

JOINT BUDGET COMMITTEE



INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2017-18

DEPARTMENTS OF HUMAN SERVICES AND HEALTH CARE POLICY AND FINANCING

(Services for People with Disabilities/DHS Medicaid-funded
Programs)

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

PREPARED BY:
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OCTOBER 3, 2017

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INTERIM SUPPLEMENTAL REQUESTS

ES-04 GRAND JUNCTION REGIONAL CENTER RELOCATION

	REQUEST	RECOMMENDATION
TOTAL	\$1,145,282	\$1,145,282
FTE	0.0	0.0
General Fund	167,016	167,016
Cash Funds	329,218	329,218
Reappropriated Funds	520,032	520,032
Federal Funds	129,016	129,016

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? **YES**
 [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

DEPARTMENT REQUEST: The Department of Human Services requests \$887,250 total funds, including \$38,000 General Fund, \$329,218 cash fund spending authority from the Grand Junction Regional Center Transition Cash Fund and \$520,032 reappropriated funds (\$258,032 from the Department of Health Care Policy and Financing (HCPF) and \$262,000 through the department's indirect cost recoveries plan) in FY 2017-18. These funds will be used by the Department to implement Senate Bill 16-178 by relocating administrative and day program functions off of the Grand Junction Regional Center (GJRC) campus and performing pre-construction activities.

The Department of Health Care Policy and Financing requests \$258,032 total funds, including \$129,016 Medicaid General Fund and \$129,016 Medicaid federal funds, to be reappropriated to the Department of Human Services for its ES-04 supplemental budget request.

GRAND JUNCTION REGIONAL CENTER RELOCATION SUPPLEMENTAL REQUEST			
	FY 2017-18 Appropriation	Supplemental Request	Final FY 2017-18 Appropriation
DEPARTMENT OF HUMAN SERVICES			
Office of Operations (A) Administration, Leased Space	\$1,314,386	\$300,000	\$1,614,386
General Fund	499,467	38,000	537,467
Cash Funds	0	0	0
Reappropriated Funds	814,919	262,000	1,076,919
Federal Funds	0	0	0
Office of Operations (C) Indirect Cost Assessment, Indirect Cost Assessments	102,410	3,286	105,696
General Fund	0	0	0
Cash Funds	65,378	3,286	68,664
Reappropriated Funds	37,032	0	37,032

GRAND JUNCTION REGIONAL CENTER RELOCATION SUPPLEMENTAL REQUEST

	FY 2017-18 Appropriation	Supplemental Request	Final FY 2017-18 Appropriation
Federal Funds	0	0	0
Services for People with Disabilities (A) Regional Centers, Developmental Disabilities Services, (2) Grand Junction Regional Center, Grand Junction Regional Center Intermediate Care Facility	7,801,431	525,250	8,326,681
General Fund	0	0	0
Cash Funds	712,070	325,250	1,037,320
Reappropriated Funds	7,089,361	200,000	7,289,361
Federal Funds	0	0	0
Services for People with Disabilities (E) Indirect Cost Assessment, Indirect Cost Assessment	13,167,655	58,714	13,226,369
General Fund	0	0	0
Cash Funds	2,187,241	682	2,187,923
Reappropriated Funds	10,570,430	58,032	10,628,462
Federal Funds	409,984	0	409,984
TOTAL DEPARTMENT OF HUMAN SERVICES	\$22,385,882	\$887,250	\$23,273,132
General Fund	499,467	38,000	537,467
Cash Funds	2,964,689	329,218	3,293,907
Reappropriated Funds	18,511,742	520,032	19,031,774
Federal Funds	409,984	0	409,984
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING			
Department of Human Services Medicaid-Funded Programs, Services for People with Disabilities - Medicaid Funding, Regional Centers			
	\$44,234,533	\$258,032	\$44,492,565
General Fund	20,228,364	129,016	20,357,380
Cash Funds	1,888,903	0	1,888,903
Reappropriated Funds	0	0	0
Federal Funds	22,117,266	129,016	22,246,282
TOTAL REQUEST	\$66,620,415	\$1,145,282	\$67,765,697
General Fund	20,727,831	167,016	20,894,847
Cash Funds	4,853,592	329,218	5,182,810
Reappropriated Funds	18,511,742	520,032	19,031,774
Federal Funds	22,527,250	129,016	22,656,266

STAFF RECOMMENDATION: Joint Budget Committee staff recommends approval of the Department's request.

