

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**INTERIM SUPPLEMENTAL REQUESTS
FOR FY 2013-14**

**DEPARTMENT OF HEALTH CARE POLICY AND
FINANCING**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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Prioritized Interim Supplemental Requests

LEASED SPACE

	Request	Recommendation
Total	<u>\$1,141,708</u>	<u>\$928,734</u>
FTE	1.0	0.0
General Fund	570,856	464,367
Federal Funds	570,852	464,367

<p>Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]</p> <p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES in part
<p>JBC staff and the Department agree that (1) this request meets the interim supplemental criteria of Section 24-75-111, C.R.S., and (2) this request is the result of data that was not available when the original appropriation was made. Specifically, the Department has identified a time-limited opportunity to acquire a large amount of leased space near the Department's headquarters. However, the Department also proposes new FTE and one-time resources for outreach efforts associated with the transfer of programs for people with developmental disabilities from the Department of Human Resources, and these components of the request do not meet the 1331 or supplemental criteria.</p>	

Department Request: The Department submitted one request totaling \$1.1 million and 1.0 FTE for three somewhat related but potentially severable issues. All of the components of the request are eligible for a 50 percent federal match rate.

Summary of Supplemental Request	FY 2013-14	FY 2014-15
1 Leased Space		
Ongoing Rent	\$350,720	\$350,720
One-time Equipment/Furnishings/Moving Costs	<u>578,014</u>	<u>-</u>
	928,734	350,720
2 Accounting and Human Resources Staff		
FTE	1.0	1.5
Personal Services	52,157	78,242
Operating Expenses	3,112	1,425
Benefits	<u>7,705</u>	<u>12,190</u>
	62,974	91,857
3 Stakeholder Engagement Travel & Meeting Costs	150,000	-
TOTAL	<u>\$1,141,708</u>	<u>\$442,577</u>
FTE	1.0	1.5

The components of the request are described in more detail below.

1. **Leased Space** -- The Department has what the Department believes is an unusual opportunity to acquire a large amount of leased space in a location that is both close to the Department's existing space and competitively priced for the area. The available space is approximately 25,000 square feet on the 7th floor of 303 E 17th Avenue and the expected price is between \$21.00 and \$23.50 per square foot annually. The Department would like to take advantage of this opportunity to ensure adequate space for 99.0 new positions authorized during the 2013 legislative session, including: (1) 33.5 new FTE approved in various bills; (2) 31.0 contract staff approved in the Long Bill associated with the reprocurement of the Medicaid Management Information System (MMIS); and (3) 34.5 FTE working on programs for people with developmental disabilities transferred from the Department of Human Services pursuant to H.B. 13-1314.

Summary of Leased Space Request	Leased Space	Capital Outlay	TOTAL
Estimated Need			
25,000 sq. ft. @ \$22.25 / sq. ft.	\$556,250		
122 cubicles @ \$3,473 / cubicle		423,706	
Equipment and furnishings in common areas		302,807	
Move 34 employees from Fort Logan @ \$272 / employee		9,248	
Telephones and PCs for staff transferred from Fort Logan		52,022	
	556,250	787,783	
Previously appropriated funding (see next table)	205,530	209,769	
Requested funds	\$350,720	\$578,014	\$928,734

The next table summarizes authorized positions requiring leased space and the funding provided for this purpose to date. Note that the authorized positions requiring leased space will not match the appropriated FTE for the Department, since some of the positions are for contract staff associated with the reprocurement of the Medicaid Management Information System (MMIS). The Department received some funds for additional leased space in FY 2013-14, but other appropriations of FTE were in increments too small to warrant new funding for leased space. The funding for leased space for the staff working on the reprocurement of the MMIS is built into the appropriation for the contract, rather than the Leased Space line item. Significantly, the Department received no funding for leased space for the transfer of programs for people with developmental disabilities from the Department of Human Services.

