

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2017-18

DEPARTMENT OF HUMAN SERVICES (Office of Operations and Services for People with Disabilities)

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

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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 offenders. 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.

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

ENTIRE DEPARTMENT OF HUMAN SERVICES

FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	\$790,048,884	\$818,662,457	\$831,637,907	\$865,642,334
Cash Funds	346,379,985	350,097,641	388,657,140	392,485,924
Reappropriated Funds	128,339,086	132,779,687	127,872,227	132,361,191
Federal Funds	619,824,287	621,989,838	554,394,456	563,850,344
TOTAL FUNDS	\$1,884,592,242	\$1,923,529,623	\$1,902,561,730	\$1,954,339,793
Full Time Equiv. Staff	4,961.2	4,975.8	4,793.4	4,951.0

*Requested appropriation.

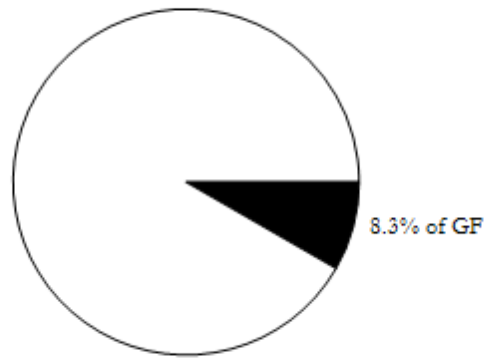
OFFICE OF OPERATIONS AND SERVICES FOR PEOPLE WITH DISABILITIES ONLY

FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	\$34,771,953	\$36,407,513	\$27,120,653	\$29,057,120
Cash Funds	45,119,594	43,126,209	40,760,601	40,738,466
Reappropriated Funds	63,917,372	67,821,995	63,473,121	66,183,661
Federal Funds	58,414,598	57,115,814	24,943,084	25,169,765
TOTAL FUNDS	\$202,223,517	\$204,471,531	\$156,297,459	\$161,149,012
Full Time Equiv. Staff	2,165.2	2,104.9	1,864.9	1,871.8

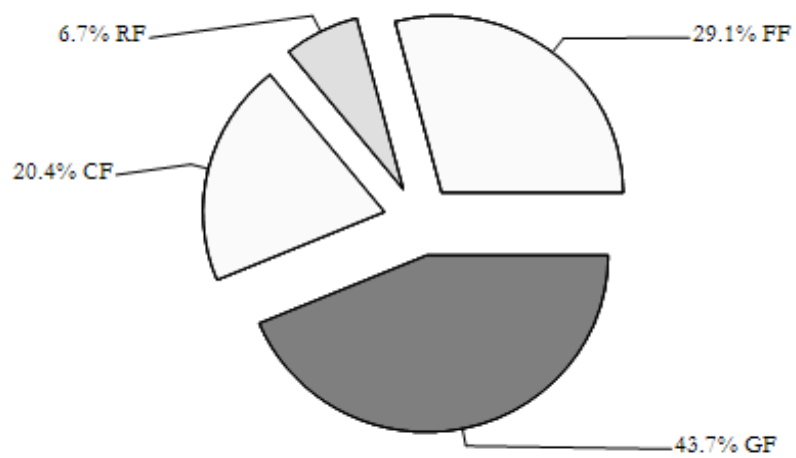
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

**Department's Share of Statewide
General Fund**

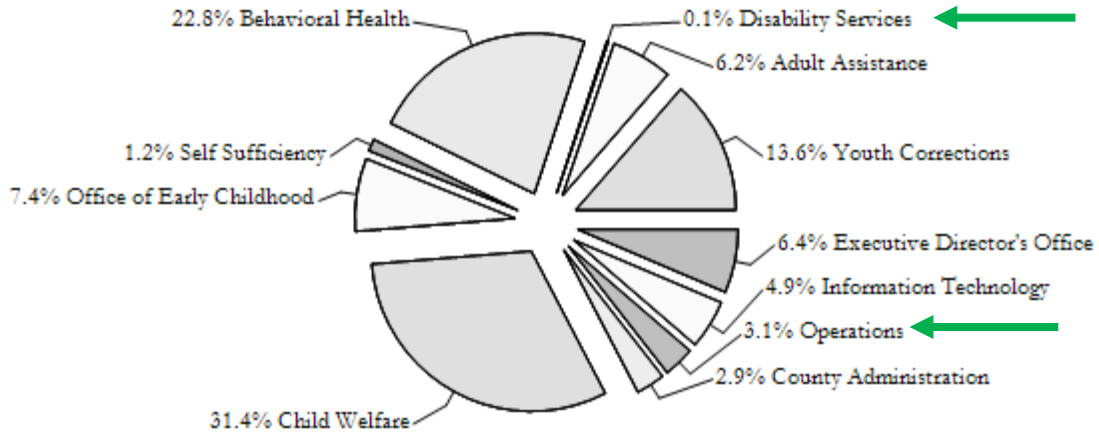


Department Funding Sources

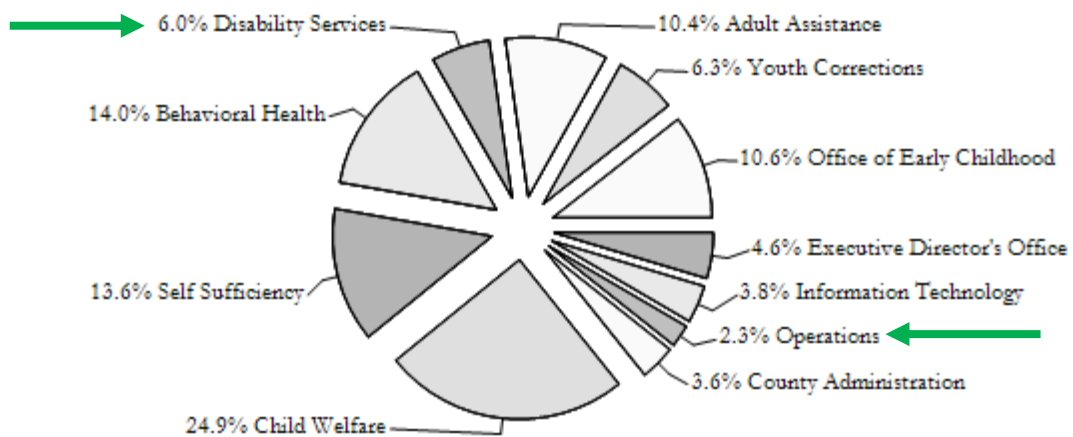


All charts are based on the FY 2016-17 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2016-17 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

REGIONAL CENTERS

Regional Centers are state-operated facilities for individuals with developmental disabilities which provide residential services, medical care, and active treatment programs based on individual assessments and habilitation plans. Services are provided in one of two settings: large congregate residential settings on a campus or in community-based group homes that serve four to eight individuals. The state operates regional centers in Wheat Ridge, Grand Junction, and Pueblo. The Wheat Ridge Regional Center and the campus facility at Grand Junction are licensed as Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). The groups homes at Pueblo and Grand Junction are licensed as waiver homes (waiver), which is the same license used by community-run group homes. The following table shows the type of licensure at each of the Regional Centers and the number of offline homes which are not currently serving any individuals.

REGIONAL CENTER BED SETTING AND LICENSE TYPE					
REGIONAL CENTER	SETTING	NUMBER OF GROUP HOMES	OFFLINE HOMES	TOTAL BEDS	LICENSE TYPE
Grand Junction	Campus	9 Group Homes	3	46	ICF/IID
	Community	10 Group Homes	1	80	Waiver
Wheat Ridge	Campus*	5 Group Homes	1	142	ICF/IID
	Community	14 Group Homes			
Pueblo	Community	10 Group Homes	0	88	Waiver

*The five group homes on the campus are known as Kipling Village and serve men in secure settings who are intellectually and developmentally disabled and who exhibit problematic sexual behaviors.

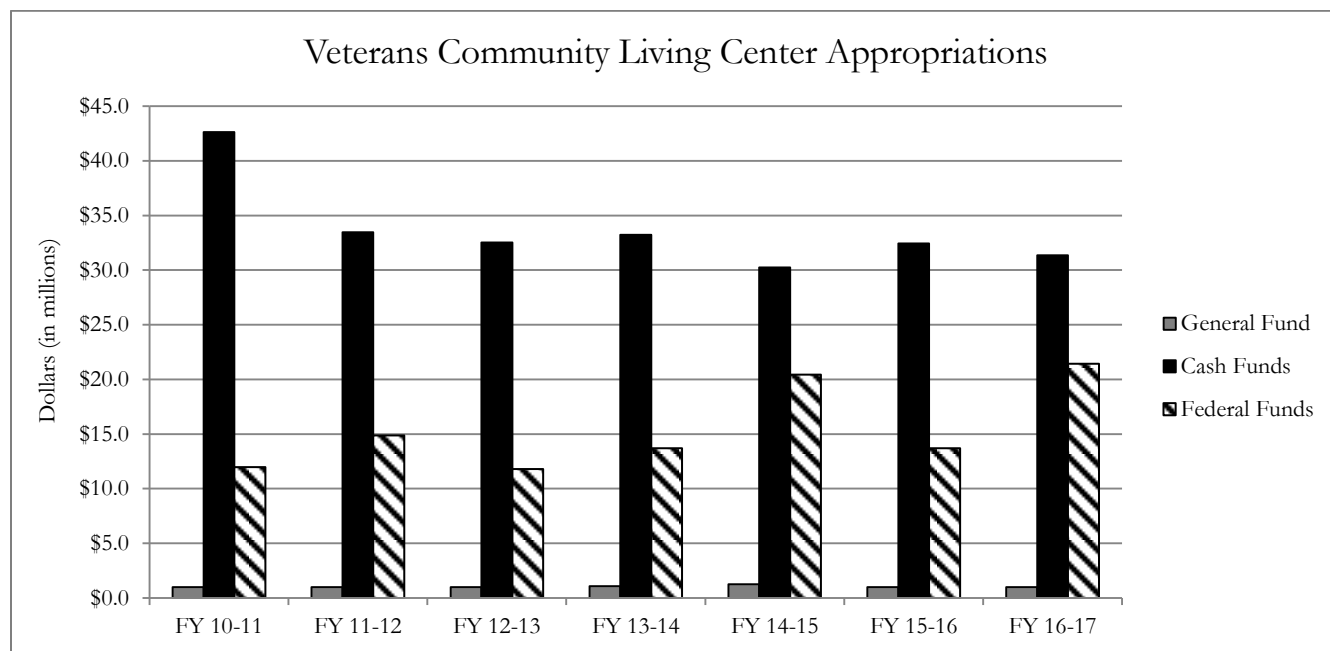
The following table summarizes the total Medicaid appropriation for each regional center in FY 2016-17.

REGIONAL CENTER MEDICAID APPROPRIATIONS			
FACILITY	CENSUS	AVERAGE ANNUAL PER CAPITA COST	TOTAL MEDICAID COST
FY 2015-16 Appropriation			
Wheat Ridge Regional Center Intermediate Care Facility	124	\$253,153	\$31,390,978
Grand Junction Regional Center Intermediate Care Facility	25	414,395	10,216,835
Grand Junction Regional Center Waiver Services	56	234,633	13,151,016
Pueblo Regional Center Waiver Services	63	219,555	13,831,952
FY 2015-16 Total/Average	268	\$280,434	\$68,590,781
FY 2016-17 Appropriation			
Wheat Ridge Regional Center Intermediate Care Facility	124	\$256,686	\$31,916,450
Grand Junction Regional Center Intermediate Care Facility	26	397,000	10,350,268
Grand Junction Regional Center Waiver Services	56	246,977	13,868,535
Pueblo Regional Center Waiver Services	64	219,573	14,087,918
FY 2016-17 Total/Average	270	\$280,059	\$70,223,171

VETERANS COMMUNITY LIVING CENTERS

The Department manages and operates five state Veterans Community Living Centers with a total of 554 nursing home beds spread across the Fitzsimons, Florence, Homelake, Rifle, and Walsenburg campuses and a forty-eight bed domiciliary (assisted living facility) on the Homelake campus. Services include long-term care, short-term rehabilitation for individuals seeking to return home following a qualifying hospital stay, memory care services for individuals with dementia, short-term

respite care, and end-of-life/hospice services. The Centers are supported primarily by cash funds and federal funds. The cash funds are from the Central Fund for Veterans Community Living Centers (Central Fund), which is created in Section 26-12-108 (1) (a), C.R.S, and are continuously appropriated for direct costs. The Central Fund receives revenue from patient payments, U.S. Veterans Administration operation and construction grants, various sources of other revenue, and a General Fund appropriation pursuant to Section 26-12-108 (1) (a.5), C.R.S. The federal funds are from the U.S. Department of Veterans Affairs. Each fiscal year the informational appropriation is adjusted based on projected expenditures for the upcoming fiscal year. The following table summarizes the actual expenditures for FY 2010-11 through FY 2014-15 and the appropriations for FY 2015-16 and FY 2016-17.



SUMMARY: FY 2016-17 APPROPRIATION & FY 2017-18 REQUEST

DEPARTMENT OF HUMAN SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:						
HB 16-1405 (Long Bill)	\$156,154,109	\$26,977,303	\$40,760,601	\$63,473,121	\$24,943,084	1,864.9
Other legislation	143,350	143,350	0	0	0	0.0
TOTAL	\$156,297,459	\$27,120,653	\$40,760,601	\$63,473,121	\$24,943,084	1,864.9
FY 2017-18 REQUESTED APPROPRIATION:						
FY 2016-17 Appropriation	\$156,297,459	\$27,120,653	\$40,760,601	\$63,473,121	\$24,943,084	1,864.9
R6 Department indirect costs	3,075,586	1,239,149	0	1,301,180	535,257	6.9
R17 CDOC/CDHS interagency agreement true-up	1,167,264	0	0	1,167,264	0	0.0
R19 Mount View Youth Services Center ditch repair	473,000	473,000	0	0	0	0.0
Non-prioritized request items	12,460	(44,437)	(6,099)	76,937	(13,941)	0.0
Centrally appropriated line items	224,990	118,109	10,604	11,509	84,768	0.0
Annualize prior year budget actions	394,959	187,852	18,360	153,650	35,097	0.0
Technical changes	(459,500)	0	(45,000)	0	(414,500)	0.0
Annualize prior year legislation	(37,206)	(37,206)	0	0	0	0.0
TOTAL	\$161,149,012	\$29,057,120	\$40,738,466	\$66,183,661	\$25,169,765	1,871.8
INCREASE/(DECREASE)	\$4,851,553	\$1,936,467	(\$22,135)	\$2,710,540	\$226,681	6.9
Percentage Change	3.1%	7.1%	(0.1%)	4.3%	0.9%	0.4%

R6 DEPARTMENT INDIRECT COSTS: The Department requests a net increase of \$3,075,586 total funds in FY 2017-18 to address the budget shortfall related to the Department's indirect and administrative costs. This request affects line items in the Executive Director's Office, Office of Operations, and Office of Information Technology. The fifth briefing issue in this document discusses this decision item in more detail.

R17 CDOC/CDHS INTERAGENCY AGREEMENT TRUE-UP: The requests an increase of \$1,167,264 reappropriated funds from the Department of Corrections (CDOC) to align the Department's appropriations with the amount billed to the CDOC for facility management of correctional facilities on the Pueblo mental health institute campus. The request contains two components: first is an increase based on the actual cost of services, and second is a spending authority increase to address the difference between spending authority and actual revenue. The first component will require an additional \$682,085 General Fund in the Department of Corrections. DHS provides facility management services to three CDOC facilities in Pueblo on the mental health institute campus: San Carlos Correctional Facility, the LaVista Correctional Facility, and the Youthful Offender System. Services provided by DHS include building maintenance, infrastructure, security, design support, operations, irrigation, and grounds upkeep. DHS is currently reimbursed by CDOC at a rate lower than the cost of providing services. The second component addresses the accounting practices which did not comply with state fiscal rules. In order to appropriately account for the reappropriated fund from CDOC, the request includes a spending authority increase in the Department of Human Services in the amount of \$485,179.

R19 MOUNT VIEW YOUTH SERVICES CENTER DITCH REPAIR: The Department requests an increase of \$473,000 General Fund to repair the non-potable water ditch for the Harriman Ditch located on the Mount View Youth Services Center campus. The Harriman Ditch runs through the middle of the Mount View Youth Services Center campus and provides non-potable water to the campus for the purpose of irrigation. As a ditch share owner, the Department is responsible for the maintenance and upkeep of the ditch within the property boundaries of the campus. In multiple sections of the approximately 1,000 linear feet of ditch within the confines of the campus, ditch walls have collapsed, creating a blockage. Several buildings have had water penetrating through the foundation walls due to this seepage. When the water flow is heavy, the water overflows its banks due to the blockage created by cement walls that have broken away.

NON-PRIORITIZED REQUESTED CHANGES: The request includes five decision items originating in other departments. The following table summarizes the non-prioritized requests.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP8 DOC maintenance operating	\$99,591	\$0	\$0	\$99,591	\$0	0.0
NP7 FMAP adjustments	0	0	0	0	0	0.0
NP Annual fleet vehicle request	(87,131)	(44,437)	(6,099)	(22,654)	(13,941)	0.0
TOTAL	\$12,460	(44,437)	(\$6,099)	\$76,937	(\$13,941)	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following: vehicle lease payments and Capitol complex leased space.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The appropriation includes adjustments for the second year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year salary survey	\$392,958	\$187,852	\$18,360	\$151,649	\$35,097	0.0
Annualize personal needs allowance for RC	2,001	0	0	2,001	0	0.0
TOTAL	\$394,959	187,852	\$18,360	\$153,650	\$35,097	0.0

TECHNICAL CHANGES: The request includes the reduction of \$459,500 total funds for the Older Blind Grants because this program was moved to the Department of Labor and Employment in conjunction with the transfer of the Division of Vocational Rehabilitation and Centers for Independent Living.

ANNUALIZE PRIOR YEAR LEGISLATION: The appropriation includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION			
	TOTAL FUNDS	GENERAL FUND	FTE
Annualize SB 16-019 (Videotape mental condition evaluations)	(\$37,206)	(\$37,206)	0.0
TOTAL	(\$37,206)	(37,206)	0.0

ISSUE: REGIONAL CENTERS OVERVIEW

This issue provides an overview of the services provided at the state-run Regional Centers. Included in this issue is a description of the two types of regional center licensures, the number of individuals and cost of services provided at the Regional Centers, and summary of recent legislation that impacts the Regional Centers.

SUMMARY

- There are three state-run Regional Centers, one in Grand Junction, one in Wheat Ridge, and one in Pueblo. There are two different types of licensures a Regional Center can operate under: Intermediate Care Facility for Individuals with Intellectual Disabilities or the Comprehensive Adult Waiver.
- Services provided at the Regional Centers are significantly more expensive than services provided by community-based providers. For all the Regional Centers regardless of licensure type, Medicaid pays a daily rate based on the actual cost of services and the cost of operating the facilities where services are provided. This method of paying for services is different than that used to pay community-based providers who are paid based on standard reimbursement rates that do not necessarily account for the actual cost of providing services.
- The General Assembly has passed two pieces of legislation which directly impact the Regional Centers in recent years: H.B. 14-1338 and S.B. 16-178. House Bill 14-1338 created the Regional Center Task Force, which made ten recommendations on the current and future roles of the Regional Centers. S.B. 16-178 required the Department of Human Services to transition individuals receiving services on the Grand Junction Regional Center Campus off the campus and sell the campus by July 1, 2018, or as soon as feasible.

DISCUSSION

This issue is designed to provide an overview of services provided at the three state-run Regional Centers. Additionally, this issue provides an overview of recent legislative actions taken impacting the Regional Centers so that the Members have a foundation for the topics discussed in the three issues following this one. Services provided by community providers, including Community-Centered Boards, are discussed in the briefing document for the Department of Health Care Policy and Financing presented on December 19, 2016.

Regional Centers 101

Regional Centers are state operated facilities for individuals with intellectual and developmental disabilities (IDD). Regional Centers provide residential services, medical care, and active treatment programs based on individual assessments and habilitation plans. Regional Center services are provided in one of two settings: large congregate residential settings on the Regional Center campus or group homes which serve four to eight individuals in a community setting. Regional Centers are licensed as either Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) or Adult Comprehensive Waiver Homes (waiver homes). The following table summarizes the licensure type and setting type for each Regional Center.

TYPE OF REGIONAL CENTERS				
	ICF/IID	WAIVER	LARGE CONGREGATE SETTING	GROUP HOMES
Wheat Ridge Regional Center	X			X
Grand Junction Regional Center	X	X	X	X
Pueblo Regional Center		X		X

REGIONAL CENTER CENSUS			
REGIONAL CENTER	SETTING	TOTAL NUMBER OF BEDS	NUMBER OF OCCUPIED BEDS
Grand Junction	Campus	46	28
	Community	80	54
Wheat Ridge	Campus	142	117
	Community		
Pueblo	Community	88	58

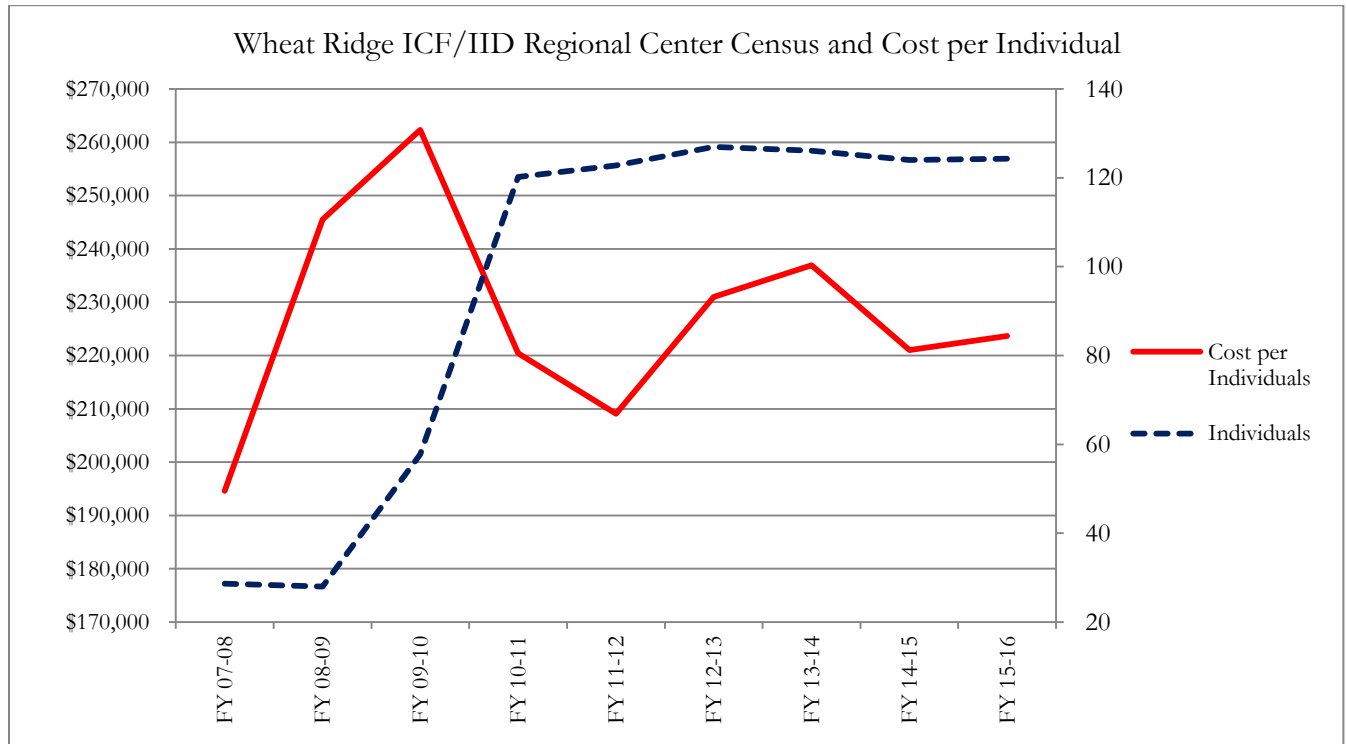
For all the Regional Centers, regardless of licensure type, Medicaid pays a daily rate based on the actual cost of services and the cost of operating the facilities where services are provided. This method of paying for services is different than that used to pay community-based providers. Services provided by community-providers are discussed in the Department of Health Care Policy and Financing December 19, 2016 JBC staff briefing. The array of services offered for individuals receiving services through the ICF/IID licensure is more extensive than services offered directly through the Medicaid waiver. Individuals served through state run waiver beds receive additional services through the State Medicaid Plan. The following two tables summarize the similarities and differences between how services are paid for based on licensure type.