STAFF ANALYSIS:

Senate Bill 16-178 requires the Department of Human Services to vacate the Grand Junction Regional Center (GJRC) campus no later than July 1, 2018 or as soon as all current residents are transitioned to settings that support their well-being and respect their individual choices. The Department is required to list the campus for sale once the 22 residents have transitioned to new service locations. The law requires the Department to consider the following when vacating the campus:

- Emphasize person-centered services that support the well-being and choice of the person receiving services at the campus;
- Involve the meaningful engagement of the parents or guardians of the person receiving services at the campus;

-
- Foster community integration and involvement;
 - Find a solution that is programmatically and fiscally sustainable;
 - Preserve the capacity for the services and support provided by the Regional Center in Grand Junction without compromising the capacity for the services and support provided at the Regional Centers in Pueblo and Wheat Ridge;
 - Ensure that persons receiving services at the Grand Junction Regional Center campus are transitioned to home-like settings that serve no more than eight persons with intellectual and developmental disabilities;
 - Relocate day services and support for persons with developmental disabilities and use the opportunity to enhance the quality of day services and support that are offered and increase the quality of the experience that persons with intellectual and developmental disabilities have with such day services and support;
 - Ensure the ongoing success and security of the Regional Center's staff members in Grand Junction;
 - Ensure that the Regional Center's administrative offices are moved to a leased office location that will house both the accounting and support functions that are currently located on the Grand Junction Regional Center Campus;
 - Ensure that the Division of Facility Management employees will be included in the relocation of the administrative offices and the workspace;
 - Work with the Joint Budget Committee (JBC) to ensure that the Division of Facility Management's resources be redirected to meet the needs of the existing Department facilities and operations in the Grand Junction area that are not on the campus;
 - Explore options for the future of laundry services currently provided at the Grand Junction Regional Center campus; and
 - Give reasonable notices to any current tenants of the Grand Junction Regional Center campus consistent with the terms of the lease that their lease agreements are terminating and will not be extended.

The bill authorized the transfer of \$2.0 million from the Intellectual and Developmental Disabilities Services Cash Fund to the GJRC Transition Cash Fund. In FY 2016-17 the Department received an appropriation of \$200,000 to: 1) hire a consultant to facilitate the GJRC Advisory Group; and 2) contract with a facilitator to aid families and guardians of the individuals currently living on the GJRC campus to select the location and type of services preferred after relocation off the campus. The Department worked with the advisory group to develop an initial plan, however, due to the cost of that plan (presented to the Joint Budget Committee in December 2016), the Department reconvened the advisory group to develop a more feasible plan. The newly developed plan will consist of three phases, including:

- Phase One – This phase, as described in this request, will establish administrative and intermediate care facility (ICF) day services in a hub setting off the campus close to or integrated with GJRC's waiver day program services, which are currently located off the campus. During this phase, staff will also be working on establishing and expanding vocational services to replace the laundry that is currently on the campus. The laundry will continue to operate during this phase. Finally, this phase will move the Department's Division of Facilities Management administrative functions off the campus.
- Phase Two – Will develop and build new group homes off-campus to accommodate the residents currently living on campus. The laundry will continue to operate during this phase until staff

identifies other employment options for the small number of campus residents that work at the laundry.

- Phase Three – Residents and direct care staff will move to the new group homes during this phase. Staff will establish person-specific plans to support the residents during the move, including contingencies for any disruption in behavior and health. The laundry will close on or before the date when residents move off-campus.

