

JOINT BUDGET COMMITTEE



SUPPLEMENTAL BUDGET REQUESTS FY 2021-22

DEPARTMENT OF HUMAN SERVICES (EDO, OITS, Operations, County Admin, OSS, SPD, AAP)

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
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DEPARTMENT OF HUMAN SERVICES

DEPARTMENT OVERVIEW

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, the Supplemental Nutrition Assistance Program (food stamps), child welfare services, rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is also responsible for inspecting and licensing child care facilities and for the care and treatment of the State's dependent citizens who are mentally ill, developmentally disabled, or juvenile offenders. The Department operates two mental health institutes, three regional centers for persons with developmental disabilities, and ten institutions for juvenile delinquents. The Department also provides funding for the care of indigent mentally ill people, contracts with community centered boards for services for children qualifying for early intervention services, and contracts for the supervision and treatment of delinquent juveniles.

SUMMARY: FY 2021-22 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF HUMAN SERVICES: RECOMMENDED CHANGES FOR FY 2021-22						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
S.B. 21-205 (Long Bill)	\$1,016,656,934	\$263,917,210	\$218,963,354	\$158,254,725	\$375,521,645	2,311.2
Other legislation	53,148,931	20,167,784	10,059,053	19,750,000	3,172,094	2.9
CURRENT FY 2021-22 APPROPRIATION:	\$1,069,805,865	\$284,084,994	\$229,022,407	\$178,004,725	\$378,693,739	2,314.1
RECOMMENDED CHANGES						
Current FY 2021-22 Appropriation	\$1,069,805,865	284,084,994	\$229,022,407	\$178,004,725	\$378,693,739	2,314.1
S1 SNAP County Administration resources	6,500,000	1,950,000	1,300,000	0	3,250,000	0.0
Staff-initiated footnote technical corrections	0	0	0	0	0	0.0
Statewide Common Policy Supplemental						
SNP DPA annual fleet supplemental true-up	2,899	1,464	0	1,435	0	0.0
RECOMMENDED FY 2021-22 APPROPRIATION:	\$1,076,308,764	\$286,036,458	\$230,322,407	\$178,006,160	\$381,943,739	2,314.1
RECOMMENDED INCREASE/(DECREASE)						
RECOMMENDED INCREASE/(DECREASE)	\$6,502,899	\$1,951,464	\$1,300,000	\$1,435	\$3,250,000	0.0
Percentage Change	0.6%	0.7%	0.6%	0.0%	0.9%	0.0%
FY 2021-22 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

REQUEST/RECOMMENDATION DESCRIPTIONS

S1 SNAP COUNTY ADMINISTRATION RESOURCES: The request includes \$6.5 million total funds, including \$1.95 million General Fund, to supplement the FY 2021-22 appropriation for county administration of the federal Supplemental Nutrition Assistance Program. The recommendation is to approve the request.

STAFF-INITIATED FOOTNOTE TECHNICAL CORRECTIONS: The recommendation is to approve two technical corrections to the footnotes in the Department’s section of the FY 2021-22 Long Bill. The corrections are:

- Delete Footnote 33 connected with the Employment and Regulatory Affairs line item in the Executive Director’s Office, Special Purpose subdivision.
- Delete the footnote number “46” appended to the Food Distribution Program line item in the Office of Self Sufficiency, Special Purpose Welfare Programs subdivision

PRIORITIZED SUPPLEMENTAL REQUESTS

S1 SNAP COUNTY ADMINISTRATION RESROUCES

	REQUEST	RECOMMENDATION
TOTAL	\$6,500,000	\$6,500,000
FTE	0.0	0.0
General Fund	1,950,000	1,950,000
Cash Funds	1,300,000	1,300,000
Federal Funds	3,250,000	3,250,000

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**

Data that was not available when the original appropriation was made.

Explanation: JBC staff and the Department agree that this request is the result of caseload and workload data that was unavailable at the time the original appropriation was made.

DEPARTMENT REQUEST: The Department requests \$6.5 million total funds, including \$1.95 million General Fund, \$1.3 million cash funds from local funds, and \$3.25 million federal funds, to supplement the FY 2021-22 appropriation for county administration of federal Supplemental Nutrition Assistance Program benefits applications and redeterminations. The Department reports they have received approval from the federal Food and Nutrition Services (FNS) to match county spending in excess of available appropriations with the requested federal funds. The federal funds are shown in the Long Bill for informational purposes only.