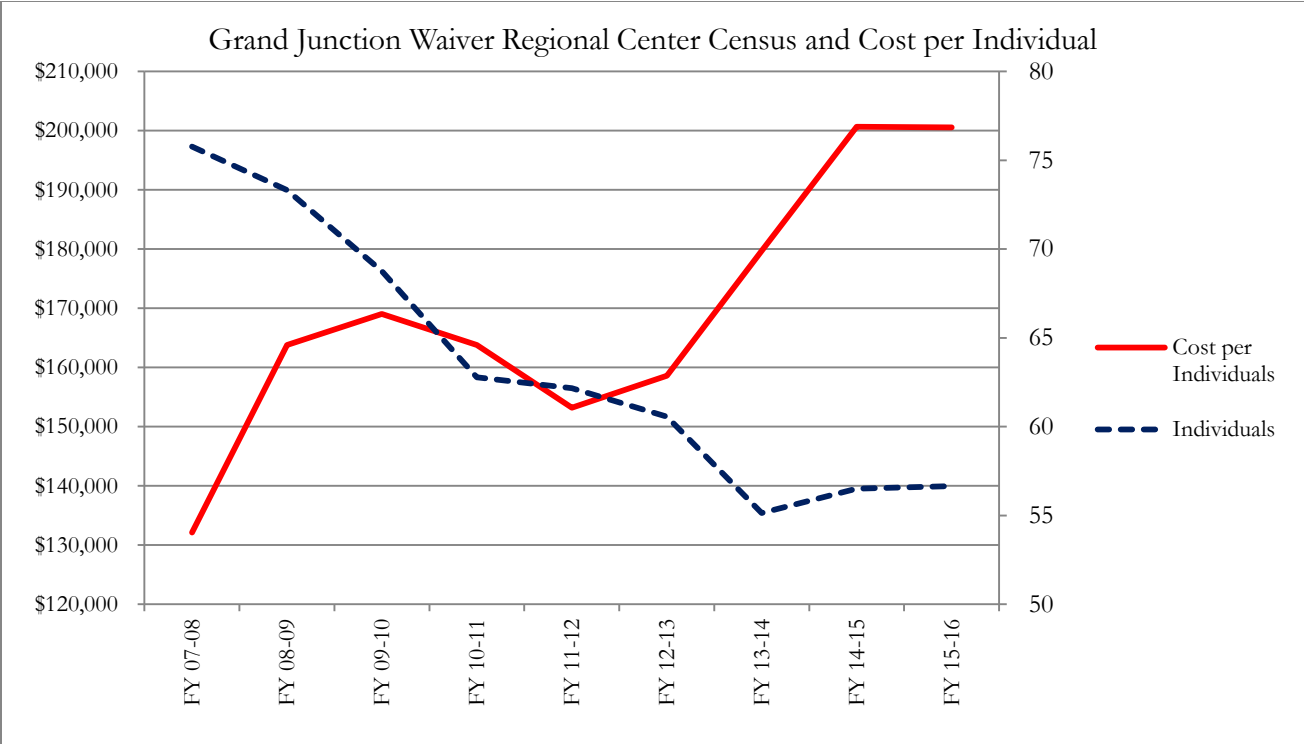
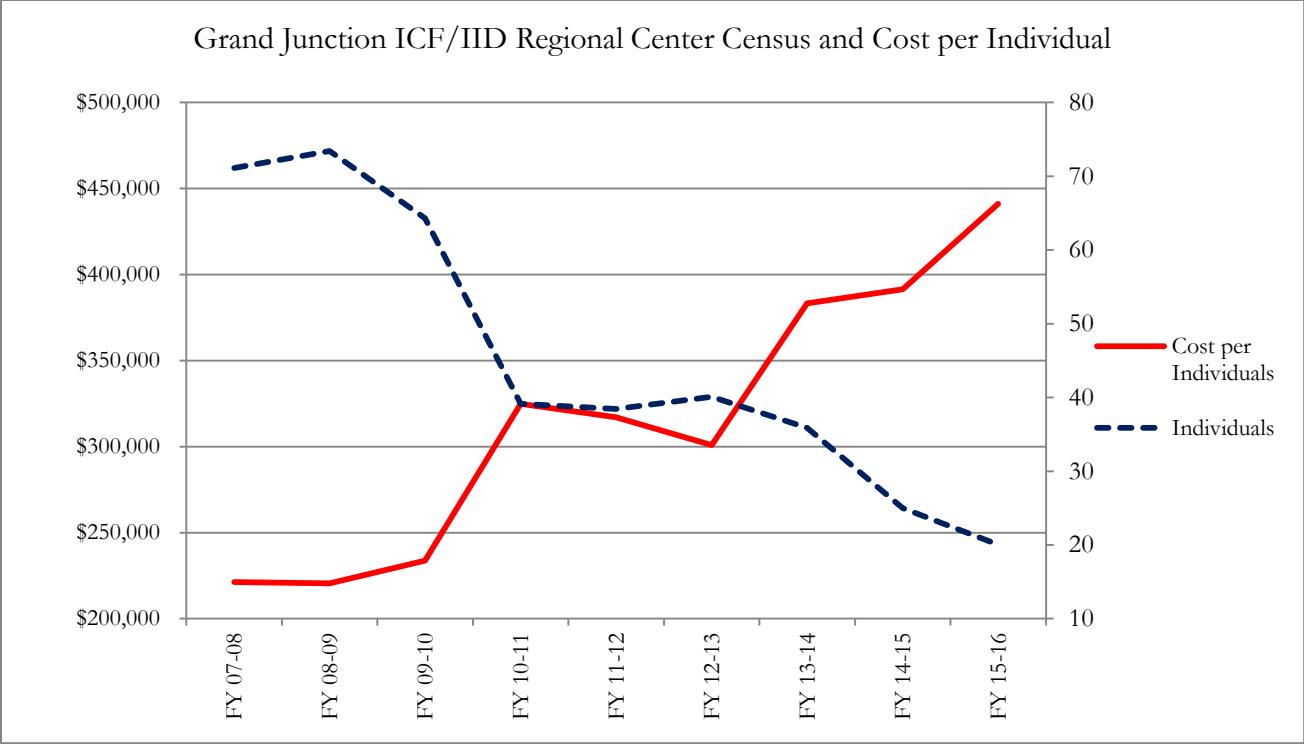
COMPARISON OF IDD PROVIDER TYPES		
FUNCTION	REGIONAL CENTERS	
	ICF	WAIVER
Service providers	State employees	State employees
Case managers	CCB case managers	CCB case managers
Funding mechanism	Cost based reimbursement	Cost based reimbursement
Who is served?	Individuals with IDD	Individuals with IDD
Admission criteria	Yes	Yes
Legal Imposition of Disability Required?	Yes	Yes
Financial eligibility criteria	SSI and Medicaid	Medicaid
Age requirement?	18 and older	18 and older
Colorado resident?	Yes	Yes
Meet CMS definition of ICF/IID eligibility?	Yes	Yes
Who determines eligibility?	CCB	CCB
Can facility be secured?	Yes	No
Must comply with Final Settings Rule?	No	Yes

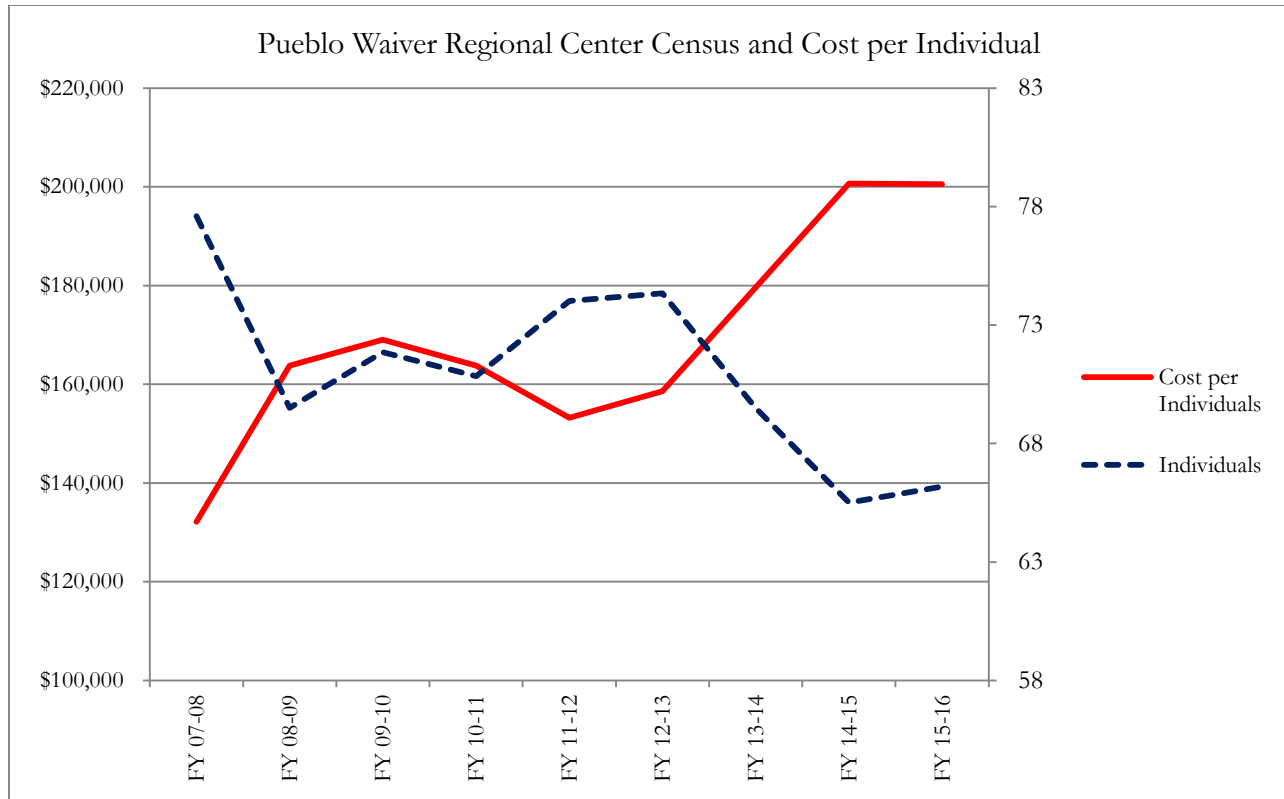
HOW SERVICES ARE PAID				
	WAIVER REGIONAL CENTER		ICF/IID REGIONAL CENTER	
	WAIVER	STATE PLAN	ICF/IID LICENSE	STATE PLAN
Residential	X		X	
Vocational	X		X	
Transportation	X		X	
Activities of Daily Living (bathing, dressing, etc.)	X		X	
Dental		X	X	
Occupation		X	X	
Physical and speech therapies		X	X	
Specialized equipment		X	X	

Number of Individuals Served and Cost to Serve Individuals

The following four graphs show the number of individuals who received services in a given fiscal year at each Regional Center by licensure type and the average cost to service each individual in that year. The significant jump in the number of individuals at the Wheat Ridge Regional Center between FY 2009-10 and FY 2010-11 is due to the conversion of all the beds at Wheat Ridge Regional Center to the ICF/IID licensure to ensure there was adequate staff and financial resources to meet the high services needs of individuals at the Wheat Ridge Regional Center. Between July 1, 2000 and June 30, 2008, 159 individuals who required lower level of services discharged and replaced with individuals with very high needs, based on acuity measures. The Department did not have the staff or funding to ensure these individuals were able to receive the services they needed. The General Assembly approved the funding and FTE increases in FY 2007-08 and FY 2008-09 which enabled the Department to convert the licensure type and add additional staff.







Transitions and Readmissions

In prior years, the Committee has asked about the number of transitions and readmissions to the Regional Centers. Transitions are when individuals are moved from the Regional Centers to less restrictive settings in the community. The Department has worked on restructuring the Regional Centers as places which provide short-term services. This is a departure from historical view that Regional Centers would provide services to an individual for their entire life. The following table summarizes the number of transitions and readmissions to the Regional Centers since April 2014.

ADMISSIONS AND TRANSITIONS FROM REGIONAL CENTERS APRIL 2014 THRU SEPTEMBER 2016									
		WWRC		GJRC ICF/IID		GJRC WAIVER		PRC	
		ADMISSIONS	TRANSITIONS	ADMISSIONS	TRANSITIONS	ADMISSIONS	TRANSITIONS	ADMISSIONS	TRANSITIONS
April	2014	2	4	0	0	0	0	0	0
May	2014	0	4	0	0	0	0	0	0
June	2014	0	2	0	1	0	0	0	2
July	2014	1	2	0	0	0	0	0	1
August	2014	3	1	0	0	0	0	0	0
September	2014	0	3	0	0	0	0	0	0
October	2014	2	0	0	0	0	0	2	0
November	2014	0	0	0	0	0	0	1	0
December	2014	3	1	0	3	1	0	1	0
January	2015	4	2	0	0	0	0	0	0
February	2015	1	4	0	0	0	1	2	0
March	2015	5	0	0	0	0	0	0	3
April	2015	3	1	0	0	0	0	0	0
May	2015	1	2	0	0	0	0	0	0
June	2015	5	2	0	1	0	0	0	3
July	2015	4	6	1	0	0	0	0	0

ADMISSIONS AND TRANSITIONS FROM REGIONAL CENTERS APRIL 2014 THRU SEPTEMBER 2016

		WWRC		GJRC ICF/IID		GJRC WAIVER		PRC	
		ADMISSIONS	TRANSITIONS	ADMISSIONS	TRANSITIONS	ADMISSIONS	TRANSITIONS	ADMISSIONS	TRANSITIONS
August	2015	2	2	0	0	0	0	1	0
September	2015	1	1	2	0	0	0	3	0
October	2015	1	2	0	1	0	1	2	0
November	2015	0	2	5	0	0	0	3	1
December	2015	1	2	0	0	1	0	1	1
January	2016	2	2	0	0	0	0	1	1
February	2016	1	3	0	0	0	0	1	5
March	2016	4	3	1	0	0	0	3	1
April	2016	2	2	0	0	0	1	1	0
May	2016	1	1	0	0	0	0	0	0
June	2016	2	4	0	0	0	0	1	1
July	2016	1	0	0	0	0	0	0	0
August	2016	2	1	0	0	0	0	0	0
September	2016	3	0	0	0	0	0	0	2
Total		57	59	9	6	2	3	23	21

HISTORY OF LEGISLATIVE ACTION AND LEGISLATION AND UPCOMING ISSUES

This section provides a brief overview of recent legislative action which has an impact on the Regional Centers.

Conversion of Wheat Ridge Regional Center to ICF/IID Licensure

In FY 2008-09, the Department requested and the General Assembly approved funding increases for the Wheat Ridge Regional Center to convert all the beds to the ICF/IID licensure. This was done for three reasons: (1) address inadequate staffing associated with the needs of the individuals at the Wheat Ridge Regional Centers. (2) federally imposed changes to the Medicaid waiver program which licenses the Regional Center waiver beds, and (3) recommendations from the Regional Center Work Group, which included recommendations on staffing increases and capacity reduction to ensure individuals at the Regional Centers receive the care they need. This change in licensure and staffing cost approximately \$1.7 million total funds (\$0.85 million General Fund) and approximately 40 FTE. The recommendations of the Regional Center Work Group are discussed in more detail in the Regional Center Task Force issue.

House Bill 14-1338 – Regional Center Task Force

House Bill 14-1338 created the Regional Center Task Force and charged that Task Force with making recommendations on the following five questions by December 15, 2015: (1) the number of ICF/IDD the State needs and the number of beds the State should sell, add, or close; (2) whether or not the State should operate beds licensed pursuant to the Medicaid home- and community-based services (HCBS) waiver; (3) a strategic plan for client transitions to community placements; (4) a strategic plan for the future use of the Regional Centers; and (5) other matters relevant to the Regional Centers including community supports and adjustments to policies. The Task Force was able to make eight consensus recommendations and two recommendations which drew support of the majority of the Task Force members.

Grand Junction Regional Center Campus and S.B. 16-178

Senate Bill 16-178 requires the Department of Human Services (Department) to vacate the Grand Junction Regional Center Campus and list the campus for sale no later than July 1, 2018, if the department can transition each person receiving services at the Grand Junction Regional Center Campus to non-regional center campus residences before that date. The Grand Junction Regional Center Campus issue in this document discusses the Department's work to date and the report from the Advisory Committee.

Centers for Medicare and Medicaid Findings on the Pueblo Regional Center

The Centers for Medicare and Medicaid issued a number of findings on the operations of Pueblo Regional Center, which adversely impacted some of the individuals who received services at this location. The two major rulings of the Centers for Medicaid and Medicare is that the State must repay approximately \$7.5 million to the federal government, which was used to pay for the cost of services at Pueblo Regional Center, and the second is that no new admissions are allowed at the Pueblo Regional Center. The Pueblo Regional Center issue provides additional information on this topic.

ISSUE: REGIONAL CENTER TASK FORCE AND THE DEPARTMENT OF HCPF R10 FUNDING

The Regional Center Task Force submitted their final recommendations to the General Assembly in December 2015. While the recommendations impact three different departments, the Department of Human Services has taken the lead on implementing the recommendations. There remain unanswered structural questions on how Regional Centers should fit into the system of services for individuals with intellectual and developmental disabilities. This issue provides an update on the status of the implementation of Task Force recommendations.

SUMMARY

- The Regional Center Task Force was created by H.B. 14-1338 and charged with answering five questions posed in the legislation. The Task Force made eight consensus recommendations and two recommendations which drew support from the majority of the members. There was a minority report submitted on the two recommendations.
- The Regional Center Policy Workgroup Report was formed in the spring of 2008 and was part of the Department's efforts to proactively address Regional Center budget and quality of care issues. The charge of the Workgroup, while not the exact same as the Task Force, included similar policy questions about the role of the Regional Centers.
- The Department of Human Services continues work to implement the recommendations of the Task Force. There is no certain date for when the recommendations will be implemented due to the complex nature of the Regional Centers and their relationship to community providers.
- The Department of Health Care Policy and Financing has requested 1.0 FTE to oversee that department's role in implementation of the recommendations. The Committee and General Assembly should be comfortable with the recommendations of the Task Force before providing additional state funding and resources to continue implementing the recommendations.

DISCUSSION

REGIONAL CENTER TASK FORCE OVERVIEW

The Regional Center Task Force was created by H.B. 14-1338 to determine the appropriate role for Regional Centers in the changing landscape of services for individuals with intellectual and developmental disabilities (IDD). The Regional Centers are operated by the Department of Human Services and funded with Medicaid funds. The Regional Center Task Force was statutorily tasked with making recommendations on the following:

- Charge #1 - The number of ICF/IDD the State needs and the number of beds the State should sell, add, or close;
- Charge #2 - Whether or not the State should operate beds licensed pursuant to the Medicaid home- and community-based services (HCBS) waiver;
- Charge #3 - A strategic plan for client transitions to community placements;
- Charge #4 - A strategic plan for the future use of the Regional Centers; and
- Charge #5 - Other matters relevant to the Regional Centers including community supports and adjustments to policies.

The Task Force struggled with recommendations on the first two issues because these charges got to the heart of the question on what the role of the Regional Centers should be. Overall, the Task Force made ten recommendations, eight of which had support of all Task Force members and two which got support from the majority of the members. Members who did not support the last two recommendations provided a minority report on those recommendations. The Task Force did not specifically answer the questions posed in charges one and two.

REGIONAL CENTER TASK FORCE RECOMMENDATIONS AND MINORITY REPORT

The following are the ten recommendations made by the Regional Center Task Force. Recommendations 1 through 7 and 10 were consensus recommendations. Recommendations 8 and 9 draw a minority report which is summarized following the recommendations.

- 1 Leverage Medicaid waiver redesign efforts already underway pursuant to the requirements of H.B. 15-1318 and explore additional alternatives, ensuring that these efforts take into account the desire to provide more individuals with the opportunity to be served in a community setting.
- 2 Fully include services for individuals with I/DD in the capitated mental health system by basing access and reimbursement of services on the presentation of behavioral symptoms, not diagnoses, and require Behavioral Health Organizations to actively recruit and develop provider networks.
- 3 Develop guidelines, training, and clinical tools for medical, behavioral and mental health providers to deliver effective services for the I/DD population.
- 4 Enhance the transition planning process to include additional person-centered elements.
- 5 Identify, authorize, and fund an entity (or entities) to coordinate service delivery for those individuals with I/DD receiving services from multiple systems of care to optimize on-going access to services and provide support during emergencies, transitions and crises. Identify opportunities to reduce complexity across care delivery systems.
- 6 Create contractual agreements with community-based providers across the state that include a no-reject/no-eject clause and have the Regional Centers serve as a safety net provider as necessary.
- 7 Formalize the role of Regional Centers and certain community providers as a statewide crisis stabilization system for individuals with I/DD and/or co-occurring serious and persistent conditions.
- 8 Conduct an accurate cost analysis of both community and Regional Center HCBS beds related to compliance with the 2014 CMS Final Rule to guide future decisions on the number and location of state-operated HCBS waiver beds. In addition, provide funding and support needed to successfully transition residents, who desire to transition and are deemed ready to transition, to community placements and consolidate these beds as successes allow.

- 9 Once no-reject/no-eject contracts with community providers are established, implement a fully-funded transition process to place residents, who desire to transition and are deemed ready to transition, in the community, and over time reduce the number of state run ICF beds as successes allow.
- 10 Establish an ongoing monitoring, assessment, and reporting structure to ensure that recommendations are implemented and evaluated for impact.

Recommendations 8 and 9 drew a minority report which stated that the recommendations crafted do not meeting the legislative questions posed in H.B. 14-1338 and simply “kicked the can down the road.” Specifically, the minority report found the recommendations to be too prescriptive on the departments and the legislation to be able to implement reforms in a timely manner. The minority report continued by saying that most individuals in state-run waivers beds should be transitioned to community placements with adequate support rates and that “Regional Centers are generally inefficient compared to community providers; they generally do not serve people outside of institutional settings and probably cannot comply with the CMS Final Rule within the federally-mandated implementation schedule and/or within forecasted state resources.”

Status of Implementation

The following table summarizes the recommendations made in the Regional Center Task Force Final Report and the status of those recommendations.

REGIONAL CENTER TASK FORCE RECOMMENDATIONS				
RECOMMENDATION	DEPARTMENT	IMPLEMENTATION	STATUS	COMMENTS
1. Waiver Redesign	HCPF	In Progress / On Target	Good	The waiver redesign is scheduled to be submitted July 2017 and effective July 2018.
2. Include persons with IDD in the MH System	HCPF	In Progress / On Target	Potential Issues	Preliminary targets identified.
3. Workforce Development	CDHS	In Progress / On Target	Potential Issues	CDHS budget to fund FTE and develop training. Waiting for OBH to hire additional FTEs prior to addressing.
4. Enhancing Transition Planning Process	CDHS	In Progress / On Target	Potential Issues	Decision needed: contractor or CDHS to develop transition process and review TRAT?
5. Care Coordination	HCPF	In Progress / On Target	Good	75% complete
6. No Reject/no Eject Clause	HCPF, CDHS, CDPHE	Not Started		All tasks are foundational and long-term.
7. Statewide Crisis Stabilization	HCPF, CDHS	In Progress / On Target	Potential Issues	ILD, crisis stabilization new rules. Contractor obtained to identify BHO costs for IDD/ acute treatment units.
8. HCBS Compliance Cost and Transition	HCPF & CDHS	In Progress / On Target	Good	Work in progress
9. ICF Bed Consolidation	HCPF, CDHS	Not Started	Potential Issues	Decision needed: Can this (RC and Community cost comparison of ICFs) be completed prior to or simultaneously with HCBS cost comparison?
10. RCTF Implementation and Progress Reporting	HCPF	In Progress / On Target	Good	50% complete. Cross-agency operational team has been selected and are scheduled to meet in October.

RECOMMENDATION IMPLEMENTATION UPDATES

The Department has submitted quarterly updates in April, June, and September on the status of recommendation implementation. For each recommendation the Department provides specific completed tasks and outstanding tasks being worked on. The Department will submit the next update in January. The Department's hearing is scheduled for early January, which may provide the Committee with the opportunity to discuss the next update if the Committee is interested.

Recommendation #1 Updates:

- Following the completion of system analysis, collaboration with Community Living Advisory Group and reporting on the systemic recommendations the Waiver Implementation Council is currently addressing the following tasks: program development, stakeholder outreach and engagement, delivery system design and financial impact analysis.
- A budget request has been submitted for FY 2017-18 to implement an enhanced case management model to ensure robust coordination of services.
- HCPF is coordinating work with the Cross-System Crisis Response Pilot program to help identify costs.
- Determining best method for developing success measures for and identifying enhancements to the Transition Readiness Assessment Tool (TRAT).

Recommendation #2 Updates:

- A supplemental budget request has been submitted for the analysis of best practices in order to incentivize continued capacity development and integrated care. (Note: JBC Staff has not yet seen a supplemental for this purpose. Typically JBC Staff receive supplementals at the beginning of January).
- The Cross-System Crisis Response Pilot program continues to identify system loopholes that results in the denial of mental health services to individuals with IDD and continues to identify therapeutic interventions to support the IDD community in order to better understand the cost associated, thereby eliminating service gaps.

Recommendation #3 Update:

- A supplemental budget request has been submitted for FY 2016-17 to develop a model of training, consultation and workforce development to enhance the capacity of working with the IDD population. (Typically JBC Staff does not receive department supplementals until January).

Recommendation #4 Updates:

- In the process of determining method for reviewing the current transition process and looking at cases for lessons learned to identify enhancements to the transition process.
- In the process of determining method for re-evaluating the effectiveness of the TRAT.

Recommendation #5 Update:

- Individuals who previously resided in an institution, regardless of the duration of time, were not eligible to be enrolled in ACC for the twelve months following discharge. This clause affected some 329 individuals. The clause has since been edited, so that individuals discharging from an institution are automatically enrolled in ACC and the 329 individuals previously affected by the clause have since been enrolled.

Recommendation #6 has not been started, therefore there is nothing to update.

Recommendation #7 Updates:

- In June 2016, Health Management Associates (HMA) submitted to HCPH a preliminary study of other state's services for individuals with developmental disabilities with behavioral health needs. (JBC Staff has not yet seen this preliminary study).
- Working on defining criteria for entry into, and operation of, crisis stabilization units including emergency admissions and crisis stabilization.

Recommendation #8 Updates:

- RCTF recommendations were cross-referenced against CMS' Final Rule to offer additional insight into the sequence and priorities of both recommendations and tasks.
- Evaluating the gaps between current Regional Center operations and the guidance provided by the CMS Final Rule to develop an estimate of the costs to come into compliance.
- In the process of determining if funding is needed for a transition contractor.

Recommendation #9 Update:

- Recommendation #9 is dependent upon the completion of recommendation #6; therefore, this is a longer-term item.

Recommendation #10 Updates:

- The recommended five members of the cross-agency Operations Team have been identified and are scheduled to meet in October.
- A budget adjustment has been requested for FY 2017-18 for a full-time FTE to project manage the implementation of RCTF recommendations.
- A budget adjustment has also been requested for FY 2017-18 to establish a comprehensive measurement system to track both the cost and performance measures at both an individual and system-wide level.

2008 REGIONAL CENTER POLICY WORKGROUP

The Regional Center Task Force was not the first time a specialized group was created to look at the role of the Regional Centers and make recommendations on what changes would be needed. In the spring of 2008, the Department of Human Services created the Regional Center Policy Workgroup. The Workgroup was formed to proactively address regional center budget and quality of care issues in the face of huge cost overruns. The Workgroup consisted of membership from advocacy groups, the Division for Developmental Disabilities Director and staff, regional center directors, and Health Care Policy and Financing staff. Staff from the Office of State Planning and Budgeting and the JBC also attended meetings. The group had various charges that included, among other items:

- Re-evaluating the characteristics of individuals the Regional Centers might be most appropriate to serve,
- Examining trends in the Regional Center population,
- Re-examining the Regional Centers' 2006 staffing study in light of the changing population, and
- Recommending a course of action to be taken in serving individuals whose care drives increases in costs and over-utilization of other, limited resources.

Key findings from the Workgroup, as it relates to recommendations from the Task Force include:

- *Client Population.* The regional centers should continue to serve those whose needs cannot be met through the community-based system due to medical, behavioral, or community-safety issues.
- *Increased Severity of Client Needs Requires Increased Staffing.* The workgroup found that as the Regional Centers admitted individuals with more complex needs, the number of staff should have increased. There was an increase in reportable incidents to the Department of Public Health and Environment, which cites staffing deficiencies that could affect licensure and expose the state to legal action.
- *ICF/IID Licensure.* The needs of many of the residents at the Regional Centers are so significant that the comprehensive level of services offered under ICF/IID licensure is critical to meeting the needs of the majority of regional center residents.
- *Downsizing.* The State must reduce Regional Center capacity to serve existing residents without additional staff. The demand for services exceeds the current staff capacity. However, the state faces budget limitations, the majority of the demand is for the secure campus settings, and 71 Regional Center residents in group homes have been identified as being able to be appropriately served in the community. This downsizing is anticipated to create stress on community services and other service delivery systems.
- *Facility Needs.* No single Regional Center location currently has all the appropriate facilities to address the needs of this population; therefore, downsizing at all regional centers, rather than eliminating one or more, should be used to achieve the necessary staffing ratios. The Division believes an additional facility to meet the needs of individuals with co-occurring developmental disabilities and mental illness is needed and is proposing conversion of the former high security forensics institute on the Pueblo campus for this purpose.

