

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Request Title:		Decision Item FY 08-09 <input checked="" type="checkbox"/>		Base Reduction Item FY 08-09 <input type="checkbox"/>		Supplemental FY 07-08 <input type="checkbox"/>		Budget Request Amendment FY 08-09 <input type="checkbox"/>			
Department:		Funding for Additional Leased Space				Dept. Approval by: John Bartholomew		Date: November 1, 2007			
Priority Number:		Health Care Policy and Financing		OSPFB Approval:		<i>[Signature]</i>		Date: 10/17/07 for 11/1/07			
Priority Number:		DI-10		OSPFB Approval:		<i>[Signature]</i>		Date: 10/17/07 for 11/1/07			
	Fund	1 Prior-Year Actual FY 06-07	2 Appropriation FY 07-08	3 Supplemental Request FY 07-08	4 Total Revised Request FY 07-08	5 Base Request FY 08-09	6 Decision/ Base Reduction FY 08-09	7 November 1 Request FY 08-09	8 Budget Amendment FY 08-09	9 Total Revised Request FY 08-09	10 Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	16,623,864	26,743,403	0	26,743,403	28,883,571	286,534	29,170,105	0	29,170,105	64,021
	FTE	225.36	245.30	0.00	245.30	259.50	0.00	259.50	0.00	259.50	0.00
	GF	6,719,252	11,908,042	0	11,908,042	12,414,850	143,267	12,558,117	0	12,558,117	32,011
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	154,890	0	154,890	216,481	0	216,481	0	216,481	0
	CFE	412,657	1,193,153	0	1,193,153	2,731,270	0	2,731,270	0	2,731,270	0
	FF	9,491,955	13,487,318	0	13,487,318	13,520,970	143,267	13,664,237	0	13,664,237	32,010
(1) Executive Director's Office - Personal Services	Total	15,260,951	16,715,590	0	16,715,590	18,860,743	10,500	18,871,243	0	18,871,243	0
	FTE	225.36	245.30	0.00	245.30	259.50	0.00	259.50	0.00	259.50	0.00
	GF	6,054,845	7,261,822	0	7,261,822	7,768,653	5,250	7,773,903	0	7,773,903	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	140,495	0	140,495	212,681	0	212,681	0	212,681	0
	CFE	399,006	592,486	0	592,486	2,121,195	0	2,121,195	0	2,121,195	0
	FF	8,807,100	8,720,787	0	8,720,787	8,758,214	5,250	8,763,464	0	8,763,464	0
(1) Executive Director's Office - Operating Expenses	Total	1,196,014	1,039,465	0	1,039,465	1,023,940	212,013	1,235,953	0	1,235,953	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	586,457	494,229	0	494,229	486,342	106,006	592,348	0	592,348	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	14,395	0	14,395	3,800	0	3,800	0	3,800	0
	CFE	8,151	14,546	0	14,546	27,093	0	27,093	0	27,093	0
	FF	601,406	516,295	0	516,295	506,705	106,007	612,712	0	612,712	0
(1) Executive Director's Office - Leased Space	Total	166,899	272,318	0	272,318	272,318	64,021	336,339	0	336,339	64,021
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	77,950	130,659	0	130,659	130,659	32,011	162,670	0	162,670	32,011
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	5,500	5,500	0	5,500	5,500	0	5,500	0	5,500	0
	FF	83,449	136,159	0	136,159	136,159	32,010	168,169	0	168,169	32,010
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:						FF: Title XIX					
IT Request:		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>									
Request Affects Other Departments:		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				If Yes, List Other Departments Here:					

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	DI-10
Change Request Title:	Funding for Additional Leased Space

SELECT ONE (click on box):

- Decision Item FY 08-09
- Base Reduction Item FY 08-09
- Supplemental Request FY 07-08
- Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This Request is to increase funding for Leased Space, Operating Expenses, and Personal Services in FY 08-09 by a total of \$286,534 to obtain needed office space for new Department staff and to replace some existing cubicles that are no longer sufficient for Department purposes. The Request includes increases of \$64,021 for Commercial Leased Space, \$10,500 for Personal Services to fund one-time moving costs, \$40,763 for one-time moving related Operating Expenses, and \$171,250 for replacement cubicles and conversion of high-walled cubes to manager offices.

