

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
 FROM Robin J. Smart, Tom Dermody, Christina Beisel, JBC Staff  
 DATE May 8, 2020  
 SUBJECT Department of Human Services Budget Balancing Recommendations – Additional Deep Cut Options

DEPARTMENT OF HUMAN SERVICES ADDITIONAL REDUCTION OPTIONS						
ITEM	TOTAL FUNDS	GENERAL FUNDS	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Leased space- reduce	(\$250,000)	(\$250,000)	\$0	\$0	\$0	0.0
Colorado Children's Trust Fund Refinance	0	(253,425)	253,425	0	0	0.0
Behavioral health Crisis Response system public information campaign funding - Eliminate	(600,000)	(600,000)	0	0	0	0.0
Behavioral health Crisis Response system secure transportation pilot program - Eliminate	(546,639)	0	(546,639)	0	0	0.0
Jail based behavioral health programs- Reduce	(1,600,000)	(1,600,000)	0	0	0	0.0
Short-Term Intensive Residential Remediation and Treatment Program (STIRRT) - Reduce	(750,000)	(750,000)	0	0	0	0.0
Services for juvenile and adult offenders - Reduce	(1,000,000)	0	(1,000,000)	0	0	0.0
Assertive Community Treatment Programs- Reduce	(1,000,000)	(1,000,000)	0	0	0	0.0
Colorado Child Care Assistance Program Refinance - CCDF	0	(2,730,148)	0	0	2,730,148	0.0
Executive Director's Office	(127,588)	(127,588)	0	0	0	(1.0)
Division of Child Welfare	(105,115)	(71,375)	0	0	(33,740)	(1.0)
Contracts for mental health services for low income individuals - Reduce	(1,382,357)	(1,382,357)	0	0	0	0.0
Crisis Services - Reduce	(1,204,094)	(1,204,094)	0	0	0	0.0
Child Welfare Services Refinance - Cash Funds	0	(5,215,211)	5,215,211	0	0	0.0
Collaborative Management Program	(750,000)	(750,000)	0	0	0	0.0
County Tax Base Relief	(3,879,756)	(3,879,756)	0	0	0	0.0
S.B. 91-94 Programs	(5,000,000)	(5,000,000)	0	0	0	0.0
<b>TOTAL</b>	<b>(\$18,195,549)</b>	<b>(\$24,813,954)</b>	<b>\$3,921,997</b>	<b>\$0</b>	<b>\$2,696,408</b>	<b>(2.0)</b>

### → LEASED SPACE - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$1,938,328 total funds, including \$695,093 General Fund, for leased space in the Office of Operations.

*RECOMMENDATION:* Staff recommends a reduction of \$250,000 General Fund, which continues a reduction identified in the Governor's sequestration action. The Department supports this recommendation.

### → COLORADO CHILDREN'S TRUST FUND – REFINANCE

*JBC ACTION AS OF 3/16/20:* The Committee approved \$1,424,443 total funds, including \$253,425 General Fund, \$362,050 cash funds, \$808,968 federal funds, and 1.5 FTE for FY 2020-21 for the Colorado Children's Trust Fund.

**RECOMMENDATION:** Staff recommends **refinancing the \$253,425 General Fund approved for the Colorado Children’s Trust Fund line item with an equivalent amount from the Colorado Children’s Trust Fund.**

*KEY CONSIDERATIONS:*

Refinance, so no program impact / No immediate health, life, or safety impact

*Additional Background:*

This line item funds the personnel expenses of the administration of the Colorado Children's Trust Fund Grant Program. The program is supported by a \$15 fee on petitioners for the dissolution of marriage, legal separation, or the declaration of legal invalidity of marriage. Grants are awarded to local prevention and education programs that work with child abuse and neglect cases. The Colorado Children's Trust Fund Board is responsible for grant decisions. Statute allows the Fund to build up a balance of \$5.0 million, at which point the fee would be eliminated and the grants would subsist on the interest earned on the fund balance.

The Colorado Children’s Trust Fund has sufficient cash on hand to cover the cost of this refinance through at least FY 2022-23.