The recommendations of the Workgroup contributed to the Department's requests in FY 2008-09 and FY 2009-10 to increase the staffing at the Wheat Ridge Regional Center, convert all the Wheat Ridge Regional Centers beds to the ICF/IID licensure, and propose converting all Regional Center beds to the ICF/IID licensure. The conversion of Grand Junction and Pueblo Regional Centers did not happen primarily due to the financial costs and budgetary constraints. Additionally, the Department did downsize the size of the Wheat Ridge Regional Center to ensure the individuals were able to receive the services they required and staffing ratios were appropriate. Staff will discuss the staffing increases in the next briefing issue.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING R10 REGIONAL CENTER TASK FORCE RECOMMENDATIONS

The Department of Health Care Policy and Financing (HCPF) is requesting \$922,801 total funds, of which \$224,066 is General Fund, and 1.8 FTE to fund the expansion of Intensive Case Management services to clients who are transitioning out of a Regional Center, 1.0 FTE to oversee Department of Health Care Policy activities related to ICFs, and 1.0 FTE to manage the Department's work to implement the Regional Center Task Force recommendations. The following table breaks out the cost of the request based on FTE costs, case management expansion, and associated system changes needed to expand intensive case management services.

SUMMARY OF HCPF R10 REGIONAL CENTER TASK FORCE RECOMMENDATIONS				
	TOTAL FUNDS	GENERAL FUNDS	FEDERAL FUNDS	FTE
Personnel Costs	\$176,652	\$88,326	\$88,326	1.8
Case Management Expansion	152,849	76,410	76,439	0.0
System Changes	593,300	59,330	533,970	0.0
Total	\$922,801	\$224,066	\$698,735	1.8

Expansion of Intensive Case Management

The Department of Health Care Policy and Financing has determined that expansion of intensive case management services will increase the likelihood of successful transitions from the Regional Centers to the community. This expansion aligns with Regional Center Task Force recommendations one and four. Targeted Case Management and Intensive Case Management are types of case management services. Case management services include:

- Performance of comprehensive assessments of needs and periodic reassessments of individual needs to determine the need for any medical, educational, social or other services;
- Development and periodic revision of a client care plan;
- Locating, coordinating, and monitoring needed developmental disabilities services;
- Coordinating with other non-developmental disabilities funded services to ensure non-duplication of services; and
- Monitoring the effective and efficient provision of services across multiple funding sources.

Targeted Case Management has a general application to monitoring and coordinating services and resources for individuals on one of the Medicaid waivers and is not specific to transition services. In order to successfully transition out of an institution, constant, direct attention is required by case managers to manage transition elements. As a result, the Department of Health Care Policy and Financing created a different benefit in the Colorado Choice Transitions program known as “intensive case management.” Although the activities performed by case managers under targeted case management and intensive case management are similar, the intensive case management benefit is specific to transition services and reimbursed at a higher rate and in a greater amount in order to ensure the provision of services related to transitioning clients to a community setting.

The Department is currently unable to offer comprehensive case management services to individuals transitioning out of Regional Centers. Individuals receiving services at the Wheat Ridge and Grand Junction ICF/IID facility are ineligible for targeted case management services in tandem with ICF services. This limits the amount of time for case managers to adequately prepare for the individual’s transition to community-based services. For individuals at the Pueblo Regional Center and Grand Junction Waiver Regional Center, the cap on available case management services is too restrictive to ensure that case managers have time to fully assess the clients’ needs and coordinate with providers to ensure a successful transition. Providing adequate case management services aligns with the Regional Center Task Force recommendation 1.B.4.b. which recommends the utilization of “an intensive case management model and rate to ensure robust service coordination and engagement during and after the transition”.

The Department of Health Care Policy and Financing assumes systems changes are needed to expand case management services and has received a scope of work statement and cost estimate for these updates from its fiscal agent. These changes would include modifications to the Department’s

system used to record eligibility data that is then synced with the Department system that authorizes services for individuals.

Regional Center Task Force Recommendation Oversight and ICF Coordination

The workload associated with implementing the recommendations made by the Regional Center Task Forces is significant. The Departments identified eighty-seven separate major action steps that are necessary to fully implement the Task Force recommendations. The Departments have determined that full implementation of the recommendations require a multi-year, interdepartmental effort. Time frames and expected resources needed for individual tasks vary, but they all require careful oversight and tracking to ensure that they are completed efficiently and synergistically with other tasks. There is currently a lack of centralized project management within the Department of Health Care Policy and Financing for this implementation process. Individual staff members have been assigned tasks, but without a central reference point, there is a risk that cohesion may suffer as the project moves forward.

The work of implementing the Regional Center Task Force recommendations is compounded by the requirements of S.B. 16-178, which requires the Department of Human Services to transition individuals off the Grand Junction Regional Center Campus and sell the campus by July 1, 2018. The publication of the RCTF recommendations and the passage of SB 16-178 signal a period of change in the role of community providers, as well as Regional Centers. The Regional Centers, as provided for in the RCTF recommendations, will formalize and improve their safety net and crisis stabilization functions. Therefore it is imperative to have well managed transitions as individuals enter and exit the Regional Centers more rapidly than the current process. There is currently no staff to act as the Department's subject matter expert on ICF policy and regulation, or to engage in activities including analysis of new ICF applications and client tracking.

CONCLUSION

What the role of the Regional Centers should be in the system of services for individuals with intellectual and developmental disabilities has been more defined by some of the Regional Center Task Force recommendations. At the same time, there remain unanswered questions which directly impact how Regional Centers are operated, the main one being whether the state should operate waiver beds. Determining how the Regional Centers should fit into the system of services will enable the General Assembly to make informed and consistent decisions about the Regional Centers.

ISSUE: S.B. 16-178 GRAND JUNCTION REGIONAL CENTER CAMPUS UPDATE

Senate Bill 16-178 required the Department to transition individuals currently receiving services from the Grand Junction Regional Center Campus and sell the campus by July 1, 2018, or as soon as possible. The Department was also required to assemble an advisory group which provided recommendations for how the Department should proceed with the Campus. The Department submitted a \$12.0 million FY 2017-18 capital construction request to acquire land and build four new group homes.

SUMMARY

- The Department contracted with Oz Architects in 2014 to evaluate what the costs would be under a number of scenarios, ranging from renovating the buildings on the Grand Junction Campus to selling the land on which the Campus sits. Costs ranged from \$7.0 million to \$32.0 million to renovate the buildings.
- Senate Bill 16-178 required the Department to transition individuals off the campus based on the choices of the individuals and sell the campus no later than July 1, 2018. Senate Bill 16-178 also required the Department to convene an advisory group to assist in developing the transition plan for individuals currently on the Campus.
- The Department submitted, to the Capital Development Committee, the Advisory Group's plan to transition individuals off the campus, as well as a \$12.0 million capital construction request for FY 2017-18 to build four new group homes.

DISCUSSION

2014 CAMPUS ASSESSMENT

In late January 2014, the Department contracted with Oz Architecture to conduct a facility assessment of the buildings on the Grand Junction Regional Center Campus. The buildings were on average, sixty-two years old in 2014. The assessment was undertaken first to understand the existing conditions of the campus infrastructure and individual buildings. The assessment found deficiencies in life safety, accessibility and code compliance, security, energy efficiency, and occupant comfort. Operational costs were found to be very high (approximately \$1.46 million per year) in relation to the number of clients served. The second phase of the assessment was conducted to consider the magnitude of capital costs related to the following scenarios:

- 1 Renovate the entire facility to correct these deficiencies,
- 2 Maintain the current program on site through downsizing, which will involve either renovation of a few existing buildings or new construction, or
- 3 Vacate the campus and lease or sell the property. Vacating the campus requires the absorption of residents into the community, other facilities or the consideration of a new "build-to-suit" option.
- 4 Renovate the remaining buildings to a Class C office occupancy and lease out the space.

GRAND JUNCTION CAMPUS OZ ARCHITECT ASSESSMENT OPTIONS

OPTION	COST OR REVENUE
Option 1 - Renovation of existing campus and fourteen building to remediate deficiencies	Cost \$32.0 million
Option 2a - Consolidation of current program to 2 or 3 building on approximately 5 acres	Cost \$7.0 million
Option 2b - Construction of new facility on 30,000 square feet of the Campus	Cost \$12.0 million
Option 3 – Land value if the Grand Junction Regional Center Campus is sold	\$1.0 million to \$5.0 million in revenue
Option 4 - Renovate and lease 140,000 square feet	Cost \$26.0 million to renovate
	Earn \$1.0 million per year by leasing

The report makes the following notes about each option. Option 1 would allow the campus to function with a capacity for more clients; however, this cost figure does not serve as a budget to address new programmatic requirements or contemporary design expectations for the needed quality of the facilities. Option 2a would accommodate the current program and allow the central plant, some maintenance and laundry buildings to be shut down for efficiency, but would not introduce new standards of quality. Option 2b would address current best practices and quality standards for this type of facility.

Senate Bill 16-178

The bill requires the Department of Human Services (Department) to vacate the Grand Junction Regional Center campus and list the campus for sale no later than July 1, 2018, so long as the Department can transition each person receiving services at the Grand Junction regional center campus to non-regional center campus residences before that date.

The bill requires the Department, no later than December 10, 2016, to:

- Submit to the Capital Development Committee a plan for the disposition of the Grand Junction Regional Center Campus, including a plan to spend the proceeds of the sale; and
- Make any associated capital construction budget requests for capital construction, capital renewal, or controlled maintenance needs related to the transitioning of persons receiving services at the Grand Junction Regional Center Campus, based on each individual's choice for non-campus residences.

In order to formulate the plan and the budget requests, the Department must create an advisory group comprised of direct care staff currently working on the campus, families of persons receiving services at the campus, and other stakeholders.

Background

On March 9, 2016, the Department provided the following information to the Joint Budget Committee regarding the Department's recommendation on the future use of the Grand Junction Regional Center Campus. The Department convened an advisory group which identified “Guiding Principles” that were used to inform how Grand Junction Regional Center campus could be vacated. The advisory group was composed of representative parents from each of the three regional centers, Grand Junction Regional Center leadership team members, advocates, and managers from the Departments of Human Services and Health Care Policy and Financing. There were a number of options provided, and ultimately S.B. 16-178 was based on the decision to continue providing ICF services in Grand Junction. In order to continue providing ICF services in Grand Junction, the

Department needs to upgrade and develop housing licensed as Intermediate Care Facility (ICF) either in the community or on a small portion of the campus in Grand Junction.

OPTION A: GRAND JUNCTION REGIONAL CENTER CONTINUES TO OPERATE ICF BEDS	
IMPLEMENTATION AND RESOURCES REQUIRED	Cost
Upgrade and relicense the vacant waiver property as an ICF.	125000 one-time
Buy or build 4, 6 bedroom homes and license them as ICF Programs.	\$1,000,000 to \$1,500,000 one-time
Office lease for administration Cost: \$300,000 annually.	\$300,000 annually

The timeline that was provided to the Joint Budget Committee is dependent on how the changes are funded. The following table summarizes the alternatives and implementation timeline.

OPTION A: GRAND JUNCTION REGIONAL CENTER CONTINUES TO OPERATE ICF BEDS.	
PROJECTED TIME LINE	
Alternative 1	
If additional funding is needed to build additional homes, it could be requested as part of the FY 2017-18 budget.	
If funding were provided for new homes in FY 2017-18, homes could likely be built and transfers completed by mid-way through FY 2018-19.	
Alternative 2	
Homes could be built one per year for 4 years, vacating the campus at Grand Junction by FY 2020-21..	
Funding would need to begin in FY 2017-18 and last through FY 2020-21.	

The Department provided a staged implementation plan based on continuing to provide ICF services in Grand Junction. Stage 1 covers providing care and living options, with reasonable time to decide, to those living on the Grand Junction Campus including:

- No new admissions to the Grand Junction Regional Center Campus.
- Providing formal notice to tenants of the campus of end of lease/non-renewal.
- Engaging the people served and their parents/guardians in a review of their options for services, including the Regional Center system (both type and location) and community-based providers.
- Offering person-centered choice within existing Regional Center capacity throughout the state.
- Supporting the person or their parent/guardian in considering services with any private providers in the state willing to provide services.
- Reviewing the Imposition of Legal Disability (ILD) to determine if a change to the ILD is needed in order to accommodate the location of choice for the resident. The Department will work with appropriate parties and the court(s) to initiate any changes needed.
- Licensing Regional Center homes according to the location and type of service needed.

Stage 2: Once the resulting capacity need is identified, develop ICF services to be operated by the Grand Junction Regional Center. The Department of Human Services and Health Care Policy and Financing will:

- Relicense the vacant waiver property in Grand Junction as an Intermediate Care Facility (ICF).
- Provide funding for upgrades to comply with current building code and relicense vacant waiver home(s) as ICF programs.
- Acquire, build, or lease the number of homes needed based upon the assessment conducted in Stage 1. Each home will serve no more than six residents and each will be licensed as an ICF.
- This option assumes that facilities will be constructed over a period of 36 months following the approval of funding. The campus will not be completely vacated until new homes are available.
- The homes could be developed in the community or on a small retained portion of the current campus.
- Lease office space in the Grand Junction area to house administrative staff.

Stage 2 will be deployed based on capacity needs identified as a result of the implementation of Stage 1. There will be initial and ongoing costs to execute this transition. The costs can only be fully calculated following the case management review of each individual resident. This review was completed within 120 days following the passage of S.B. 16-178.

The following table summarizes potential long-term cost of serving individuals at a location other than the Grand Junction campus assuming they are served in other state-run ICF settings. Wheat Ridge Regional Center is the only other state-run ICF. Note the table below does not include construction and moving costs.

POSSIBLE COST SAVINGS	
Cost to Service Individuals Through Wheat Ridge ICF	
Average Cost Per Client	\$256,686
Cost to service 26 additional individuals	\$6,673,836
Cost to Services Individuals Through Grand Junction ICF	
Average Cost Per Client	\$397,000
Cost to Service 26 individuals	\$10,322,000
Cost difference if serviced at costs equaled the Wheat Ridge Regional Center ICF rates	(\$3,648,164)

SEPTEMBER 2016 INTERIM SUPPLEMENTAL

The Department requested a FY 2017-18 September interim supplemental for an increase of \$703,750 cash funds from the Grand Junction Regional Center Transitions Cash Fund to meet the July 1, 2018 deadline in S.B. 16-178. The Department indicated some components will help the Department meet a December 10, 2016 deadline to submit a plan to the Capital Development Committee. The table below summarizes the components of the Department's request. The Department indicates that the estimates for FY 2017-18 are preliminary and provided for informational purposes only. An official request for that fiscal year will be submitted at a later date after more is known about the transition choices of residents and their families (the Department has not yet submitted a decision item or budget amendment for FY 2017-18).

DEPARTMENT SEPTEMBER INTERIM SUPPLEMENTAL		
RELOCATION ACTIVITY	FY 2016-17	FY 2017-18
Resident Engagement Consultation (to assist residents in choosing new homes)	\$50,000	\$0
Convert the HCBS Home Located on 29 Road in Grand Junction to ICF License	226,000	0
Consulting Fees for a Project Manager	150,000	150,000
Moving Fees	17,750	17,750
Establishing Off-Campus Food Storage and Refrigeration Space	200,000	0
Facility Program Plan	60,000	0
Decommissioning and Closure of Campus	0	75,000
Administrative and Facilities Leased Space Build-out	0	200,000
Lease Costs - 6 months	0	250,000
Total	\$703,750	\$692,750

Ultimately, the Committee approved funding for the two highlighted rows Resident Engagement Consultation and the Consulting Fees for a Project Manager. The Resident Engagement Consultation will help residents and their families evaluate their care options and select a new care setting. The Department believes a third party consultant is the best option to mitigate perceptions of bias and conflict of interest that might occur if the Department's staff or staff from the Mesa County Area Community-Centered Board (Strive) performed this function.

The Consulting Fees for a Project Manager will (1) facilitate the advisory group responsible for helping the Department develop the GJRC transition plan, and (2) coordinate the logistics to implement the transition plan. The intent of this position was to help the Department complete the transition plan that is due by December 10, 2016, and it makes sense to provide the Department with enough resources to keep the same contractor to assist with the implementation of the transition plan for the remainder of the fiscal year.

December 10 Request

Transition Plan

The Department submitted, on December 9, 2016, the transition plan to the Capital Development Committee. The transition plan consisted of the following eleven recommendations made by the Advisory Group. The transition plan is based around 22 of the 28 individuals currently receiving services on the campus, wanting to continue receiving ICF services in the Grand Junction Area.

Advisory Group Recommendation 1: Develop residential facilities on a single site for all who opt to stay at the Grand Junction Regional Center.

Advisory Group Recommendation 2: In the Facility Program Plan portion of planning, allow families, direct care staff, and advocates to participate in the process of considering which ancillary services should be designed into the residences or developed in close proximity to the residences. There are some important considerations that the planning process and subsequent decision-making will need to address. These include:

- Allowing the medically fragile to easily access the care that they need;
- Avoiding an institutional setting when multiple buildings are built in the same location;
- Allowing residents to access their direct contact administrative services, including collecting their pay;
- Enabling clients to gather for celebrations and recreational activities;

- According to Regional Center Direct Care staff, intermediate care facilities (ICF) are required to have medical personnel on staff including psychiatrists, doctors, and nurses. Nurses, in particular, must be on-site twenty-four hours a day. Space close to the residences should be provided for the medical team.

The Advisory Group believes that it is essential that the number of new homes, clustered together in this single site, be sufficient to accommodate all twenty-two of the people who are being displaced by the campus closure and who have chosen to remain in Grand Junction. Potential additional capacity is addressed in Section VI of this report.

Advisory Group Recommendation 3: Convene a discussion with all three relevant agencies about guidance for ICF homes that can help inform the configuration and placement of new facilities for the Grand Junction Regional Center.

Advisory Group Recommendation 4: Consider tasking this Advisory Group with recommending how the laundry might be transitioned to a new location and/or define augmented vocational programs that benefit the broader Grand Junction IDD community.

Advisory Group Recommendation 5: Lift the moratorium and allow new ICF admissions to the Grand Junction Regional Center, as appropriate. Leaving the moratorium in place until the new facilities are put into service is counter to the principles of maintaining capacity on the Western Slope and providing services to people as close to their families and communities as possible. Furthermore, lifting the moratorium can enable the expertise available through the Regional Center to be available to individuals who might benefit.

Advisory Group Recommendation 6: Utilize the maximum number of residents from the last three years to determine the necessary capacity of new facilities. Delineate a process for considering additional capacity based on need for potential phasing of new capacity.

Advisory Group Recommendation 7: The new units, and the land they occupy, should be designed in such a way as to provide optimal flexibility and adaptability, either to accommodate more people than anticipated or to minimize the risk of having too much capacity.

Advisory Group Recommendation 8: Plan today for adequate ICF capacity on the Western Slope and use the construction of new facilities as the core of a phased approach that can offer a variety of settings including clustered on a campus as well as distributed in a neighborhood .

Advisory Group Recommendation 9: Plan new facilities with the expectation that they should be utilized for crisis stabilization for Western Slope residents.

Advisory Group Recommendation 10: Work with the Office of the State Architect to put forward a detailed plan and timeline that will establish realistic expectations for implementation of SB 16-178 including its deadline.

Advisory Group Recommendation 11: Work with the Office of the State Architect to develop a realistic cost estimate for the necessary planning steps and request that the planning be paid for out of the \$2 million appropriated for the GJRC transition.

The Department agrees with the Advisory Group that a robust and thoughtful planning process will yield results that best meet the needs of those we serve in Grand Junction, as well as ensure fiscal and programmatic sustainability for services offered by the Grand Junction Regional Center. As such, upon review of the Advisory Group's proposed time line for planning, the Department engaged the Department of Personnel and the Office of the State Architect to review and validate the proposed timeline to ensure it was realistic and feasible for implementing S.B. 16-178. The time line includes key planning processes that are needed to accomplish this effort, as well as the timing of associated budget requests to support the effort.

Grand Junction Regional Center Planning Process - Timeline for Implementing SB 16-178		
Planning/Implementation Step	Timeline	Purpose
Develop Operation Program Plan		
Budget Action: FY 16-17 Budget Amendment for planning funds and funds to purchase land (funding for land could be reverted or repurposed to site development on campus if the optimal location is determine to be a smaller footprint of campus)	December 2016 to March 2017	Determines expected capacity for ICF services in Grand Junction Identified Programmatic Plans for residential, vocational, day program, and administrative services Identifies how facilities may be used over time
Develop facility program plan	April to October 2017	Incorporates expert-driven facility design Identifies location and site configuration for facilities details cost estimates and financing options
Select and purchase land that complies with the facility program plan		
Budget Action FY 2017-18 capital construction request	June to September 2017	Procure site for development of facilities.
Architectural Design and site development		
Budget Action - budget amendment for planning funds and funds to purchase land (can be reverted if facility program plan identifies location to be on smaller footprint of campus).	November 2017 to August 2018	Site specific design of facilities to meet requirements of facility program plan Prepares detailed cost and timeline for construction
Construction		
Budget action FY 2018-19 funding to for costs of moving residents	September 2018 to August 2019	Procure construction contractor Construct facilities Certify and license the facilities
Equip the facility and train staff	January 2019 to August 2019	Furnish and equip the new facilities Train staff on use of new equipment and facilities
Move residents to new facilities	September 2019 to November 2019	Move residents from current campus to new facilities
Vacate and transfer campus	December 2019	Department transfers Grand Junction campus to Department of Personnel

Staff has a couple concerns with two of the recommendations made by the Advisory Group. Recommendation 5 would lift the moratorium on new ICF admissions to the Grand Junction Regional Center. This recommendation could have a significant budget impact if additional individuals are admitted to the Grand Junction ICF at a time when the Department is working on transitioning individuals off the campus because additional housing would have to be built. Additionally staff wonders if it would be fair to individuals who are admitted to the Grand Junction Regional Center to shortly thereafter be told they would have to transition to a new location.

Recommendation 6 would use the maximum number of residents from the last three years to determine the necessary capacity of new facilities and delineate a process for considering additional capacity based on need for potential phasing of new capacity. This recommendation is a significant shift in the policy the State has been using for how the system of services for individuals with IDD should be structured. At a time when the push has been to increase community capacity to provide services and to reduce the size of institutional services, this recommendation directly counters those efforts. Additionally, this recommendation runs counter too the recommendation of the Regional Center Task Force to “over time reduce the number of state run ICF beds as successes allows.”

Disability Law Colorado Letter in Opposition to Some of the Advisory Group Recommendations

The Committee should be aware that Disability Law Colorado, a participant on the Grand Junction Regional Center (GJRC) Advisory Group disagrees with the proposal to cluster ICF housing, day programing and other services together as recommended by many in the Advisory Group. Disability Law Colorado also disagrees with the conclusion made in the report that increasing ICF capacity on the Western Slope is a desirable outcome, and disagrees with the recommendation that the Colorado Department of Human Services (the Department) lift the moratorium on admissions at GJRC.

The letter states, “Guardians cannot stop a state from closing or downsizing a state institution simply because they oppose community placement. See Ricci v. Patrick which affirmed a state's ability to close state-operated facilities and noting the ADA's preference for community integration under Olmstead. Similarly, guardians cannot force the state to cluster housing and ancillary services for the residents of the GJRC campus. Additionally, the letter states that “clustering ICF housing and programing, increasing the capacity of ICF beds on the Western slope, and lifting the moratorium on admissions for the ICF beds would create an incentive for continued use of ICF beds to serve individuals with IDD while discouraging the development and enhancement of community based services necessary to serve all individuals in less restrictive settings the community, even those individuals with significant needs.”

Disability Law Colorado’s letter continues by saying it does not join in the statements in the report that laud the quality services provided at the GJRC. The letter notes the findings of the Department of Public Health and Environment May 2016 unannounced survey which identified numerous deficiencies including, but not limited to, deficiencies regarding protection of client rights, active treatment, individual program planning, and program monitoring, which has been a repeat violation.

FY 2017-18 CAPITAL CONSTRUCTION REQUEST

The Department submitted a \$12.0 million capital construction request to build four new six-bed group homes in the Grand Junction area. This request includes the cost of acquiring land for these homes. The Capital Development Committee is currently working through this request which is summarized in the following two tables.

SUMMARY OF REQUEST FOR NEW GRAND JUNCTION REGIONAL CENTER GROUP HOMES	
	Project Costs
Land/building acquisition (4 - 10,000 Sq. Ft. lots)	300,000
Professional Services	
Master plan/FPP	60,000
Site surveys, investigations, reports	38,000
Architectural/engineering/basic services	1,232,866
Code review/inspection	36,000
Construction management	341,717
Inflation for professional services	68,503
Advertisements and Other	<u>20,233</u>
<i>Total Professional Services</i>	<i>1,797,319</i>
Construction	
Infrastructure: services/utilities	233,080
Infrastructure: site improvements	220,000
New Gross Square Footage	7,257,600
High Performance Certification Program	385,534
Inflation for construction	<u>469,580</u>
<i>Total Construction Costs</i>	<i>8,565,794</i>
Equipment and Furnishings	
Equipment and Furnishings	600,000
Communications	20,000
Inflation on equipment and furnishings	<u>24,800</u>
<i>Total Equipment and Furnishings</i>	<i>644,800</i>
Miscellaneous	
Art in Public Places (per SB 10-94)	85,658
Relocation costs	<u>35,000</u>
<i>Total Miscellaneous Costs</i>	<i>120,658</i>
Project Contingency	571,429
Total Request	12,000,000

CONCLUSION

The legislative discussion regarding how to fund the implementation of S.B. 16-178 is in the beginning stages for FY 2017-18 and will continue through the budget process. JBC staff for capital construction and the Regional Centers will continue to keep the Committee apprised of questions and decisions made by the Capital Development Committee on this issue.

ISSUE: PUEBLO REGIONAL CENTER

The Pueblo Regional Center was found by the Centers for Medicare and Medicaid Services to have failed to protect the health and welfare of individuals who received services there. As such, the Pueblo Regional Center is required to implement a number of changes, not admit new individuals, and repay federal money used to provide services. The prohibition on new admissions and repayment of federal funds is being disputed by the State. In response to the findings, the Department has instituted pay and staffing increases at the Pueblo Regional Center as of November 1, 2016.

