY 18 Request with Security needs and laptop replacement	833,595	238,725	97,694	475,208	21,968
FY 18 Decision Item Request	188,389	64,062	22,403	98,172	3,752

**Chart #5 IT Professional Calculations**

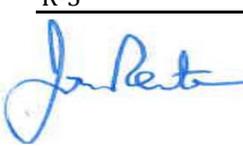
<b>Calculations for IT Professional</b>	<b>FY 18</b>	<b>FY 19</b>
Supplies @ \$500/\$500	\$500	\$500
Computer @ \$900/\$0	\$900	\$0
Office Suite Software @ \$330/\$0	\$330	\$0
Office Equipment @ \$8,767/\$0 (includes office furniture, chair, bookcase)	\$8,767	\$0
Telephone Base @ \$450/\$450	\$450	\$450
Cell phone at \$80/month	\$960	\$960
<b>Total Administration Operating</b>	<b>\$11,907</b>	<b>\$1,910</b>

Monthly Salary IT Prof Minimum	\$4,413	\$4,413
PERA at 10.15%	\$5,375	\$5,375
Medicare at 1.45%	\$768	\$768
AED @ 5.0%	\$2,648	\$2,648
SAED @ 5.0%	\$2,648	\$2,648
STD @ .022%	\$117	\$117
Est HLD at Employee Only	\$6,004	\$6,004
<b>Total Administration Personal Services</b>	<b>\$70,515</b>	<b>\$70,515</b>



## Schedule 13 Funding Request for the 2017-18 Budget Cycle

Department: Department of Law  
 Request Title: Appellate FTE Retain to Manage Backlog  
 Priority Number: R-3

Dept. Approval by:  10/26/2016  
 Date

X Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

OSPB Approval by: \_\_\_\_\_  
 Date

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
Fund	Fund	Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>		<b>Total</b>	-	3,854,792	256,468	256,468
	FTE	38.0	0.0	35.0	3.0	0.0
	GF	3,280,780	-	3,311,790	256,468	256,468
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	574,012	-	289,796	-	-
	FF	-	-	-	-	-

<b>(3) Criminal Justice and Appellate: Appellate Unit</b>		<b>Total</b>	3,854,792	-	3,854,792	256,468	256,468
		FTE	38.0	-	35.0	3.0	
		GF	3,280,780	-	3,311,790	256,468	256,468
		GFE	-	-	-	-	-
		CF	-	-	-	-	-
		RF	574,012	-	289,796	-	-
		FF	-	-	-	-	-

Letternote Text Revision Required?    Yes:                      No:                      If yes, describe the Letternote Text Revision:  
 Cash or Federal Fund Name and CORE Fund Number:    NA  
 Reappropriated Funds Source, by Department and Line Item Name:    NA  
 Approval by OIT?                      Yes:                      No:                      Not Required: x  
 Schedule 13s from Affected Departments:  
 Other Information:                      Supplemental Criteria: New data resulting in substantive changes in funding needs





# DEPARTMENT OF LAW

*FY 2017-18 Funding Request  
November 1, 2016*

*Cynthia H. Coffmann  
Attorney General*

*Melanie Snyder  
Chief of Staff*

*David C Blake  
Chief Deputy Attorney General*

**Department Priority: 3  
Request Title Appellate FTE Maintain to Manage Backlog**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	GF	FTE
Appellate Unit Total	<b>256,468</b>	<b>256,468</b>	<b>3.0</b>
Appellate Unit	256,468	256,468	3.0

\*Please note these numbers do not represent additional need, but are the calculations to retain current budget levels

Summary of Incremental Funding Change for FY 2018-19	Total Funds	GF	FTE
Appellate Unit Total	<b>256,468</b>	<b>256,468</b>	<b>3.0</b>
Appellate Unit	256,468	256,468	3.0

## Request Summary:

This request is to retain 3.0 attorney positions that are currently scheduled to be reduced, based on an FY 2013-14 decision item to ensure timely decrease in the backlog of cases that existed at that time. The original decision item justified 6.0 new positions. In those calculations, the DOL estimated one position to be reduced for the FY 2016-17 fiscal year, which occurred. Additionally, the DOL was originally estimating a reduction of 3.0 additional FTE for the FY 2017-18 Fiscal year. The DOL is requesting that the 3.0 positions currently scheduled for reduction be retained long term, due to new data.

## Background:

The Appellate Division represents the prosecution when defendants challenge their felony convictions before the state appellate courts or the federal courts. Most of the cases handled by the Appellate Division are in the Colorado Court of Appeals; the remainder are in the Colorado

Supreme Court and the federal courts. For each case, an Appellate Division attorney must review the trial court record and the brief filed by the defense, do legal research into the defendant's claims, and file at least one brief in response.

The Appellate Unit is primarily funded through the General Fund. The Unit's biggest challenge has always been how to keep pace with an unpredictable incoming caseload, while also trying to pare down the pending backlog in a timely manner. The FY 2013-14 decision item addressed this issue.

In prior years, in an attempt to bring down the backlog of DOL cases, some cases were able to be resolved without briefing by the AG's Office. Two mechanisms made that possible. The first was the expedited docket, in which the Court of Appeals selected cases that could be resolved without full briefing. The Court ended that docket in the fall of 2014. The final cases on that

docket were resolved by the end of FY 2014-2015.

The second mechanism was the experimental docket, which began in March 2012 by agreement with the Court of Appeals as a temporary measure to deal with cases that were not selected for the expedited docket, but which appeared to be cases that could be resolved without comprehensive briefing. This was a short term fix to which the Court agreed pending Criminal Appeals staff increases at DOL. The judges prefer full briefing on all appellate cases, so once staff increases were realized, the Court discontinued the experimental docket. All of the experimental docket cases were completed by the end of FY 2014, and all cases now receive full briefing.

### **Backlog:**

Several factors have increased the Appellate Unit's workload, affecting its ability to reduce the backlog. Briefs filed by the defense, in particular by the public defender's office, have become more involved and the issues have become more complex. The Court of Appeals has stressed the importance of the AG's Office responding to all arguments raised by the defense in the appropriate level of detail. Also, this year the U.S. Supreme Court ordered the AG's Office to file responses to an unprecedented number of certiorari petitions; whereas, in the past the AG's Office had always been able to waive the filing of a response. These briefs opposing certiorari petitions are complex and require nationwide legal research, since the U.S. Supreme Court is concerned with the ways other states and the federal circuit courts are addressing certain issues. If certiorari is granted, briefing the U.S. Supreme Court on the merits of the case is very time consuming. The U.S. Supreme Court granted certiorari in two cases this year. In the first case, the brief responding to the merits and preparations for the oral argument consumed hundreds of hours of attorney time. In the second case, work on the merits brief has begun, and is expected to require hundreds of hours more work by Appellate Unit attorneys.

The DOL annually reports backlog data to the legislature. However, due to an error that was inadvertently introduced into the calculations, the reported backlog numbers for June 2014 and June 2015 were inaccurate, such that the backlog was much larger than the number that was actually reported. When the DOL began using the ProLaw case management system, the Appellate Unit assigned only one "alpha number" per case, even if the case required more than one brief. At the same time, the Unit continued to measure the backlog based on the number of briefs filed, rather than the number of cases filed. Basically, the DOL was calculating the backlog by taking the difference between the number of incoming cases and the number of briefs filed and subtracting that difference from the previous calculated backlog. The result was that the DOL appeared to be reducing its backlog faster than it actually was.

There are several reasons why some cases require the AG's Office to file more than one brief. In federal habeas cases, in addition to the "pre-answer response" that gets filed in every case, the court sometimes orders an additional brief on the merits. At times the Colorado Court of Appeals and Supreme Court will also order supplemental briefing. As such, there is not a one to one match on cases and briefs filed; therefore, the backlog should be calculated based on the number of briefs that must be filed, to accurately reflect the amount of attorney time required for pending matters. The Appellate Unit is now assigning "alpha numbers" in a way that more accurately tracks the workload, and is also using the search features of the ProLaw case management system to more accurately calculate the backlog.

This budget request is to ensure that DOL has the resources to handle the actual backlog of cases. At the end of FY 2013-14, the DOL reported a backlog of 272 cases; the DOL thinks the backlog then was instead around 320 cases. At the end of FY 2014-15, the DOL reported a backlog of 168 cases; the DOL thinks the backlog then instead was probably around 264 cases. After a review of all pending cases, the DOL is now reporting an end

of FY 16 backlog of 428 cases, based on the new data.

The trend in the backlog suggests that, if the Appellate Unit simply keeps its current staffing, the backlog may remain relatively stable, but is unlikely to be further reduced.

**Anticipated Outcomes:**

The department is expecting that this solution will ensure that the DOL can keep pace with the more comprehensive briefing requirements in both state and federal appellate courts. Furthermore, without the 3.0 attorney positions, the backlog is predicted to grow by over 100 cases per year, after FY 17, based on estimates in Chart #3 below. Assuming this forecast is more accurate than the FY 14 DI forecast, once the backlog is at a manageable 150, the Department would suggest a reduction of 1.0 attorney positions for FY 26 and then monitor workload in the out year to determine appropriate staffing levels.