STAFF RECOMMENDATION: Staff recommends that the Committee approve this request. Approval of this request results in an FY 2021-22 appropriation for the County Administration line item of \$84.3 million total funds, including \$27.8 million General Fund.

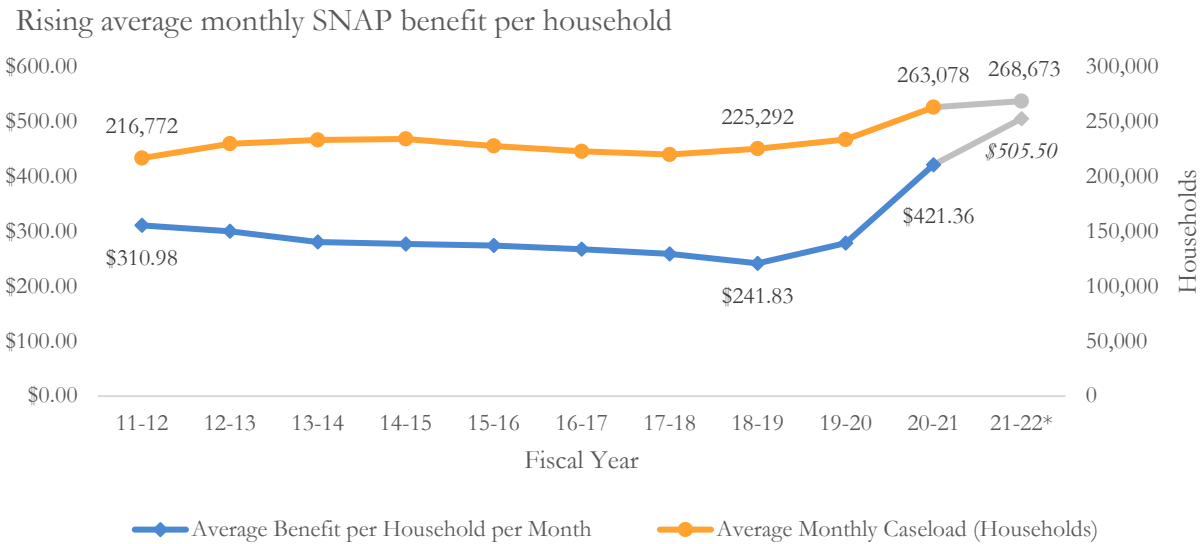
STAFF ANALYSIS: The federal Supplemental Nutrition Assistance Program (SNAP), formerly referred to as food stamps, provides money to low-income households on an electronic benefit transfer (EBT) card that can be used to purchase food at authorized retailers. SNAP caseload has fluctuated over the last several fiscal years, increasing in FY 2020-21 to 263,078 households. SNAP benefit expenditures have also waxed and waned over the same period, declining to a low of \$653.8 million in FY 2018-19 before recovering to a high of \$1.3 billion in FY 2020-21, primarily due to the COVID-19 pandemic and the federal stimulative response. Federal SNAP benefits provided via the EBT card are not presented in the Long Bill; items in the Long Bill are for the administration of the SNAP program. Department of Human Services appropriations for administrative purposes reflect a

shared responsibility of approximately 20.0 percent county/local funds, 30.0 percent state funds, and 50.0 percent federal funds.

The federal response to COVID-19, as it relates to SNAP, provides additional programmatic flexibility and increased benefits to participants. Federal action includes:

- The Pandemic Electronic Benefit Transfer (P-EBT) provides temporary emergency nutrition benefits that are loaded directly on EBT cards, supplementing the standard SNAP benefits of families with children who would receive free or reduced-price meals under the National School Lunch Act.
- A federal waiver from the Food and Nutrition Service that allows for an emergency expansion of a pilot program permitting SNAP participants to purchase groceries and food online.
- Temporary operational and administrative waivers were provided by the federal government to extend certification periods, ease reporting requirements, and waive interview requirements. Many of these waivers were extended through December 31, 2021.
- An emergency 15.0 percent increase in the maximum SNAP benefit was authorized through September 2021. This increase was supplanted in October 2021 with a revised Thrift Food Plan that raises benefits for all SNAP households in coming years, increasing maximum SNAP benefits by 21.0 percent.

