

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF BUDGET BRIEFING

DEPARTMENT OF HUMAN SERVICES

**(Executive Director's Office,
County Administration, Self Sufficiency, Adult Assistance)**

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

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November 18, 2009**

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**FY 2010-11 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HUMAN SERVICES

**(Executive Director's Office,
County Administration, Self Sufficiency, Adult Assistance)**

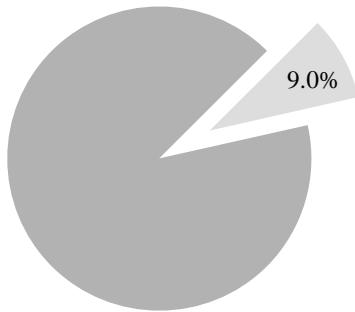
Table of Contents

Graphic Overview	1
Department Overview	3
Change Requests:	
Decision Items	7
Base Reduction Items	9
Non-prioritized Items	10
August 2009 Base Reduction Items	11
Overview of Numbers Pages	14
Issues:	
Overview of Department of Human Services Budget Request	17
Base Reduction #1: Proposed Changes to Old Age Pension Program	23
Base Reduction #3: Eliminate County Tax Base Relief Appropriation	30
Temporary Assistance to Needy Families Long Term Reserve	34
Colorado's State-supervised County-administered Social Services System	38
SSI Federal Maintenance of Effort and Adult Assistance Budget Options	47
Appendices:	
A - Numbers Pages	52
B - Summary of Major Legislation from 2009 Legislative Session	72
C - Update on Long Bill Footnotes and Requests for Information	73