**Assumptions for Calculations:**

The Assistant Attorney General positions are estimated based on the salaries of the current 3.0 salaries with the least amount of experience, and associated benefits and operating. (See Chart #4)

**Consequences if not Funded:**

If the DOL is not allowed to retain the 3.0 attorney positions, the DOL will lose ground on an annual basis with respect to the backlog. Delays in the processing of appeals are detrimental to all of the parties involved. When a

case is reversed after many years, both sides generally have difficulty preparing the case for retrial – witnesses are gone; memories fade; and evidence is lost or misplaced. This does a disservice to all of the people affected by that case, most significantly victims and defendants. The United States Court of Appeals for the Tenth Circuit has concluded that “delay in adjudicating a direct criminal appeal beyond two years from the filing of the notice of appeal gives rise to a presumption that the state appellate process is ineffective. *Harris v. Champion*, 15 F.3d 1538, \*1556 (10th Cir. 1994).

Because the Appellate Division is a reactive division, it has no control over its incoming caseload. Regardless of staffing, whatever cases come in must be handled appropriately. Every case in the state or federal appellate courts has the potential to result in a published decision that affects all of Colorado criminal law. An unfavorable decision could result in the release of inmates, retrials, or the inability to retry cases because of the loss of witnesses or evidence, resulting in a high cost to other parts of the legal system, to public confidence, and to public safety as a whole.

**Impact to Other State Government Agency:**

NA

**Current Statutory Authority or Needed Statutory Change:** NA

**Chart 1:  
Appellate Brief Resolution FY 08-FY 12 Actuals and out year estimates (from FY 2013-14 Decision Item**

	Cases Opened	Briefs Filed by Division	Cases Resolved Other Ways	Backlog
FY 08	-	-	-	280
FY 09	1240	1029	87	395

FY 10	1152	1054	62	434
FY 11	1050	1021	66	398
FY 12	1171	894	67	608
FY 13 Estimate	1153	1018	65	678
FY 14 Estimate ( Assumes 6 additional Attorneys)	1153	1250	65	516
FY 15 Estimate	1153	1250	65	354
FY 16 Estimate	1153	1250	65	192
FY 17 Estimate (Assumes 5 of 6 attorneys will stay)	1153	1212	65	68
FY 18 Estimate (Assumes 2 of 6 attorneys will stay)	1153	1095	66	60

**Assumptions:**

Assumes 4-year average on cases opened (FY 08- FY 12)

Assumes each attorney will on average handle 38.7 cases through filed briefs and other resolution (FY 11 and FY 12, 2 year avg)

Assumes 3-year average on “Cases Resolved Other Ways.”

Assumes one attorney will be let go in FY 17.

Assumes 3 additional attorneys will be let go in FY 18 and out years.

**Chart 2: Actual incoming cases and filed briefs FY 14-16:**

	Actual		Est from FY 2013-14 DI	
	Cases Opened	Briefs Filed	Est Cases Opened	Estimate Briefs Filed
FY 15-16	1,056	911	1,153	1,250
F 14-15	952	1,017	1,153	1,250
FY 13-14	911	1,149	1,153	1,250

FY 15-16 Backlog	428
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**Chart 3: Forecast based on new data**

	# of Attorney FTE	Filed Briefs	Avg briefs/Attorney	Incoming Cases	Backlog
FY 13 end of FY backlog					564
Attorney FTE FY 14	32.0	1,149	35.9	911	
Attorney FTE FY 15	32.0	1,017	31.8	952	
Attorney FTE FY 16	31.3	911	29.1	1,056	428
Attorney FTE FY 17	33.0	1,080	32.72	1,050	398
Attorney FTE FY 18	33.0	1,080	32.72	1,050	368
Attorney FTE FY 19	33.0	1,080	32.72	1,050	338

Attorney FTE FY 20	33.0	1, 080	32.72	1,050	308
Attorney FTE FY 21	33.0	1, 080	32.72	1,050	278
Attorney FTE FY 22	33.0	1, 080	32.72	1,050	248
Attorney FTE FY 23	33.0	1, 080	32.72	1,050	218
Attorney FTE FY 24	33.0	1, 080	32.72	1,050	188
Attorney FTE FY 25	33.0	1, 080	32.72	1,050	158
Attorney FTE FY 26	32.0	1, 047	32.72	1,050	161

Assumptions:

Assumes 45 of the incoming cases will require more than one brief, which has been the estimated 3-year average. (564 backlog – 428 backlog = 136. 136/3 = 45.

Assumes 1,050 incoming cases. 3-year actual average is 973 (1056+952+911 =2,919/3 years = 973. 1,050 estimate assumes additional Public Defender staff will be fully operational and working through their backlog, thereby increasing the incoming cases to a 1,050 avg.

Assumes, consistent with historical experience, that the Deputy and the First Assistant AGs will file fewer than 20 briefs per year due as a group. This is due to their responsibilities in supervising and monitoring the brief writing conducted by the 30 staff attorneys.

Assumes that each of the 30 staff attorneys will file on average 36 briefs annually.

**Chart #4 Calculations for 3.0 FTE costs:**

<b>Decision Item Calculations</b>	<b>FY 18</b>	<b>FY 19</b>
Supplies @ \$500	\$ 1,500	\$ 1,500
Telephone Base @ \$450/\$450	\$ 1,350	\$ 1,350
<b>Total Operating</b>	<b>\$ 2,850</b>	<b>\$ 2,850</b>

Monthly Salary Asst Attorney General (3.0 FTE)	\$ 18,938	\$ 18,938
Annual Salary	\$ 227,256	\$ 227,256
PERA at 10.15%	\$ 23,066	\$ 23,066
Medicare at 1.45%	\$ 3,295	\$ 3,295
<b>Total PS</b>	<b>\$ 253,618</b>	<b>\$ 253,618</b>

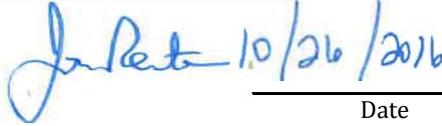
<b>Total</b>	<b>\$ 256,468</b>	<b>\$ 256,468</b>
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Assumes monthly salaries of \$6,344, \$6,297, and \$6,297 as of July 26, 2016 data, will be the three positions most likely to be reduced based on years of service and bar date.



## Schedule 13 Funding Request for the 2017-18 Budget Cycle

Department: Department of Law  
 Request Title: Additional Personnel and Charities Unit  
 Priority Number: R-4

Dept. Approval by:   
 Date: \_\_\_\_\_

X Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

OSPB Approval by: \_\_\_\_\_  
 Date: \_\_\_\_\_

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
Fund		Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>	<b>Total</b>	2,946,457	-	2,995,169	574,847	558,058
	FTE	29.2	0.0	30.2	5.8	6.0
	GF	1,389,633	-	1,389,880	297,550	304,431
	GFE	-	-	-	-	-
	CF	1,241,311	-	1,294,995	441,124	417,454
	RF	314,838	-	309,754	(163,827)	(163,827)
	FF	675	-	540	-	-
<b>(1) Administration:</b>						
<b>Vehicle Lease Payments</b>	<b>Total</b>	45,411	-	41,515	3,360	3,360
	FTE	-	-	-	-	-
	GF	21,213	-	21,460	3,360	3,360
	GFE	-	-	-	-	-
	CF	5,957	-	7,033	-	-
	RF	17,566	-	12,482	-	-
	FF	675	-	540	-	-
<b>(5) Consumer Protection:</b>						
<b>Consumer Protection and Antitrust</b>	<b>Total</b>	2,901,046	-	2,953,654	571,487	554,698
	FTE	29.2	-	30.2	5.8	6.0
	GF	1,368,420	-	1,368,420	294,190	301,071
	GFE	-	-	-	-	-
	CF	1,235,354	-	1,287,962	441,124	417,454
	RF	297,272	-	297,272	(163,827)	(163,827)
	FF	-	-	-	-	-

Letternote Text Revision Required?    Yes:                      No:                      If yes, describe the Letternote Text Revision:  
 Cash or Federal Fund Name and CORE Fund Number:    #1460 Consumer Prtotection Custodial  
 Reappropriated Funds Source, by Department and Line Item Name:    NA  
 Approval by OIT?                      Yes:                      No:                      Not Required: x  
 Schedule 13s from Affected Departments:  
 Other Information:                      Supplemental Criteria: New data resulting in substantive changes in funding needs





## DEPARTMENT OF LAW

*FY 2017-18 Funding Request  
November 1, 2016*

**Department Priority: 4**  
**Request Title Consumer Protection Additional Personnel and Charities Unit Decision Items**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	GF	CF	RF	FTE
Total	574,848	297,550	441,124	(163,827)	5.8
Consumer Protection and Antitrust	571,487	294,190	441,124	(163,827)	5.8
Vehicle Lease Payments	3,360	3,360	0	0	0

Summary of Incremental Funding Change for FY 2018-19	Total Funds	GF	CF	RF	FTE
Total	558,058	304,431	417,454	(163,827)	6.0
Consumer Protection and Antitrust	554,698	301,071	417,454	(163,827)	6.0
Vehicle Lease Payments	\$3,360	\$3,360	0	0	0

### Request Summary:

This request seeks to augment staffing in the Consumer Protection Section to account for shifts in enforcement focus, and to bring on positions to facilitate administration of custodial funds as well as increased public outreach. First, The Department of Law (DOL) is requesting 3.8 FTE to bolster Consumer Protection investigation and enforcement due to increasing workload, which the Section has been covering through temporary personnel for the past few years, and to ensure the DOL continues to meet its obligation to protect charitable assets in Colorado.