				Funds Provided	
				Leased Space	Equipment/Furnishings*
Staff Requiring Leased Space		FY 13-14	FY 14-15		
Base	FY 2012-13 Appropriated FTE	327.1	327.1	\$866,780	NA
<u>New FTE authorized in 2013 session</u>					
SB 13-200	Medicaid Eligibility Expansion	19.0	19.0	78,101	65,987
SB 13-242	Adult Dental Benefit	1.3	2.0	-	6,946
SB13-167	Individuals with Intellectual Disabilities	0.9	1.0	-	-
SB 13-276	Disability Investigational and Pilot Support	(1.0)	(1.0)	-	-
Long Bill	Annualize prior year budget decisions	0.4	0.4	-	-
Long Bill	R6-Additional FTE to Restore Functionality	7.4	9.0	-	25,700
Long Bill	R11-H.B. 12-1281 Departmental Differences	2.1	2.1	-	-
Long Bill	Denver Health financing of Long-term Care	<u>0.9</u>	<u>1.0</u>	-	3,473
		31.0	33.5	78,101	102,106
<u>Transfers</u>					
HB 13-1314	Transfer Developmental Disabilities to HCPF	8.7	34.5	-	-
<u>Contract Staff (not appropriated, but require leased space)</u>					
Long Bill	R5-MMIS Reprocurement	31.0	31.0	127,429	107,663
SUBTOTAL New, Contract, and Transfer Staff		70.7	99.0	\$205,530	\$209,769
TOTAL Staff Requiring Space		397.8	426.1	\$1,072,310	\$209,769

* In this table Equipment/Furnishings does not include personal computers or telephones. All new FTE were funded for these costs. The Department does have a request for computers and telephones for the FTE being transferred from Fort Logan, rather than moving their computers and telephones that may not be compatible with the Department's existing systems.

The FTE who are scheduled to transfer from the Department of Human Services are currently located in state-owned space, primarily at Fort Logan, and they do not necessarily need to move locations when they transfer agencies. However, the Department believes that co-locating the transferring employees with the rest of the Department would better and more quickly integrate the programs into the Department. The Department of Human Services has several programs with space needs that could occupy the vacated property at Fort Logan, including some programs that are currently leasing commercial space. The Department of Human Services and the Office of State Planning and Budgeting are working on a plan for how to best use the vacated space.

The Department acknowledges that the total requested space is more than the Department currently needs, but the Department argues that this allows for growth, and that the benefit of consolidating staff in three nearby buildings, rather than scattering staff in multiple buildings throughout the metro area, justifies the expense. There are several ways of estimating the Department's space needs. Based on Department of Personnel and Administration standards of 204 square feet per FTE, including common areas, the Department estimates the requested new space could accommodate approximately 122 work stations, but the Department is adding 99.0 positions requiring leased space. Using the 204 square feet per FTE standard

and estimating from scratch suggests the Department needs an additional 12,990 square feet, but the Department proposes adding 25,000 square feet. These two ways of looking at the Department's space needs provide approximations of the space required, but it is important to remember that the 204 square feet per employee is just a guideline and it may not always be achievable within the configuration of a specific building. Also, the Department's need for accessible meeting rooms for public hearings is arguably higher than the standard common space per FTE built into the 204 square feet per employee standard. The Department is not able to purchase a portion of the 7th floor at 303 E 17th Avenue.

Staff requiring space	426.1
Estimated square feet at 204 sq. ft. / FTE	86,924
Current square feet	
1570 Grant St.	34,799
225 E. 16th Ave.	<u>39,135</u>
	73,934
Space deficit in square feet	12,990

2. **Accounting and Human Resources Staff --** The Department requests additional resources related to the transfer of programs for people with developmental disabilities, including 1.5 FTE (1.0 FTE in the first year) for accounting and human resources functions. The fiscal note for H.B. 13-1314 assumed 0.2 FTE human resources and 0.3 FTE accounting staff, or a total of 0.5 support staff, would transfer from the Department of Human Services to the Department of Health Care Policy and Financing. The Department of Health Care Policy and Financing argues that transferring fractions of FTE does not provide sufficient resources to hire the staff necessary to manage the increased workload and the Department requests additional funding to make a whole 1.0 FTE accounting staff and 1.0 FTE human resources staff.
3. **Stakeholder Engagement –** The Department requests one-time funding for meeting and travel costs to do enhanced stakeholder engagement in the first year of the transfer of programs for people with developmental disabilities.