Background and Appropriation History:

The Department of Health Care Policy and Financing is the second largest General Fund/General Fund Exempt budget in State government and one of the smallest Executive branch departments in terms of staff size. With the Department's ever-growing caseload, expenditures and programs, staffing levels have been increasing, but the space that the Department has appropriated to house these staff has not grown to the same degree.

In May 2003, the Department moved to its current location at 1570 Grant Street. When the Department moved to 1570 Grant in 2003, it was apparent that the Department would not be able to accommodate much growth. From the time of this move up to the present,

the programs for which the Department is responsible have grown both in size and complexity, resulting in additional FTE appropriations. For FY 07-08, the Department was appropriated \$391,072 through Common Policies for space at 1570 Grant Street. This space currently houses 230 positions. Additionally, in FY 06-07 the Department began leasing two floors at 225 E. 16th Avenue that contain an additional 56 spaces to house staff that the Grant Street building could not accommodate, providing a total of 286 spaces for employees to work.

The table below shows the historical FTE count for each fiscal year since the Department moved to its current location at 1570 Grant Street in May 2003. This table indicates that FTE appropriations have increased a total of 32% since the Department moved to its location.

Year	Long Bill FTE Appropriation	Special Bill FTE Appropriations	Total FTE
FY 02-03	193.3	1.2	194.5
FY 03-04	196.6	3.8	200.4
FY 04-05	196.1	6.7	202.8
FY 05-06	207.1	7.3	214.4
FY 06-07	222.7	8.0	230.7
FY 07-08	238.0	19.5*	257.5

* Includes June 20, 2007 1331 Emergency Supplemental for the Office of Colorado Benefits Management System staff of 12 FTE transferring to the Department July 1, 2007.

The table above shows the number of approved FTE, not the number of positions. The Department had 274 positions (though not all filled) as of June 30, 2007, not including contractors, temporary staff, interns, or auditors. The Department employs a number of temporary staff to comply with legislation and to complete special projects. For example, as of June 2007, the Department had employed roughly 35 different temporary staff, interns and contractors throughout FY 06-07.

The Department's space issues are not new, for FY 05-06 the Department received one time funding of \$36,278 total funds to house 15 temporary employees charged with the

implementation of the Medicare Modernization Act. Additionally, HB 05-1262 (the Tobacco Tax bill) and two 1331 Emergency supplementals (one for an emergency call center for cases that exceed processing guidelines and another to cover tasks inadvertently left out of HB 05-1262) were approved that provided an additional \$38,903 to house employees authorized through those legislative initiatives, for a total FY 05-06 appropriation of \$75,181.

For FY 06-07 the one time funding for the Medicare Modernization Act was removed. However, the Department requested supplemental funding to acquire additional Leased Space at 225 E. 16th Avenue to alleviate over crowding at 1570 Grant Street. Funding was approved for \$218,950 (annualized) to lease an additional 13,056 square feet of office space to accommodate the increased staff from other FTE appropriations. This space provided the Department with critically needed room to place staff and provide two conference rooms for staff and the Medical Services Board to meet. Additionally, this allowed the Department to relieve overcrowded conditions at 1570 Grant Street.

General Description of Request:

For FY 08-09, the Department is forecasting a need for space to house an additional 35 positions. This need is due to the 7.5 FTE appropriated through special bills in the 2007 legislative session (beginning in FY 07-08) that did not include any associated Leased Space funding, and a November 1, 2007 Decision Item that the Department has submitted for an additional 7.3 FTE (annualizes to 8) to address chronic staffing shortages in several program service sections within the Department, and additional space for contractors, temporary staff, interns, auditors and to be able to support any resources required once health care reform recommendations from the 208 Commission are finalized and implementation begins. The Department is also pursuing several grants that may result in additional positions; however, at the time of writing this request, the number cannot be determined. Therefore the Department is requesting space for 35 positions as it believes this will allow for minimal growth without the need to, once again, ask for additional leased space as the Department implements new programs. The department is requesting Leased Space only for the FTE Request Decision Item (DI-7) to address chronic staffing shortages, as funding for office equipment (desks, chairs, phones, etc.) for those FTE are contained in that request.