While the Department is in the final stages of decision-making and plan development, Phase One of the plan has been confirmed and is the subject of this request. The Department indicates that it is choosing to move administrative, support and day services off the campus first to establish support functions in advance of the residential move as a way of better ensuring that the residential move goes smoothly. This approach will allow residents to experience the small transition of going off-campus regularly to day services before moving to their new residences off-campus. As a result, residents should feel less anxiety about the bigger transition when they move because they will have already experienced being off-campus regularly. In addition, this phased approach will better ensure that staff is not distracted during the residential move because staff will not be moving their own work spaces at the same time. Finally, there will be time to resolve any challenges associated with the administrative move (e.g., IT connections) prior to the relocation of the residents. Upon relocation of the day programs and administrative offices, the building in which they are currently housed will be decommissioned, including adequately securing the building to mitigate safety risks and either turning off the utilities or simply not using them (depending on the type of closure). As of the deadline for this document, the Department had not provided an estimate of the annual cost to maintain the vacant building, however its staff indicated that the cost should be minimal.

JBC staff was initially concerned that the Department had not identified potential lease space for the administration and day programs for the GJRC, however in the past several months, Department staff has toured a number of different properties in order to select the most appropriate location for both the move of facilities administration and day programs. Department staff indicates that there is currently a property available that will work very well and that is located near the Home and Community Based Services day program facility; however due to lack of spending authority, the Department has been unable to enter into lease negotiations for any available property.

The Department has provided the following breakdown in costs for this supplemental request:

TABLE 3: ASSUMPTIONS AND CALCULATIONS FOR RELOCATION ACTIVITY COSTS		
	CALCULATIONS	FY 2017-18
Moving Fees	Estimated based on the size of the offices and residential living space and volume of furniture, fixtures, and equipment that needs to be moved. Moving costs are generally \$1.00/Square Foot (SF) for approximately 75,000 square feet of administrative and Division of Facilities Management space. The Department is requesting half of this amount in FY 2017-18 to move the administrative functions and will request the remaining half when needed to relocate the residents.	\$37,750
Decommissioning and Closure of Campus	Costs were estimated based on prior experience in closing and decommissioning buildings. The cost is estimated at \$1/SF for approximately 75,000 SF. The Department is requesting half of this amount in FY 2017-18 and will request the remaining half when needed to decommission resident units on the campus.	37,500
Administrative and Facilities Leased Space	Estimates based on recent experience in building out leased space and include about \$20/SF for 15,000 SF of administrative office space.	300,000
Establishing Off-Campus Food Storage and	The cost to build food storage at the Grand Mesa Youth Services Center is based on DFM experience on similar projects and review of equipment manufacturer listed pricing. Costs for each component are estimated as follows:	100,000

Refrigeration Space at Grand Mesa Youth Services Center	<ul style="list-style-type: none"> • \$14,000 for design and site prep; • \$20,000 for the cooler and associated racks; • \$20,000 for the freezer and associated racks; • \$27,000 for concrete work (slab and sidewalk); • \$9,000 for electrical work; and • \$10,000 contingency. 	
Advisory Group Facilitator	Consultant to continue facilitating the Grand Junction Regional Center Advisory Group processes, as required by SB 16-178; to aide families and guardians of the individuals currently living on the GJRC campus to transition to new locations and other processes associated with vacating the GJRC campus the location and type of services preferred after relocation off the campus.	150,000*
Reappropriated indirect cost recoveries	The new Long Bill Indirect Cost Plan requires that the indirect cost assessments be reflected in newly created line items. The indirect costs are reappropriated to the Leased Space line item in the Office of Operations.	262,000
Total		\$887,250
<p>Note: The \$150,000 is to continue facilitation of the Advisory Group in its continued participation in the planning process for the residential, administrative, and day program relocation from the GJRC campus. The Advisory Group has indicated a desire to be involved in the planning for the administrative and day program move as well as to participate in the Facility Program Planning and design processes for the GJRC resident home development and relocation. The cost is based on actual experience over the last 18 months with the group facilitator. The cost averages \$280/hour for approximately 536 hours, hours. We would anticipate this process to continue for approximately 18 months, at an average of about 30 hours per month.</p>		

If the Department's request is approved, the following letter note changes will be required:

- (3) Office of Operations, (A) Administration, Leased Space: ^aOf these amounts, an estimated ~~\$25,660,231~~ \$25,960,231 shall be from departmental indirect cost recoveries, and an estimated \$895,152 shall be from statewide indirect cost recoveries or the Indirect Costs Excess Recovery Fund created in Section 24-75-1401 (2), C.R.S.
- (9) Services for People with Disabilities, (A) Regional Centers for People with Disabilities, (2) Grand Junction Regional Center, Grand Junction Regional Center Intermediate Care Facility: ^aOf this amount \$712,070 shall be from client cash revenues and \$325,250 SHALL BE FROM THE GRAND JUNCTION REGIONAL CENTER TRANSITION CASH FUND.
- (9) Services for People with Disabilities, (E) Indirect Cost Assessment: ^aOf this amount, an estimated ~~\$1,880,862~~ \$1,881,110 shall be from the Central Fund for Veterans Community Living Centers created in Section 26-12-108 (1)(a), C.R.S. and pursuant to Section 26-12-108 (1)(b)(I.5)(B), C.R.S., and estimated \$168,000 shall be from the Colorado Traumatic Brain Injury Trust Fund created in Section 26-1-309 (1), C.R.S., an estimated ~~\$34,225~~ \$34,659 shall be from the Work Therapy Cash Fund created in Section 26-8-107 (2)(a), C.R.S., and an estimated \$104,154 shall be from various sources of cash funds.
- (9) Services for People with Disabilities, (E) Indirect Cost Assessment: ^aOf this amount, ~~\$8,147,702~~ \$8,205,734 shall be from Medicaid funds transferred from the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs, Department of Human Services Indirect Cost Assessment, and \$2,422,728 shall be from various sources of reappropriated funds.

STATE OF COLORADO

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October 3, 2017

Mr. Robert Jaros
State Controller
Department of Personnel
1525 Sherman Street
Denver, CO 80203

Dear Mr. Jaros:

The Joint Budget Committee has considered a supplemental request submitted by the Department of Human Services under the provisions of H.B. 98-1331: Grand Junction Regional Center Relocation (ES-04). This request was previously approved by the Office of State Planning and Budgeting. Pursuant to Section 24-75-111 (1), C.R.S., the Committee authorizes the expenditures listed below and will sponsor supplemental appropriations bills during the 2018 legislative session that reflect these changes.

JBC APPROVED ADJUSTMENTS TO FY 2017-18 APPROPRIATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS
DEPARTMENT OF HUMAN SERVICES					
Office of Operations (A) Administration, Leased Space	\$300,000	\$38,000	\$0	\$262,000	\$0
Office of Operations (C) Indirect Cost Assessment, Indirect Cost Assessments	3,286	0	3,286	0	0
Services for People with Disabilities (A) Regional Centers, Developmental Disabilities Services, (2) Grand Junction Regional Center, Grand Junction Regional Center Intermediate Care Facility	525,250	0	325,250	200,000	0
Services for People with Disabilities (E) Indirect Cost Assessment, Indirect Cost Assessment	58,714	0	682	58,032	0
SUBTOTAL DEPARTMENT OF HUMAN SERVICES	\$887,250	\$38,000	\$329,218	\$520,032	\$0
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
Department of Human Services Medicaid-Funded Programs, Services for People with Disabilities - Medicaid Funding, Regional Centers	\$258,032	\$129,016	\$0	\$0	\$129,016
SUBTOTAL DEPARTMENT OF HEALTH CARE POLICY AND FINANCING	\$258,032	\$129,016	\$0	\$0	\$129,016
TOTAL FY 2017-18 ADJUSTMENT	\$1,145,282	\$167,016	\$329,218	\$520,032	\$129,016

If you have any questions or concerns, please contact Robin Smart of our staff at 303-866-4955.

Sincerely,

Senator Kent Lambert, Chair
Joint Budget Committee

cc:

Mr. John Ziegler, Staff Director, Joint Budget Committee

Mr. Henry Sobanet, Director, Office of State Planning and Budgeting

Mr. Reggie Bicha, Executive Director, Department of Human Services

Ms. Sarah Sills, Director of Budget and Policy, Department of Human Services

Ms. Susan Birch, Executive Director, Department of Health Care Policy and Financing

Mr. Joshua Block, Budget Director, Department of Health Care Policy and Financing