Stakeholder Engagement Activity	Cost
Travel Costs - costs for a minimum of 4 FTE to travel statewide to attend approximately 10 public forums to exchange ideas, solicit input, and address updates and/or changes to rules, policies and procedures. This is estimated to cost \$300 per employee per event.	\$12,000
Forum Costs - facility rental, supplies, refreshments, and other incidental costs associated with conducting public forums. This amount would cover various training registration fees and materials, conference registration fees and travel expenses.	\$16,000
Thirty nights of travel costs for a minimum of 2 FTE to meet individually or in small groups with various stakeholders to gain understanding of a wide range of needs, including business operations, service provision, training and development, or other best practice. This is estimated to cost \$200 per employee per day.	\$12,000
Annual Summit - includes all costs the Department would pay associated with its annual Aging and Disability Summit. In 2012, the Department hosted an inaugural summit, which was very well received by the stakeholder community and was both popular and productive.	\$110,000
Total	\$150,000

Staff Recommendation: Staff recommends approval of the leased space component of the request only. The potential availability of this space is new information since the appropriation was made, and waiting to act until the regular supplemental process may cause the Department to lose the opportunity. While consolidating the staff working on programs for people with developmental disabilities with the rest of the Department is not necessary to implement H.B. 13-1314, the move would likely improve the incorporation of the programs into the Department, and thus it appears consistent with the goal of the legislation.

Staff does not recommend the additional FTE for three reasons. First, the original estimate of the support FTE that should transfer with the programs for people with developmental disabilities was based on time allocation sheets maintained by the Department of Human Services for federal grant compliance. The JBC staff believes it is an accurate estimate of the current workload at the Department of Human Services. It is possible that the workload at the Department of Health Care Policy and Financing will be higher due to less economies of scale, but this difference should be marginal. Second, the Department's argument that fractions of FTE are not useful is not compelling. With an FY 2013-14 appropriation of 366.8 FTE, all in one line item, the Department can figure out a way to make the fractions of FTE translate into more employee time to accomplish the tasks. The Department is unlikely to hire 0.2 FTE human resources staff, but if the funding for the 0.2 FTE means that a vacancy somewhere in the Department gets filled faster, then the division with less vacancies will have some staff hours to spare to help the human resources division with the increased workload. This is a common-place management challenge confronted by all state departments and should not be especially burdensome for the Department of Health Care Policy and Financing to solve. Third, the request does not meet the supplemental or 1331 criteria. Since the transfer of programs for people with developmental disabilities does not occur until March, staff does not see an urgency to approve the support FTE through the 1331 process rather than the supplemental process. If this request were submitted through the regular supplemental process, staff does not see how it would be attributable to an act of God,

technical error, new information, or an unforeseen contingency. The need for support staff was known and estimated through the fiscal note process and the Department has not presented any new arguments for why more employees are needed.