The Department is requesting a net increase in funding for Leased Space of \$64,021 total funds for 7,000 square feet of office space to house 35 employees. The Department will also require one-time funding for personal services and operating expenses to build out the acquired space with cubicles, chairs, telecommunications and information technology equipment, wiring and associated data transmission equipment. The Department projects these costs will total \$51,263 (see Table B).

There are several reasons why funding is needed for this space:

1. As stated above, the Department is currently projecting an increase in staff of 16 positions between FY 07-08 and FY 08-09 and currently only has nine spaces for them to work. When compounded by the need to house contractors, temporary staff, interns, auditors and to implement the recommendations of the 208 Commission, if additional space is not available, many of these positions would need to remain vacant, and could result in unacceptable program implementation delays.
2. The Department cannot expand into its basement space at 1570 Grant to accommodate this growth. In March 2006, the Department met with the State Architect and building management personnel from the Department of Personnel and Administration to discuss further modifications to the building the Department needed to make to accommodate increased staffing needs. However, on April 3, 2006, the Department of Personnel and Administration issued a letter to the Executive Director of the Department identifying life and safety liability concerns regarding staff in the basement. Therefore the potential for the Department to use the basement space is no longer feasible.
3. Until the new space was acquired at 225 E. 16th Avenue, the Department had nowhere to house auditors, which are almost continuously in the building, and did not have a room large enough to meet with all or a majority of its staff, or to accommodate the Medical Services Board meetings. Scheduling meetings was, in reality, a daily frustration. If this request is not funded, the Department would be forced to convert

the two conference rooms at 225 E 16th Avenue to cubicles. This would create additional expense as the Medical Services Board would again need to find appropriate space to hold their meetings that are taking place in the Department's large conference room at 225 E. 16th Avenue. In effect, this would place the Department in the dilemma it found itself in before it acquired the space at 225 E. 16th Avenue.

As stated previously, the Department has 286 stations to house the 277 positions as of June 30, 2007. This leaves 9 cubicles available to house the anticipated growth in positions, resulting in a shortfall of cubicles. Additionally, these available cubicles are disbursed throughout various locations in the two buildings and are not conducive to placing staff in a contiguous group.

Finally, the Department is requesting one-time funding to replace 50 cubicles and one-time construction funding for conversion of five high-walled cubicles into five four-walled offices at 1570 Grant Street. Currently, the Department has many cubicles that are not conducive to a productive working environment. Many of the cubicles on the second floor, and a portion of both the third and fourth floors, are low-walled cubicles which do not help to reduce noise levels and lack sufficient storage space. Additionally, all of these low-walled workstations were left behind by the previous tenant of 1570 Grant Street, prior to the Department's May 2003 relocation - as one can imagine, they are beginning to deteriorate in both appearance and functionality. While 50 additional cubicles will not replace all of the units, the Department believes that this will refurbish the entire second floor in FY 08-09. Additional funding for the third and fourth floors, anticipated to equal the need of the second floor when combined, will be requested for FY 09-10.

The Department also has limited office space for its management staff. Given the responsibilities placed on senior staff to mentor and evaluate junior employees, it is imperative that these senior positions have access to a level of privacy suitable to conduct this type of feedback. Additionally, in today's business world, conference calling has become a common way to collaborate among internal and external parties. These conference calls often take place in a manager's workspace, but without sufficient measures to contain the noise generated by these meetings that can easily stretch beyond a

high-walled cubicle and affect the productivity of surrounding staff. As such, the Department has identified five manager workstations that require this type of conversion.