COLORADO CHILDREN'S TRUST FUND				
	FY 17-18	FY 18-19	FY 19-20	FY 20-21
	ACTUAL	ACTUAL	ESTIMATED	ESTIMATED
Beginning FY Balance	\$1,636,509	\$1,806,915	\$1,943,095	\$2,079,275
Projected Revenues	350,060	452,570	452,570	452,570
Expenditures	(179,654)	(316,390)	(316,390)	(316,390)
Ending FY Balance Without Transfer	\$1,806,915	\$1,943,095	\$2,079,275	\$2,215,455
Proposed Transfer	0	0	0	0
Proposed Refinance	0	0	0	253,425
Ending FY Balance After Transfer	\$1,806,915	\$1,943,095	\$2,079,275	\$1,962,030
Fee Impact: the petitioner in a proceeding for dissolution of marriage, legal separation, or declaration of invalidity of marriage and by the petitioner in an action for a declaratory judgment concerning the status of marriage or civil union.				

**→ BEHAVIORAL HEALTH CRISIS RESPONSE SYSTEM PUBLIC INFORMATION CAMPAIGN FUNDING - ELIMINATE**

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$600,000 General Fund to support a contract with Cactus Marketing Communications Inc., for a public information campaign for the crisis system.

**RECOMMENDATION:** Staff recommends eliminating this funding. The Department supports this recommendation.

→ BEHAVIORAL HEALTH CRISIS RESPONSE SYSTEM SECURE TRANSPORTATION PILOT PROGRAM - ELIMINATE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$546,639 cash funds from the Marijuana Tax Cash Fund. This included \$10,386 for the 1.9 percent provider rate.

*RECOMMENDATION:* Staff recommends eliminating this funding, which was added in the FY 2019-20 Long Bill to provide sufficient funding to allow for a meaningful evaluation of the secure transportation pilot program created in S.B. 17-207. The Department supports this recommendation.

→ JAIL-BASED BEHAVIORAL HEALTH SERVICES - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$14,602,462 total funds (including \$7,323,955 General Fund and \$7,278,507 cash funds from the Correctional Treatment Cash Fund). This total includes \$148,229 total funds (including \$46,568 General Fund) for the 1.9 percent provider rate increase.

*RECOMMENDATION:* Staff recommends reducing the General Fund for Jail-based Behavioral Health Services by \$1.6 million General Fund. The Department supports a \$1.1 million reduction.

*BACKGROUND:* This line item supports the provision of jail-based behavioral health services (JBBS) to offenders. The programs supported by this line item screen for and provide care for adult jail inmates with a substance use disorder, including individuals who have a co-occurring mental health disorder. In addition, programs provide continuity of care within the community after the inmate's release from jail. These substance use disorder services are supported by reappropriated funds transferred from the Judicial Department from moneys available in the Correctional Treatment Cash Fund (CTCF).

→ SHORT-TERM INTENSIVE RESIDENTIAL REMEDIATION AND TREATMENT PROGRAM (STIRRT) - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$3,116,166 General Fund, including \$61,841 for the 1.9 percent provider rate, to contract with Community Mental Health Centers to provide case management services, wrap-around services, medications, and treatment services for juvenile and adult offenders who have mental health problems and are involved in the criminal justice system.

*RECOMMENDATION:* Staff recommends reducing the General Fund for the STIRRT program by \$750,000 General Fund.

*BACKGROUND:* The Short Term Intensive Residential Remediation Treatment (STIRRT) program is a 9-month program which begins with two-weeks of residential treatment with a minimum of 112 therapeutic hours over the two week residential stay and 8 to 9 months of continuing care services. It is designed specifically for the substance-abusing offender with at least one prior felony.

→ SERVICES FOR JUVENILE AND ADULT OFFENDERS - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$5,817,817 cash funds from the Marijuana Tax Cash Fund, including \$106,974 for the 1.9 percent provider rate, to contract with Community Mental Health Centers to provide case management services, wrap-around services, medications, and treatment services for juvenile and adult offenders who have mental health problems and are involved in the criminal justice system.

*RECOMMENDATION:* Staff recommends reducing the General Fund for contracts with Community Mental Health Centers for mental health services provided to low income individuals by \$1.0 million cash funds from the Marijuana Tax Cash Fund. The Department supports this recommendation.