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

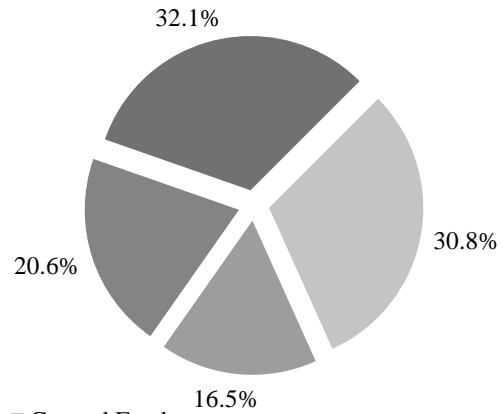
GRAPHIC OVERVIEW

Department's Share of Statewide General Fund



- Department of Human Services
- Statewide General Fund

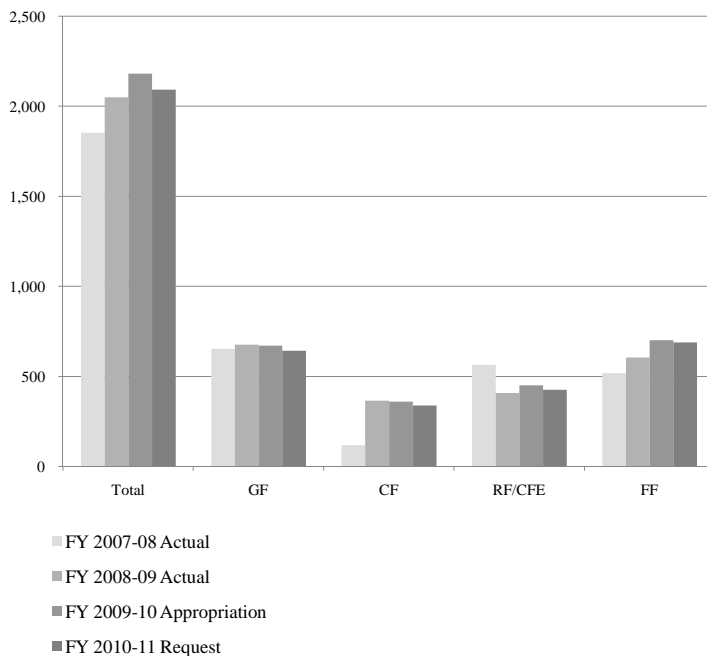
Department Funding Sources



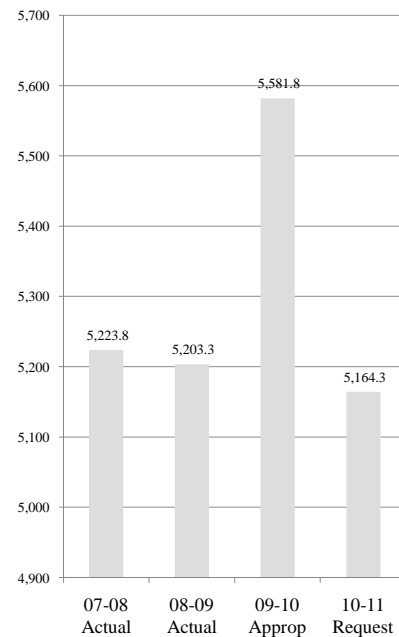
- General Fund
- Cash Funds
- Reappropriated Funds
- Federal Funds

Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.8%.

Budget History
(Millions of Dollars)

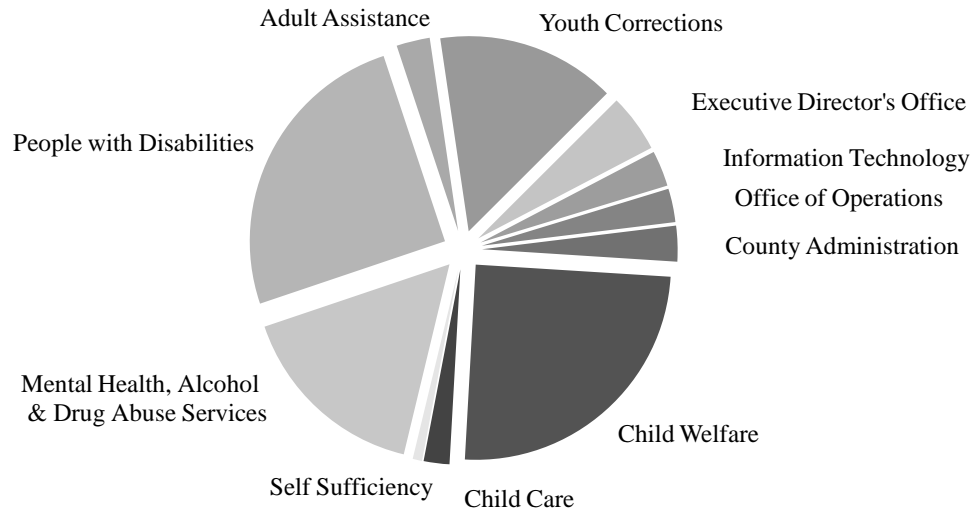


FTE History



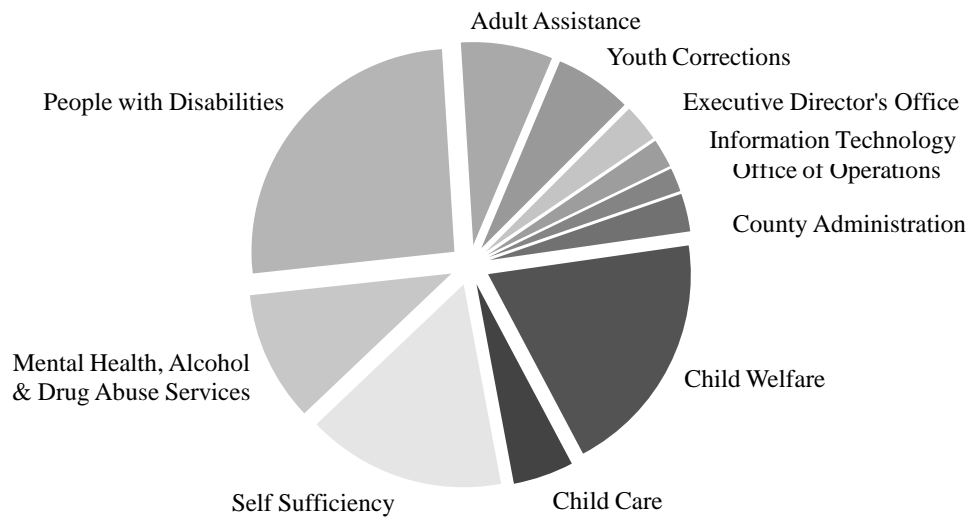
Unless otherwise noted, all charts are based on the FY 2009-10 appropriation.