SUMMARY

- Following complaints about the treatment of individuals the Centers for Medicare and Medicaid Services conducted a review of the Pueblo Regional Center. CMS review found the Pueblo Regional Center failed to protect the health and welfare of individuals. As such CMS required the State to repay federal funds that were used to provide services and prohibited new admissions to the Pueblo Regional Center. The State is disputing these findings.
- In October 2016 the Department notified the Joint Budget Committee of personnel changes at the Regional Centers that would be implemented in November 2016. The Department was going to hire up to 31.0 new FTE for Pueblo Regional Center and was increasing the pay for the majority of direct care staff at all Regional Centers. The Department indicated they did not require additional funds for these changes and were providing the Committee with an informational notification about the change.
- The Department has historically used the budget process to add new FTE to the Regional Centers and in information provided to the Joint Budget Committee in July 2015 indicated there were no staffing issues at the Regional Centers.
- Staff has worked to set the Long Bill appropriations for the Regional Centers based on the actual cost of services, as provided by the Department. Staff cannot explain how the Department has extra spending authority for Regional Centers when the appropriation is set based on the most recent census and average cost per day. Staff would note that unused spending authority is not the same as available funding, and when the Department states that the existing appropriation supports these personnel changes it is an indication that the Regional Centers are significantly over appropriated.

DISCUSSION

PUEBLO REGIONAL CENTER CMS FINDINGS

On April 22, 2015, the Centers for Medicare and Medicaid Services (CMS) were notified by the Colorado Department of Health Care Policy and Financing (HCPF) about "body audits" conducted by the Department of Human Services (DHS) on 62 residents of Pueblo Regional Center. The body audits were conducted to determine if previous allegations of abuse and neglect by staff could be substantiated. The audits were performed on individuals without their consent and without the consent or knowledge of their guardians. Guardians were informed of body audits only after there

was a complaint to the Colorado Department of Public Health and Environment. CMS responded by requesting information from HCPF and CDPHE and obtaining reports by law enforcement. CMS conducted an on-site review of Pueblo Regional Center from April 18, 2016 to April 21, 2016. CMS determined that the State is substantively out of compliance with the waiver requirements for Pueblo Regional Center.

CMS required the State to develop a corrective action plan which must be fully implemented within twelve months. Prior to employing the following strategies, CMS is required to offer the State a chance to rebut and appeal the findings of non-compliance identified by CMS. The corrective action plan must include at a minimum:

- 1 Steps to address the findings and systemic issues of non-compliance with waiver regulations.
- 2 The procurement of an independent monitor who will report to HCPF and CMS that the Pueblo Regional Center is taking the necessary actions to protect the health and welfare of individuals residing at the Pueblo Regional Center and to bring the Pueblo Regional Center into compliance with the approved waiver.
- 3 Steps to separate quality assurance from the Pueblo Regional Center and DHS to eliminate the risk of conflict of interest when an entity oversees itself.
- 4 Provision of complete incident and investigation reports to the applicable Human Rights Committee, case management agency, and guardian(s).
- 5 A Pueblo Regional Center staffing plan, which addresses staff turnover, staff working double shifts, and staff supervision, and training. The plan shall include milestones and timelines to implement these actions, a reduction in the use of double shifts and the turnover rate.
- 6 The State's strategy for conducting a thorough review of the waiver on a statewide basis to determine if similar issues are occurring elsewhere and developing a plan to address and remediate any state findings prior to the renewal of the waiver.
- 7 A plan to implement the Regional Center Task Force Report with milestones and timelines. The CMS on-site visit confirmed much of the information contained in the report and CMS is supportive of the recommendations that could help address the findings of the investigations.

CMS placed a moratorium on new admissions until the annual staff turnover rate was reduced to 20.0 percent and the use of double shifts on a routine basis was eliminated. CMS stated they were gravely concerned about the current staff's ability to safely meet the needs of the individuals currently residing at Pueblo Regional Center.

CMS will issue a disallowance for the federal Medicaid funds paid to the State for individuals receiving services from Pueblo Regional Center from November 1, 2014 through November 2015. The issuance of a disallowance requires the State to repay the federal funds to CMS. November 2015 was the end date because that was the first month the corrective action plan was implemented. CMS noted that despite the State implementing the corrective action plan in November 2015, the on-site review in April 2016 found serious deficiencies and non-compliance with the waiver provisions continues to exist.

CMS Non-compliance Findings

CMS identified specific areas of non-compliance that covered the three state departments (HCPF, DPHE, and DHS) and the case management agency, and system wide areas of non-compliance. The following are some of the areas of non-compliance identified by CMS:

- Critical Incident Reporting – Pueblo Regional Center failed to properly report incidents where a crime may have been committed and failed to follow the process described in the approved waiver application to report and investigate incidents.
- Restraints and Restrictive Interventions – Pueblo Regional Center’s use of restraints is not in compliance with the approved waiver. PRC staff suspended the rights of some clients without following the process in the approved waiver.
- Service Plan Development, Implementation and Monitoring - The service plans for clients at the Pueblo Regional Center did not comply with the approved waiver.
- Choice of Provider – Pueblo Regional Center violated the rights of an individual to choose either institutional or home and community-based services. In addition, CMS has determined the state is also in violation of the requirement that Medicaid beneficiaries must be allowed to obtain services from any willing and qualified provider of a service.
- Staffing – Pueblo Regional Center staff is insufficient to support the level of care needed by the individuals receiving services at Pueblo Regional Center.

STATE RESPONSE

On September 26, 2016 the Department of Health Care Policy and Financing sent the following response to the Centers for Medicare and Medicaid regarding the findings at the Pueblo Regional Center (PRC). The Department’s response questions a number of findings in the CMS report starting with the timeframe of the incidents as compared to the timeframe of the CMS report.

“A substantial majority of the incidents and issues identified in the Report occurred over the 18 months prior to CMS's site visit. Since March 2015, HCPF, CDHS, and CDHPE have implemented multiple procedural and other changes that address most of the findings listed in the Report and ensure compliance with Waiver requirements. In addition, HCPF has increased oversight activities to include monthly on-site PRC visits, on-site visits to the Community Centered Board working with PRC, and HCPF has conducted additional on-site surveys through our contract with CDPHE.”

In addition, HCPF believes CMS should amend the following findings and recommendations:

- 1 Procure an Independent Monitor of PRC Reporting to HCPF and CMS - HCPF is willing to hire an independent monitor to oversee implementation of the corrective action plan and has taken steps to identify an appropriate person to assume that role. HCPF would like to discuss the scope and duration of that position, however, before finalizing an agreement regarding the independent monitor.

- 2 Staffing Plan - HCPF has approved a complete and thorough staffing plan, including commitments to staffing improvements by DHS in five domains, containing dozens of specific actions. HCPF asks that CMS consider this plan as an alternative to its turnover rate requirement. CMS does not cite regulatory or other support for the specific requirement that PRC achieve a 20% turnover rate. In the event that CMS does not find this alternative acceptable, HCPF will explore its options to appeal.
- 3 Implementation of Regional Center Task Force Report - Incorporating the Regional Center Task Force recommendations into the corrective action plan is not feasible. Many of the goals contained in the Task Force Report are not specific or concrete enough to include in the corrective action plan. Some recommendations will require additional appropriations and extensive work within the state agencies to determine how to implement them. Including them in the corrective action plan will render the corrective action plan unwieldy and amorphous. Moreover, they are goals aimed at improving state policy, not complying with federal law. HCPF requests that CMS remove this provision from the required elements of the CAP.
- 4 Moratorium on Admissions – Pueblo Regional Center has instituted a voluntary moratorium on admissions pending the outcome of this process. HCPF does not believe that, given the corrective actions already implemented and its demonstrated commitment to correct all deficiencies at Pueblo Regional Center, an admissions moratorium is an appropriate remedial action. Furthermore, HCPF believes that this remedial measure is not supported by federal regulations.

Lastly, considering all of this progress, HCPF respectfully disagrees with the disallowance period CMS identified in the Report. HCPF requests that CMS adjust the period or the amount of the disallowance - if any -to reflect the completed actions.

PUEBLO REGIONAL CENTER STAFFING

Department Pay Initiative

CMS found that staffing at the Pueblo Regional Center is insufficient to support the level of care needs for the individuals they serve including:

- The current staff turnover rate for is 39.9 percent.
- Staff reported to CMS that they frequently have to complete two eight hour shifts back to back to fill in for missing staff.
- Staff reported being burned-out and exhausted, and expressed serious concerns about their ability to provide appropriate care to the individuals they serve.
- Group home staff reported a lack of adequate supervision, as their supervisors are no longer in the homes providing daily training and support to the staff.
- Staff reported concerns about other staff and/or administration retaliating against them for reporting incidents.

In response to the issues found by CMS, the Department submitted an October 2016 letter to the Joint Budget Committee outlining the Department's response to the staffing issues at the Regional Centers (not just the Pueblo Regional Center). The Department stated it will:

- Fill vacancies and add up to 31 new positions at the Pueblo Regional Center based on the prevailing market rate for that job classification, and
- Provide compression pay increases for existing staff, based on a schedule that accounts for prevailing wage plus a small increase based on years of experience and competency of job performance. No management or administrative staff will receive pay increases under this initiative.

The Department has worked with both the Departments of Personnel (Personnel) and HCPF in crafting this initiative. All Departments are in agreement that this action complies with State Personnel Rules and the Regional Centers' existing spending authority.

Beginning November 1, 2016, vacancies will be filled at the prevailing market wage. Hiring vacant positions at the prevailing market wage results in a compression pay concern for existing employees in the same job class. Compression pay increases are used to recognize existing employees for their on-the-job experience and to ensure that newly hired employees are not making more than existing, more-experienced staff. The Department indicates that completing the compression pay increases concurrently (November 1, 2016) with the increased hiring wage will prevent unnecessary loss of existing, more experienced, employees.

The Department worked with Personnel to evaluate current prevailing wages by position for each of the direct care job classifications included in this compensation initiative. The Departments agreed to use prevailing market wages from the most current compensation survey data available to Personnel. For job classifications that did not have the most current market wage survey data, the Department used the midpoint of the pay range from Personnel's current FY 2016-17 Pay Plan. According to Personnel, the midpoint of the pay range for all job classifications represents the prevailing market wage for that type of position.

NEW STARTING SALARY FOR DIRECT CARE STAFF JOB CLASSIFICATIONS, COMPARED TO PRIOR STARTING MONTHLY SALARY BY JOB CLASSIFICATION.						
JOB CLASSIFICATION	DEPT. PERSONNEL MONTHLY PAY RANGE	PRIOR STARTING MONTHLY SALARY	PRIOR STARTING HOURLY SALARY	NEW STARTING MONTHLY SALARY	NEW STARTING HOURLY SALARY	PERCENT CHANGE
Client Care Aide I	\$1,946 - \$2,746	\$1,946	\$11.23	\$2,470	\$14.25	26.9%
Client Care Aide II	\$2,092 - \$2,953	2,092	12.07	2,522	14.55	20.6%
Clinical Youth Security Officer I	\$3,374 - \$5,013	3,374	19.47	4,193	24.19	24.3%
Clinical Youth Security Officer II	\$3,718 - \$5,527	3,718	21.45	4,623	26.67	24.3%
Health Care Services Trainee I	\$2,079 - \$3,043	2,079	11.99	2,561	14.78	23.2%
Health Care Services Trainee II	\$2,079 - \$3,043	2,079	11.99	2,561	14.78	23.2%
Health Care Technician I	\$2,794 - \$3,943	2,794	16.12	3,369	19.44	20.6%
Health Care Technician II	\$3,004 - \$4,241	3,004	17.33	3,622	20.90	20.6%
Health Care Technician III	\$3,228 - \$4,556	3,228	18.62	3,892	22.45	20.6%
Health Care Technician IV	\$3,470 - \$4,899	3,470	20.02	4,184	24.14	20.6%
Mid-Level Provider	\$6,194 - \$9,391	6,194	35.73	8,762	50.55	41.5%
Nurse I	\$4,952 - \$7,247	4,952	28.57	6,149	35.48	24.2%
Nurse II	\$5,262 - \$7,977	5,262	30.36	6,620	38.19	25.8%
Nurse III	\$5,079 - \$8,655	5,079	29.30	7,696	44.40	51.5%
State Teacher's Aide	\$2,428 - \$3,554	2,428	14.01	2,991	17.26	23.2%
Therapy Assistant I	\$2,776 - \$4,063	2,776	16.02	3,420	19.73	23.2%
Therapy Assistant II	\$3,209 - \$4,696	3,209	18.51	3,953	22.81	23.2%
Therapy Assistant III	\$3,449 - \$5,047	3,449	19.90	4,248	24.51	23.2%

The following table summarizes the number of employees, by Regional Center who received compression pay increases.

CURRENT EMPLOYEES WHO RECEIVED COMPRESSION PAY INCREASE			
REGIONAL CENTER	NUMBER OF EMPLOYEES*	TOTAL NUMBER OF EMPLOYEES (FTE)	Percent of employees who received increases
Grand Junction Regional Center	186	238	78.2%
Wheat Ridge Regional Center	248	345	71.9%
Pueblo Regional Center	134	171	78.5%
Grand Total	568	754	75.4%

*Note the table below assumes that each employee represents 1.0 FTE which may not be the case for all employees.

The Department has both the authority in State Personnel Rule and the spending authority through its Long Bill appropriations in FY 2016-17 and beyond to carry out this compensation initiative. State Personnel Rules—Chapter 3 of the State Personnel Rules, provide the Department the ability to carry out this compensation initiative. Specifically:

- State Personnel Rule 3-9 states that, “The appointing authority shall determine the hiring salary within the pay grade for a new employee, including one returning after resignation, which is typically the grade minimum unless recruitment difficulty or other unusual conditions exist.” Recruitment difficulty includes difficulty in obtaining qualified applicants or an inadequate number of candidates to promote competition despite recruitment efforts, as well as limitations in supply in the labor market, among other factors.
- State Personnel Rule 3-18 allows the Department to use compression pay increases to provide for in-range salary increases for existing employees.

The Department indicated they have sufficient spending authority within the existing Regional Center appropriations to allow for the total increased cost to the Regional Centers in FY 2016-17. Barring any changes from the Department’s FY 2017-18 request, the Department states they will have sufficient spending authority to accommodate the full year cost of the increases. The Department has shared its spending authority analysis with HCPF. HCPF concurs that based on current information and analysis, there should be no need for additional resources at either Department to undertake this initiative. The following table provided by the Department shows how the increased costs will be funded.

GRAND TOTAL COST FOR STARTING PAY INCREASES AND COMPRESSION INCREASES FOR EXISTING EMPLOYEES				
	EST FY 2016-17 REGIONAL CENTER EXPENSES PRIOR TO PAY CHANGES	COST OF PAY INCREASES	TOTAL FY 2016-17 PROJECTED EXPENDITURES	LONG BILL APPROPRIATION (INCLUDING ESTIMATED POTS)
Wheat Ridge	\$25,731,427	\$2,259,385	\$27,990,812	\$28,149,419
Pueblo	14,697,780	2,089,996	16,787,776	17,106,915
Grand Junction Total 1	19,974,360	1,488,751	21,463,111	21,688,013
ICF	7,842,863	506,175	8,349,038	8,480,926
HCBS Waiver	12,131,497	982,576	13,114,073	13,207,087
Grand Total	\$60,403,567	\$5,838,132	\$66,241,699	\$66,944,347
Notes:				
1 Allocated Grand Junction between ICF and Waiver based on census of 28 ICF (34%) and 55 Waiver (68%).				
2 Prorated based on new wages effective 11/1/2016 (8 months of New Base Pay) and between 9 and 4 Months of Pay for Filled Vacancies (planning to begin filling vacancies as of 11/1/2016 and continuing hiring approximately 25% of vacancies each month for four months).				

FY 2008-09 and FY 2009-10 Staffing Increases

The Department, supported by the General Assembly, has increased the number of staff for the Regional Centers starting in FY 2007-08 through FY 2009-10 in order to ensure individuals were adequately supported. The following table summarizes the increases followed by an explanation for why the increases were funded in each fiscal year.

SIGNIFICANT ADJUSTMENTS TO REGIONAL CENTER FUNDING RELATED TO STAFFING AND MEDICAID CHANGES	
	FTE
FY 07-08 Decision Item #1	29.0
FY 07-08 Interim Supplemental	39.4
FY 08-09 Decision Items #6 and ICF conversion	68.7
FY 2009-10 Decision Item #1 and annualization of staff added in FY 2008-09	39.6
Total adjustments	176.7

FY 2007-08 Decision Item #1 - The Department requested and received funding to add 29.0 FTE to the Regional Centers to address staffing shortfalls resulting from serving a higher needs clientele, largely due to new admissions criteria that were implemented in April 2003 to meet the high demand for Regional Center services. Between July 1, 2000 and June 30, 2006, 111 easier to serve individuals were discharged from the Regional Centers and replaced with individuals with very high needs. These individuals required enhanced staffing for monitoring of safety and provision of necessary treatment.

FY 2007-08 Interim Supplemental - Regional Center staffing shortages reached a crisis levels in FY 2007-08. The Department over-spent their appropriation due to admitting a number of individuals requiring intensive one-to-one staffing. The Department requested and received a late supplemental in March 2008 for an additional 39.4 FTE to cover projected over-expenditures, having determined that an admissions freeze, a hiring freeze effective February 2008, and various other measures such as reassigning administrative staff to direct service, would still not be sufficient to bring costs within budget. The Department indicated that it was forming a workgroup to proactively manage the existing funding and FTE appropriations.

On June 19, 2008 the Department submitted a letter to the Joint Budget Committee identifying the need for approximately 75.0 FTE and associated funding for FY 2008-09. Due to the FY 2007-08 hiring freeze, the Regional Centers began FY 2008-09 with 51 vacancies. As a result of this, and delays in hiring new staff, the Department initially reduced its projected staffing need for FY 2008-09 and subsequently eliminated the FY 2008-09 increase identified in the June 2008 letter altogether.

FY 2008-09 Decision Item #6 and ICF Conversion - FY 2008-09 Decision Item #6 authorized the Department to proceed with the conversion of all 131 Medicaid waiver beds at the Wheat Ridge Regional Center to ICF licensure and added 68.7 FTE to accomplish this.

FY 2009-10 Decision Item #1 - The Department received 9.2 FTE to support high needs individuals currently being served in Regional Centers who require dedicated, ongoing one-to-one or greater staff supervision. The FY 2009-10 appropriation included an increase of 30.4 FTE to annualize FY 2008-09 funding to improve staff-to-client ratios and facilitate the conversion of group homes at the Wheat Ridge Regional Center to the ICF/IID licensure.

STAFFING RATIOS

The increases in staff starting in FY 2007-08 was driven partly by the Department's 2006 staffing study, and subsequent updates, which identified the need for one staff person for every three residents during the day, one staff at night for behavioral settings with a second staff floating between four homes, and two staff at night for medical settings. Additional staff positions are required to provide dedicated one-to-one staffing for 27 individuals and temporary one-to-one support for others, for community outings, to accompany residents on medical visits, and for staff in training. The detailed plan provided results in direct care staffing ratios of 2.5 to 2.6 FTE per client served.

FY 2007-08 DIRECT CARE STAFFING STUDY: CURRENT FTE VERSUS REQUIRED			
	FTE AS OF FY 2007-08	FTE REQUIRED PER STUDY	INCREASE REQUIRED, IF NO DOWNSIZING OF THE NUMBER OF INDIVIDUALS SERVED
Wheat Ridge	350.9	394.2	43.3
Grand Junction	268.4	377.7	109.3
Pueblo	126.1	222.0	95.9
TOTAL	745.4	993.9	248.5

The study found the State must reduce Regional Center capacity to serve existing residents without additional staff, as the demand for services exceeded staff capacity. However, the State faced budget limitations, the majority of the demand was for the secure campus settings, and 71 Regional Center residents in group homes have been identified as being able to be appropriately served in the community. The downsizing was anticipated to create stress on community services and other service delivery systems. The following table summarizes how the number of beds were reduced and the associated staff increase required to maintain each level of capacity.

FY 2007-08 Findings on Bed Capacity and Additional Staff Required		
	BED CAPACITY	ADDITIONAL STAFF REQUIRED TO REMAIN AT BED CAPACITY
Original Capacity	403	248.5 FTE
By the End of FY 2008-09 (year 1) - reduce by 52 beds	351	139.9 FTE
By the End of FY 2009-10 (year 2) - reduce by additional 22 beds	329	93.0 FTE
By the end of 2010-11 (year 3) - reduce by 22 more beds	307	47.7 FTE

JULY 2015 STAFFING QUESTION

The Committee asked a number of staffing questions to the Department of Human Services in June 2015 based on concerns that were raised during meetings of the Regional Center Task Force. The Department provided the following information that outlines the staffing ratios of each of the Regional Centers and noted that in all cases, the Regional Centers exceeded federally required minimum staffing levels for an ICF/IID. In some cases, and on some shifts, the Regional Centers are staffed at more than two times the federally required minimum stated staffing ratio requirements.

ACTUAL DIRECT CARE STAFFING RATIO BY REGIONAL CENTER AND LICENSE FOR MAY 2015 ¹								
	WRRC ICF/IID		GJRC ICF/IID		PRC HCBS-DD		GJRC HCBS/DD	
Census	126		23		60		56	
Minimum Required Staffing Ratios	1:3.2		1:3.2		No Minimum Ratio Requirement		No Minimum Ratio Requirement	
	Average Actual Staff	Staffing Ratio (Staff : Resident)	Average Actual Staff	Staffing Ratio (Staff : Resident)	Average Actual Staff	Staffing Ratio (Staff : Resident)	Average Actual Staff	Staffing Ratio (Staff : Resident)
Shift I	62	1:2	14.2	1:1.6	24.5	1:2.4	21.8	1:2.6
Shift II	62	1:2	15.6	1:1.5	20.8	1:2.5	22.5	1:2.5
Shift III	37	1:3.4	11.3	1:2	15.5	1:3.9	18.5	1:3.0
Overall	161	1:2.3	41.2	1:1.7	63.8	1:2.8	62.6	1:2.7
Please note: the numbers above include direct care allocated to staffing the homes only and does not include additional staff at day program, nursing, or therapies, and activities staff who provide additional staff-to-resident coverage and care.								

It is interesting to staff that the Department has increased the number of staff at Pueblo Regional Center by 31.0 FTE, which equates to an increase of 48.5 percent. As summarized above, historical staffing increases of this magnitude have required the Department to submit decision items. However the Department states they are able to absorb the significant pay adjustments within the existing appropriation.

Staff has worked to set the Long Bill appropriations for the Regional Centers based on the actual cost of services provided by the Department. Staff cannot explain how the Department has so much extra spending authority for Regional Centers when the appropriation is set based on the most recent census and average cost per day data provided to staff by the Department in January each year. Staff would note that unused spending authority is not the same thing as available funding, and when the Department states that the existing appropriation supports these personnel changes it is an indication that the Regional Centers are significantly over appropriated. The following table provided by the Department summarizes the Department's reported unused spending authority.

HISTORICAL UNUTILIZED SPENDING AUTHORITY AT THE REGIONAL CENTERS	
FISCAL YEAR	TOTAL UNUTILIZED SPENDING AUTHORITY
FY 2011-12	\$4,551,350.27
FY 2012-13	\$6,435,713.55
FY 2013-14	\$6,456,919.12
FY 2014-15	\$11,751,046.51
FY 2015-16	\$10,811,088.69

ISSUE: DEPARTMENT INDIRECT COSTS (R6)

Indirect costs are designed to require programs to pay for department and state overhead administrative expenses not directly billed to specific programs. Indirect costs are paid for by assessments on the programs which use these overhead administrative services. The Department of Human Services has proposed a number of changes to how they bill for their administrative overhead costs. Staff has recommended taking the Department's proposal a step further in order to increase the transparency for how indirect costs in the Department are paid for and to ensure equitable assessment of those costs by program.

SUMMARY

- Indirect costs are administrative overhead costs that reduce General Fund appropriations to and expenditures by administrative offices for services provided but not billed directly to federal-funded and cash-funded programs. Indirect cost recoveries from federal-funded and cash-funded programs are calculated for both statewide and departmental overhead costs. Departments that do not fully assess and collect indirect costs from their federal-funded and cash-funded programs will require General Fund dollars that would have otherwise been offset.
- The Department determined the structure of paying for indirect costs was not sustainable based on the issues encountered with the transfer of the Division of Vocational Rehabilitation to the Department of Labor and Employment. The Department reviewed the collection of indirect cost assessments and determined there was a difference of \$10.0 million between departmental overhead costs and collections.
- In response to this gap, the Department of Human Services has requested a net increase of \$3.1 million total funds, of which \$3.5 million is General Fund to pay for department overhead and administrative costs. The request will also increase funding for department overhead by \$6.9 million through diversions from the Child Welfare appropriations and TANF federal funds.
- In response to the request, and in attempt to provide a comprehensive solution to the issue of indirect costs, staff has been working with the Department to develop a methodology for appropriating indirect costs. This proposal is designed to meet the needs of the JBC and JBC staff for tracking how indirect costs are budgeted for and meets the needs of the Department for operationally implementing the assessment and expenditure of indirect cost assessment.

DISCUSSION

STARTING POINT – DEPARTMENT'S FY 2017-18 REQUEST - R6 DEPARTMENT INDIRECTS

The Department has historically used a number of budget mechanisms to pay for departmental overhead in prior years and currently does not have a clear indirect cost plan in their Long Bill appropriation. When the Division of Vocational Rehabilitation was transferred to the Department of Labor and Employment in FY 2016-17, the Department asked for, but did not receive, approximately \$1.0 million General Fund for department overhead that was funded through Vocational Rehabilitation funds. The General Assembly transferred the staff associated with program overhead for the Vocational Rehabilitation Programs to the Department of Labor and

Employment. As a result, the Department determined it was necessary to look at the indirect cost collections from other programs. The Department determined the difference between department overhead costs and collections is \$10.0 million. In response to this gap, the Department of Human Services has requested a net appropriation increase of \$3.1 million total funds, of which \$3.5 million is General Fund, offset by a reduction of federal funds, to pay for department overhead and administrative costs. The request will also increase funding for department overhead by \$6.9 million through diversions from the Child Welfare appropriations and TANF federal funds.

Prior to FY 2016-17, the Department had used four mechanisms to address the issues with collecting and paying for indirect costs:

- Year-end accounting adjustments.
- Conversion of Medicaid Funds to General Fund, which is not expected to be an option in FY 2016-17, as the Regional Centers implemented actual cost-based billing.
- Transfers of funds appropriated for POTS line items to indirect cost pool line items (POTS transfers); and
- Federal Child Welfare Funds transfer – used for the first time in FY 2014-15.