→ ASSERTIVE COMMUNITY TREATMENT PROGRAMS - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$17,206,285 General Fund, including \$316,379 for the 1.9 percent provider rate, for the Assertive Community Treatment Programs and Other Alternatives to the Mental Health Institutes line item.

*RECOMMENDATION:* Staff recommends reducing the General Fund for the ACT program by \$1.0 million General Fund.

*BACKGROUND:* Assertive Community Treatment (ACT) is an evidence-based service delivery model for providing comprehensive community-based treatment to adults with serious and persistent mental illness. The ACT model includes a mobile mental health team with members that function interchangeably to provide the treatment, rehabilitation, and support services that adults with serious mental illnesses need to live successfully in the community.

→ COLORADO CHILD CARE ASSISTANCE PROGRAM- REFINANCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$131,559,582 total funds, including \$30,417,870 General Fund, \$14,338,256 cash funds, and \$86,803,456 federal funds, for FY 2020-21 in the Child Care Assistance Program line item.

*RECOMMENDATION:* Staff recommends refinancing \$2,730,148 General Fund in the appropriation with federal Child Care Development Funds (CCDF). The CCDF funds for this refinance would be made available if the Committee approves staff's recommendation to reverse the R1 (Improving child care quality) appropriation. The Department did not indicate a position on this recommendation.

*KEY CONSIDERATIONS:* The maximum amount of Child Care Development Funds that can be used to refinance across all lines is approximately \$5.0 million. However, refinancing this full amount risks not having enough state matching funds to support the receipt of redistributed federal match funding, if it is available in 1st quarter of FY 2020-21. Refinancing the full amount also increase the risk of eliminating the current reserve of the Child Care Development Fund by the end of FY 2022-23, increasing the chance that General Fund would need to be used to maintain the program.

→ EXECUTIVE DIRECTOR'S OFFICE FTE - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$2,226,301 total funds, including \$1,275,880 General Fund, and 15.3 FTE in the Personal Services line item in the Executive Director's Office.

*OPTION:* If additional budget balancing actions are required, staff recommends a 10.0 percent decrease in the appropriation in this line item, reducing the FTE by 1.0 and the General Fund appropriation by \$127,588 in FY 2020-21. If approved, Staff requests permission to make appropriate reductions in the compensation related common policy line items.

*KEY CONSIDERATIONS:* The Department of Human Services was restructured during the previous Administration and is currently being restructured under the current Administration. Long Bill appropriations do not necessarily reflect the FTE in a given work unit in the department and there are instances in which new positions are created with FTE that were funded through initial appropriations approved in special bills or the Long Bill. In the past year, JBC Staff is aware of three newly created non-classified management or executive management positions for which funding for FTE was not requested through the annual budget process. In addition, the Department turnover rate is high enough to allow for currently filled positions to continue to be covered by vacancy savings.

→ CONTRACTS FOR MENTAL HEALTH SERVICES FOR LOW INCOME INDIVIDUALS - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$36,404,587 total funds, including \$28,165,010 General Fund. This total includes \$517,881 General Fund for the 1.9 percent provider rate, to contract with Community Mental Health Centers to provide mental health services for low income individuals.

*RECOMMENDATION:* Staff recommends reducing the General Fund for contracts with Community Mental Health Centers for mental health services provided to low income individuals by 5.0 percent General Fund. This is a reduction of \$1,382,357 above the FY 2019-20 appropriation. If deeper cuts are required, a 10 percent reduction would total \$2,764,713 General Fund.

*BACKGROUND:* Reduces funding available for FY 2020-21 to contract with Community Mental Health Centers to provide behavioral health services not otherwise available, including assessment, emergency services, clinical treatment, residential and inpatient services, and psychiatric/medication management. Mental health services provided through the Center contracts are not an entitlement. Thus, the number of individuals receiving services and the level of services provided is directly affected by the level of available funding.

→ CRISIS SERVICES - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$28,614,549 total funds (including \$24,532,978 General Fund and \$4,081,571 from cash funds). This total includes \$535,280 total funds (including \$451,097 General Fund) for the 1.9 percent provider rate increase.

*OPTION:* Staff recommends reducing the General Fund for the Crisis Response System Services line item by 5.0 percent General Fund. This is a reduction of \$1,204,094 above the FY 2019-20 appropriation. The Department opposes this recommendation. If deeper cuts are required, a 10 percent reduction would total \$2,408,188 General Fund.