Second, the DOL is requesting a refinance of the current 3.0 FTE supported by the Department of Regulatory Agencies (DORA) Mortgage Broker Consumer Protection line item, financed through the Real Estate Division's cash funds. The DOL is requesting that the Assistant Attorney General in this unit to be financed by 50% from DORA

resources and 50% GF in the Consumer Protection Line. Additionally, the DOL is requesting the two Investigator positions funded by DORA be refinanced to 50% DORA funding and 50% DOL Custodial Fund #146. This refinance will allow the DOL to best direct staffing and efforts across appropriate funding sources.

Third, DOL is requesting 1.0 FTE to oversee custodial fund administration. DOL currently holds approximately \$35 million in custodial dollars from consumer protection-related actions, to be used for initiatives that are consistent with the purposes for which the funds are held. Having a full-time position to manage those efforts is necessary to increase efficiency and strengthen the process for granting those funds which, in turn, will ensure that recipients are complying with all applicable conditions and laws before and after the funds are granted.

Finally, DOL is requesting 1.0 FTE to work with the Public Information Officer on DOL's public outreach related to consumer protection. Having a full-time staff member devoted to consumer protection outreach would enable the DOL to be more proactive in warning consumers about scams and fraud, particularly through the utilization of social media.

The **Consumer Fraud Unit** handles general enforcement obligations under the Colorado Consumer Protection Act, including the Charitable Solicitations Act. The Unit has struggled with having enough personnel to investigate and address the complaints coming into the office, through the consumer line or other avenues. Additionally, Unit personnel have been increasingly involved in the review of nonprofit to for-profit conversions and charitable trust matters in addition to pursuing charitable fraud cases.

The **Antitrust, Tobacco and Consumer Protection (ATCP) Unit** handles more specialized enforcement obligations under the Colorado Foreclosure Protection Act, Colorado's mortgage loan originator and mortgage fraud statutes, the No-Call List Act, and the state and federal antitrust acts. It is also responsible for enforcing the Tobacco Master Settlement Agreement and related statutes. The Unit has seen a decrease in mortgage and real estate-related cases with the resolution of the foreclosure crisis. It has additionally seen an uptick in cases opened, from eight in 2014 to thirteen in 2015 and sixteen in 2016.

#### **Purpose of this Request:**

Although temporary staff has provided short-term assistance to a variety of consumer protection efforts, the need is long-term. This request seeks to ensure the proper resources and skills at the DOL are developed and retained for investigation and enforcement of the Colorado Consumer Protection Act and related statutes. The Section is working on improving its consumer complaint and licensing program databases such that it will be

easier to collect and analyze data and identify actionable cases. The recent addition of a compliance investigator will further facilitate the early identification of actionable cases. The DOL is actively engaging in efforts to reach Spanish-speaking consumers, including the addition of a complaint form in Spanish to the consumer protection microsite, [stopfraudcolorado.gov](http://stopfraudcolorado.gov), and has hired temporary Spanish-speaking staff to translate outreach material and speak with Spanish-speaking consumers who are lodging complaints. DOL expects these efforts to better communicate with the Spanish-speaking population will result in even more cases.

Enforcement actions typically begin with consumer complaints, although some actions are based on multi-state investigations or referrals from other law enforcement agencies. Most investigations are fairly complex, involving numerous consumer complainants, review of thousands (and sometimes tens or even hundreds of thousands) of pages of documents, and interviews and/or depositions of dozens of witnesses. Lack of adequate staffing can lead to bottlenecks at numerous places throughout this process. Accordingly, as the DOL improves its efficiency and resources for identifying cases, the need to have a commensurate increase in staff to investigate and prosecute the resulting cases is necessary. Since mortgage and foreclosure-related cases have dropped, it makes sense to free up existing resources in the ATCP unit to focus on other types of cases.

Also, although the section hired an additional attorney into the Consumer Fraud Unit in 2013, the section has continued to employ four to five temporary attorneys. Three of these attorneys were hired to assist on a large-scale investigation and prosecution involving foreclosure law firms, but the section has kept those attorneys occupied on other cases during periodic downtimes in the foreclosure cases. All three of these attorneys billed between nearly 1600 and over 1800 hours in FY 14-15, and worked on between four to ten additional matters other than the law firm investigations during that time. Similarly, in FY

15-16, these lawyers each billed between 1600 and over 2100 hours and worked on between three and thirteen additional matters beyond the law firm cases.

Additionally, several recent trends indicate that DOL needs resources expressly dedicated to charitable asset oversight. In addition to having enforcement authority under the Charitable Solicitations Act, the Attorney General is vested with authority over all charitable assets in the state according to common law. *See* § 24-31-101(5), C.R.S. According to the U.S. Internal Revenue Service, there are over 23,000 501(c)(3) organizations listing a principal address in Colorado. Despite this broad authority and considerable amount of charitable assets in the state, DOL has no staff that is dedicated full-time to charity oversight. Moreover, activity requiring DOL review in this sector has increased, particularly with respect to nonprofit to for-profit conversions in the healthcare sector. Finally, Colorado is one of 14 pilot states involved in the Single Portal Multistate Registration Project, which will allow charities that solicit in multiple states to register in one location. Additionally, the information the charities provide will be digitized, allowing for better analysis and earlier detection of possible charitable fraud. Therefore, as with other areas in consumer protection, DOL will have improved access to data about charities in Colorado, but lack adequate personnel to pursue appropriate enforcement actions using this data. Accordingly, DOL seeks to bring on two lawyers and an investigator to comprise a Charity Oversight Unit. Not only will the addition of a Charity Oversight Unit allow the Attorney General to more adequately meet her common law responsibilities for charitable assets, but it will free up staff in the Consumer Fraud Unit who have been sporadically covering charitable trust and non-profit conversions in addition to charity fraud cases. The Charities Oversight Unit would be supported by the Office Manager and one of the existing paralegals in the Consumer Fraud Unit.

The funding request for an Office Manager stems from the overall growth of the section over the past

several years, necessitating more global administrative oversight as well as support to the section Deputy. The Consumer Protection section is currently the only section in the Department of Law that does not have an FTE supporting these efforts.

DOL also seeks an FTE for custodial fund administration. Through its settlement with Standard & Poor's in 2014, DOL obtained approximately \$21 million in custodial funds. The influx of this amount of funds has required DOL to more actively seek opportunities to spend this money consistent with its custodial purpose. DOL does not currently have staff with expertise in grant making and supervision. Having a full-time dedicated employee to oversee the administration of custodial funds will better facilitate the identification of funding opportunities and expenditure of those funds, as well as ensure that the recipients are following all applicable laws and regulations.

Finally, DOL seeks an additional full-time position to oversee social media and other proactive outreach efforts by the office. This position would assist with the development, management and implementation of social media strategies for all DOL accounts; ensure the DOL website contains updated and useful content; help identify opportunities to highlight important issues and initiatives that impact Colorado residents, particularly consumers; and participate in the development of both print and digital resources for the news media and general public.

#### **Anticipated Outcomes:**

With the additional resources, the section will be able to more effectively and efficiently investigate violations of the numerous statutes enforced by the Attorney General, and resolve more violations, either through settlement, litigation, or both, and provide much needed restitution back to consumers. The addition of staff dedicated to charitable oversight will ensure that charitable assets and contributions are being used for public benefit rather than being wasted or diverted through fraud which, in turn, protects legitimate

charities. Colorado consumers and legitimate businesses will be better protected. Custodial funds will be allocated more efficiently to benefit the public, and DOL will be able to be more proactive in public outreach.

**Assumptions for Calculations:**

The department is assuming that the AAG positions will be filled at the beginning of the 2<sup>nd</sup> quartile of the AAG pay range. Additionally, the DOL is assuming that the Criminal Investigator will be hired at the average salary for CI II's across the department. Lastly, the DOL is assuming the Office Manager, Program Assistant and Administrator II positions will be hired at the range minimum.

**Consequences if not Funded:**

If this request is not funded, the department will continue to prioritize and manage the workload of these Units within existing spending and FTE authority. Thus, the section's investigation and prosecution capabilities will not be able to utilize the benefits of improved tools that will better-identify potential cases, meaning that the Units will be not be equipped to investigate or prosecute an increase in investigations or prosecutions of even egregious violations of the Consumer Protection Act, Antitrust Act, Charitable Solicitations Act, or other statutes. Companies and individuals engaged in deceptive or anticompetitive activities may escape appropriate and necessary enforcement activity by the Attorney General. Charitable assets in the state may be wasted or misused without resources to exercise proper oversight. Additionally, if funded this request will better align work efforts with appropriate funding sources and increase efficiency in grant making and public outreach.

**Impact to Other State Government Agency:**

This decision item will have a positive impact on DORA cash funds.

**Current Statutory Authority or Needed Statutory Change:**

No statutory changes needed. Current Statutory Authority exists in Colorado Consumer Protection Act (§ 6-1-101, et. seq.), Colorado Antitrust Act (§ 6-4-101, et seq.), Charitable Solicitations Act (§ 6-16-101, et seq.), and numerous other state and federal statutes.