Distribution of Net General Fund by Division*
FY 2009-10 Appropriation \$879.5 million



*Net General Fund includes General Fund appropriated to the Department of Human Services and General Fund appropriated to the Department of Health Care Policy and Financing for human services programs.

Distribution of Total Funds by Division
FY 2009-10 Appropriation \$2,180.2 million



FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office County Administration, Self Sufficiency, Adult Assistance)

DEPARTMENT OVERVIEW

Key Responsibilities

- ❑ **Executive Director's Office:** Serves as the central administrative office responsible for accounting, budgeting, and general office policy. It also operates the Office of Performance Improvement, which delivers information, technical assistance, and management solutions to other divisions in the department and to counties and local providers. It covers financial, programmatic, legal, and policy accountability. Some of the programs within the Executive Director's Office are excluded from this packet and will be covered in other staff briefings (e.g., the Juvenile Parole Board is covered as part of the Division of Youth Corrections). Examples of major programs of this section include:
 - The Administrative Review Division is responsible for federally required case review and quality assurance for the Division of Child Welfare and the Division of Youth Corrections.
 - Human Resources is responsible for recruitment, required examinations, referrals, and orientation of new employees, as well as personnel and benefits administration.
 - Boards and Commissions is responsible for the oversight of and staff support for several state boards and commissions.

- ❑ **County Administration:** Provides counties with resources related to their duties in delivering social services functions. Several of the programs administered by the counties are described under the Divisions of Self Sufficiency and Adult Assistance.

- ❑ **Self-Sufficiency:** Provides income, nutritional, and support services to assist families and individuals in need, and particularly as they transition from welfare to independence.
 - Colorado Works is the State's implementation of the federal Temporary Assistance for Needy Families program and provides cash and other benefits and services intended to promote sustainable employment for low income families with children.
 - Food stamp and commodity food distribution programs assist the needy in meeting nutritional needs.
 - Low-income energy assistance and low-income telephone assistance programs provide support in those areas.
 - Child Support Enforcement works to insure that child support orders that have been entered are properly complied with.

□ **Adult Assistance Programs:** Provides assistance and support for the elderly and the needy adult disabled populations in Colorado.

- Supervises the Old Age Pension (OAP) program, which provides cash assistance to eligible individuals age 60 and older.
- Determines medical disability for Colorado residents who apply for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. Included in its responsibilities is processing disability cases for Medicaid.
- Supervises the Aid to the Needy Disabled / State Only (AND-SO) program, which provides cash assistance to disabled individuals awaiting SSI eligibility determination and those individuals who meet state eligibility requirements but not federal requirements, and supervises the Aid to the Blind / Supplemental Security Income / Colorado Supplement Program.
- Supervises Adult Protective Services programs (APS), which intervene on behalf of at-risk adults to correct or alleviate situations of abuse, neglect, or exploitation.
- Supervises and funds the provision of services to older Coloradans throughout the state through the 16 Area Agencies on Aging (AAA).