Staff does not recommend the request for additional funding for one-time stakeholder engagement activities primarily because staff believes stakeholder engagement can be accomplished within existing resources. Both the programs for people with developmental disabilities and the Department currently budget funds for outreach activities. The Department recently received significant new resources in R6-Additional FTE to Restore Functionality aimed largely at improving stakeholder relations. This year more money may need to be spent to engage the community regarding the transfer of programs for people with developmental disabilities at the expense of other outreach efforts, but it is not unusual for the focus of outreach efforts to vary from year to year. In addition, staff anticipates higher than usual turnover during the transfer of programs for people with developmental disabilities that will generate vacancy savings, portions of which could be applied toward increased travel and meeting expenses to smooth the transition. Staff would also point out that the Department has significant flexibility to tailor and scale the types of stakeholder engagement activities to the available funds, including using telecommunication technology to reduce travel and meeting costs. The Department is not compelled to adopt an ambitious travel and meeting schedule. Finally, staff would argue that this part of the request is not urgent enough to merit approval through the 1331 process, and it does not meet the JBC's regular supplemental criteria.

	FY 2012-13	FY 2013-14	Fiscal Year 2013-14 Interim Supplemental		
	Appropriation	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
Executive Director - Sue Birch

Interim Supplemental #1 - Leased Space

(1) Executive Director's Office

(A) General Administration

Personal Services	22,593,922	23,641,039	52,157	0	23,641,039
FTE	<u>326.2</u>	<u>326.6</u>	<u>1.5</u>	<u>0.0</u>	<u>326.6</u>
General Fund	7,971,021	9,149,778	26,079		9,149,778
Cash Funds	2,038,599	2,077,080	0		2,077,080
Reappropriated Funds	1,176,645	1,069,555	0		1,069,555
Federal Funds	11,407,657	11,344,626	26,078		11,344,626
Benefits - various lines	<u>3,608,636</u>	<u>3,804,820</u>	<u>7,705</u>	<u>0</u>	<u>3,804,820</u>
General Fund	1,334,114	1,299,892	3,854		1,299,892
Cash Funds	276,572	279,162	0		279,162
Reappropriated Funds	183,984	87,999	0		87,999
Federal Funds	1,813,966	2,137,767	3,851		2,137,767
Operating Expenses	<u>1,625,623</u>	<u>1,557,009</u>	<u>731,126</u>	<u>578,014</u>	<u>2,135,023</u>
General Fund	715,356	708,358	365,563	289,007	997,365
Cash Funds	53,049	53,049	0	0	53,049
Reappropriated Funds	78,527	23,910	0	0	23,910
Federal Funds	778,691	771,692	365,563	289,007	1,060,699
Leased Space	<u>696,564</u>	<u>696,564</u>	<u>350,720</u>	<u>350,720</u>	<u>1,047,284</u>
General Fund	197,119	197,119	175,360	175,360	372,479
Cash Funds	151,164	151,164	0	0	151,164

	FY 2012-13 Appropriation	FY 2013-14 Appropriation	Fiscal Year 2013-14 Interim Supplemental		
			Requested Change	Recommended Change	New Total with Recommendation
Federal Funds	348,281	348,281	175,360	175,360	523,641
Total for Supplemental #1	28,524,745	29,699,432	1,141,708	928,734	30,628,166
FTE	<u>326.2</u>	<u>326.6</u>	<u>1.5</u>	<u>0.0</u>	<u>326.6</u>
General Fund	10,217,610	11,355,147	570,856	464,367	11,819,514
Cash Funds	2,519,384	2,560,455	0	0	2,560,455
Reappropriated Funds	1,439,156	1,181,464	0	0	1,181,464
Federal Funds	14,348,595	14,602,366	570,852	464,367	15,066,733
Totals					
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
TOTALS for ALL Departmental line items	5,139,112,040	6,553,501,829	1,141,708	928,734	6,554,430,563
FTE	<u>327.1</u>	<u>366.8</u>	<u>1.5</u>	<u>0.0</u>	<u>366.8</u>
General Fund	1,692,384,784	2,068,750,920	570,856	464,367	2,069,215,287
Cash Funds	875,991,975	898,784,058	0	0	898,784,058
Reappropriated Funds	7,557,386	10,483,522	0	0	10,483,522
Federal Funds	2,563,177,895	3,575,483,329	570,852	464,367	3,575,947,696

Key:

"N.A." = Not Applicable or Not Available