### Chart 1: Decision Item Calculations

Operating for 6.0 FTE (2.0 AAGs, 1.0 Office Mgr, 1.0 CI II, 1.0 Program Asst I Custodial Fund Administration and 1.0 Marketing and Communication Specialist III DOL outreach)

	FY 18	FY 19
Supplies @ \$500/\$500	\$3,000	\$3,000
Computer @ \$900/\$0	\$5,400	\$0
Office Suite Software @ \$330/\$0	\$1,980	\$0
Office Equipment @ \$4,346/\$0 (includes office furniture, chair)	\$26,076	\$0
Telephone Base @ \$450/\$450	\$2,700	\$2,700
Mileage use on state vehicle (assume 12,000miles at \$.212/mile)	\$2,544	\$2,544
Assume 4 overnight stays in hotel per month at \$75/night	\$3,600	\$3,600
Assume avg per diem at \$66 per day for 4 nights each month	\$3,168	\$3,168
Est Litigation Expenses at \$5,000	\$5,000	\$5,000
Cell phone at \$80/month (AAG and Investigators and DOL Outreach)	\$3,840	\$3,840
Badge (Flat) and Badge Case \$102.25 with shipping	\$102.20	
Vest (protective) \$840.00	\$840.00	
Body Armor vest carrier cover	\$149.95	
Stinger Rechargeable flashlight	\$205.90	
5.11 brand response coat	\$68.00	
<b>Total Operating</b>	<b>\$58,674</b>	<b>\$23,852</b>
<b>General Fund</b>	<b>\$29,284</b>	<b>\$18,132</b>
<b>Custodial Cash Fund</b>	<b>\$29,390</b>	<b>\$5,720</b>

Monthly Salary CI II at DOL avg	\$6,683	\$6,683
Monthly Salary Program Assistant I	\$3,855	\$3,855
Monthly Salary Marketing and Comm Spec III	\$4,028	\$4,028
Monthly Salary Office Manager	\$3,911	\$3,911
Annual Salaries	221,724	221,724
PERA at 10.15%	\$22,505	\$22,505
Medicare at 1.45%	\$3,215	\$3,215
AED @ 5.0%	\$11,086	\$11,086
SAED @ 5.0%	\$11,086	\$11,086
STD @ .022%	\$488	\$488
Est HLD at Employee + Spouse	\$44,353	\$44,353
<b>Total PS for Criminal Investigator and Office Manager</b>	<b>\$314,457</b>	<b>\$314,457</b>
<b>Custodial Cash Fund</b>	<b>\$314,457</b>	<b>\$314,457</b>

Monthly Salary 2.0 Assistant Attorney General (2nd quartile of pay range	\$14,044	\$14,044
Annual Salary (11 months FY 18, 12 months FY 19)	154,484	168,528
PERA at 10.15%	\$15,680	\$17,106
Medicare at 1.45%	\$2,240	\$2,444
AED @ 5.0%	\$7,724	\$8,426
SAED @ 5.0%	\$7,724	\$8,426
STD @ .022%	\$340	\$371
Est HLD at Employee + Spouse	\$10,164	\$11,088
<b>Total PS for Two AAGs</b>	<b>\$198,357</b>	<b>\$216,389</b>
<b>General Fund</b>	<b>\$198,357</b>	<b>\$216,389</b>

<b>Refinance 1/2(Compliance Investigator I and II and AAG) from Mortgage to CP</b>		
Monthly salaries (\$6,022 CI II and \$5,132 CI I and \$8,380 AAG)	\$9,767	\$9,767
<b>Annual Salary</b>	<b>\$117,204</b>	<b>\$117,204</b>
PERA at 10.15%	\$11,896	\$11,896
Medicare at 1.45%	\$1,699	\$1,699
AED @ 5.0%	\$5,860	\$5,860
SAED @ 5.0%	\$5,860	\$5,860
STD @ .022%	\$258	\$258
Est HLD Actual	\$6,049	\$6,049
Associated Operating	\$15,000	\$15,000
Total Costs	\$163,827	\$163,827
General Fund	\$66,550	\$66,550
Custodial Cash	\$97,277	\$97,277
Reappropriated	(\$163,827)	(\$163,827)

<b>Vehicle Lease Payments \$280 loan and mgt *12 months) (all GF)</b>	<b>\$3,360</b>	<b>\$3,360</b>
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<b>Total 6.0 FTE and Refinance of 1/2 of 3.0 FTE Mortgage Fraud</b>	<b>\$574,848</b>	<b>\$558,058</b>
General Fund	\$297,550	\$304,431
Custodial Cash #1460	\$441,124	\$417,454
<b>Reappropriated</b>	<b>(\$163,827)</b>	<b>(\$163,827)</b>

<b>Total FTE</b>	<b>5.8</b>	<b>6.0</b>
<b>GF FTE</b>	2.3	2.5
<b>CF FTE</b>	5.0	5.0
<b>RF FTE</b>	(1.5)	(1.5)

**Chart 2: Pay ranges for Positions:**

	Min	Max
OFFICE MANAGER I	3,911	5,561

	Min	Beginning 2nd Quartile	Mid	Beginning 4th Qrt	Max
AAG	6,297	7,022	7,746	8,470	9,194

	Min	Max
MARKETING & COMM SPEC III	\$4,028	\$5,896

	Min	Max
PROGRAM ASSISTANT I	\$3,855	\$5,440

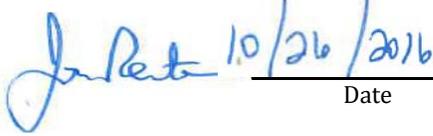
**Chart #3 Criminal Investigator II's average salary in DOL (August 8, 2016)**

Position	Class Title	Pay Rate
00121	CRIMINAL INVESTIGATOR II	\$6000.00
00192	CRIMINAL INVESTIGATOR II	\$6000.00
00208	CRIMINAL INVESTIGATOR II	\$6134.00
00045	CRIMINAL INVESTIGATOR II	\$6134.00
00167	CRIMINAL INVESTIGATOR II	\$6274.00
00117	CRIMINAL INVESTIGATOR II	\$6534.00
00172	CRIMINAL INVESTIGATOR II	\$6662.00
00056	CRIMINAL INVESTIGATOR II	\$6700.00
00205	CRIMINAL INVESTIGATOR II	\$6700.00
00173	CRIMINAL INVESTIGATOR II	\$6750.00

00101	CRIMINAL INVESTIGATOR II	\$6750.00
00044	CRIMINAL INVESTIGATOR II	\$6750.00
00164	CRIMINAL INVESTIGATOR II	\$6782.00
00027	CRIMINAL INVESTIGATOR II	\$6813.00
00156	CRIMINAL INVESTIGATOR II	\$6813.00
00071	CRIMINAL INVESTIGATOR II	\$6879.00
00182	CRIMINAL INVESTIGATOR II	\$6976.00
00127	CRIMINAL INVESTIGATOR II	\$7000.00
00069	CRIMINAL INVESTIGATOR II	\$7037.00
00145	CRIMINAL INVESTIGATOR II	\$7079.00
00102	CRIMINAL INVESTIGATOR II	\$7580.00
	Average Salary	\$6,683.00

**Schedule 13**  
**Funding Request for the 2017-18 Budget Cycle**

Department: Department of Law  
 Request Title: 2.0 Financial Fraud Investigators  
 Priority Number: R-5

Dept. Approval by:   
 Date

**X Decision Item FY 2017-18**  
**Base Reduction Item FY 2017-18**  
**Supplemental FY 2016-17**  
**Budget Amendment FY 2017-18**

OSPB Approval by: \_\_\_\_\_  
 Date

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
	Fund	Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>	<b>Total</b>	4,353,694	-	4,351,937	285,124	262,603
	FTE	38.7	0.0	38.8	2.0	2.0
	GF	2,088,087	-	2,085,245	-	-
	GFE	-	-	-	-	-
	CF	1,534,793	-	1,535,329	239,325	220,183
	RF	730,139	-	730,688	45,799	42,420
	FF	675	-	675	-	-
<b>(3) Criminal Justice and Appellate: Special Prosecution Unit</b>	<b>Total</b>	4,308,283	-	4,306,526	281,764	259,243
	FTE	38.7	-	38.8	2.0	2.0
	GF	2,066,874	-	2,064,032	-	-
	GFE	-	-	-	-	-
	CF	1,528,836	-	1,529,372	235,965	216,823
	RF	712,573	-	713,122	45,799	42,420
	FF	-	-	-	-	-
<b>(1) Administration: Vehicle Lease Payments</b>	<b>Total</b>	45,411	-	45,411	3,360	3,360
	FTE	-	-	-	-	-
	GF	21,213	-	21,213	-	-
	GFE	-	-	-	-	-
	CF	5,957	-	5,957	3,360	3,360
	RF	17,566	-	17,566	-	-
	FF	675	-	675	-	-

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:  
 Cash or Federal Fund Name and CORE Fund Number: Insurance Fraud Cash Fund #16Z0  
 Reappropriated Funds Source, by Department and Line Item Name: NA  
 Approval by OIT? Yes: No: Not Required: x  
 Schedule 13s from Affected Departments:  
 Other Information: Supplemental Criteria: New data resulting in substantive changes in funding needs