The Department has determined that these methods are no longer sufficient to address the fundamental problems with indirect costs. Therefore, the Department reviewed programs to determine where additional indirect cost assessments could be collected. As a result, the Department has determined that Child Welfare, specifically Title IV-B and Title XX of the Social Security Act funding, has not paid indirect cost assessments since at least 2003. Starting in FY 2014-15, the Department began using funds available at the end of year, after distributions were made to counties, to collect what remained for indirect cost assessment. The following table shows how much these fund sources should have paid for indirect cost assessments and how much was actually paid.

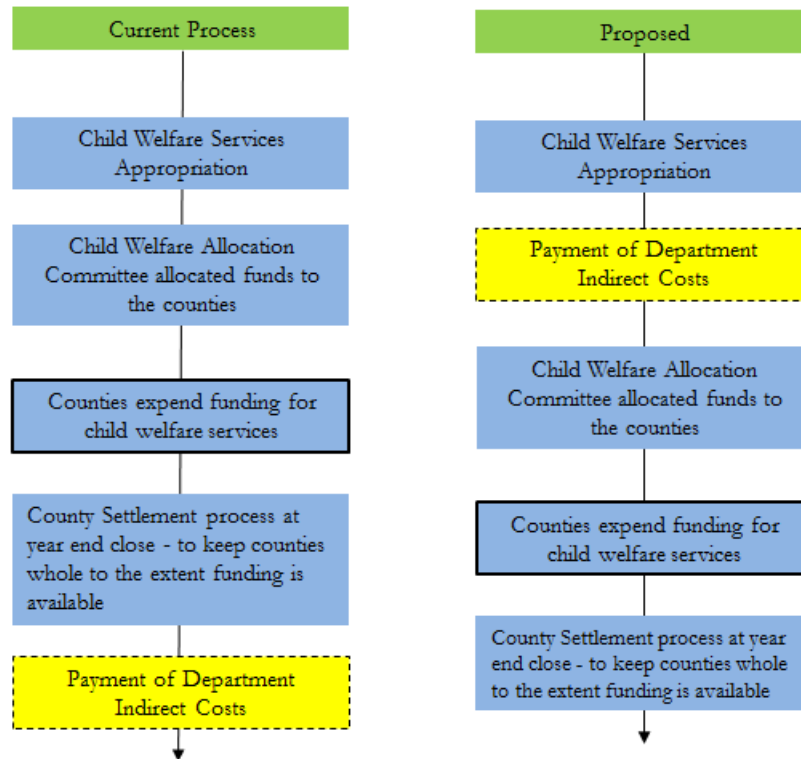
INDIRECT COST ASSESSMENTS AND COLLECTIONS				
PROGRAM AREA	INDIRECT COST ASSESSMENT	AMOUNT ACTUALLY PAID FOR INDIRECT COST ASSESSMENT	DIFFERENCE (COLLECTION-ASSESSMENT)	APPROPRIATED AMOUNT
FY 2014-15				
Child Care Development Fund	\$5,178,858	\$4,475,232	(\$703,626)	\$4,207,711
TANF	3,492,053	3,424,442	(67,611)	3,063,794
Title IV-B	727,665	727,665	0	n/a
Title XX	4,298,319	4,298,319	0	n/a
FY 2014-15 Total	\$13,696,895	\$12,925,658	(\$771,237)	\$7,271,505
FY 2015-16				
Child Care Development Fund	\$4,345,009	\$4,330,653	(\$14,356)	\$4,330,653
TANF	4,419,804	3,131,155	(1,288,649)	3,131,155
Title IV-B	422,820	422,820	0	n/a
Title XX	5,125,347	5,125,347	0	n/a
FY 2015-16 Total	\$14,312,980	\$13,009,975	(\$1,303,005)	\$7,461,808

The above table illustrates two problems with the Department's current mechanisms for paying for indirect costs and the Long Bill appropriation of those costs. First, the Department is not collecting all the indirect costs they should be from each available fund source, which means it is not possible to ensure General Fund is not subsidizing costs that should be paid for by cash or federal sources. Secondly, the Department's Long Bill appropriation structure of indirects fails to capture which funds and how much they should be paying. The Department's request is an attempt to address the first problem but does not address the second problem.

The Committee may have heard concerns from counties which receive money through the Child Welfare appropriation (Title IV-B and Title XX) that (1) the mechanism the Department is trying to use in the request is not an allowable use of the money based on the current appropriation structure and a lack of statutory authority, and (2) the loss of funding for department overhead will negate recent and requested increases for child welfare staff. Based on staff's understanding, the Department holds out a portion of the Child Welfare appropriation prior to the distribution to the counties through a formula (this is called the block allocation). The money held out is used for:

- Parental fee reimbursements to counties pursuant to Section 26-5-104 (2), C.R.S.,
- department-approved child welfare services that promote the safety and well-being of Native American children and youth,
- A statewide insurance policy for county-administered foster homes, and
- Contractual services related to the allocation of funds among counties; and
- For implementing Title IV-E waiver interventions according to the plan each county submitted to the state.

The Department in prior years has been able to use to a portion of the hold out to ensure counties were fully funded and lastly cover the indirect cost assessment. The graphic on the following page illustrates how the Department's request would change the process for distributing fund for Child Welfare services.



The issues the counties are raising are due to the expectation that counties will expend the entire amount of child welfare funds in FY 2017-18 and beyond. Prior to FY 2017-18, the counties were not expending all of the Child Welfare Funds and the Department was able to cover indirect cost assessments through a portion of the hold out. By taking indirect cost assessment off the top it reduces the amount of funds available to counties, which is a problem when counties have an increasing caseload which drives up expenditures as shown in the example below.

CHILD WELFARE FUNDS INDIRECT COSTS - PRIOR TO FY 2017-18	
\$100	Total Child Welfare funds
\$10	Department hold out - portion of which was used to pay for indirect costs
\$90	Funds available for county expenditure
CHILD WELFARE FUNDS INDIRECT COSTS - FY 2017-18 REQUEST	
\$100	Total Child Welfare funds
\$10	Department hold out
\$6	Indirect Costs
\$84	Funds available for county expenditure

Secondly, the Department determined that they were not capturing the full amount of indirect cost assessments attributable to the Regional Centers. The Department's request would increase the appropriation of indirect costs from the Regional Centers based on charging the Centers the full amount of their indirect cost assessment. Since Regional Centers are funded on a cost-based reimbursement, this change will not have an impact on services. The following table shows how much the Regional Centers should have paid and how much they actually paid.

REGIONAL CENTERS INDIRECT COSTS VS ACTUAL ASSESSMENTS			
FISCAL YEAR	REGIONAL CENTER INDIRECT COSTS	ACTUAL ASSESSMENTS	DIFFERENCE
2009-10	\$6,605,004	\$5,136,889	\$1,468,115
2010-11	6,117,611	5,344,300	773,311
2011-12	6,314,317	4,858,982	1,455,335
2012-13	6,612,259	4,894,152	1,718,107
2013-14	6,342,938	4,965,299	1,377,639
2014-15	6,351,490	5,336,919	1,014,571
2015-16 ¹	n/a	n/a	n/a
Average	6,390,603	5,089,424	1,301,180
¹ FY 2015-16 data will not be complete until the cost report is submitted on November 30, 2016.			

DEFINITIONS

- *Indirect costs*, also referred to as *indirects* or *the Pool*, are administrative overhead costs that are not billed directly for administrative support services to programs, offices, or divisions.
- *Indirect cost assessment* is the Long Bill line item in each program or division that represents the expected collection of statewide and departmental indirect costs from a cash-funded (including reappropriated funds) or federal-funded program for the purpose of paying departmental or statewide overhead costs as allocated to the program or division in the Long Bill.
- *Indirect cost recoveries* are actual indirect cost collections by departments from their cash funded or federal-funded programs. Indirect cost recoveries in the Long Bill refer to letter notes referencing the reappropriated funds amount appropriated in the executive director's office or other administrative division line items that offset General Fund. Indirect cost recoveries should equal indirect cost assessments in a department's budget.
- *Departmental indirect costs* are overhead costs incurred by each department, located in the executive director's office or other administrative office, providing department-wide central services such as budgeting, accounting, and human resources.
- *Statewide indirect costs* are associated with the functions of the Governor's Office, including the Office of State Planning and Budgeting (OSPB), the Department of Personnel, and the Treasury Department for the provision of statewide services such as budgeting, controller services, and cash fund management.
- *Over-collections* refers to indirect cost recoveries from programs or divisions that exceed the appropriated indirect cost assessment line items in the Long Bill.
- *Unspent or under-expended indirects* refers to indirect cost recoveries from programs or divisions that exceed actual department expenditures for indirect costs.
- *Excess recoveries* refers to both over-collections and unspent or under-expended indirects. A department's expenditures are limited by its appropriation, but actual expenditures may be less than the appropriation. Therefore, a department may experience an over-collection relative to the appropriation due to an unexpected increase in program dollars, but may also experience under-spending relative to the appropriation due to lower-than-expected departmental overhead expenditures.

BACKGROUND

Indirect costs are administrative overhead costs that reduce General Fund appropriations to and expenditures by administrative offices for services provided but not billed directly to federal-funded and cash-funded programs. Indirect cost recoveries from federal-funded and cash-funded programs are calculated for both statewide and departmental overhead costs. Departments that do not fully assess and collect indirect costs from their federal-funded and cash-funded programs will require General Fund dollars that would have otherwise been offset. The reason it is important show how indirect costs are assessed and expended is to provide transparency in the Long Bill and to ensure that General Fund expenditures are minimized and offsets are maximized in the appropriations process.

Departments collect indirect costs from federal-funded programs on the basis of an agreed upon indirect rate. In a year in which federal dollars exceed projected amounts, an over collection of indirect costs will likely occur. Prior to S.B. 13-109, statute required that an over-collection (or under-expenditure) to revert to the General Fund. However, in the following year, the indirect rate allowed by the federal program will be reduced to account for the over collection in the prior year, possibly resulting in an under-collection in the following year. In order to balance and pay for its indirect cost assessment/recovery plan, an under-collection of federal indirect costs necessitates that a department either request a General Fund supplemental appropriation or over-collect from cash-funded programs and request additional spending authority in a supplemental appropriation.

S.B. 13-109 - Indirect Costs Excess Recovery Fund

The 2012 Interim Workgroup on Indirect Costs, consisting of JBC staff, OSPB staff, State Controller's Office staff, and state agency budget staff, identified an issue related to the collection of indirect costs that could lead to a multi-year over-collection and under-collection cycle for federal funded programs. Further contributing to potential multi-year disjunctions in the indirect cost recovery process, the Statewide Indirect Cost Plan prepared by the State Controller's Office is built on a three-fiscal year delay in order to allocate statewide indirect cost assessments based on actual expenditures.

Senate Bill 13-109 created the Indirect Costs Excess Recovery Fund for the purpose of reducing budget adjustments related to the over- and under-collection of indirect costs in a given fiscal year. When a state agency collects excess indirect cost recoveries – over-collects – the funds are transferred to the agency's account in the fund at the end of the fiscal year rather than reverting to the General Fund. The excess funds accrued in an agency's account are available in future years and are expected to alleviate the need for supplemental appropriations to adjust budgeted indirect cost assessments among cash and federal funded programs, or to provide General Fund, in years when the agency under-collects indirect cost recoveries.

PROPOSED INDIRECT METHODOLOGY

Staff acknowledges there are differences between the accounting the Department is required to do to make the Long Bill appropriations correlate to the actual program expenditures. At the same time, the following proposed indirect cost methodology is intended to align with the Committee's general policy for how to reflect how indirect costs are assessed and what they are used for. Staff has been working with the Department to develop a methodology for the purposes of the Long Bill appropriations that meets the needs of the JBC and JBC staff for tracking how indirect costs are budgeted for, as well as meets the needs of the Department for operationally implementing the assessment and expenditure of indirect cost assessment. Staff has shared this methodology with the

Department prior to this presentation in order to ensure that what is presented here is something that is supported by the Department. The Department has indicated they are supported of the methodology and will work with JBC Staff on the details.

The following is an outline of how the proposed indirect cost methodology will work. It should be noted if the Committee adopts this methodology there will be a one-time increase in reappropriated funds for the Department due to how indirect costs would be reflected.

Step 1 – Calculate the pool of indirect costs which should be covered by indirect cost assessments.

Step 2 – Determine the percentage of the pool each division is responsible for paying.

Step 3 – Calculate the amount of indirect cost assessments each division should be paying based on the percentage calculated in Step 2.

Step 4 – Determine the fund splits for each division's indirect cost assessments which is calculated in Step 3.

Overall, the methodology is fairly straight forward, which should ensure that the assessment, collection, and application of indirect costs is transparent to the Committee, staff, the Department, and stakeholders. Staff also recommends the following changes to the Long Bill structure:

- The creation of an Indirect Cost Assessment line item for each division;
- Appropriating each division's indirect cost assessment to that line item, including General Fund; and
- Appropriating the indirect cost assessments as reappropriated funds to the pool line items.

Step 1 – Calculate the pool of indirect costs which should be covered by indirect cost assessment.

Staff is working with the Department to ensure the appropriate line items are in the pool. These line items will be set by the respective JBC staff for that division or by the common policy analyst.

Steps 2 and 3 – Determine the percentage of the pool each division is responsible for paying.

This step requires JBC staff to work with the Department to determine the amount of indirect costs assessment each division should be paying. These percentages will be a combination of factors which may include actual expenditures, indirect cost limits, and possibility FTE. Once these percentages are set, it should make the explanation of future changes more straight forward and prevent the issues that have come up in the past. As of the date this document was finalized, staff was still working with the Department to determine the percentages for each division. Staff anticipates presenting the final version of the plan during figure setting for FY 2017-18.

Step 4 – Determine the fund splits for each division's indirect cost assessment.

This step also requires JBC staff to work with the Department to determine how each division's indirect cost assessment should be fund split. There are a number of factors which make this step more complex, including things like which funds should be paying for indirect costs and whether there are there fund specific limits on indirect costs. This step will be completed by each analyst during the figure setting process based on the total indirect cost pool.

Once steps one through four are completed, staff will be able to set the Long Bill appropriations for each indirect cost assessment line item. Again, as mentioned above, the line items which comprise

the pool will be entirely funded by reappropriated funds from indirect cost assessments. The following example is intended to show how this proposed indirect cost methodology will operate.

Example Background

There is Department A, which has four indirect cost lines that comprise the pool. All of the pool line items are housed in Division 1. Divisions 2 through 5 pay indirect cost assessments to pay for the pool. The following is a description of the funding structures for each division:

- Division 2 is primarily funded by cash and federal funds, with a small amount of General Fund;
- Division 3 is primarily funded by federal funds;
- Division 4 is a mixture of General Fund and Medicaid reappropriated funds; and
- Division 5 is entirely General Fund.

STEP 1 - CALCULATION OF THE POOL	
Division 1	TOTAL FUNDS
Personal Services	\$100
Operating Expenses	10
Vehicle Lease Payments	5
Payments to OIT	15
Total Pool	\$130

STEP 2 - CALCULATION OF DIVISION PERCENTAGES	
Division 2	20%
Division 3	45%
Division 4	25%
Division 5	10%

STEP 3 - CALCULATION OF DIVISION INDIRECT COST ASSESSMENT		
EQUALS TOTAL POOL * DIVISION PERCENTAGE		COMMENTS
Division 2	\$26.00	Equals \$130*20%
Division 3	58.50	Equals \$130*45%
Division 4	32.50	Equals \$130*25%
Division 5	13.00	Equals \$130*10%
Total Indirect Cost Assessments	\$130	This should equal the Total Pool

Step 4 - Calculation of Fund Splits					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Division 2	\$26	\$2	\$12	\$0	\$12
Division 3	59	0	6	0	53
Division 4	33	8	0	25	0
Division 5	13	13	0	0	0
Total	\$130	\$23	\$18	\$25	\$65

Advantages and Disadvantages of the Proposed Methodology

Advantages:

- Increased consistency, transparency, and clarity across all divisions in the budget in showing the indirect cost responsibility of each division or program, the location and amounts of indirect cost recoveries used to offset General Fund, and specified amounts that allow an easy check that assessments and recoveries balance.
- Indirect cost assessment line items will make it easier to identify how much indirect costs are changing from year to year for each division or program.

Disadvantages:

- The Department did not use this format in FY 2016-17, so it will appear to have an increase in their appropriation as a result of the increase in reappropriated funds. An indirect cost assessment line in a division reflects an appropriated amount of General Fund, federal, or cash funds. Those funds are then reflected as reappropriated funds in the Executive Director's Office, Office of Information Technology, or Office of Operations.
- Additional explanation of reappropriated funds and indirect cost assessment line items may be required when presenting the Long Bill to the General Assembly during caucuses on the budget.
- The Department will have less flexibility in managing indirect cost assessments and recoveries and staff anticipates the need for a supplemental adjust in the first few years in order to adjust the appropriation of indirect costs.

ISSUE: COMMISSION FOR THE DEAF AND HARD OF HEARING

The Commission for the Deaf and Hard of Hearing is the single access point for individuals who are deaf and hard of hearing to services they are federally entitled too. The Commission is required to submit an annual report with recommendations for how services for individuals who are deaf, hard of hearing, and deaf-blind can be improved. The Commission has embraced this charge and made two recommendations for changes in their October 31, 2016 report. The Commission received funding in FY 2016-17 to provide services and outreach to individuals who are deaf-blind but has not yet begun providing those services due to the time it has taken to hire the staff which will oversee these services and outreach.

SUMMARY

- The Commission for the Deaf and Hard of Hearing is statutorily required to submit an annual report with recommendations if needed on changes which would benefit services provided for individuals who are deaf and hard of hearing. The Commission has embraced this charge and provided recommendations to the General Assembly to improve the delivery of services and the support system for individuals who are deaf and hard of hearing.
- The Commission recommends the establishment of a Deaf Steering Task Force to improve services provided to children in the preschool through 12th grade educational system who are deaf, deaf blind or hard of hearing. This recommendation from the Commission is not reflected in the Department's request and in prior years has drawn opposition from the Department of Education and School for the Deaf and Blind.
- The General Assembly appropriated funding in FY 2016-17 for services for individuals who are deaf blind. The Commission has not yet started to provide services to individuals who are deaf blind.

DISCUSSION

BACKGROUND – WHAT IS THE COMMISSION – WHAT THE COMMISSION DOES

The Commission for the Deaf and Hard of Hearing (Commission) was established in 2002 in order to enable Colorado to provide a single access point for individuals who are deaf and hard of hearing to services they are federally entitled too. Services include interpreters, telecommunications equipment, and auxiliary services and aids. The following is a brief history of the Commission¹:

- House Bill 02-1180 established a program within the Commission to distribute telecommunications equipment to individuals who meet certain income criteria.

¹ This information was provided in the October 23, 2015 Colorado Commission for the Deaf and Hard of Hearing Annual Report.

- Senate Bill 06-061 transferred, from the Division of Vocational Rehabilitation the responsibility for the provision of interpreter services for individuals in the legal settings. Senate Bill 06-061 added the required that the Commission provide services not only to parties in a case, but also individuals who are witness, potential jurors, and in court-ordered treatment.
- Senate Bill 09-144 made three changes to the Commission:
 - transferred the responsibility for coordinating the provision of interpreter services from the state court system to the Commission,
 - established the Deaf and Hard of Hearing Grant Program to address the needs of the deaf and hard of hearing community; and
 - Created an Outreach Consultant to improve and ensure equal access to communication services by state and local governments, private agencies, among others.
- Senate Bill 15-178 was the Commission's sunset bill, which continued the Commission for nine years, required the Commission prepare an annual report for the Governor and General Assembly, and clarified that the Commission serves people who are deaf-blind.

The Commission for the Deaf and Hard of Hearing is required to submit an annual report by September 1 of each year. Pursuant to Section 26-21-106 (1) (e), C.R.S., the Commission may include recommendations which are designed to facilitate or streamline the provision of general government services to the deaf and hard of hearing community.

ANNUAL REPORT RECOMMENDATIONS

Commission Recommendation #1

The Commission recommends \$110,970 and 1.0 FTE for the creation of a statutorily defined Deaf Education Steering Committee with a full-time coordinator and \$20,000 for an annual language, education, and policy symposium. The report notes that the recommendation is not reflected in the Department's request but does not indicate whether the Department agrees or disagrees with the recommendation. The recommendation is "a grassroots community initiative supported by the Commission and its stakeholders." The Steering Committee would ensure there are opportunities for the State to consistently evaluate and determine the needs for deaf, deaf-blind, and hard of hearing for children in preschool through 12th grade.

The Commission's recommendation is that the Deaf Education Steering Committee would consist of 13, but no more than 19, diverse educational and community stakeholders (graduates of deaf education, parents, teachers, administrators, district representatives, state representatives and policy makers) with a highly qualified full-time Educational Advancement and Partnerships Coordinator. Additionally the Commission's recommendation includes an interactive and policy focused two-day symposium for a larger group of stakeholders (consumers of deaf education - students and graduates, parents, support staff, teachers, administrators, district representatives, state representatives, and policy makers) where the Steering Committee presents their studies, findings and plans on an annual basis. The first symposium would occur in 2019. The following is the time line included in the Commission's request.

STEERING COMMITTEE AND SYMPOSIUM TIMELINE	
Coordinator hired	November 2017
Creation of the Steering Committee	January – March 2018
Statewide needs assessment	April – June 2018
Symposium	March 2019

Staff is aware of the opposition a similar recommendation from the Commission received last year from the Department of Education and the School for the Deaf and the Blind. Staff also acknowledges that the General Assembly values the input and recommendations made by the Commission because of the statutory authority provided to the Commission to make recommendations. It is a little disheartening that the Department failed to release the Commission's recommendations by the statutory deadline of September 1 (the report was released October 31). The recommendation has merit in that it identifies the possibility that children who are deaf, deaf blind, or hard of hearing may not be getting the services they need in school settings and proposes a way to determine if there are gaps in services. Staff is not convinced a permanent position would be needed because adding a permanent position assumes that there will be an ongoing need for the Steering Committee and gaps do, and will continue to exist. It would be more prudent to require the Commission to establish a short-term steering committee which can look at the existing set of services and determine if there are gaps. If gaps exist the steering committee can make recommendations to reduce these gaps. Therefore if the Committee wants to consider the Commission's recommendation or a modification as proposed by staff, it would be beneficial in staff's opinion to discuss with the Department at the hearing whether the Commission would support the modified option and the cost for that.

Recommendation #2

The Commission proposes a number of technical changes to the statute governing the Commission based on the changes that have occurred over the past couple of years. The changes the Commission proposes are:

- Changing the name of the Colorado Commission for the Deaf and Hard of Hearing to the "Colorado Commission OF the Deaf, Hard of Hearing and Deaf-Blind" to reflect the populations CCDHH serves.
- Including the term "deaf-blind" and "deaf and hard of hearing" throughout the statutes to reflect that CCDHH programs are accessible to these communities.
- Change the position title of the CCDHH administrator to "director" as the office has expanded significantly in the past nine years.
- Change the name of the Telecommunications Equipment Distribution Program to "Communications Technology Program" to reflect this program's expanded scope.
- Make the CCDHH provision of sign language interpreting and Communication Access Real-time Translation (CART) services available to state agencies in the executive branch. This authority is not clear within the current statutory language.
- Clarify that CCDHH has a new program, Community Access, because of the new mandate to serve deaf-blind people.

The Commission did not provide a fiscal analysis for the proposed recommendations. Staff is unsure if the recommendation to clarify the availability of sign language interpreting and Communication Access Real-time Translation (CART) services available to state agencies in the executive branch would drive a fiscal note. Staff recommends, if the Committee wants to consider making these changes, the Commission discuss at the hearing what the fiscal impact of these changes would be.

The Commission's report also included a discussion about ensuring communication services are provided to individuals seeking legal counsel. The Commission established the Communication Access Fund Task Force to evaluate how to remove barriers that deaf, hard-of-hearing and deaf-

blind individuals encounter when seeking legal counsel. A survey had been conducted in March 2013 and the results of the survey showed that 82.0 percent of the 204 respondents indicated that there was a general lack of willingness on the part of attorneys to provide auxiliary services (eg, interpreter and Communication Access Real-time Translation (CART) services). After the survey, the Task Force recommended the creation of a centrally-funded, sustainable system for the provision of auxiliary services.

The Commission met with representatives from the State's Supreme Court administration to pursue stakeholder task force recommendations to establish a communication access fund through an increase in annual attorney licensure fees and learned that:

- There are legal barriers to using monies from attorney annual licensing fees for the provision of auxiliary services. The monies are intended for those who have been victimized by attorney fraud, but attorney non-compliance with ADA regulations would not fit this category;
- Since the increase in attorneys' annual licensing fee, there has been a decline in the number of attorneys who are bar members; and
- Other groups who need help will also want to increase fees to increase access to attorneys.

The State Court Administrator recommended that grant monies be solicited to establish a fund to increase access to attorneys, because the State Supreme Court is not in a position to hold funds for private practice attorneys (legally they cannot). There are two options the Commission can pursue on this issue: the first is the establishment of a private foundation for donations through a separate entity to take and distribute funds for this purpose, the second would seek funding through the legislative process.

DEAF BLIND SERVICES UPDATE

The Problem

Colorado currently has a limited array of services available for deaf-blind people, such as assistive technology through the federally funded National Deaf-Blind Equipment Distribution Program. There are limited employment and housing services for individuals who are deaf-blind who qualify for those services. Individuals who are deaf-blind typically do not know these services are available, or the services are not tailored for the unique needs of individuals who are deaf-blind. Services are insufficiently funded so that individuals who are deaf-blind people cannot access them to the degree that would enable independence. There are estimated to be at least 5,000 individuals who are deaf-blind in Colorado, but only limited services are available to them. Individuals who are deaf-blind require four core services to live independently in the community:

- Assistive technology which includes captioned and amplified telephones, wireless devices, and ring signalers;
- Interpreters and support services providers who are trained professionals who provide visual and environmental information and human guide services;
- Orientation and mobility training so individuals are able to safely navigate their community; and
- Employment and housing accommodations.

The Solution

The General Assembly appropriated \$172,778 reappropriated funds and 2.0 FTE to the Commission for the Deaf and Hard of Hearing to provide services and outreach to individuals who are deaf-blind. 1.0 FTE is an outreach consultant who is responsible for finding individuals who are deaf-blind, determining what resources are available for these individuals, providing assistance to connect individuals with services, and providing technical assistance to public and private entities to ensure appropriate services are being provided to individuals who are deaf-blind; and the other FTE is responsible for developing and administering a statewide program that provides deaf-blind services, including service support professionals and orientation and mobility training.

The appropriation includes funding for service support professionals and orientation and mobility training in the amount of:

- 12 hours of service support professionals (SSP) services for 15 individuals in FY 2016-17. The recommendation includes expanding the number to 25 individuals and 16 hours per month in FY 2017-18.
- 12 hours of individualized orientation and mobility training for 10 individuals in FY 2016-17. This amount would increase to 20 individuals in FY 2017-18.