Consequences if Not Funded:

If this request is not funded, the Department would have no available space to house employees that were authorized by special bills passed during the 2007 legislative session, and would not be adequately prepared to take on staff to support the implementation of the proposed health care reform. Additionally, the Department could be forced to perform a hiring freeze due to a lack of physical space and only hire positions as space becomes available for a seating location. The consequences of this action would likely include non-compliance of federal and State requirements and turnover would increase as the work environment becomes less tolerable.

Calculations for Request:

Summary of Request FY 08-09	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request	\$286,534	\$143,267	\$0	\$143,267
(1) Executive Director's Office - Personal Services	\$10,500	\$5,250	\$0	\$5,250
(1) Executive Director's Office - Operating Expenses	\$212,013	\$106,006	\$0	\$106,007
(1) Executive Director's Office - Leased Space	\$64,021	\$32,011	\$0	\$32,010

Summary of Request FY 09-10	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request	\$64,021	\$32,011	\$0	\$32,010
(1) Executive Director's Office - Leased Space	\$64,021	\$32,011	\$0	\$32,010

Table A - Leased Space Cost				
Square Feet Per	Number of	Total Square Feet	Cost per Square Foot	Total Leased Space

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST

Employee	Employees/Spaces	Required		Cost
200	35	7,000	\$16.77	\$117,390
Appropriated Leased Space Funding that is not Currently Needed				(\$53,369)
Net Leased Space Need				\$64,021

Table B – FY 08-09 Build-Out Costs

<i>(1) Executive Director's Office, Personal Services</i>	
Contract for Movers	\$6,500
Electrical Installation	\$4,000
Subtotal Personal Services	\$10,500
<i>(1) Executive Director's Office, Operating Expenses</i>	
Purchase and Installation of 12 cubicles at an average rate of \$2,225 per Cubicle	\$26,700
Incremental cost for Purchase and Installation of 8 Cubicles at an average rate of \$2,225 per Cubicle due to inadequate funding provided in the authorizing legislation, which provided \$2,021 (= \$204 * 8)	\$1,632
Printers and Fax Machines	\$4,795
Telephone Installation and Equipment	\$2,100
Wiring for Data Equipment	\$2,350
Data Equipment – Ethernet Switch and Panel Patch	\$3,186
Subtotal Operating Expenses	\$40,763
Total One Time Personal Services and Operating Expenses	\$51,263

Table C –Replacement Cubicles and Additional Office Build-Out

# of Replacement Cubicles	50
Common Policy amount at \$2,225 per Cubicle	\$2,225
<i>Total Cost for 50 Replacement Cubicles</i>	<i>\$111,250</i>
# of High-Walled Cubicles to be Converted to 4-Walled Offices	5
Average Cost per Conversion	\$12,000
<i>Total Cost for Office Conversions</i>	<i>\$60,000</i>
Grand Total for Replacement Cubicles and Offices	\$171,250

Assumptions for Calculations:

The Department's total need for Leased Space is \$117,390 and uses the Department's current Leased Space cost at 225 E. 16th Avenue of \$16.77 per square foot. However, this lease agreement was executed on August 24, 2006. If adequate leased space cannot be found for \$16.77 per square foot, additional funding will be requested through the regular supplemental budget process.

Due to timing issues associated with the Department's FY 07-08 Decision Item (DI-5) submitted on November 1, 2006 and the Department's FY 06-07 Supplemental (S-8) submitted on January 4, 2007 for Leased Space, \$53,369 was inadvertently left in the Department's Leased Space appropriation for FY 07-08 and beyond. Therefore, this request offsets a portion of the total need, reducing the Department's net increase in costs to \$64,021 annually (see Table A).

The Department projects each employee will require 200 square feet of space to work. The Department is basing its request for space using the state standard for a Category # 1 lease, which is deemed by the Department of Personnel and Administration, Division of Finance and Procurement to be an efficient use of space, of 204 rentable square feet per office worker.