# DEPARTMENT OF LAW

*FY 2017-18 Funding Request  
November 1, 2016*

*Cynthia Coffman  
Attorney General*

*Melanie Snyder  
Chief of Staff*

*David Blake  
Chief Deputy Attorney General*

**Department Priority: 5**  
**Request Title: 2.0 Financial Fraud Investigators**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	FTE	CF	RF
<b>Total</b>	<b>\$285,124</b>	<b>2.0</b>	<b>\$239,325</b>	<b>\$45,799</b>
Special Prosecution Unit	\$281,764	2.0	\$235,965	\$45,799
Vehicle Lease Payments	\$3,360		\$3,360	0

Summary of Incremental Funding Change for FY 2018-19	Total Funds	FTE	CF	RF
<b>Total</b>	<b>\$262,603</b>	<b>2.0</b>	<b>\$220,183</b>	<b>\$42,420</b>
Special Prosecution Unit	\$259,423	2.0	\$216,823	\$42,420
Vehicle Lease Payments	\$3,360		\$3,360	

**Request Summary:**

The Department of Law (DOL) is requesting \$292,366 and 2.0 FTE in Cash Fund and Reappropriated spending authority, for FY 18, and \$263,053 in out years to bolster insurance fraud criminal investigations.

**Background Information:**

As a result of legislation passed in 1997, the Attorney General is the primary prosecutor of insurance fraud crimes throughout the State. The Insurance Fraud Team conducts in house, original investigations and then prosecutes them statewide when appropriate. The section has been nationally

recognized for their efforts. Specifically, two Team prosecutors were recognized as National Insurance Fraud Prosecutors of the Year by the Coalition Against Insurance Fraud. In addition, an investigator was awarded Investigator of the Year by statewide insurance industry investigators.

The Team is funded through the Insurance Fraud Cash Fund. This fund receives an assessment on each insurance company registered to do business in Colorado. It is anticipated that industry representatives would be supportive of any

increased assessment for additional FTE's. This belief is based upon frequent contact with the industry and their overall satisfaction with prosecutorial efforts. The section is comprised of four line attorneys, six investigators, and portions of a program assistant, legal assistant, the Deputy Attorney General, Assistant Attorney General and Forensic Auditor.

The Team receives referrals from numerous sources. Fraud referrals can range from simple false claim cases to complex organized crime cases that require substantial investigation. Some larger investigations take months or in rare cases even years to complete. Typical cases involve staged or caused automobile accidents, theft of insurance premiums, fraudulent claims, contractor fraud and overbilling for services. However, some referrals do not result in criminal charges, once fully investigated. This is a common part of the criminal investigation process throughout law enforcement and can be due to a variety of factors including a lack of provable criminal intent, jurisdictional issues, ambiguous documentation or inconsistencies or vagueness in the applicable rules. The Team also occasionally partners with or assists outside law enforcement agencies to prosecute cases when appropriate. The Team works closely with the National Insurance Crime Bureau (NICB), the Colorado Division of Insurance, the Federal Bureau of Investigation and local law enforcement agencies. The section endeavors to be expeditious and responsive when reviewing referrals, opening investigations, and bringing cases through the court system.

**Problem:**

Referrals to the Team for fraudulent insurance acts come by way of web-based reporting systems operated by the National Insurance Crime Bureau and the National Association of Insurance Commissioners. In addition, consumers, other law enforcement agencies and the Colorado Division of Insurance are also frequent sources of criminal referrals. Referrals generally are quick summaries of potential criminal activity submitted by an insurance company or person with knowledge. Most are disposed of without opening a full-scale

investigation in that the limited content provided to the section does not appear to meet the minimum threshold for a criminal act pursuant to statute. Referrals come to the Office with varying levels of detail and clarity. At present, only referrals with readily identifiable allegations of insurance fraud are opened for further investigation based upon the experience of Team investigators. This is due not only to inconclusive nature of many referrals but the high volume of referrals received compared with available personnel. It is expected that with more resources additional referrals could uncover additional criminal behavior among existing referrals. Nevertheless, all referrals must be individually reviewed by a trained investigator for merit.

After initial review, if a determination is made that a case has potential merit, the case is "opened" and an investigation ensues. This typically involves obtaining supporting documentation such as insurance claim files and other evidence. In addition, the investigator will conduct interviews of relevant witnesses and parties. If a final determination is made that a crime has occurred the case will be filed with a court by way of a complaint/information or through a grand jury indictment.

Investigations and case filings have more than doubled since FY 2013. One of the greatest drivers of investigator workloads is the new insurance fraud crime bill passed by the legislature in May of 2014 (SB 14-092). The bill increased the number of cases charged where the law previously did not address this type of fraudulent behavior. The bill became effective on July 1, 2014. We are seeing a direct correlation between post July 1, 2014 crimes and increased investigations and cases. In addition, we are also experiencing an increase in cases that would not have otherwise been prosecuted prior to the enactment of SB 14-092.

In FY 2013, a total of 1749 referrals of potential insurance fraud were made to the Office. Of these, 116 cases were opened and actively investigated and 28 criminal cases filed. In FY 16, 1895 referrals were made to the Office, 252 cases were

opened and actively investigated and 68 criminal cases filed. This represented a 217% increase in opened investigations and 242% increase in filed cases from FY 2013 to FY 2016.

At present, new procedures have been put in place to ensure that each investigator carries no more than 10 active cases at any given time. However, an open case “queue” has been established where cases await assignment to an investigator. Currently, there are 146 cases in the queue. Last year open investigations exceeded 20 cases for each Team investigator. Apportioning all assigned and unassigned case investigations among existing investigators would yield roughly 33 cases per investigator. This number has been steadily rising and is expected to continue to rise. This represents an excessive number but must also be placed in further context. Some of these investigations are large “major” cases that require extensive amounts of investigation. “Major” case designations within the Team indicate an investment of at least 100 man hours of time. Most cases far exceed this number.

Jury trials are also up as more cases are being filed and actively contested. Jury trials tax investigator’s limited time and resources because they are expected to continue to actively work investigations and promote anti-fraud efforts in the community while preparing for trials. In fiscal year 2013 the Team did not try any criminal cases. In fiscal year 2015 the Team tried four cases for a total of 18 days in trial and in fiscal year 2016 the team tried three cases for a total of 16 days in trial.

One consequence of the increased workload for the section is that cases that could be concluded much earlier remain idle for months in some cases while investigators prioritize the most important and time sensitive cases. The statute of limitations can become an issue as cases age. Also, evidence and witness recollections risk being lost in those valuable months a case stands idle.

While the metrics indicate expansion in all categories from referrals, to opening and filing of cases, to jury trials, these numbers do not fully

demonstrate the work of this section. The section continues to work large and complex “major” cases both internally and in conjunction with other law enforcement and administrative agencies. Most of these cases are introduced into the Statewide Grand Jury and result in grand jury indictments. For example, one case was a nine-day jury trial that occurred in April of 2016. This was a massive investigation spanning several years that consumed an inordinate amount of time of the assigned investigator and the attorneys. The investigator was still expected to work his smaller open investigations despite having to invest countless hours in the trial preparation.

#### **Anticipated Outcomes:**

The approval of this budget request will allow the Insurance Fraud Team to better address increasing workload and generally the pursuit of justice. Additionally, the approval of this request will enable a better span of control, whereby, the DOL anticipates designating one of the positions to be a supervisor investigator, overseeing insurance fraud and securities fraud investigations. Currently, the First Attorney supervising the unit, supervises all staff, overseeing attorneys, investigators, and administrative staff. With the addition of two new investigators, this unit would now employ, in total 10 investigators. As such, oversight and performance evaluations and planning by a chief investigator, within the unit would now be warranted.

Additionally, the Insurance Fraud Cash Fund #16Z0, is currently out of compliance with the end of year fund balance requirements. The DOL has addressed this issue through fee reductions the past two fiscal years (FY 16 and FY 17). This decision item will allow the DOL to right size the resource needs to address the increasing workload and will allow the DOL to address, in part, fund balance compliance.

#### **Assumptions for Calculations:**

1.0 Criminal Investigator II at the July 26, 2016, average salary for DOL Criminal Investigator II’, and 1.0 Criminal Investigator III at the DOL average for these positions, plus associated benefits and operating dollars. (See Chart 2 and Chart 3 below.) Additionally, the DOL is estimating the securities fraud FTE associated with the supervising investigator to be 0.3

FTE. This assumption is based on the 9 investigators being supervised as the denominator and the 2 securities fraud investigators as the numerator. The DOL is rounding this fraction to 0.3 FTE. Lastly, the DOL is assuming the associated operating costs will be split 100% for the Criminal Investigator II position to the Insurance Cash Fund and 70% to the Insurance Cash Fund with the balance to the Securities funding for the Criminal Investigator III.

**Consequences if not funded:**

If this request is not funded, the DOL will still be required to operate within budgetary limits. The DOL will continue to assess cases and investigations within resources. However, this avenue will likely mean that legitimate fraud cases may be delayed or not given due attention due to resource constraints.