Deaf-blind Services Update

The Department has indicated that one of the FTE has been hired and the second FTE should be hired by January. The Department also indicated that no provider train nor provision of services has begun. Staff is disappointed that the Department has not expedited the hiring and training of providers for this population because of the demonstrated need for these services which resulted in the General Assembly supporting the provision of services through the increased appropriation.

OTHER STATE DEAF-BLIND PROGRAMS

Staff contacted the National Association of State Legislatures (NCSL) to obtain information about how other states provide services to individuals who are deaf-blind. NCSL found that Minnesota, Wisconsin, Maryland, and Massachusetts have programs specific to deaf-blind services. Minnesota utilizes at least four personnel to provide "direct services to adults with deaf-blindness, including independent living training." Wisconsin has the Center for Deaf-Blind Persons that employs six staff including education specialists, trainers, and outreach coordinators. The Center for Deaf-Blind Persons provides rehabilitation services, independent living services, maintains a community SSP program, and is available for public outreach, education, and technical assistance. Maryland provides braille training, orientation and mobility services, job coaching, and operates a service support professionals program. Massachusetts has one of the larger state funded programs created by legislation. The Massachusetts program has been consistently funded at \$450,000 for fifteen years and provides support to 78 individuals who are deafblind. The Massachusetts Program is a comprehensive program which includes services such as vocational rehabilitation, independent living, and social services for all Massachusetts citizens who are deaf-blind and day/residential services for transition-age individuals who are deaf-blind. There are between 8.0 and 9.0 FTE working exclusively on services for individuals who are deaf-blind². The Massachusetts Program is considered a good example of a well-funded and long standing program.

² Information provided by staff from the National Conference of State Legislatures and staff from the Hellen Keller National Center and Perkins School for the Blind.

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Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
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DEPARTMENT OF HUMAN SERVICES Reggie Bicha, Executive Director

(3) OFFICE OF OPERATIONS

(A) Administration

Personal Services	<u>23,629,870</u>	<u>23,631,469</u>	<u>24,000,899</u>	<u>27,382,222</u> *
FTE	438.9	445.9	422.2	429.1
General Fund	13,193,330	14,048,042	13,722,827	15,149,828
Cash Funds	2,177,085	1,838,450	2,285,779	2,299,023
Reappropriated Funds	6,410,939	5,812,161	6,704,280	8,075,004
Federal Funds	1,848,516	1,932,816	1,288,013	1,858,367
Operating Expenses	<u>7,775,879</u>	<u>3,730,965</u>	<u>3,728,566</u>	<u>5,431,215</u> *
General Fund	6,852,941	2,690,599	2,715,802	3,151,596
Cash Funds	11,422	7,007	11,422	11,422
Reappropriated Funds	711,898	833,740	846,073	2,112,928
Federal Funds	199,618	199,619	155,269	155,269
Vehicle Lease Payments	<u>1,053,384</u>	<u>937,337</u>	<u>1,138,312</u>	<u>1,051,181</u> *
General Fund	637,597	547,744	589,053	544,616
Cash Funds	55,518	58,065	76,798	70,699
Reappropriated Funds	238,822	193,712	296,459	273,805
Federal Funds	121,447	137,816	176,002	162,061

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Leased Space	<u>1,744,946</u>	<u>2,030,720</u>	<u>1,314,386</u>	<u>1,314,386</u>	
General Fund	504,833	552,649	365,661	365,661	
Cash Funds	3,967	4,424	37,416	37,416	
Reappropriated Funds	0	0	22,527	22,527	
Federal Funds	1,236,146	1,473,647	888,782	888,782	
Capitol Complex Leased Space	<u>1,236,932</u>	<u>1,748,238</u>	<u>1,562,573</u>	<u>1,787,563</u>	
General Fund	649,335	917,747	820,273	938,382	
Cash Funds	58,282	82,374	73,648	84,252	
Reappropriated Funds	63,255	89,403	79,934	91,443	
Federal Funds	466,060	658,714	588,718	673,486	
Utilities	<u>9,418,424</u>	<u>8,889,274</u>	<u>9,418,424</u>	<u>9,418,424</u>	
General Fund	7,820,907	7,419,718	7,820,907	7,820,907	
Cash Funds	50,000	0	50,000	50,000	
Reappropriated Funds	1,547,517	1,469,556	1,547,517	1,547,517	
SUBTOTAL - (A) Administration	44,859,435	40,968,003	41,163,160	46,384,991	12.7%
FTE	<u>438.9</u>	<u>445.9</u>	<u>422.2</u>	<u>429.1</u>	<u>1.6%</u>
General Fund	29,658,943	26,176,499	26,034,523	27,970,990	7.4%
Cash Funds	2,356,274	1,990,320	2,535,063	2,552,812	0.7%
Reappropriated Funds	8,972,431	8,398,572	9,496,790	12,123,224	27.7%
Federal Funds	3,871,787	4,402,612	3,096,784	3,737,965	20.7%

(B) Special Purpose

Buildings and Grounds Rental	<u>746,441</u>	<u>1,030,713</u>	<u>1,032,638</u>	<u>1,037,754</u>	
FTE	3.8	6.4	6.5	6.5	
Cash Funds	746,441	1,030,713	1,032,638	1,037,754	

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State Garage Fund	<u>616,073</u>	<u>617,016</u>	<u>740,640</u>	<u>740,640</u>	
FTE	1.6	0.5	2.6	2.6	
Reappropriated Funds	616,073	617,016	740,640	740,640	
SUBTOTAL - (B) Special Purpose	1,362,514	1,647,729	1,773,278	1,778,394	0.3%
FTE	<u>5.4</u>	<u>6.9</u>	<u>9.1</u>	<u>9.1</u>	<u>(0.0%)</u>
Cash Funds	746,441	1,030,713	1,032,638	1,037,754	0.5%
Reappropriated Funds	616,073	617,016	740,640	740,640	0.0%
TOTAL - (3) Office of Operations	46,221,949	42,615,732	42,936,438	48,163,385	12.2%
FTE	<u>444.3</u>	<u>452.8</u>	<u>431.3</u>	<u>438.2</u>	<u>1.6%</u>
General Fund	29,658,943	26,176,499	26,034,523	27,970,990	7.4%
Cash Funds	3,102,715	3,021,033	3,567,701	3,590,566	0.6%
Reappropriated Funds	9,588,504	9,015,588	10,237,430	12,863,864	25.7%
Federal Funds	3,871,787	4,402,612	3,096,784	3,737,965	20.7%

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(9) SERVICES FOR PEOPLE WITH DISABILITIES

This section includes funding for Community Services for People with Developmental Disabilities, Regional Centers for People with Developmental Disabilities, the Work Therapy Program, the Division of Vocational Rehabilitation, and Homelake Domiciliary and the State and Veterans Nursing Homes.

(B) Regional Centers for People with Developmental Disabilities

(1) Wheat Ridge Regional Center

Wheat Ridge Regional Center Intermediate Care Facility	<u>0</u>	<u>19,753,003</u>	<u>25,037,293</u>	<u>23,633,116</u> *
FTE	0.0	344.9	373.0	373.0
Cash Funds	0	694,274	779,589	779,589
Reappropriated Funds	0	19,058,729	24,257,704	22,853,527
Wheat Ridge Regional Center Provider Fee	<u>1,436,603</u>	<u>1,465,030</u>	<u>1,435,612</u>	<u>2,871,224</u> *
Reappropriated Funds	1,436,603	1,465,030	1,435,612	2,871,224
Wheat Ridge Regional Center Depreciation	<u>0</u>	<u>91,937</u>	<u>150,000</u>	<u>150,000</u> *
Reappropriated Funds	0	91,937	150,000	150,000
Wheat Ridge Regional Center Personal Services	<u>18,735,491</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	427.3	0.0	0.0	0.0
General Fund	1,003,464	0	0	0
Cash Funds	701,847	0	0	0
Reappropriated Funds	17,030,180	0	0	0
Wheat Ridge Regional Center Operating Expenses	<u>1,488,668</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	1,488,668	0	0	0
Resident Incentive Allowance	<u>30,221</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	30,221	0	0	0

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
SUBTOTAL -	21,690,983	21,309,970	26,622,905	26,654,340	0.1%
FTE	<u>427.3</u>	<u>344.9</u>	<u>373.0</u>	<u>373.0</u>	0.0%
General Fund	1,003,464	0	0	0	0.0%
Cash Funds	701,847	694,274	779,589	779,589	0.0%
Reappropriated Funds	19,985,672	20,615,696	25,843,316	25,874,751	0.1%

(2) Grand Junction Regional Center

Grand Junction Regional Center Intermediate Care Facility	<u>0</u>	<u>7,042,168</u>	<u>6,737,880</u>	<u>6,296,063</u>	*
FTE	0.0	113.5	98.8	98.8	
Cash Funds	0	300,690	712,070	712,070	
Reappropriated Funds	0	6,741,478	6,025,810	5,583,993	
Grand Junction Regional Center Provider Fee	<u>453,291</u>	<u>416,979</u>	<u>453,291</u>	<u>906,582</u>	*
Reappropriated Funds	453,291	416,979	453,291	906,582	
Grand Junction Regional Center Waiver Funding	<u>0</u>	<u>3,629,911</u>	<u>10,051,713</u>	<u>10,068,654</u>	*
FTE	0.0	124.3	174.2	174.2	
Cash Funds	0	398,264	398,264	398,264	
Reappropriated Funds	0	3,231,647	9,653,449	9,670,390	
Grand Junction Regional Center Depreciation	<u>0</u>	<u>370,159</u>	<u>515,997</u>	<u>515,997</u>	*
Reappropriated Funds	0	370,159	515,997	515,997	
Physician Services	<u>18,755</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	18,755	0	0	0	

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Grand Junction Regional Center Personal Services	<u>11,778,501</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	303.9	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	580,139	0	0	0	
Reappropriated Funds	11,198,362	0	0	0	
Resident Incentive Allowance	<u>23,083</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	23,083	0	0	0	
Grand Junction Regional Center Operating Expenses	<u>1,019,878</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	280,629	0	0	0	
Reappropriated Funds	739,249	0	0	0	
SUBTOTAL -	13,293,508	11,459,217	17,758,881	17,787,296	0.2%
FTE	<u>303.9</u>	<u>237.8</u>	<u>273.0</u>	<u>273.0</u>	0.0%
General Fund	18,755	0	0	0	0.0%
Cash Funds	860,768	698,954	1,110,334	1,110,334	0.0%
Reappropriated Funds	12,413,985	10,760,263	16,648,547	16,676,962	0.2%

(3) Pueblo Regional Center

Pueblo Regional Center Waiver Funding	<u>0</u>	<u>4,788,540</u>	<u>10,847,648</u>	<u>10,871,904</u> *
FTE	0.0	170.8	181.8	181.8
Cash Funds	0	489,768	539,856	539,856
Reappropriated Funds	0	4,298,772	10,307,792	10,332,048
Pueblo Regional Center Depreciation	<u>0</u>	<u>188,027</u>	<u>436,036</u>	<u>436,036</u> *
Reappropriated Funds	0	188,027	436,036	436,036

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Pueblo Regional Center Personal Services	<u>5,791,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	205.4	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	499,567	0	0	0	
Reappropriated Funds	5,291,446	0	0	0	
Pueblo Regional Center Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	0	0	0	0	
Leased Space	<u>8,248</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	8,248	0	0	0	
Resident Incentive Allowance	<u>20,368</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	20,368	0	0	0	
SUBTOTAL -	5,819,629	4,976,567	11,283,684	11,307,940	0.2%
FTE	<u>205.4</u>	<u>170.8</u>	<u>181.8</u>	<u>181.8</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	499,567	489,768	539,856	539,856	0.0%
Reappropriated Funds	5,320,062	4,486,799	10,743,828	10,768,084	0.2%
SUBTOTAL - (B) Regional Centers for People with Developmental Disabilities	40,804,120	37,745,754	55,665,470	55,749,576	0.2%
FTE	<u>936.6</u>	<u>753.5</u>	<u>827.8</u>	<u>827.8</u>	(0.0%)
General Fund	1,022,219	0	0	0	0.0%
Cash Funds	2,062,182	1,882,996	2,429,779	2,429,779	0.0%
Reappropriated Funds	37,719,719	35,862,758	53,235,691	53,319,797	0.2%

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(C) Work Therapy Program

Program Costs	<u>414,487</u>	<u>497,344</u>	<u>570,421</u>	<u>570,421</u>	
FTE	1.3	0.7	1.5	1.5	
Cash Funds	414,487	497,344	570,421	570,421	

SUBTOTAL - (C) Work Therapy Program	414,487	497,344	570,421	570,421	0.0%
FTE	<u>1.3</u>	<u>0.7</u>	<u>1.5</u>	<u>1.5</u>	0.0%
Cash Funds	414,487	497,344	570,421	570,421	0.0%

(D) Division of Vocational Rehabilitation

Vocational Rehabilitation Personnel Services	<u>15,056,593</u>	<u>14,632,130</u>	<u>0</u>	<u>0</u>	
FTE	222.4	205.5	0.0	0.0	
General Fund	3,097,572	3,332,878	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	11,959,021	11,299,252	0	0	

Business Enterprise Program for People who are Blind	<u>1,095,074</u>	<u>323,659</u>	<u>0</u>	<u>0</u>	
FTE	6.0	5.7	0.0	0.0	
Cash Funds	249,648	285,161	0	0	
Federal Funds	845,426	38,498	0	0	

Independent Living Centers and State Independent Living Council	<u>3,158,570</u>	<u>5,056,376</u>	<u>0</u>	<u>0</u>	
General Fund	2,783,161	4,741,234	0	0	
Cash Funds	0	0	0	0	
Federal Funds	375,409	315,142	0	0	

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Older Blind Grants	<u>414,477</u>	<u>500,865</u>	<u>459,500</u>	<u>0</u>	
Cash Funds	0	0	45,000	0	
Federal Funds	414,477	500,865	414,500	0	
Traumatic Brain Injury Trust Fund	<u>1,718,534</u>	<u>1,912,080</u>	<u>2,800,000</u>	<u>2,800,000</u>	
FTE	1.8	2.0	1.5	1.5	
Cash Funds	1,718,534	1,912,080	2,800,000	2,800,000	
Vocational Rehabilitation Operating Expenses	<u>1,860,642</u>	<u>4,631,494</u>	<u>0</u>	<u>0</u>	
General Fund	0	2,315,747	0	0	
Reappropriated Funds	395,123	488,021	0	0	
Federal Funds	1,465,519	1,827,726	0	0	
Vocational Rehabilitation Services	<u>10,190,255</u>	<u>13,572,495</u>	<u>0</u>	<u>0</u>	
General Fund	1,173,303	1,043,950	0	0	
Reappropriated Funds	997,208	1,787,594	0	0	
Federal Funds	8,019,744	10,740,951	0	0	
School to Work Alliance Program	<u>8,570,592</u>	<u>8,788,402</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	18,984	0	0	
Reappropriated Funds	1,825,110	1,852,945	0	0	
Federal Funds	6,745,482	6,916,473	0	0	
Vocational Rehabilitation Mental Health Services	<u>1,185,924</u>	<u>1,552,844</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	252,602	330,756	0	0	
Federal Funds	933,322	1,222,088	0	0	

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Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits	<u>202,025</u>	<u>107,082</u>	<u>0</u>	<u>0</u>	
Cash Funds	202,025	107,082	0	0	
Federal Social Security Reimbursements	<u>969,778</u>	<u>2,986,008</u>	<u>0</u>	<u>0</u>	
Federal Funds	969,778	2,986,008	0	0	
SUBTOTAL - (D) Division of Vocational Rehabilitation	44,422,464	54,063,435	3,259,500	2,800,000	(14.1%)
FTE	<u>230.2</u>	<u>213.7</u>	<u>1.5</u>	<u>1.5</u>	<u>0.0%</u>
General Fund	7,054,036	11,433,809	0	0	0.0%
Cash Funds	2,170,207	2,323,307	2,845,000	2,800,000	(1.6%)
Reappropriated Funds	3,470,043	4,459,316	0	0	0.0%
Federal Funds	31,728,178	35,847,003	414,500	0	(100.0%)

(E) Homelake Domiciliary and State and Veterans Nursing Homes

Administration	<u>1,222,733</u>	<u>1,049,300</u>	<u>2,034,500</u>	<u>2,034,500</u>	
FTE	8.6	5.0	5.0	5.0	
Cash Funds	1,222,733	1,049,300	2,034,500	2,034,500	
Federal Funds	0	0	0	0	
Fitzsimmons Veterans Community Living Center	<u>20,950,621</u>	<u>19,778,900</u>	<u>22,140,700</u>	<u>22,140,700</u>	
FTE	228.7	236.4	238.4	238.4	
Cash Funds	10,056,298	13,444,700	10,627,500	10,627,500	
Federal Funds	10,894,323	6,334,200	11,513,200	11,513,200	

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Florence Veterans Community Living Center	<u>11,374,837</u>	<u>10,376,300</u>	<u>11,502,900</u>	<u>11,502,900</u>	
FTE	138.6	140.2	140.0	140.0	
Cash Funds	7,052,399	7,355,800	7,131,800	7,131,800	
Federal Funds	4,322,438	3,020,500	4,371,100	4,371,100	
Homelake Veterans Community Living Center	<u>7,444,904</u>	<u>6,805,930</u>	<u>7,924,230</u>	<u>7,924,230</u>	
FTE	70.6	81.5	102.8	102.8	
General Fund	186,130	186,130	186,130	186,130	
Cash Funds	4,500,440	4,350,200	4,797,600	4,797,600	
Federal Funds	2,758,334	2,269,600	2,940,500	2,940,500	
Rifle Veterans Community Living Center	<u>8,435,362</u>	<u>8,146,600</u>	<u>8,989,700</u>	<u>8,989,700</u>	
FTE	101.9	97.8	115.6	115.6	
Cash Funds	5,989,107	6,076,200	6,382,700	6,382,700	
Federal Funds	2,446,255	2,070,400	2,607,000	2,607,000	
Walsenburg Veterans Community Living Center	<u>358,840</u>	<u>158,600</u>	<u>373,600</u>	<u>373,600</u>	
FTE	1.0	1.0	1.0	1.0	
Cash Funds	358,840	158,600	373,600	373,600	
Transfer to the Central Fund pursuant to Section 26-12-108 (1) (a.5), C.R.S.	<u>1,600,000</u>	<u>1,600,000</u>	<u>800,000</u>	<u>800,000</u>	
General Fund	800,000	800,000	800,000	800,000	
Cash Funds	800,000	800,000	0	0	
Training Veterans to Train Their Own Service Dogs Pilot Program Fund	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	
General Fund	0	0	100,000	100,000	

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Homelake Military Veterans Cemetery	<u>546,526</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	273,263	0	0	0	
Cash Funds	273,263	0	0	0	
Reappropriated Funds	0	0	0	0	
SUBTOTAL - (E) Homelake Domiciliary and State and Veterans Nursing Homes	51,933,823	47,915,630	53,865,630	53,865,630	0.0%
FTE	<u>549.4</u>	<u>561.9</u>	<u>602.8</u>	<u>602.8</u>	<u>(0.0%)</u>
General Fund	1,259,393	986,130	1,086,130	1,086,130	0.0%
Cash Funds	30,253,080	33,234,800	31,347,700	31,347,700	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	20,421,350	13,694,700	21,431,800	21,431,800	0.0%
TOTAL - (9) Services for People with Disabilities	137,574,894	140,222,163	113,361,021	112,985,627	(0.3%)
FTE	<u>1,717.5</u>	<u>1,529.8</u>	<u>1,433.6</u>	<u>1,433.6</u>	<u>(0.0%)</u>
General Fund	9,335,648	12,419,939	1,086,130	1,086,130	0.0%
Cash Funds	34,899,956	37,938,447	37,192,900	37,147,900	(0.1%)
Reappropriated Funds	41,189,762	40,322,074	53,235,691	53,319,797	0.2%
Federal Funds	52,149,528	49,541,703	21,846,300	21,431,800	(1.9%)
TOTAL - Department of Human Services	183,796,843	182,837,895	156,297,459	161,149,012	3.1%
FTE	<u>2,161.8</u>	<u>1,982.6</u>	<u>1,864.9</u>	<u>1,871.8</u>	<u>0.4%</u>
General Fund	38,994,591	38,596,438	27,120,653	29,057,120	7.1%
Cash Funds	38,002,671	40,959,480	40,760,601	40,738,466	(0.1%)
Reappropriated Funds	50,778,266	49,337,662	63,473,121	66,183,661	4.3%
Federal Funds	56,021,315	53,944,315	24,943,084	25,169,765	0.9%

APPENDIX B

RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2015 SESSION BILLS

S.B. 15-234 (LONG BILL): General appropriations act for FY 2015-16.

S.B. 15-239 (TRANSFER VOCATIONAL REHAB FROM DHS TO CDLE): Transfers the Vocational Rehabilitation Programs, including the Business Enterprise Program through which persons who are blind operate vending facilities in state buildings, from the Department of Human Services (DHS) to the Department of Labor and Employment (CDLE) as of July 1, 2016. CDLE and DHS must develop a transition plan by December 1, 2015, detailing additional steps, including any additional statutory changes, necessary to effectuate the transition of vocational rehabilitation programs from DHS to CDLE. Further, starting in September 2015, CDLE must provide quarterly status updates to the Joint Budget Committee. For additional information, see the "Recent Legislation" section at the end of the Department of Labor and Employment.

S.B. 15-240 (FUNDING FORMULA INDEPENDENT LIVING CENTERS): Requires the Department of Human Services to promulgate a rule on or before July 1, 2016, that establishes a funding formula of state money for Independent Living Centers. The rule must, at a minimum, include a base amount of not less than \$600,000 per Center and other factors as agreed upon by the Centers. Other factors may include a per capita adjustment, a per county adjustment, or other adjustments agreed to by the Centers. The Department of Human Services is required to report on the status of the rule to the appropriate committees of reference by March 1, 2016. Appropriates \$2,000,000 General Fund to the Department for Independent Living Centers for FY 2015-16.

2016 SESSION BILLS

S.B. 16-178 (GRAND JUNCTION REGIONAL CENTER CAMPUS): Requires the Department of Human Services to vacate the Grand Junction Regional Center campus and list the campus for sale no later than July 1, 2018 if the Department can transition each person receiving services at the Grand Junction Regional Center campus to non-regional center campus residences before that date. Requires the Department no later than December 10, 2016 to:

- Submit to the Capital Development Committee a plan for the disposition of the Grand Junction Regional Center campus, including a plan to spend the proceeds of the sale; and
- Make any associated capital construction budget requests for capital construction, capital renewal, or controlled maintenance needs related to transitioning of persons receiving services at the Grand Junction Regional Center campus, based on each individual's choice for non-campus residence.

In order to formulate the plan and the budget requests, the Department must create an advisory group comprised of direct care staff currently working on the campus, families of persons receiving services at the campus, and other stakeholders.

S.B. 16-195 (VETERANS CENTERS ANNUAL APPROPRIATION FROM CENTRAL FUND): Beginning July 1, 2017, grants the Department of Human Services continuous spending authority from the Central Fund for Veterans Community Living Centers for the direct costs of the operation and administration of the Veterans Community Living Centers, and for capital construction in connection with the centers. Requires expenditures for indirect costs from the Central Fund to be subject to annual appropriation. In any fiscal year, the Department may not spend more than 5.0 percent of total expenditures on indirect costs. Requires the Department, as part of the annual budget request, to provide the Joint Budget Committee with a detailed report of the anticipated direct and indirect costs for the operation and administration of each center for the upcoming fiscal year, including amounts for personal services, operating expenses, indirect costs, centrally appropriated costs, and the number of full time equivalent employees (FTE).

H.B. 16-1112 (TRAINING VETS TO TRAIN SERVICE DOGS PILOT PROGRAM): Creates the Training Veterans to Train Their Own Service Dogs Pilot Program in the Department of Human Services to identify and train veterans to foster, train, and ultimately utilize dogs as their own service or companion animals. The Program will be operated by two nonprofit entities. Creates the Training Veterans to Train Their Own Service Dogs Pilot Program Cash Fund, which consists of General Fund appropriated or transferred to the Fund and any gifts, grants, or private donations obtained by the Department. Money in the Fund is continuously appropriated to the Department. Appropriates \$100,000 General Fund to this new cash fund for FY 2016-17.

H.B. 16-1242 (SUPPLEMENTAL BILL): Supplemental appropriation to the Department of Human Services to modify appropriations for FY 2015-16.

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17. Includes provisions modifying appropriations to the Department of Human Services for FY 2014-15 and FY 2015-16.

APPENDIX C

FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

- 51 Department of Human Services, Services for People with Disabilities, Regional Centers for People with Developmental Disabilities, Wheat Ridge Regional Center, Wheat Ridge Regional Center Intermediate Care Facility; and Grand Junction Regional Center, Grand Junction Regional Center Intermediate Care Facility -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., the Department may transfer up to 5.0 percent of the total appropriation for Intermediate Care Facilities between the Wheat Ridge Regional Center and the Grand Junction Regional Center.

COMMENT: This footnote provides the Department with the flexibility to transfer 5.0 of the total appropriation for the Intermediate Care Facilities between the two facilities to provide the Department with the flexibility to adjust the appropriations for the Regional Centers if individuals are moved from one facility to another.

- 52 Department of Human Services, Services for People with Disabilities, Regional Centers for People with Developmental Disabilities, Grand Junction Regional Center, Grand Junction Regional Center Waiver Services; and Pueblo Regional Center, Pueblo Regional Center Waiver Services -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., the Department may transfer up to 5.0 percent of the total appropriation for Regional Center waiver services between the Grand Junction Regional Center and the Pueblo Regional Center.

COMMENT: This footnote provides the Department with the flexibility to transfer 5.0 of the total appropriation for Regional Center waiver services between the two facilities to provide the Department with the flexibility to adjust the appropriations for the Regional Centers if individuals are moved from one facility to another.

UPDATE ON REQUESTS FOR INFORMATION

- 6 Department of **Corrections**, Management; and Department of **Human Services**, Services for People with Disabilities, Regional Centers -- The Departments are requested to provide by November 1, 2016, the assessments the Department of Corrections uses to identify individuals with intellectual and developmental disabilities, including who administers the assessment, what specific assessments are used, and in what setting the assessment is administered. The Departments are also requested to include how many individuals in the corrections system received services from the Regional Centers prior to entering the corrections system.

COMMENT: Department of Corrections: The intellectual and developmental disability need level is determined at the Denver Reception and Diagnostic Center (DRDC) by diagnostic programmers based on the findings from psychometric testing, records review, and interview information. The intellectual and developmental disability need level (DD code) is a five-

point scale. The Culture Fair Group IQ score and the reading level score obtained on the Test of Adult Basic Education (TABE) are the primary determinants of the need level.