*BACKGROUND:* This line item provides funding for a collection of integrated services to respond to and assist individuals experiencing a behavioral health emergency, including walk-in, mobile, residential, and respite crisis services.

→ DIVISION OF CHILD WELFARE FOSTER AND ADOPTIVE PARENT RECRUITMENT, TRAINING, AND SUPPORT FTE - REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$1,622,454 total funds, including \$1,210,486 General Fund, and 2.0 FTE in the Adoptive Parent Recruitment, Training, and Support line item in the Division of Child Welfare.

*OPTION:* If additional budget balancing actions are required, staff recommends a 10.0 percent decrease in the appropriation in this line item. This will result in a decrease of \$105,115 total funds, including \$71,375 General Fund, and 1.0 FTE in the appropriation in this line item. If approved, Staff requests permission to make appropriate reductions in the compensation related common policy line items.

→ CHILD WELFARE SERVICES FUNDING - REFINANCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$377,831,043 total funds, including \$201,139,477 General Fund, in the Child Welfare Services line item in the Division of Child Welfare.

*OPTION:* If additional budget balancing actions are required, staff recommends refinancing \$5,215,211 million General Fund in the appropriation with cash funds from local sources. The Department is researching the feasibility of this recommendation.

*KEY CONSIDERATIONS:* While a the majority of the allocation to counties for child welfare services is subject to a 20.0 percent county match, a portion of the allocation requires no match from county sources. The funds allocated with a zero county match formula were added to the line item as a result of a historical settlement agreement. The State is no longer under a settlement agreement.

→ COLLABORATIVE MANAGEMENT PROGRAM – ELIMINATE GENERAL FUND

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$4.5 million total funds, including \$1.5 million General Fund, in the Collaborative Management Program line item in the Division of Child Welfare.

*OPTION:* In the Department's budget balancing document dated April 23, 2020, JBC staff recommended a decrease of \$750,000 General Fund in the appropriation to this line item. JBC staff

recommends a further reduction of \$750,000 General Fund, eliminating all General Fund appropriations to the program.

*KEY CONSIDERATIONS:* Prior to FY 2015-16, the source of funding for this program was only cash funds. In 2015, the JBC sponsored S.B. 15-241, making changes to the statute concerning this program and increasing the appropriation to the program by \$1.5 million General Fund. Appropriations in this line item fund incentives paid to collaborative programs that provide prevention services to children and families. Reductions in appropriations will result in a decrease of prevention services.

#### → COUNTY TAX BASE RELIEF – ELIMINATE GENERAL FUND

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$3,879,756 General Fund for the County Tax Base Relief line item.

*OPTION:* The one-time elimination all General Fund appropriations for this line item and the removal of the line item from the Long Bill is an option, but only if extreme budgetary actions are necessary.

*KEY CONSIDERATIONS:* This line item provides funding that assists counties with the highest costs and lowest property tax values in meeting their obligations for the local match required by the State for certain public assistance programs. This money is expended to supplement county expenditures for public assistance. These obligations include: county responsibility for maintenance of effort expenditures for the Temporary Assistance to Needy Families (TANF) Block Grant, the county 20 percent share for food assistance and Medicaid administration, the county share for child welfare services expenditures (20 percent for most services), and the county share for adult assistance programs (20 percent).

The Department strongly opposes this option because it negatively affects those counties least able to adapt to the current economic environment.

#### → S.B. 91-94 PROGRAM – REDUCE

*JBC ACTION AS OF 3/16/20:* The Committee approved a FY 2020-21 appropriation of \$15,592,408 total funds, including \$13,484,301 million General Fund, in the S.B. 91-94 Programs line item in the Division of Youth Services.

*OPTION:* In the Department's budget balancing document dated April 23, 2020, JBC staff included the option of decreasing the General Fund appropriation to this line item by \$1.0 million. Further reducing the General Fund appropriation to the program by \$5.0 million General Fund may be an option if additional reductions are required to balance the FY 2020-21 budget. The Department is not supportive of this recommendation.

*KEY CONSIDERATIONS:* Appropriations in this line item fund services to ensure that youth are supervised at a level that is commensurate with their risk in the community. Reductions in appropriations will result in a decrease of prevention services.