**Impacts to Other State Agencies:**

None

**Current Statutory Authority or Needed Statutory Change:**

No statutory changes needed.

Chart 1: Insurance Fraud Case Load:

<b>Caseload</b>	Actual FY 13	Actual FY 14	Actual FY 15	Actual FY 16
<b>Cases Investigated</b>	116	126	198	252
<b>Cases Filed</b>	28	36	53	68

#2: Criminal Investigator II and III Monthly Salaries as of July 26, 2016:

<b>Position</b>	<b>Class Title</b>	<b>Pay Rate</b>
00121	CRIMINAL INVESTIGATOR II	\$6000.00
00192	CRIMINAL INVESTIGATOR II	\$6000.00
00208	CRIMINAL INVESTIGATOR II	\$6134.00
00045	CRIMINAL INVESTIGATOR II	\$6134.00
00167	CRIMINAL INVESTIGATOR II	\$6274.00
00117	CRIMINAL INVESTIGATOR II	\$6534.00
00172	CRIMINAL INVESTIGATOR II	\$6662.00
00056	CRIMINAL INVESTIGATOR II	\$6700.00
00205	CRIMINAL INVESTIGATOR II	\$6700.00
00173	CRIMINAL INVESTIGATOR II	\$6750.00
00101	CRIMINAL INVESTIGATOR II	\$6750.00
00044	CRIMINAL INVESTIGATOR II	\$6750.00
00164	CRIMINAL INVESTIGATOR II	\$6782.00

00027	CRIMINAL INVESTIGATOR II	\$6813.00
00156	CRIMINAL INVESTIGATOR II	\$6813.00
00071	CRIMINAL INVESTIGATOR II	\$6879.00
00182	CRIMINAL INVESTIGATOR II	\$6976.00
00127	CRIMINAL INVESTIGATOR II	\$7000.00
00069	CRIMINAL INVESTIGATOR II	\$7037.00
00145	CRIMINAL INVESTIGATOR II	\$7079.00
00102	CRIMINAL INVESTIGATOR II	\$7580.00
	Average Salary	\$6,683.00

Position	Class Title	Pay Rate
00024	CRIMINAL INVESTIGATOR III	8,398
00213	CRIMINAL INVESTIGATOR III	8,284
00060	CRIMINAL INVESTIGATOR III	8,199
	Avg Salary	8,294

### Chart #3 Decision Item Calculations

Calculations for 2.0 Criminal Investigators (II and III)	FY 18	FY 19
Supplies @ \$500/\$500	\$1,000	\$1,000
Computer @ \$900/\$0	\$1,800	\$0
Office Suite Software @ \$330/\$0	\$660	\$0
Office Equipment @ \$8,767/\$0 (includes office furniture, chair, bookcase)	\$17,534	\$0
Telephone Base @ \$450/\$450	\$900	\$900
Mileage use on state vehicle (assume 12,000miles at \$.212/mile)	\$2,544	\$2,544

Assume 4 overnight stays in hotel per month at \$75/night	\$3,600	\$3,600
Assume avg per diem at \$66 per day for 4 nights each month	\$3,168	\$3,168
Est Litigation Expenses at \$5,000	\$5,000	\$5,000
Cell phone at \$80/month	\$1,920	\$1,920
Badge (Flat) and Badge Case \$102.25 with shipping	\$204.50	
Vest (protective) \$840.00	\$1,680.00	
Body Armor vest carrier cover	\$299.90	
Stinger Rechargeable flashlight	\$205.90	
5.11 brand response coat	\$136.00	
<b>Total Operating</b>	<b>\$40,652</b>	<b>\$18,132</b>
<b>Insurance Cash</b>	<b>\$34,554</b>	<b>\$15,412</b>
<b>Securities Reappropriated</b>	<b>\$6,098</b>	<b>\$2,720</b>

Monthly Salary CI II at DOL avg	\$6,683	\$6,683	
Monthly Salary CI III at DOL avg	\$8,294	\$8,294	
Annual Salary 2 Criminal Investigators	179,720	179,720	
PERA at 10.15%	\$18,242	\$18,242	
Medicare at 1.45%	\$2,606	\$2,606	
AED @ 5.0%	\$8,986	\$8,986	
SAED @ 5.0%	\$8,986	\$8,986	
STD @ .022%	\$395	\$395	
Est HLD at Employee + Spouse	\$22,176	\$22,176	<b>Total FTE</b>
<b>Total PS</b>	<b>\$241,111</b>	<b>\$241,111</b>	<b>2.0</b>
<b>Insurance Cash</b>	<b>\$201,411</b>	<b>\$201,411</b>	1.7
<b>Securities Reappropriated</b>	<b>\$39,700</b>	<b>\$39,700</b>	0.3

<b>Vehicle Lease Payments \$280 loan and mgt *12 months) (all Insurance Cash)</b>	<b>\$3,360</b>	<b>\$3,360</b>
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<b>Total 2.0 Criminal Investigator II</b>	<b>\$285,124</b>	<b>\$262,603</b>
<b>Insurance Cash</b>	<b>\$239,325</b>	<b>\$220,183</b>
<b>Securities Reappropriated</b>	<b>\$45,799</b>	<b>\$42,420</b>

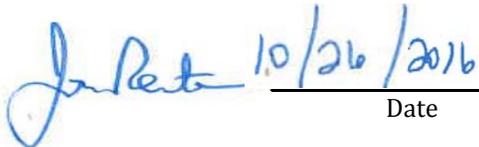
**Chart 4: Fee history for Insurance Fraud**

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Fee for companies with business less than \$1M	\$561	\$500	\$535	\$581	\$500	\$305

Fee for companies with business greater than \$1M	\$561	\$1,894	\$2,165	\$2,352	\$1,500	\$1,305
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## Schedule 13 Funding Request for the 2017-18 Budget Cycle

**Department:** Department of Law  
**Request Title:** Two Year On-Line Police Officer Training  
**Priority Number:** R-6

**Dept. Approval by:**   
Date

**OSPB Approval by:** \_\_\_\_\_  
Date

Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
Fund	Fund	Appropriation FY 2015-16	Supplemental Request FY 2015-16	Base Request FY 2016-17	Funding Change Request FY 2016-17	Continuation Amount FY 2017-18
<b>Total of All Line Items</b>	<b>Total</b>	5,536,725	-	5,536,725	500,010	500,010
	<b>FTE</b>	9.0	-	9.0	-	-
	<b>GF</b>	-	-	-	-	-
	<b>GFE</b>	-	-	-	-	-
	<b>CF</b>	5,536,725	-	5,536,725	500,010	500,010
	<b>RF</b>	-	-	-	-	-
	<b>FF</b>	-	-	-	-	-
<b>(3) Criminal Justice and Appellate: Peace Officers Standards and Training Board Support</b>	<b>Total</b>	5,536,725	-	5,536,725	500,010	500,010
	<b>FTE</b>	9.0	-	9.0	-	-
	<b>GF</b>	-	-	-	-	-
	<b>GFE</b>	0	-	-	-	-
	<b>CF</b>	5,536,725	-	5,536,725	500,010	500,010
	<b>RF</b>	-	-	-	-	-
	<b>FF</b>	-	-	-	-	-

**Letternote Text Revision Required?**      Yes:                      No:                      If yes, describe the Letternote Text Revision:

**Cash or Federal Fund Name and CORE Fund Number:**      #2960 Peace Officers Standards and Training

**Reappropriated Funds Source, by Department and Line Item Name:**

**Approval by OIT?**                      Yes:                      No:                      Not Required: x

**Schedule 13s from Affected Departments:**

**Other Information:**





# DEPARTMENT OF LAW

*FY 2017-18 Funding Request  
November 1, 2016*

*Cynthia H. Coffmann  
Attorney General*

*Melanie Snyder  
Chief of Staff*

*David C Blake  
Chief Deputy Attorney General*

**Department Priority: 6**  
**Request Title 2-Year On Line Peace Officer Training**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	CF	FTE
Peace Officers Standards and Training Board Support Total	<b>\$500,010</b>	<b>\$500,010</b>	<b>0.0</b>
Peace Officers Standards and Training Board Support	\$500,010	\$500,010	0.0

Summary of Incremental Funding Change for FY 2018-19	Total Funds	CF	FTE
Peace Officers Standards and Training Board Support Total	<b>\$500,010</b>	<b>\$500,010</b>	<b>0.0</b>
Peace Officers Standards and Training Board Support	\$500,010	\$500,010	0.0

**Request Summary:**

The Department of Law (DOL) is making a 2-year request of \$500,010 to sponsor 11,905 Peace Officers with online peace officer training. This will equate to roughly 88% of the 13,500 certified police officers having access to valuable trainings.

This request will be funded by the end of FY16 out of the \$1.3M fund balance that resides in the Peace Officer Standards and Training (POST) fund and will provide an additional avenue for a majority of the urban and all of the rural peace officers to attain required trainings and relevant professional development by ensuring that all peace officers in Colorado have access to online training in a wide variety of subject matter areas.