The Department will also require one-time funding for personal services and operating expenses to build out the acquired space with cubicles, chairs, telecommunications equipment, a network printer, a fax machine, and wiring and associated data transmission equipment. The Department is only requesting partial funding for the previously appropriated 7.5 FTE (8 positions) as the funding contained in those appropriations is inadequate to fully fund purchases from the Department's mandated vendor (Juniper Valley). Additionally, the Department is requesting full funding for 12 cubicles and chairs for additional contractors, temporary staff, interns, auditors and any resources required once health care reform recommendations from the 208 Commission are made as no appropriation has been provided. Funding for Operating Expenses for the FTE contained in the Department's FY 08-09 FTE Request, Decision Item (DI-7) has been included in that Request at the actual cost to purchase those cubicles and chairs. The Department

projects its total costs for Personal Services and Operating Expenses in this Request to be \$51,263 (see Table B).

The Department is basing the costs for this request on its actual incurred expenditures for its recently acquired leased space at 225 E. 16th Avenue. As stated previously, the projected Leased Space cost is based on input the Department has received from the Department of Personnel and Administration. The Personal Services request reflect the costs the department projects to convert the space to useable offices and is based on the actual costs to furbish the leased space the Department now occupies. The Operating Expenses request is also based on an average of actual expenditures incurred for two different cubicle styles that were purchased through Juniper Valley for the 225 E. 16th Avenue location and actuals costs for chairs and information technology equipment that were also required for this leased space.

Construction costs to convert high-walled cubicles into four-walled offices is based on the actual price experienced by the Department when it first took possession of the space at 1570 Grant Street in May 2003. At that time, the Department contracted for similar conversions which cost \$10,000. Given the amount of time that has lapsed since the Department's relocation, this Request assumes an average cost of \$12,000 per conversion.

Impact on Other Government Agencies: None.

Cost Benefit Analysis:

Cost	Benefits
\$286,534 in FY 08-09, \$64,021 in FY 09-10	The Department would be able to lease, build out and furnish approximately 7,000 square feet of additional office space for staff use. Increasing the Department's ability to meet the ever growing demands placed upon it.
\$0	If funding is not approved, the Department would be forced to stop hiring and possibly lay off staff, jeopardizing the completion of required projects. The Department would most likely experience greater turnover as the work environment become less tolerable.

Implementation Schedule:

Task	Month/Year
Lease Awarded/Signed	May 2008
Build Out and Tenant Preparation Begins	July 1, 2008
Build Out and Tenant Preparation Complete	July 31, 2008
Move Date	August 1, 2008

Statutory and Federal Authority:

24-1-107, C.R.S. (2007). Internal organization of department - allocation and reallocation of powers, duties, and functions - limitations. *In order to promote economic and efficient administration and operation of a principal department and notwithstanding any other provisions of law, except as provided in section 24-1-105, the head of a principal department, with the approval of the governor, may establish, combine, or abolish divisions, sections, and units other than those specifically created by law and may allocate and reallocate powers, duties, and functions to divisions, sections, and units under the principal department, but no substantive function vested by law in any officer, department, institution, or other agency within the principal department shall be removed from the jurisdiction of such officer, department, institution, or other agency under the provisions of this section.*

25.5-1-104 (2) (4), C.R.S. (2007). Department of health care policy and financing created - executive director - powers, duties, and functions...*(2) The department of health care policy and financing shall consist of an executive director of the department of health care policy and financing, the medical services board, and such divisions, sections, and other units as shall be established by the executive director ... (4) The department of health care policy and financing shall be responsible for the administration of the functions and programs as set forth in part 2 of this article.*

Performance Measures:

This Request will help provide more administrative resources in order to support nearly all of the Department's Performance Measures, including those that are aligned with the Governor's *The Colorado Promise*:

- Increase the number of clients served through targeted, integrated care management programs.
- Increase the number of children served through a dedicated medical home service delivery model.
- Increase number of managed care options for clients enrolling in Medicaid.
- Increase the number of clients enrolled in viable managed care options.
- Improve access to and the quality of Medicaid health care as demonstrated through improvements in Medicaid Health plan scores on Health Plan Employer Data Information Set (HEDIS) measures.