-
- Offenders who receive a group tested IQ of 80 or below as indicated by the Culture Fair and a TABE reading level of 5.9 or below, and/or have significant deficits in adaptive functioning related to intellectual functioning, and/or have a history of receiving developmental disability services, are determined to have a DD3-T code.
-
- Diagnostic programmers can determine the DD code of offenders at the level of 1, 2, or 3-T only. Monthly reports by facility of offenders who have DD codes of 3-5 are distributed to mental health supervisors. The mental health supervisors are to follow-up with these offenders and revise the DD code to 1 or 2 if appropriate. If the offender meets the qualifications for intellectual and developmental disability, the mental health supervisor will complete a referral for the positive development program.
-

Department of Human Services: According to the Department of Health Care Policy and Finance there were two offenders in the corrections system as of April 30, 2016 (of a total 30,484 individuals in prisons or on parole, including Youthful Offenders) that had received services from the Regional Centers prior to entering the corrections system. Data was pulled for the time period of July 1, 2010 through September 30, 2016.

- 4 Department of Human Services, Services for People with Disabilities, Regional Centers for People with Developmental Disabilities -- The Department is requested to provide by January 15, 2017, the monthly census for each Regional Center by licensure type since the beginning of the fiscal year, and annual cost per capita for each Regional Center by licensure type, including the Regional Center costs for utilities, depreciation, indirect costs, and centrally appropriated personnel items.

COMMENT: This request for information will be submitted on January 15, 2017 and used to inform staff figure setting recommendations for the Regional Centers.

13. Department of Human Services, Services for People with Disabilities, Regional Centers for People with Developmental Disabilities -- The Department is requested to provide by November 1, 2016, information regarding transitions and readmissions to the Regional Centers for each of the past eighteen months. As part of the response, the Department should include: the number of individuals that have been transitioned from each Regional Center and the setting to which they were transitioned for each month, how many of these individuals have been readmitted to a Regional Center and when, the number of monthly admissions to each Regional Center, the definition of a successful transition, and the monthly number of successful transitions.

COMMENT: Over the time period covered by this request for information, the Department has admitted 63 individuals into the Regional Centers and transitioned 55 individuals, thereby increasing the number of individuals served by a total of 8.

Admissions and Transitions From Regional Centers April 2015 thru September 2016									
		WRRC		GJRC ICF/IID		GJRC HCBS/DD		PRC HCBS/DD	
		Admissions	Transitions	Admissions	Transitions	Admissions	Transitions	Admissions	Transitions
April	2015	3	1	0	0	0	0	0	0
May	2015	1	2	0	0	0	0	0	0
June	2015	5	2	0	1	0	0	0	3
July	2015	4	6	1	0	0	0	0	0
August	2015	2	2	0	0	0	0	1	0
September	2015	1	1	2	0	0	0	3	0
October	2015	1	2	0	1	0	1	2	0
November	2015	0	2	5	0	0	0	3	1
December	2015	1	2	0	0	1	0	1	1
January	2016	2	2	0	0	0	0	1	1
February	2016	1	3	0	0	0	0	1	5
March	2016	4	3	1	0	0	0	3	1
April	2016	2	2	0	0	0	1	1	0
May	2016	1	1	0	0	0	0	0	0
June	2016	2	4	0	0	0	0	1	1
July	2016	1	0	0	0	0	0	0	0
August	2016	2	1	0	0	0	0	0	0
September	2016	3	0	0	0	0	0	0	2
Total		36	36	9	2	1	2	17	15

Readmissions - During the 18-month period from April 1, 2015 through September 30, 2016, there have been three individuals who transitioned and then were readmitted to the Regional Centers.

- One individual was readmitted in May 2016, after being discharged from WRRC-ICF in June 2015.
- The second individual was readmitted in February 2016, after being discharged from PRC in December 2015.
- The third individual was readmitted in August 2016 after being discharged from WRRC- ICF in May 2015.

Transitions: The Department notes in the response that there is no formal legal definition of "successful transition". The Regional Centers consider the transition process to be successful when a provider is identified that is acceptable to the resident and their parents/guardians, and the individual moves to the community. Except for the three noted under re-admissions, all transitions were successful. To improve the success of transitions, the Division enhanced the transition process in February 2015. Process enhancements included development of a checklist to ensure that all needed services and supports are in place for the individual in the community prior to the transition. Additionally, the Division developed the Transition Support Team to provide staff resources to help transfer knowledge of how best to serve the individual and to provide support to the resident and the new provider during the transition process and for up to 90 days following transition. If additional support is needed, the Transition Support Team can continue to be involved.

20. Department of Human Services, Office of Operations -- The Department is requested to provide to the Joint Budget Committee, by November 1, 2016, information on which programs use capitol complex leased space, including how many square feet are used by each program. Additionally the Department is request to identify the funding for capitol complex leased space by program and fund source.

COMMENT: The Department leases a total of 127,173 square feet of capitol complex leased space at 1575 Sherman Street at a cost of \$1,539,046 total funds, include \$623,531 General Fund.

APPENDIX D

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Human Services by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2015-16 report dated October 2016 can be found at the following link:

<https://drive.google.com/file/d/0B8ztLiGduUWbTEhKYVpoUk5SZ0E/view>

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Human Services is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2016-17 plan can be found at the following link:

<https://drive.google.com/file/d/0B8ztLiGduUWbSC1RdWEzeEcXWW8/view>



JBC Staff FY 2017-18 Budget Briefing

Department of Human Services

(Office of Operations and Services for People with Disabilities)

Presented by:

Megan Davisson, JBC Staff
December 19, 2016

Major Topics To Cover

Regional Center Task Force
Recommendations

Grand Junction Regional Center Campus and
Advisory Committee Recommendations

Pueblo Regional Center and
Staff Pay Changes

Department Indirect Costs

Issue: Regional Center Task Force

Topics to Cover

Issue Update on
Implementation of Regional
Center Task Force
Recommendations

Department of Health Care
Policy and Financing R10 –
Regional Center Task Force
Recommendations

Issue: Grand Junction Regional Center Campus

Topics to Cover

Grand Junction Campus
Background

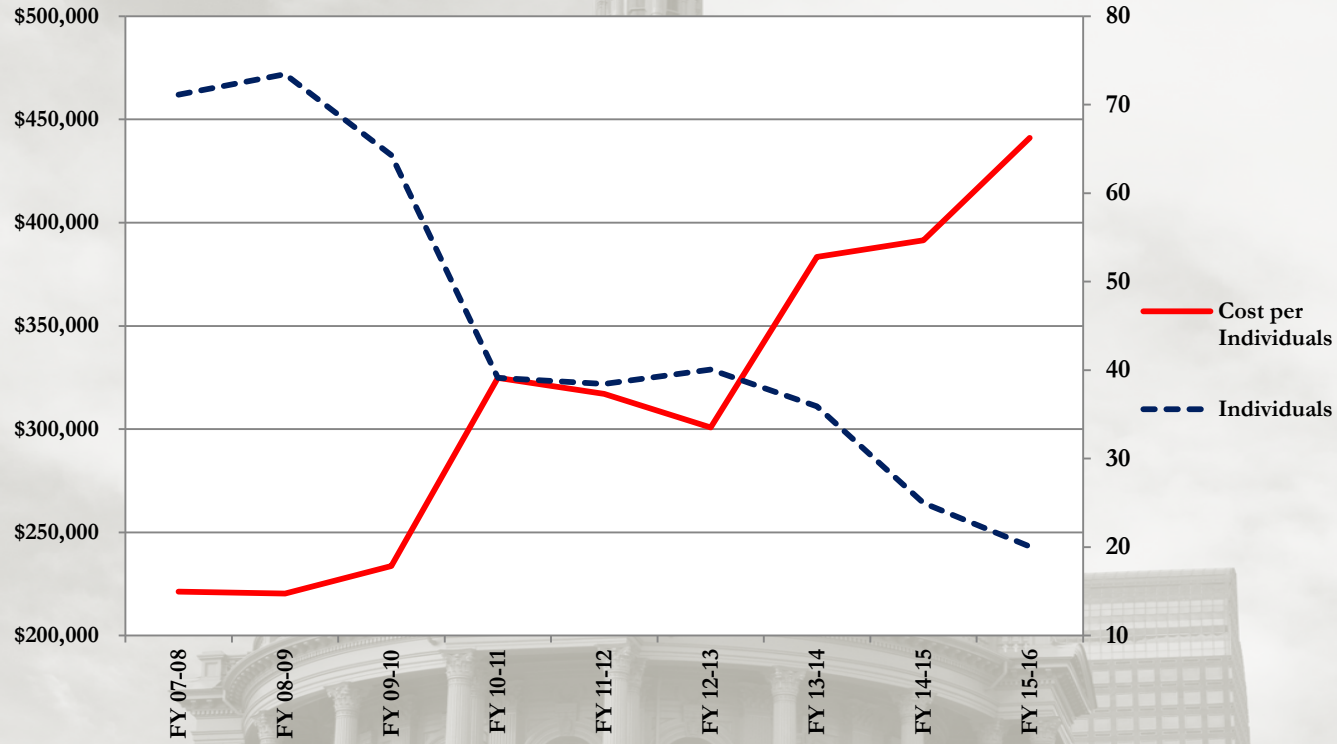
S.B. 16-178 Advisory Group
Recommendations

FY 2017-18 Capital Construction
Request

The background of the slide is a faded, grayscale image of the Colorado State Capitol building. The central feature is the large, ornate dome with its characteristic lantern on top. Below the dome, the classical columns of the portico are visible. To the right of the main dome structure, a portion of a modern, multi-story building with a grid-like facade is visible. The sky is filled with soft, wispy clouds.

Grand Junction Regional Center Campus Background

Grand Junction ICF/IID Regional Center Census and Cost per Individual





GRAND JUNCTION CAMPUS OZ ARCHITECT ASSESSMENT OPTIONS

OPTION	COST OR REVENUE
Option 1 - Renovation of existing campus and fourteen building to remediate deficiencies	Cost \$32.0 million
Option 2a - Consolidation of current program to 2 or 3 building on approximately 5 acres	Cost \$7.0 million
Option 2b - Construction of new facility on 30,000 square feet of the Campus	Cost \$12.0 million
Option 3 – Land value if the Grand Junction Regional Center Campus is sold	\$1.0 million to \$5.0 million in revenue
Option 4 - Renovate and lease 140,000 square feet	Cost \$26.0 million to renovate
	Earn \$1.0 million per year by leasing

Advisory Group Recommendations Which Have Drawn Opposition

Advisory Group Recommendations #1 & 2

Cluster new homes
and services on a
single site

Advisory Group Recommendation #5

Lift moratorium
and allow new ICF
admissions

Advisory Group Recommendation #6

Utilize the
maximum number
of residents from
the last three years



Grand Junction Regional Center Planning Process - Timeline for Implementing SB 16-178

Planning/Implementation Step	Timeline
Develop Operation Program Plan	December 2016 to March 2017
Develop facility program plan	April to October 2017
Select and purchase land that complies with the facility program plan	June to September 2017
Architectural Design and site development	November 2017 to August 2018
Construction	September 2018 to August 2019
Equip the facility and train staff	January 2019 to August 2019
Move residents to new facilities	September 2019 to November 2019
Vacate and transfer campus	December 2019

Capital Construction Request – Four New Group Homes

SUMMARY OF REQUEST FOR NEW GRAND JUNCTION REGIONAL CENTER GROUP HOMES	
	Project Costs
Land/building acquisition (4 - 10,000 Sq. Ft. lots)	\$300,000
Professional Services	1,797,319
Total Construction Costs	8,565,794
Total Equipment and Furnishings	644,800
Total Miscellaneous Costs	120,658
Project Contingency	<u>571,429</u>
Total Request	\$12,000,000

Issue: Pueblo Regional Center

Topics to Cover

CMS Findings

Employee Pay Increases

Impact of Pueblo Regional Center CMS Findings



Development of a
Pueblo Regional
Center staffing plan.

Moratorium on
new admissions.

Repayment of
federal funds used
from November 1,
2014 through
November 2015.

Department Response to CMS Findings

Development of a
Pueblo Regional
Center staffing plan.
- **Employee pay
increases.**

Moratorium on
new admissions –
**Existing voluntary
moratorium.**

Repayment of
federal funds used
from November 1,
2014 through
November 2015. –
**Disagrees and has
challenged
repayment.**

Regional Center Employee Pay Increases

Increased starting
pay by on average
25.6% or \$928/month

Compression pay
applied to
approximately
75.4% of existing
staff.

Total Cost =
\$5,838,132.

Points to Consider About Employee Pay Increases

Historical increases in FTE for Regional Centers required budget actions – the increase of 31.0 FTE for Pueblo did not.

Department responses to July 2015 staffing questions did not acknowledge any staffing problems.

Long Bill appropriation is based on actual costs – therefore why do the Regional Centers have so much extra spending authority?

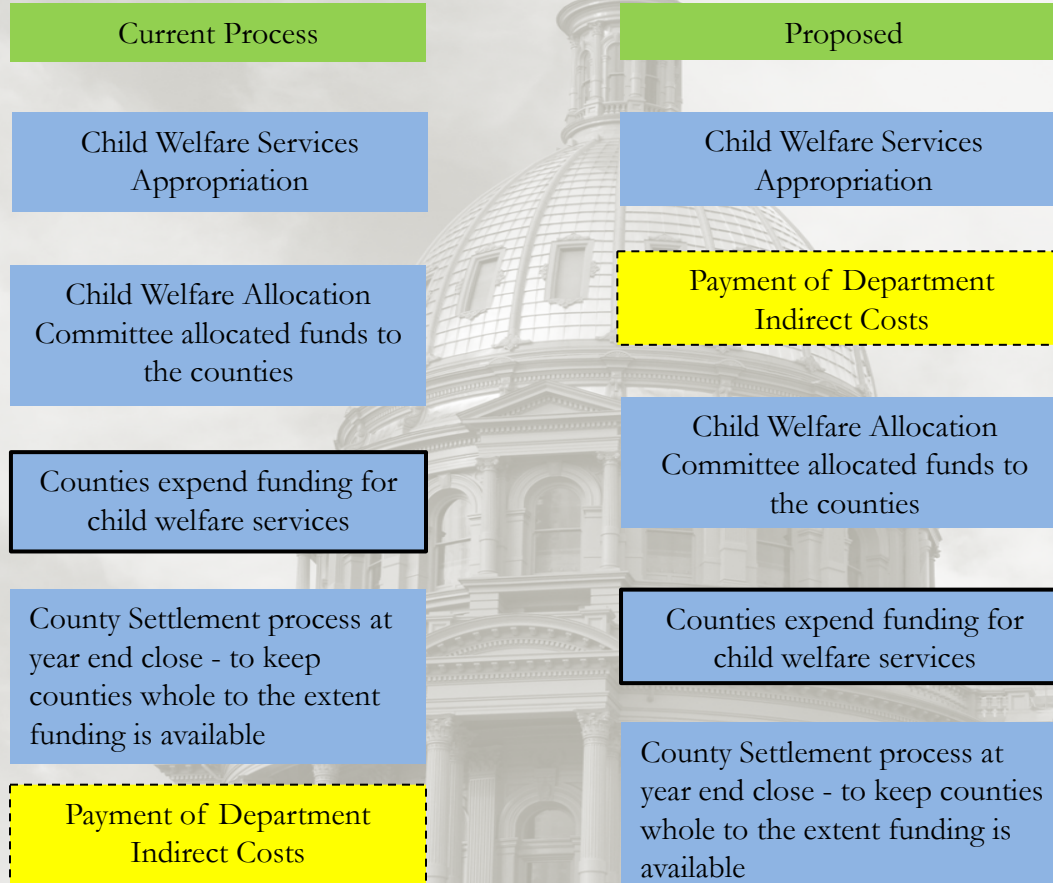
Issue: Department Indirect Costs

Topics to Cover

County Child Welfare Funding
Concerns

JBC Staff Plan

Current and Proposed Process for Collecting Child Welfare Indirect Costs



Example of Process Change Impact on Child Welfare Funding

CHILD WELFARE FUNDS INDIRECT COSTS - PRIOR TO FY 2017-18	
\$100	Total Child Welfare funds
\$10	Department hold out - portion of which was used to pay for indirect costs
\$90	Funds available for county expenditure
CHILD WELFARE FUNDS INDIRECT COSTS - FY 2017-18 REQUEST	
\$100	Total Child Welfare funds
\$10	Department hold out
\$6	Indirect Costs
\$84	Funds available for county expenditure

JBC Staff Indirect Cost Plan - Example

STEP 1 - CALCULATION OF THE POOL	
Division 1	TOTAL FUNDS
Personal Services	\$100
Operating Expenses	10
Vehicle Lease Payments	5
Payments to OIT	15
Total Pool	\$130

STEP 2 - CALCULATION OF DIVISION PERCENTAGES	
Division 2	20%
Division 3	45%
Division 4	25%
Division 5	10%

JBC Staff Indirect Cost Plan – Example for Steps 3 and 4

STEP 3 - CALCULATION OF DIVISION INDIRECT COST ASSESSMENT		
EQUALS TOTAL POOL * DIVISION PERCENTAGE		COMMENTS
Division 2	\$26.00	Equals $\$130 \times 20\%$
Division 3	58.50	Equals $\$130 \times 45\%$
Division 4	32.50	Equals $\$130 \times 25\%$
Division 5	13.00	Equals $\$130 \times 10\%$
Total Indirect Cost Assessments	\$130	This should equal the Total Pool

Step 4 - Calculation of Fund Splits					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Division 2	\$26	\$2	\$12	\$0	\$12
Division 3	59	0	6	0	53
Division 4	33	8	0	25	0
Division 5	13	13	0	0	0
Total	\$130	\$23	\$18	\$25	\$65



Other Department of Human Services Items



JBC Staff FY 2017-18 Budget Briefing Department of Health Care Policy and Financing

(Office of Community Living)

Presented by:

**Megan Davisson, JBC Staff
December 19, 2016**

Major Topics To Cover



Over IDD Services

Conflict Free Case Management

Caseload Forecast and
Supported Living Services
Provider Availability

Four Levels of the System of IDD Services

Federal Level



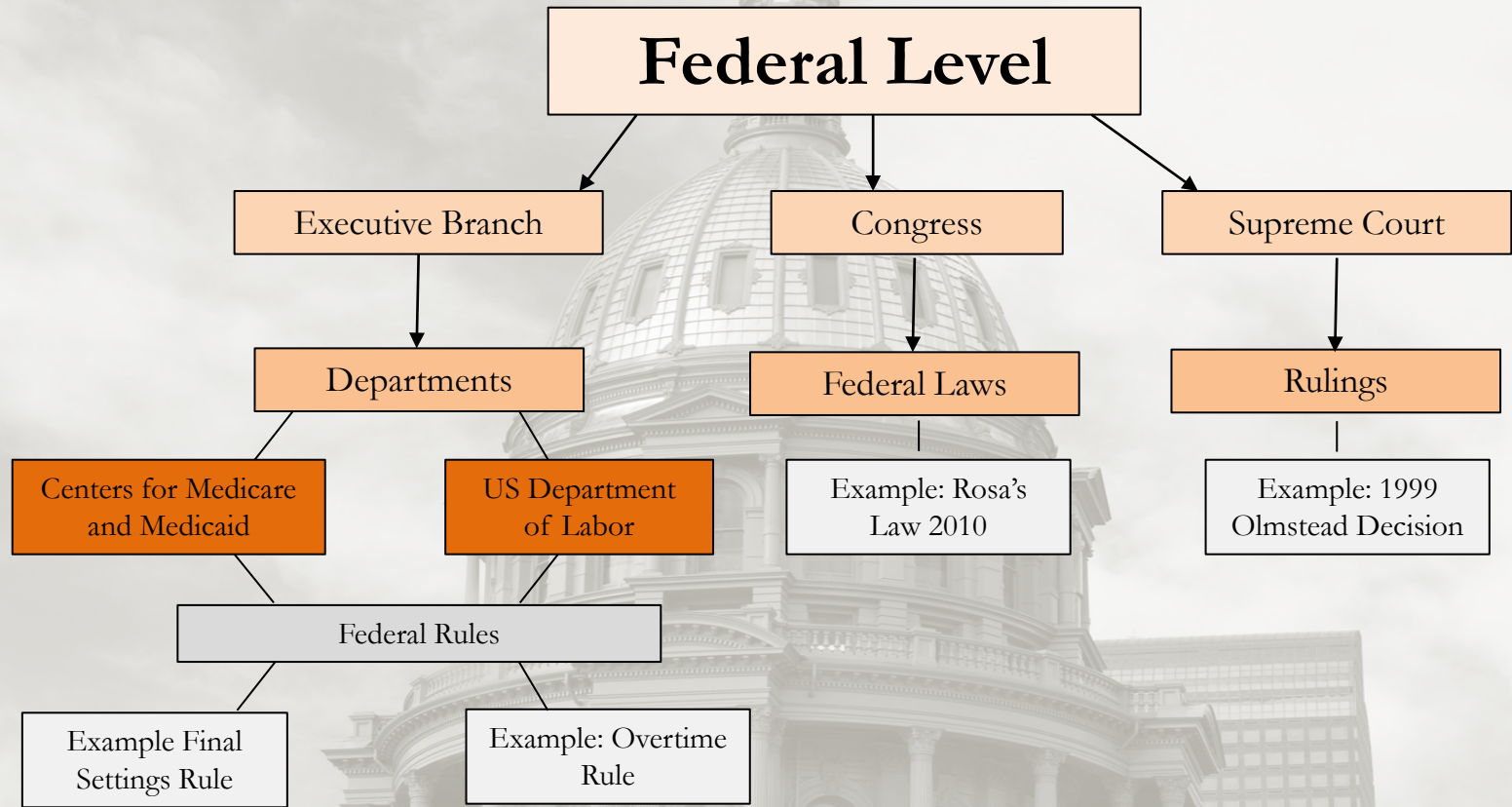
State Level



Local Level



Individual Level



State Level

Executive Branch

General Assembly

Citizen Initiatives

Departments

State Laws

Successful Ballot Questions

Health Care Policy
and Financing

Public Health and
Environment

Human Services

Public Safety

Long Bill

Special Bills

Example: H.B. 15-
1318 Waiver
Redesign

Example: 2016
Minimum Wage
Increase

State Level Department Breakdown

IDD Waivers (services are not directly provided by department)