**Background:**

The POST Board is statutorily responsible for the approval, inspection, and regulation of all basic

and reserve peace officer training academy programs: to include the development of the basic, reserve peace officer, refresher academy curriculums program curriculums; instruction methodology training programs; skills training programs (arrest control tactics, firearms, and law enforcement driving) and skills instructor programs. The POST Board's responsibilities also include enforcement of statutes and rules related to peace officer academy enrollment; ensuring peace officer applicants meet required standards; reviewing variance applications; and taking timely revocation action against any certified peace officer convicted of a felony or certain misdemeanors. Additionally, the POST Board facilitates a robust grant program, which provides resources for all certified peace officers to receive on-going training.

Many smaller jurisdictions find it difficult to train their officers due to the lack of depth in the ranks and the inability of the local budget to pay overtime, so that certain members can attend training.

The DOL is proposing to pay the subscription to an on-line training resource to enable all jurisdictions access to relevant training. The DOL has conducted research and has determined that there are online training providers that can meet the training needs of law enforcement in Colorado.

SB 14-123, Concerning the Authority of the Peace Officers Standards and Training Board, in part, raised the per vehicle registration assessment dedicated to POST purposes from \$0.60 per vehicle to \$1.00 per vehicle. This change increased the revenue and grants administered by the POST by roughly \$1.6M. This bill generally expanded the training activities and available resources for grants to local agencies. For peace officer training. The DOL is seeking to use some of the fund balance to bolster training opportunities for certified peace officers.

DOL’s review of various solutions suggests that on-line training tools generally offer:

- Training curriculum access 24/7;

- Secure authorization for individual users and administrator;
- Control of training schedules, training content, and length of courses;
- The ability to upload custom videos and content for POST approved content and courses;
- Pre and Post training assessments, and;
- Anti-skip technology, to ensure all content is reviewed;

**Anticipated Outcomes:**

With the two-year funding, the POST Board will be positioned to maximize training opportunities for peace officers across the state. This training will be in addition to the training grants annually provided to each region.

**Assumptions for Calculations:**

The DOL is assuming \$42/officer annually to create a login and take relevant training. This assumption is based on a review of current training providers and estimated per pupil costs.

**Impact to Other State Government Agency:**

NA

**Current Statutory Authority or Needed Statutory Change:** NA

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**Chart 1: Estimated Costs and Peace Officers Trained**

Est Annual Subscription per Peace Office	\$42
Est # of Police Officers trained	11,905
Estimated annual cost	\$500,010

**Chart #2: POST Fund estimated fund balance**

Available Liquid Cash Fund Balance	Requested FY 2017-18	Projected FY 2018-19
Cash in Beginning Fund Balance	1,223,261	805,358
Actual / Anticipated Cash Inflow During Fiscal Year	5,185,921	5,237,781
Actual / appropriated / projected cash expenditures	5,103,814	5,103,814
Available Liquid Fund Balance Prior to New Requests	1,305,368	939,325
Fund Balance Online Training DI	500,010	500,010
Actual / Anticipated Fund Balance	805,358	439,315



**Schedule 13**  
**Funding Request for the 2017-18 Budget Cycle**

Department: Department of Law  
 Request Title: POST 3.0 FTE  
 Priority Number: R-7

Dept. Approval by:  Date 10/26/2016

OSPB Approval by: \_\_\_\_\_ Date \_\_\_\_\_

Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
	Fund	Appropriation FY 2015-16	Supplemental Request FY 2015-16	Base Request FY 2016-17	Funding Change Request FY 2016-17	Continuation Amount FY 2017-18
<b>Total of All Line Items</b>	<b>Total</b>	5,536,725	-	5,536,725	-	-
	FTE	9.0	-	9.0	3.0	3.0
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	5,536,725	-	5,536,725	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
<b>(3) Criminal Justice and Appellate: Peace Officers Standards and Training Board Support</b>	<b>Total</b>	5,536,725	-	5,536,725	-	-
	FTE	9.0	-	9.0	3.0	3.0
	GF	-	-	-	-	-
	GFE	0	-	-	-	-
	CF	5,536,725	-	5,536,725	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required?      Yes:                      No:                      If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and CORE Fund Number:      #2960 Peace Officers Standards and Training

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT?                      Yes:                      No:                      Not Required: x

Schedule 13s from Affected Departments:

Other Information:





# DEPARTMENT OF LAW

*FY 2017-18 Funding Request  
November 1, 2016*

*Cynthia H. Coffmann  
Attorney General*

*Melanie Snyder  
Chief of Staff*

*David C Blake  
Chief Deputy Attorney General*

**Department Priority: 7  
Request Title POST 3.0 FTE**

Summary of Incremental Funding Change for FY 2017-18	Total Funds	CF	FTE
Peace Officers Standards and Training Board Support Total	0	0	3.0
Peace Officers Standards and Training Board Support	0	0	3.0

Summary of Incremental Funding Change for FY 2018-19	Total Funds	CF	FTE
Peace Officers Standards and Training Board Support Total	0	0	3.0
Peace Officers Standards and Training Board Support	0	0	3.0

## Request Summary:

This request is to add 3.0 additional positions to the Peace Officers Standards and Training Board staff (POST). These additional position requests are in response to a recommendation from a recent audit of the POST program. This line item funds all operating, personal services and grant training dollars.

These positions will likely be hired mid-November, due to the high risk associated with academy and grant audits outlined in the audit report. This request is a notification to the legislature of the immediate need for these positions and the supporting business case. The DOL notified JBC staff, July 1, 2016, regarding the audit, recommendations, and the direction to move on addressing staffing needs outlined in the audit.

## Background:

The POST is statutorily responsible for the approval, inspection, and regulation of all basic and reserve peace officer training academy programs: to include the development of the basic, reserve peace officer, refresher academy curriculums program curriculums; instruction methodology training programs; skills training programs (arrest control tactics, firearms, and law enforcement driving) and skills instructor programs. POST's responsibilities also include enforcement of statutes and rules related to peace officer academy enrollment; ensuring peace officer applicants meet required standards; reviewing variance applications; and taking timely revocation action against any certified peace officer convicted of a felony or certain misdemeanors. Additionally, the POST Board facilitates a robust grant program which provides resources for all certified peace officers to receive on-going training.

In the summer of 2015, the POST Director requested an outside review of Colorado POST efforts. The primary reason for an outside audit was to inform the Director regarding whether POST was meeting industry standards and to provide recommendations where POST could improve operations.

The Department of Law (DOL) chose The International Association of Directors of Law Enforcement Standards and Training, IADLEST, audit team to conduct the Colorado POST audit. The audit team included representation from IADLEST and the POST's of Michigan and Oregon. The audit was designed with four major parts, which were:

1. Rule review
2. Training Academy perceptions and input
3. Agency Head perceptions and input
4. POST staff perceptions and input

The final product was presented to the POST on June 3, 2016. There were 11 findings outlined, each with recommendations. Six of the 11 findings were areas in which the audit team felt the Colorado POST was in an area of high liability. These are highlighted below. (Chart 1)

SB 14-123, Concerning the Authority of the Peace Officers Standards and Training Board, in part, raised the per vehicle registration assessment dedicated to POST purposes from \$0.60 per vehicle to \$1.00 per vehicle. This change increased the revenue and grants administered by the POST by roughly \$1.6M. The DOL received 1.5 FTE to help administer these dollars 0.5 Accountant FTE in the Administration section to support the increase in grant administration and 1.0 FTE to support the POST grant manager. This bill generally expanded the training activities and available resources for grants to local agencies for peace officer training.

Additionally, SB 14-215, Concerning the Disposition of Moneys Collected by the State in Connection with the Legal Marijuana Industry

appropriated resources to the POST board to administer advanced roadside impaired driving enforcement training and drug recognition expert training for peace officers. With passage of SB 14-215 the POST was appropriated an additional FTE to administer those dollars. Over the past two years, the POST has recognized that, in addition to this FTE, other POST employees are supporting the marijuana grant training efforts. For FY 17, the DOL modified the percentages of certain POST employees to better distribute work with funding sources. (See Chart 2). This change in internal distributions coupled with the recommendations and estimated costs from the audit (See Chart #3) provide the full picture of costs to the POST cash fund to address.

**Anticipated Outcomes:**

With the 3.0 additional FTE, the POST will be positioned to minimize risk to state resources through a more robust annual auditing of POST grantees. Additionally, the DOL will implement a more robust audit of training academies, thereby ensuring greater consistency and compliance with POST standards. Lastly, these three positions will provide the bandwidth to crosstrain among program disciplines, thereby ensuring program efforts will continue when positions are vacant or personnel are on annual leave. The finalization of a procedures manual will support these outcomes as well.

**Assumptions for Calculations:**

The DOL is assuming \$5,000/month salary for the three new Administrator III positions. Additionally, the DOL is anticipating compression adjustments for two Administrator IV positions, due to additional supervisor responsibilities and based on other similar position costs within the agency.