The COVID-19 pandemic has resulted in a significant increase in the volume of SNAP applications and redeterminations. The average monthly SNAP benefit per household has risen substantially in the last two fiscal years, correlating with an increase in caseload (i.e., average number of households served per month). The year-over-year increase in monthly benefits from FY 2019-20 to FY 2020-21 is 51.2 percent. Caseload over the same period increased by 12.6 percent. As caseloads increase, so does the administrative burden on counties.



* Projections are based on data from July 2021 through November 2021.

The Department anticipates continued pressure on the County Administration line item appropriation in FY 2021-22 from the increased demand for SNAP assistance. As described in the Legislative

Council Staff’s December 2021 *Economic and Revenue Forecast*¹, the economic impact of the pandemic has had a disproportionate effect on low-income households and small businesses. The disproportionate effect of the pandemic on low-income households has led to an increase in the volume of SNAP applications and redeterminations. The increased workload has led to staffing shortages across the state. Some counties’ business processes can adapt to the changing circumstances, while it exacerbates ongoing issues in other counties. For instance, counties that rely on overtime to process applications during periodic surges in demand become dependent on using mandatory and voluntary overtime to meet clients’ needs when the volume of work remains consistently high.

DEPARTMENT OF HUMAN SERVICES, COUNTY ADMINISTRATION EXPENDITURE HISTORY			
FISCAL YEAR	APPROPRIATION	EXPENDITURES	OVER/(UNDER) EXPENDITURES
2017-18	\$75,139,593	\$76,677,061	\$1,537,468
2018-19	75,890,989	76,648,751	757,762
2019-20	76,649,899	79,080,294	2,430,395
2020-21*	\$77,649,899	\$83,391,302	\$5,741,403

* Includes an additional \$1.0 million from the County Tax Base Relief Fund, created in Section 26-1-126 (1.5), C.R.S.

This increased demand for benefits has increased administrative spending. Counties spent an additional \$2.5 million in FY 2019-20 and \$5.7 million in FY 2020-21, beyond what was appropriated by the General Assembly for county administration to the Department of Human Services and provided through federal stimulus (i.e., Coronavirus, Aid, Relief, and Economic Security Act). The Department received \$2.0 million and \$4.4 million in federal stimulus funding in FY 2019-20 and FY 2020-21, respectively. Additionally, in FY 2020-21 the Department allocated an additional \$1.0 million from the County Tax Base Relief Fund, pursuant to Section 26-1-126 (4)(b)(A), C.R.S. The infusion of these funds offset only a portion of the increased administrative costs experienced by the counties.

STAFF-INITIATED SUPPLEMENTAL REQUESTS

STAFF-INITIATED – FOOTNOTE TECHNICAL CORRECTIONS

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**

A technical error in the drafting of the Long Bill.

Explanation: JBC staff is correcting a couple of technical drafting errors related to footnotes in the FY 2021-22 Long Bill.

¹ Colorado Legislative Council Staff, December 2021. *Economic and Revenue Forecast*, pg. 79-100: <https://leg.colorado.gov/sites/default/files/images/december2021forecast.pdf>.

STAFF RECOMMENDATION: Staff recommends that the Committee approve the following technical corrections to footnotes in the FY 2021-22 Long Bill:

- Delete Footnote 33 connected with the Employment and Regulatory Affairs line item in the Executive Director’s Office, Special Purpose subdivision.
- Delete the footnote number “46” appended to the Food Distribution Program line item in the Office of Self Sufficiency, Special Purpose Welfare Programs subdivision.

STAFF ANALYSIS: During drafting of the S.B. 21-205 (Long Bill), staff erroneously included Footnote 33 connected with the Employment and Regulatory Affairs line item in the Executive Director’s Office, Special Purpose subdivision. This footnote is duplicative of FY 2021-22 RFI #18, which is a request for information that has been included for several fiscal years. This duplication is unnecessary and a Long Bill drafting error. The Department provided a response to RFI #18 as part of their November 1, 2021 budget submission.

During Conference Committee for S.B. 21-205, the Committee approved a technical amendment to the reengrossed version of the bill to remove Footnote 46 because the footnote was no longer applicable. This technical amendment neglected to remove the footnote number from the Food Distribution Program line item in the Office of Self Sufficiency, Special Purpose Welfare Programs subdivision.

STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC will act on this item later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
SNP DPA annual fleet supplemental true-up	\$2,899	\$1,464	\$0	\$1,435	\$0	0.0
DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS	\$2,899	\$1,464	\$0	\$1,435	\$0	0.0

STAFF RECOMMENDATION: The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

APPENDIX A
NUMBERS PAGES

JBC Staff Supplemental Recommendations - FY 2021-22
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2021-22 Requested Change	FY 2021-22 Rec'd Change	FY 2021-22 Total w/Rec'd Change
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DEPARTMENT OF HUMAN SERVICES
Michelle Barnes, Executive Director

S1 SNAP County Admin

(4) COUNTY ADMINISTRATION

County Administration	<u>83,391,302</u>	<u>77,780,485</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>84,280,485</u>
General Fund	27,844,512	25,891,760	1,950,000	1,950,000	27,841,760
Cash Funds	16,678,259	15,556,096	1,300,000	1,300,000	16,856,096
Reappropriated Funds	0	0	0	0	0
Federal Funds	38,868,531	36,332,629	3,250,000	3,250,000	39,582,629
Total for S1 SNAP County Admin	83,391,302	77,780,485	6,500,000	6,500,000	84,280,485
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	27,844,512	25,891,760	1,950,000	1,950,000	27,841,760
Cash Funds	16,678,259	15,556,096	1,300,000	1,300,000	16,856,096
Reappropriated Funds	0	0	0	0	0
Federal Funds	38,868,531	36,332,629	3,250,000	3,250,000	39,582,629

JBC Staff Supplemental Recommendations - FY 2021-22
Staff Working Document - Does Not Represent Committee Decision

	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2021-22 Requested Change	FY 2021-22 Rec'd Change	FY 2021-22 Total w/Rec'd Change
Staff-initiated footnote technical clean-up					
(1) EXECUTIVE DIRECTOR'S OFFICE					
(B) Special Purpose					
Employment and Regulatory Affairs	<u>5,514,495</u>	<u>6,094,360</u>	0	<u>6,094,360</u>	
FTE	68.5	68.5	0.0	68.5	
General Fund	1,595,086	2,179,950	0	2,179,950	
Cash Funds	0	0	0	0	
Reappropriated Funds	3,919,409	3,914,410	0	3,914,410	
Federal Funds	0	0	0	0	
(7) OFFICE OF SELF SUFFICIENCY					
(C) Special Purpose Welfare Programs					
Food Distribution Program	<u>5,852,676</u>	<u>2,712,447</u>	0	<u>2,712,447</u>	
FTE	6.9	6.9	0.0	6.9	
General Fund	5,044,391	1,650,948	0	1,650,948	
Cash Funds	49,555	323,825	0	323,825	
Reappropriated Funds	0	0	0	0	
Federal Funds	758,730	737,674	0	737,674	
Total for Staff-initiated footnote technical clean-up					
up	11,367,171	8,806,807	0	8,806,807	
FTE	<u>75.4</u>	<u>75.4</u>	<u>0.0</u>	<u>75.4</u>	
General Fund	6,639,477	3,830,898	0	3,830,898	
Cash Funds	49,555	323,825	0	323,825	
Reappropriated Funds	3,919,409	3,914,410	0	3,914,410	
Federal Funds	758,730	737,674	0	737,674	

JBC Staff Supplemental Recommendations - FY 2021-22
Staff Working Document - Does Not Represent Committee Decision

	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2021-22 Requested Change	FY 2021-22 Rec'd Change	FY 2021-22 Total w/Rec'd Change
Totals Excluding Pending Items					
HUMAN SERVICES					
TOTALS for ALL Departmental line items	2,201,754,162	2,957,638,755	6,500,000	6,500,000	2,964,138,755
<i>FTE</i>	<u>5,153 .0</u>	<u>5,194.4</u>	<u>0 .0</u>	<u>0 .0</u>	<u>5,194.4</u>
General Fund	1,027,590,963	1,108,252,446	1,950,000	1,950,000	1,110,202,446
Cash Funds	272,121,764	548,063,145	1,300,000	1,300,000	549,363,145
Reappropriated Funds	168,557,948	228,925,941	0	0	228,925,941
Federal Funds	733,503,487	1,072,397,223	3,250,000	3,250,000	1,075,647,223