Health Care Policy and Financing

Supported Living Services Waiver

Children's Extensive Support Waiver

Comprehensive Waiver

Group Homes

ICF/IID Homes

Human Services

Regional Centers

Waiver Homes

ICF/IID Homes

Public Health and Environment

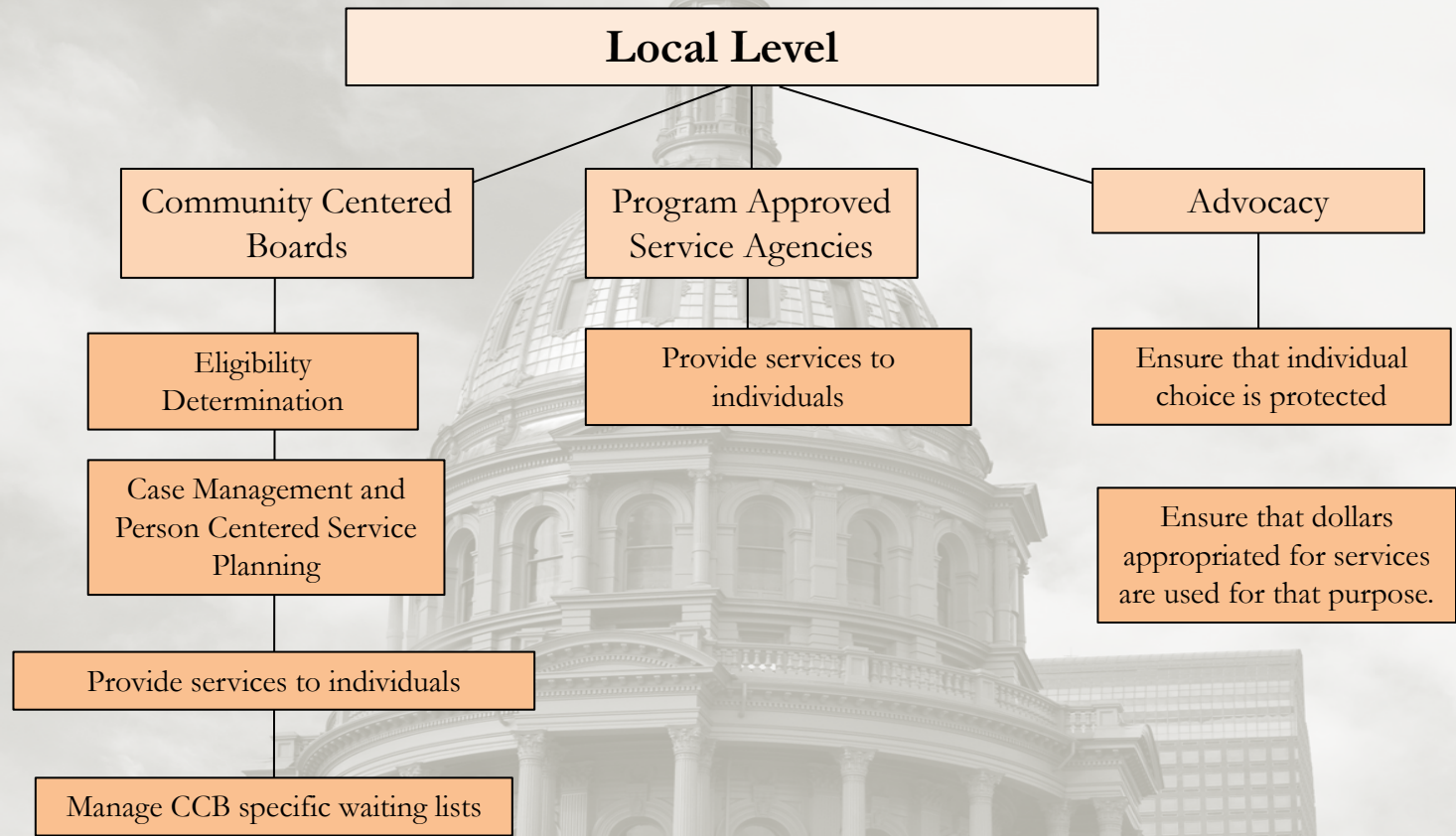
Health survey inspections

Public Safety

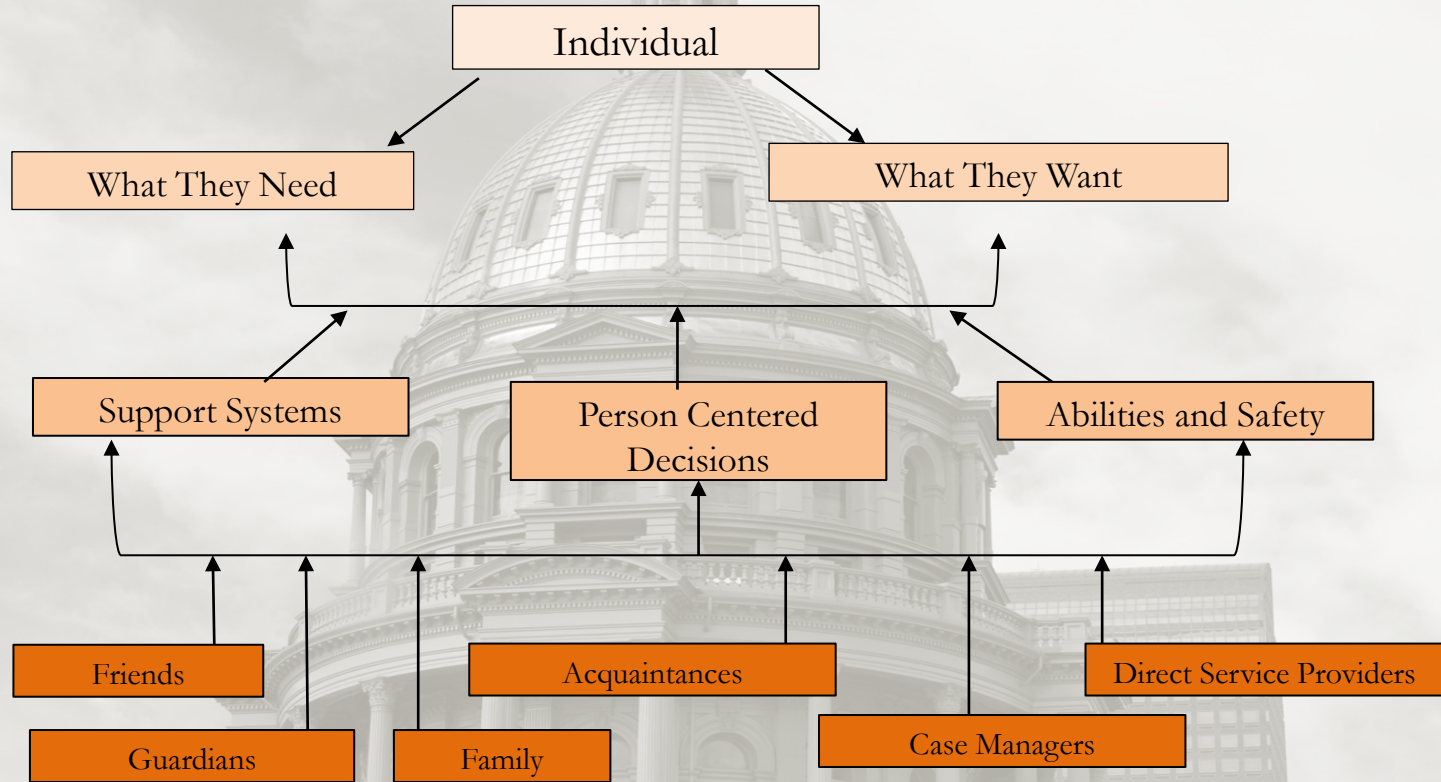
Building and fire code inspections

*Arrows reflect the flow of Medicaid Funds

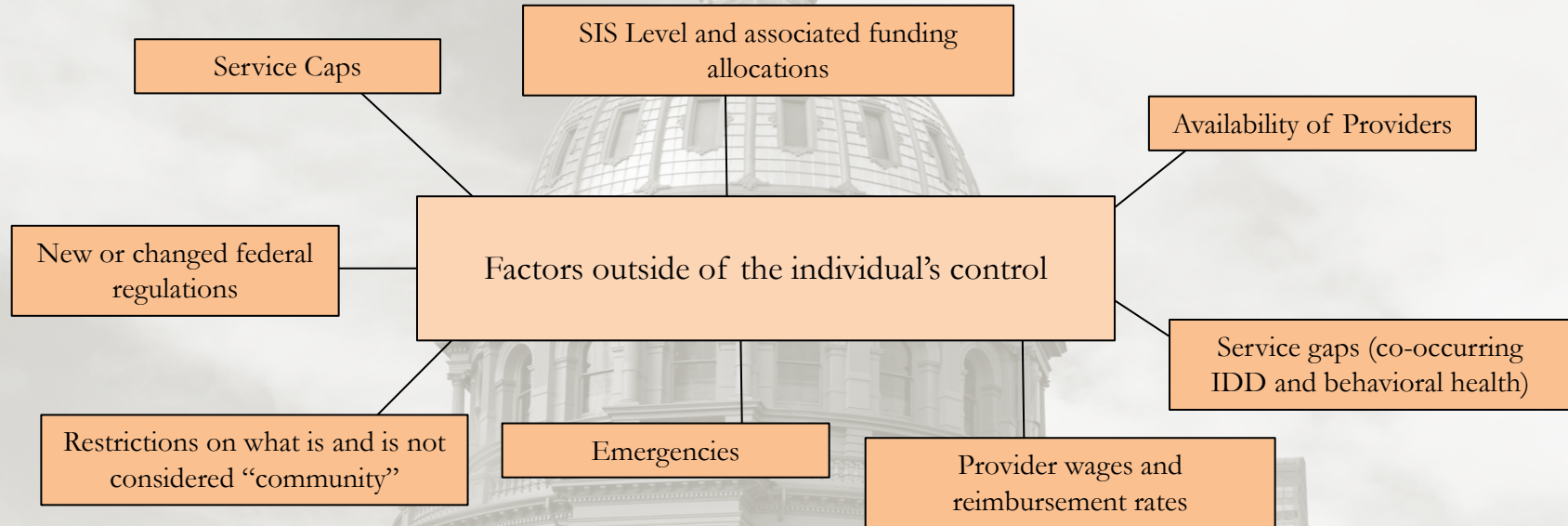
*Gray Boxes reflect department programs/responsibilities



Individual Level



Individual Level – Factors Impacting Available Services



System Changes

IDD Waivers

Regional Center

Federally Initiated

State Initiated

Federally Initiated

State Initiated

Conflict Free Case
Management

SB 16-192 Assessment Tool

CMS Final Settings Rule

Grand Junction Campus

CMS Final Settings Rule

HB 15-1318 Waiver Redesign

Pueblo Regional Center

Regional Center Task
Force Recommendations

Federal Overtime Rule

2017 State Minimum Wage
Increase

2014 Community Living Advisory
Committee

HB 15-1368 Dual Diagnosis Pilots

CES Waiver and CHRP
Waiver Changes

Issue: Conflict Free Case Management

Topic to Cover

Staff proposed plan for compliance with federal requirements for conflict free case management

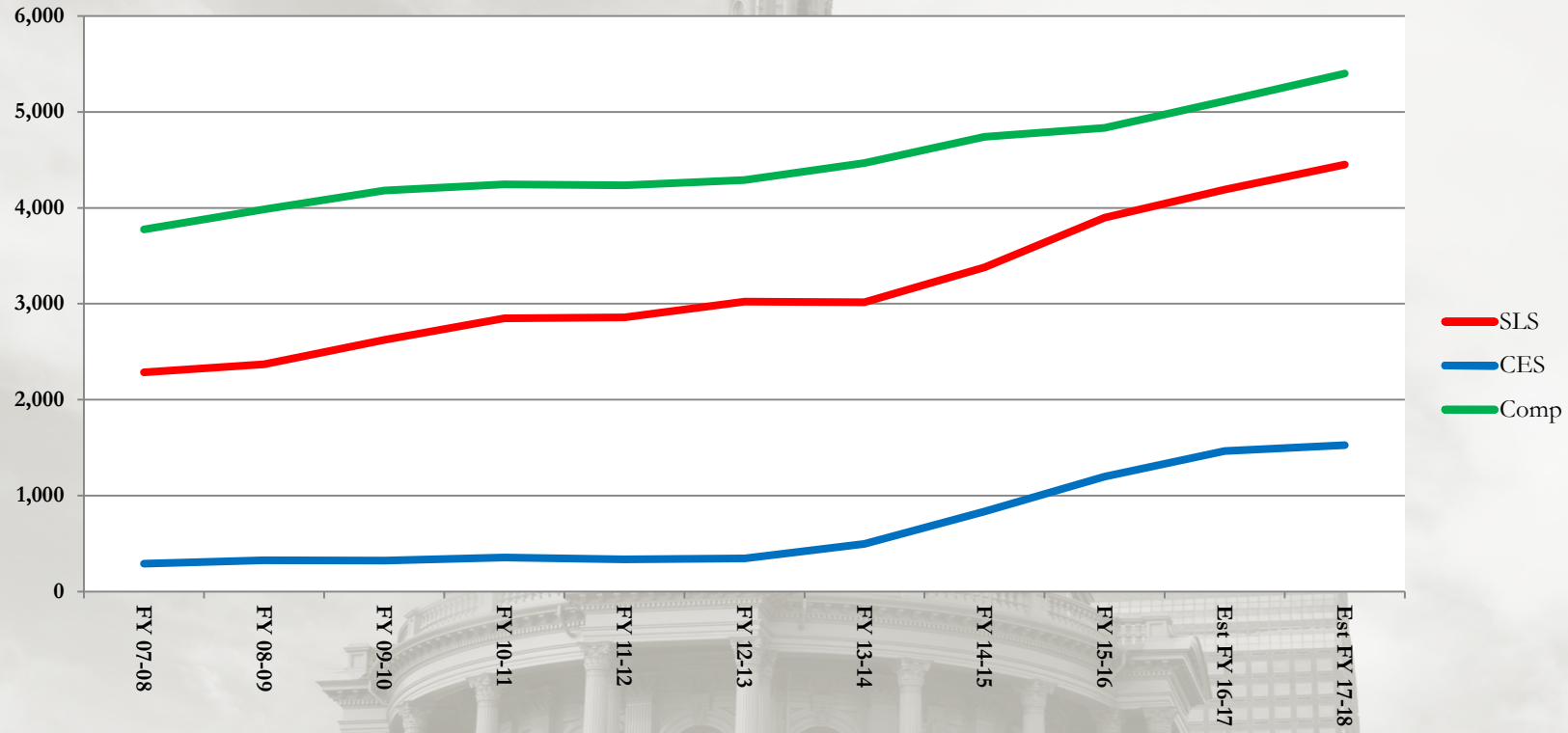
Issue: Caseload Forecast and Supported Living Services Provider Availability

Topics to Cover

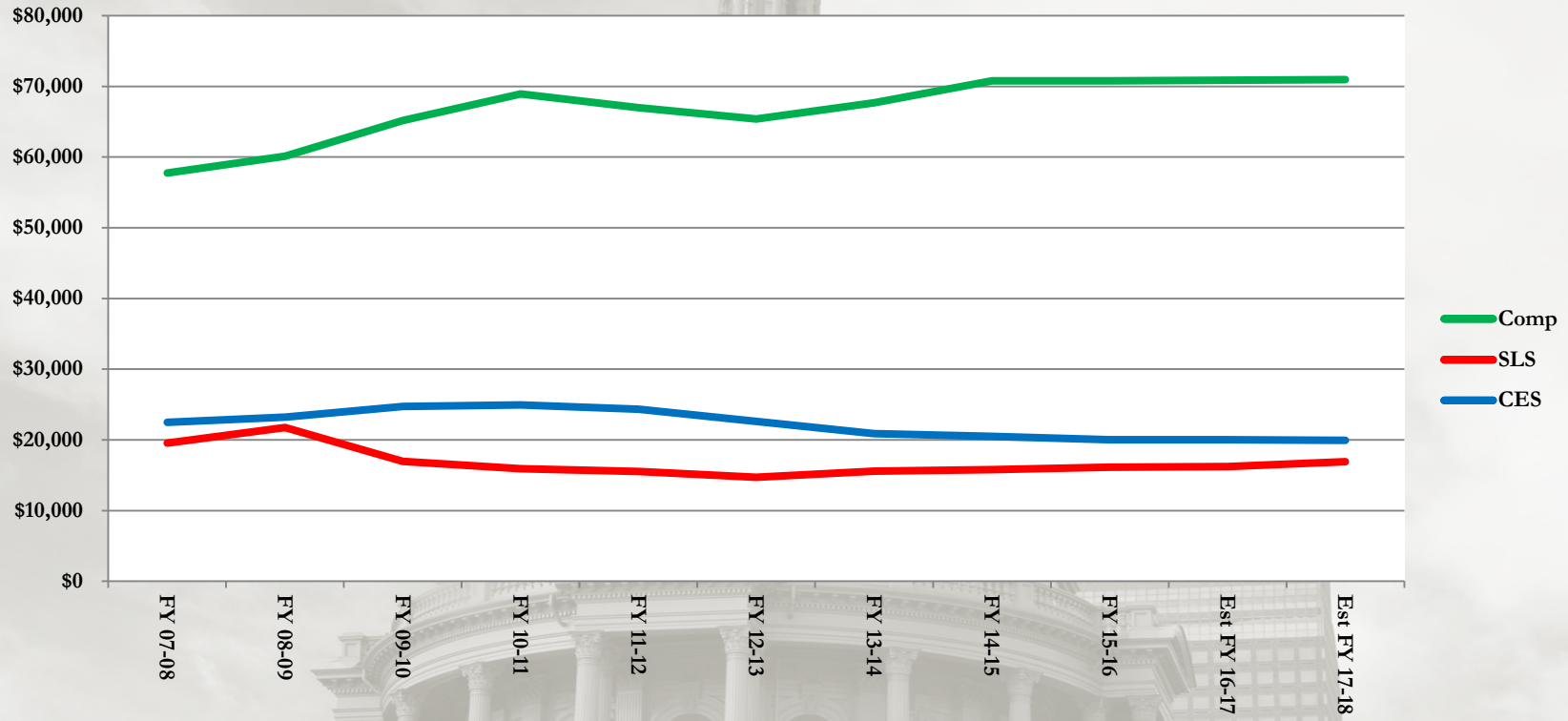
Supported Living Services Caseload

Supported Living Services Provider
Availability

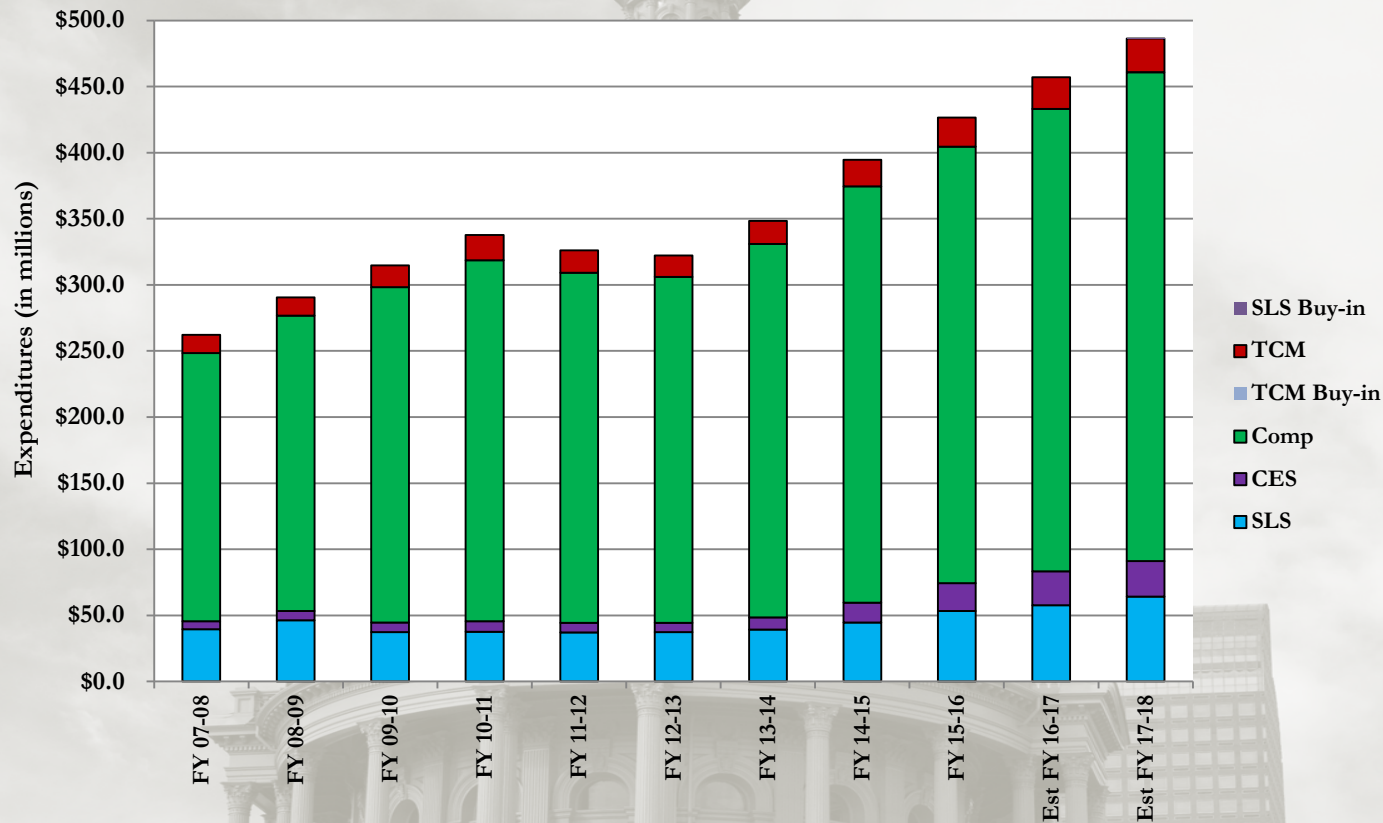
FPE by IDD Waiver



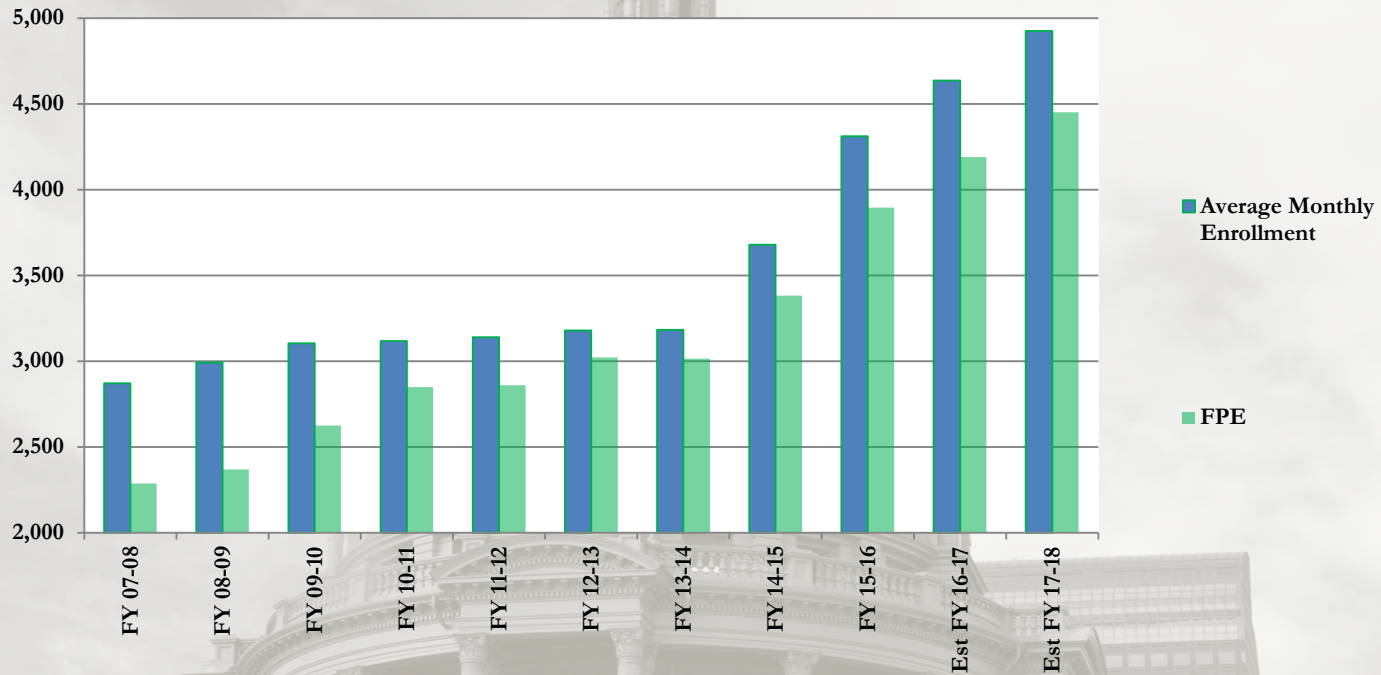
Average Cost of Services per FPE by Waiver



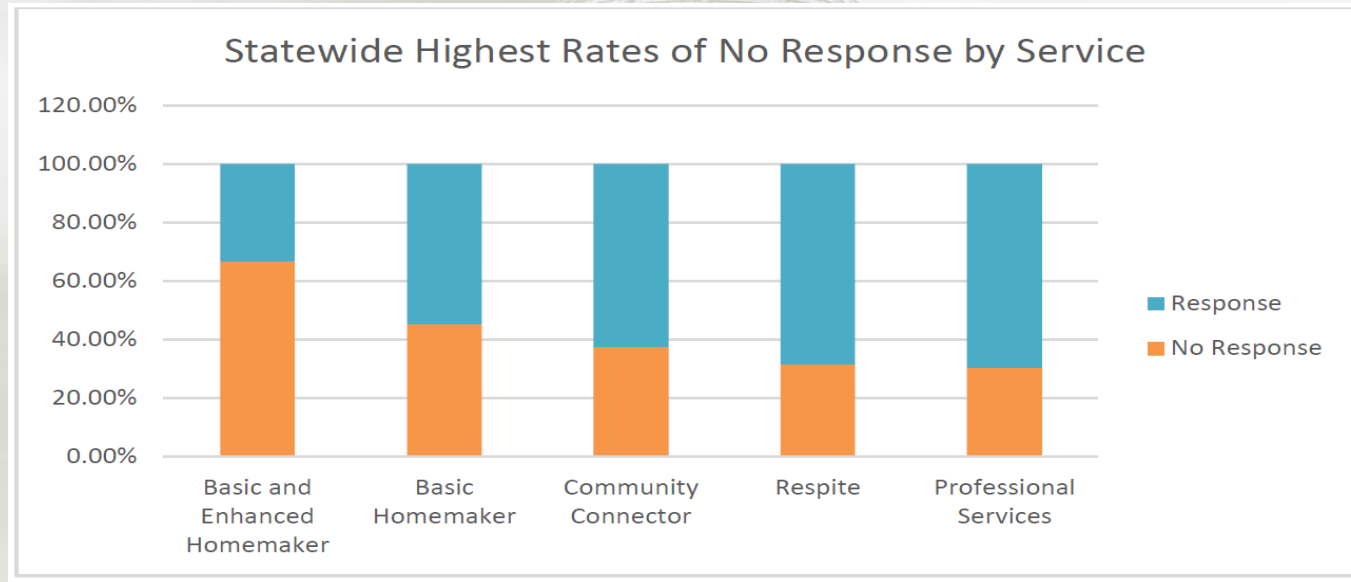
IDD Waiver Expenditures



Supported Living Services Waiver - FPE vs Average Monthly Enrollment

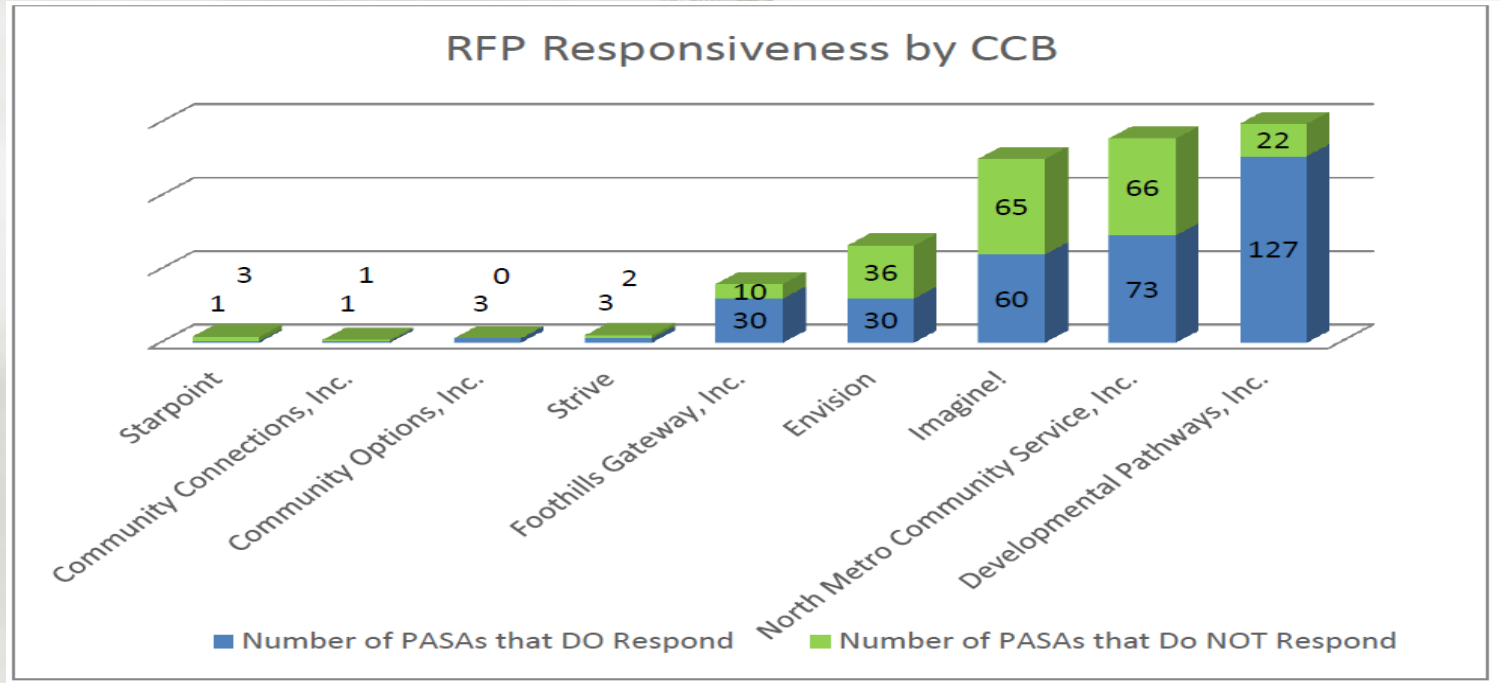


Supported Living Services Waiver – Response Rate by Services



Information provided by Alliance.

Supported Living Services Waiver – Provider Response Rate



Information provided by Alliance.



JBC Staff FY 2017-18 Budget Briefing Department of Health Care Policy and Financing

(Office of Community Living)

Presented by:

**Megan Davisson, JBC Staff
December 19, 2016**