**Impact to Other State Government Agency:**

NA

**Current Statutory Authority or Needed Statutory Change:** NA

**Chart 1: Audit Recommendations and DOL response**

<b>FINDINGS</b>	<b>RECOMMENDATIONS</b>	<b>AGENCY RESPONSE</b>	<b>IMPLEMENTATION DATE</b>
<b><i>1. Staffing &amp; Organizational Structure</i></b>			
Lack of staff	hire 3 new staff	Agree	October 1, 2016
Misalignment of staff tasks	create a business services section	Agree	October 1, 2016
Lack of staff redundancy	share curriculum development	Agree	July 1, 2017
	share inspections & compliance	Agree	July 1, 2017
<b><i>2. Audits - Training &amp; Grants</i></b>			
Non-regular program audits	establish audit schedule & report to Board	Agree	January 1, 2017
Non-regular academy audits	establish audit schedule & report to Board	Agree	January 1, 2017
<b><i>3. Organizational Resources</i></b>			
Under use of Acadis	train up staff	Agree	January 1, 2017
Non-adequate fiscal software	purchase adequate fiscal software	Agree	July 1, 2017
Non-functional unit adjacencies	relocate staff	Agree	October 1, 2016
No Standard Operating Procedures	create & implement SOP manual	Agree	March 30, 2017
No Job Task Analysis	create JTA	Agree	October 1, 2018
<b><i>4. Operational Resources</i></b>			
Administrative Rule review	identify and resolve inconsistencies	Agree	On going

**Chart #2: Change in FTE percentage between POST cash fund and Marijuana cash fund**

Class Title	POST FTE %	Marijuana FTE %
PROGRAM MANAGEMENT II	0.63	0.37
ADMINISTRATOR IV	0.67	0.33
ADMIN ASSISTANT I	0.90	0.10
PROGRAM ASSISTANT I	0.80	0.20

**Chart #3 Estimated costs to implement and changes to POST Grant Funds**

Recommendation	Cost Item	FY 17	FY 18
Staffing and Organization	3.0 Administrators III	\$15,000	\$15,000
Staffing and Organization	Est Compression Adj to Administrator IV	13,498	17,997
Staffing and Organization	Est annual cost (9 months FY 17, 12 months FY 18)	148,498	197,997
Staffing and Organization	PERA at 10.15%	\$15,073	\$20,097
Staffing and Organization	Medicare at 1.45%	\$2,153	\$2,871
Staffing and Organization	AED @ 5.0%	\$7,425	\$9,900
Staffing and Organization	SAED @ 5.0%	\$7,425	\$9,900
Staffing and Organization	STD @ .022%	\$327	\$436
Staffing and Organization	Est HLD at Employee Only	\$13,509	\$18,012
	FY 17 modifications to Salaries between POST and Marijuana Funding	(\$114,564)	(\$114,564)
Staffing and Organization	<b>Total PS</b>	<b>\$79,845</b>	<b>\$144,648</b>

Staffing and Organization	Supplies @ \$500/\$500	\$1,500	\$1,500
Staffing and Organization	Computer @ \$900/\$0	\$2,700	\$0
Staffing and Organization	Office Suite Software @ \$330/\$0	\$990	\$0
Staffing and Organization	Office Equipment @ \$8,767/\$0 (includes office furniture, chair, bookcase)	\$3,000	\$0
Staffing and Organization	Telephone Base @ \$450/\$450	\$1,350	\$1,350
Audits and Training	Mileage use on state vehicle (assume 3000 miles at \$0.212/mile)	\$636	\$636
Audits and Training	Assume 2 overnight stays in hotel per month at \$75/night	\$1,800	\$1,800

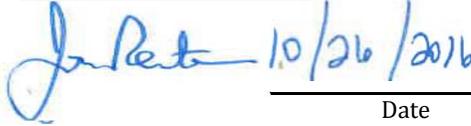
Audits and Training	Assume average per diem at \$66 per day for 2 nights each month	\$1,584	\$1,584
Staffing and Organization	Cell phone at \$80/month for 1.0 FTE	\$960	\$960
Organizational Resources	Fiscal Software (est purchase, will have out year maintenance)		\$200,000
<b>Total Operating</b>		<b>\$14,520</b>	<b>\$207,830</b>
Total Estimated Costs to POST For Implementation		\$94,365	\$352,478

Assumes \$200K purchase out year maintenance at \$20K estimate



## Schedule 13 Funding Request for the 2017-18 Budget Cycle

Department: Department of Law  
 Request Title: Department of Education Additional Legal Support  
 Priority Number: Non

Dept. Approval by:   
 Date: 10/26/2016

X Decision Item FY 2017-18  
 Base Reduction Item FY 2017-18  
 Supplemental FY 2016-17  
 Budget Amendment FY 2017-18

OSPB Approval by: \_\_\_\_\_  
 Date: \_\_\_\_\_

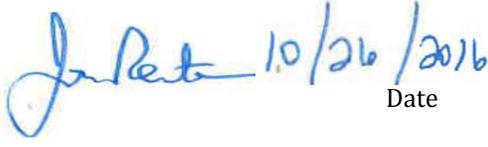
Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
Fund		Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>	<b>Total</b>	29,313,165	-	29,361,878	167,042	-
	FTE	262.9	0.0	263.1	0.9	0.0
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	29,313,165	-	29,361,878	167,042	-
	FF	-	-	-	-	-
<b>(2) Legal Services to State Agencies: Personal Services</b>	<b>Total</b>	27,314,973	-	27,359,315	150,338	-
	FTE	262.9	-	263.1	0.9	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	27,314,973	-	27,359,315	150,338	-
	FF	-	-	-	-	-
<b>(2) Legal Services to State Agencies: Operating and Litigation</b>	<b>Total</b>	1,998,192	-	2,002,563	16,704	-
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	1,998,192	-	2,002,563	16,704	-
	FF	-	-	-	-	-

Letternote Text Revision Required?    Yes:                      No:                      If yes, describe the Letternote Text Revision:  
 Cash or Federal Fund Name and COFRS Fund Number:    NA  
 Reappropriated Funds Source, by Department and Line Item Name:    NA  
 Approval by OIT?                      Yes:                      No:                      Not Required:  x  
 Schedule 13s from Affected Departments:  
 Other Information:                      Supplemental Criteria: **New data resulting in substantive changes in funding needs**



## Schedule 13 Funding Request for the 2016-17 Budget Cycle

Department: Department of Law  
 Request Title: OIT Decision Item  
 Priority Number: NP

Dept. Approval by:  Date: 10/26/2016

XDecision Item FY 2016-17  
 Base Reduction Item FY 2016-17  
 Supplemental FY 2015-16  
 Budget Amendment FY 2016-17

OSPB Approval by: \_\_\_\_\_ Date: \_\_\_\_\_

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
	Fund	Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>		239,473	-	523,047	49,623	49,623
	<b>FTE</b>	0.0	0.0	0.0	0.0	0.0
	<b>GF</b>	66,554	-	148,240	14,064	14,064
	<b>GFE</b>	-	-	-	-	-
	<b>CF</b>	26,914	-	61,553	5,840	5,840
	<b>RF</b>	139,502	-	299,413	28,406	28,406
	<b>FF</b>	6,503	-	13,841	1,313	1,313
<b>(1) Administration: Payments to OIT</b>		239,473	-	523,047	49,623	49,623
	<b>FTE</b>	-	-	-	-	-
	<b>GF</b>	66,554	-	148,240	14,064	14,064
	<b>GFE</b>	-	-	-	-	-
	<b>CF</b>	26,914	-	61,553	5,840	5,840
	<b>RF</b>	139,502	-	299,413	28,406	28,406
	<b>FF</b>	6,503	-	13,841	1,313	1,313

Letternote Text Revision Required?      Yes:                      No:                      If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:      Various department cash funds

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT?      Yes:                      No:                      Not Required: X

Schedule 13s from Affected Departments:      NA

Other Information:



**Schedule 13**  
**Funding Request for the 2016-17 Budget Cycle**

Department: Department of Law  
 Request Title: Annual Fleet Vehicle Request  
 Priority Number: Non Priority

Dept. Approval by:  10/26/2016  
 Date

**X Decision Item FY 2016-17**  
**Base Reduction Item FY 2016-17**  
**Supplemental FY 2015-16**  
**Budget Amendment FY 2016-17**

OSPB Approval by: \_\_\_\_\_  
 Date

Line Item Information		FY 2016-16		FY 2017-18		FY 2018-19
		1	2	3	4	6
	Fund	Appropriation FY 2016-17	Supplemental Request FY 2016-17	Base Request FY 2017-18	Funding Change Request FY 2017-18	Continuation Amount FY 2018-19
<b>Total of All Line Items</b>	<b>Total</b>	45,411	-	45,411	(3,896)	-
	FTE	-	-	-	-	-
	GF	21,213	-	21,213	247	-
	GFE	-	-	-	-	-
	CF	5,957	-	5,957	1,076	-
	RF	17,566	-	17,566	(5,084)	-
	FF	675	-	675	(135)	-

<b>(1) Administration:</b>	<b>Total</b>	45,411	-	45,411	(3,896)	-
<b>Vehicle Lease Payments</b>	FTE	-	-	-	-	-
	GF	21,213	-	21,213	247	-
	GFE	0	-	-	-	-
	CF	5,957	-	5,957	1,076	-
	RF	17,566	-	17,566	(5,084)	-
	FF	675	-	675	(135)	-

Letternote Text Revision Required?    Yes:                      No:                      If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number:    #1510 UCCC, #2960 POST, #16Z0 Insurance Fraud

Reappropriated Funds Source, by Department and Line Item Name:    #26Q0 LSSA

Approval by OIT?                      Yes:                      No:                      Not Required: x

Schedule 13s from Affected Departments:

Other Information: