



Legislative
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**FINAL
FISCAL NOTE**

Drafting Number:	LLS 19-0331	Date:	July 10, 2019
Prime Sponsors:	Rep. Michaelson Jenet; Larson Sen. Winter	Bill Status:	Signed into Law
		Fiscal Analyst:	Aaron Carpenter 303-866-4918 Aaron.Carpenter@state.co.us

Bill Topic: SOCIAL SECURITY DISABILITY APPLICATION ASSISTANCE

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Diversion (<i>minimal</i>)	<input type="checkbox"/> Statutory Public Entity

This bill creates a program to help persons with disabilities apply for federal disability benefits. The bill will increase state and local revenue and expenditures on an ongoing basis.

Appropriation Summary: In FY 2019-20, the bill requires and includes an appropriation of \$1.5 million to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 19-1223**

	FY 2019-20	FY 2020-21
Revenue	-	-
Expenditures		
General Fund	-	\$3,754,999
Marijuana Tax Cash Fund	\$1,450,000	-
Centrally Appropriated	\$12,336	\$13,805
Total	\$1,462,336	\$3,768,804
Total FTE	0.8 FTE	0.9 FTE
Transfers	-	-
TABOR Refund	-	-

Summary of Legislation

This bill creates a program to help individuals with disabilities apply for federal disability benefits. The program is funded through and overseen by the state Department of Human Services (DHS) and administered by county departments of human services. For FY 2019-20, the bill requires the DHS to allocate \$1.5 million dollars from the Marijuana Tax Cash Fund to participating counties with the highest need for assistance based on the number of Aid to the Needy Disabled (AND) Program participants and homeless persons in the county. In FY 2020-21, the program is directed at all counties, regardless of need. The Disability Benefits Application Assistance Fund is created to pay for the implementation of the program and consists of any General Fund appropriations by the General Assembly and any unexpended and unencumbered grants for AND, subject to available appropriations. After receiving input from counties and other relevant stakeholders, the DHS must promulgate rules to establish a funding allocation formula. The formula must take into account the number of participants as well as ensure that the program is available in every region. Finally, the bill requires that the DHS evaluate the program and submit a report to the General Assembly one year after implementation and every five years after that.

Background and Data

Senate Bill 14-012. Senate Bill 14-012 established a two-year pilot program to help individuals with disabilities apply for federal Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits. The state contracted with a vendor to test strategies to increase federal income assistance reimbursements in three counties. Approximately 100 pre-screened recipients of state AND participated in the program, approximately half of which were approved for federal aid. It is unknown how many of these participants would have qualified for federal aid without the pilot program.

State Aid to the Needy Disabled. The AND program provides interim assistance for persons who are disabled and unable to work while the individual applies for federal SSI/SSDI benefits. When applying for state AND benefits, an individual is required to file for the federal SSI/SSDI benefit. If an individual is approved for a federal benefit, he or she stops receiving state AND benefits. For SSI recipients, the state is reimbursed by the federal government for the total amount of AND benefits paid to that individual; SSDI does not reimburse the state.

State and federal monthly benefits for eligible needy disabled persons average:

- \$217 per month on AND;
- \$750 per month on SSI; and
- \$1,197 per month on SSDI.

Applications and current funding levels. In FY 2017-18, there were approximately 5,812 new AND applicants. In FY 2018-19, the AND Program was appropriated \$18.8 million, including \$12.6 million General Fund, \$3.4 million in local funding, \$2.3 million in federal interim assistance reimbursement payments, with the remaining \$0.6 million from other refunds and state revenue intercepts.

Assumptions

The fiscal note makes the following assumptions:

- there are 5,812 new AND applications per year;
- 80 percent of new AND applicants will seek assistance on applications;
- it takes 30 hours to complete a SSI/SSDI application; and
- counties will begin operating application assistance programs on November 1, 2020.

In addition, first year costs are based on partial implementation due to the appropriation in the bill. It is assumed that full implementation of the program will not occur until FY 2020-21.

State Diversion

Starting in FY 2019-20, this bill potentially diverts money from the General Fund. Specifically it will transfer any unspent money appropriated for the AND program grants to the newly created Disability Benefits Application Assistance Fund, instead of this money reverting back to the General Fund. The amount of this future transfer is unknown at this time but is assumed to be minimal.

State Expenditures

The bill will increase expenditures in the DHS by \$1.5 million and 0.8 FTE in FY 2019-20 and by \$3.8 million and 1.0 FTE in FY 2020-21, as summarized in Table 2 and discussed below.

Table 2
Expenditures Under HB 19-1223

	FY 2019-20	FY 2020-21
Department of Human Services		
Personal Services	\$57,779	\$64,199
Operating Expenses and Capital Outlay Costs	\$5,463	\$950
Assistance Program Funding to Counties	\$1,286,758	\$3,589,850
Evaluation	\$100,000	\$100,000
Centrally Appropriated Costs*	\$12,336	\$13,805
Total Cost	\$1,462,336	\$3,768,804
Total FTE	0.8 FTE	0.9 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services. The DHS will require 1.0 FTE to oversee the program, manage implementation, develop and deliver training, offer technical assistance to county departments, oversee any contracting, and oversee program evaluation efforts for the program. For FY 2019-20, the FTE cost is prorated to account for the bill's effective date. For FY 2020-21, costs are prorated to reflect the General Fund paydate shift. Personal services costs, operating expenses, and capital outlay expenses for this staff are shown in Table 2 above.

Assistance program funding to counties. To fund counties' administration of the assistance program, the DHS will have costs of approximately \$1.3 million in FY 2019-20 and \$3.6 million in FY 2020-21. Funding to counties in for FY 2019-20 is based on the appropriation in the bill, minus direct and indirect costs in the DHS. For FY 2020-21, costs are based on the assumption that 67 county navigators are needed to assist in SSI/SSDI applications at an average cost of \$52,000 per FTE, as discussed in the Assumptions section above. These costs also assume per FTE costs of \$1,500 to pay for phones, computers, and mileage.

Evaluation. It will cost the DHS \$100,000 per year for a contractor to evaluate the program. This will cover costs to structure the evaluation, establish reporting requirements, develop system updates, structure reporting mechanisms, collect data statewide, and establish reliable comparison methodology. DHS workload will also increase to provide and analyze the data for the evaluation.

Federal interim assistance reimbursement. To the extent that the assistance program results in more AND recipients being approved for SSI benefits or approvals occur in a more timely manner, federal reimbursement of state AND expenses will increase, starting in FY 2019-20. These potential reimbursements can be used to offset General Fund expenditures for future AND recipients. Because it is unknown how many more AND recipients will be approved because of the program, the exact increase in federal reimbursement cannot be estimated. For informational purposes, federal reimbursements would need to increase by 165 percent, from \$2.3 million to \$6.1 million, in order for the assistance program to be budget neutral for the state, when fully implemented.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$12,336 in FY 2019-20 and \$13,805 in FY 2020-21.

Local Government

County departments of human or social services will have increased revenue and expenditures under the bill. County departments will receive state funding from the DHS to implement the assistance program. This funding will be used to cover costs of implementing the program, which will increase expenditures for county departments to provide assistance with SSI/SSDI applications through the hiring of new staff or providing help in other ways each county deems appropriate.

Effective Date

This bill was signed into law by the Governor on May 31, 2019, and takes effect August 2, 2019, assuming no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires and includes an appropriation of \$1,450,000 from the Marijuana Tax Cash Fund to the Department of Human Services, and an allocation of 0.8 FTE.

Departmental Difference

The DHS estimates that it will have total expenditures of \$8.8 million in FY 2020-21. The DHS estimate is based on the assumption that there will be 5,812 federal SSI/SSDI applications and that each navigator can process 36 applications per year (approximately 58 hours per application), requiring 161 county navigators to provide adequate coverage. While the fiscal note assumes the same number of applications will be processed, it assumes that only 80 percent will seek assistance and that it takes a navigator 30 hours per application, resulting in 67 FTE in the first full implementation year.

State and Local Government Contacts

Counties Human Services Information Technology Law