Factors Driving the Budget

The divisions of the Department of Human Services covered in this briefing packet do not, for the most part, include line items that are driven by mandatory increases in response to factors such as inflation or caseload. In the General Fund forecast presented at the beginning of the annual briefing and hearing process, all of the divisions here are shown with "flat" projections of the most recent appropriation, less removal of known one-time spending amounts. Increases (or decreases) are more likely to be driven by specific actions taken by the General Assembly, the federal government, or other authorities. The remainder of this section provides specific examples.

Old Age Pension

Colorado's Old Age Pension (OAP) Program is mandated in Article XXIV of the Colorado Constitution. The State Board of Human Services determines the level of Old Age Pension benefits, and moneys from the pension fund are continuously appropriated pursuant to Article XXIV. The informational appropriation for FY 2009-10 was for \$101.1 million and accounts for 63.5 percent of the total budget for the Adult Assistance Programs division. The Board's decisions have the potential to directly affect other General Fund spending because of the way OAP is funded. The Old Age Pension Fund has first call on 85 percent of most state sales and excise taxes. These revenues must be spent in the following order: to make full payments to all qualified recipients, then to top up the \$5.0 million Stabilization Fund, then to top up the \$10.0 million Health and Medical Care Fund. Only then are the remaining funds from those taxes transferred to the General Fund (with a portion diverted into the State Funding for Senior Services line item). The State Board typically makes an annual cost of living adjustment to the maximum grant award.

Community Provider Rate Increases

Some departments of state government contract with community providers to deliver services of the state to eligible clients. To ensure that community provider arrangements are viable over the long term, the General Assembly has regularly awarded annual inflationary increases for community provider programs. The rate increases awarded to providers each year are recommended by the Joint Budget Committee in a common policy decision. This common policy is then applied to each community provider program. Of the divisions covered in this briefing, the County Administration division is the only one that has historically been affected by the provider rate increase. This non-mandatory increase in the County Administration line item effectively awards an inflationary increase to the counties for their costs to administer various programs. An increase of 1.5 percent was included in the FY 2008-09 budget and retained in FY 2009-10, although no further FY 2009-10 increase was provided.

Low Income Energy Assistance Program.

The Low Income Energy Assistance Program is funded primarily with federal dollars. Spending for the program has varied both up and down over the last several years, as shown in the following table. The sharp increase in spending in FY 2005-06 was driven by government response to the record-high natural gas prices that occurred following the damage done to key areas of the Gulf Coast by Hurricanes Katrina and Rita. Increases in FY 2008-09 and projected FY 2009-10 also largely reflect

federal policy decisions, as well as a one-time FY 2009-10 additional appropriation of federal TANF funds approved as an interim supplemental. Past spending on this line has also been affected by the Governor's allocation of federal funds which are outside of the General Assembly's control and state legislation directing the allocation of Severance Tax moneys.

Low Income Energy Assistance Expenditures			
Fiscal Year	Expenditures	Change (Dollars)	Change (Percent)
2002-03	\$33,495,547	n/a	n/a
2003-04	\$41,279,451	\$7,783,904	23.2%
2004-05	\$44,750,486	\$3,471,035	8.4%
2005-06	\$69,947,472	\$25,196,986	56.3%
2006-07	\$46,426,404	(\$23,521,068)	-33.6%
2007-08	\$52,286,937	\$5,860,533	12.6%
2008-09	\$73,216,811	\$20,929,874	40.0%
2009-10*	\$85,200,515	\$11,983,704	16.4%

* Current staff estimate of expenditures based on data provided by the Department. Includes Severance Tax allocations for FY 2008-09 and FY 2009-10 that are off-budget, as well as a previously approved interim supplemental.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

Note: The following tables include all Department of Human Services decision items and base reduction items. However, the full text is shown only for those items that affect the sections of the budget covered in this presentation. In some cases, only a portion of the total decision item amount shown will apply to the budget sections addressed in this packet.

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
1 CBMS Client Correspondence Costs	\$303,786	\$57,359	\$463,422	\$406,957	\$1,231,524	\$533,589	0.0
2 Funding for Community Services for the Elderly Adult Assistance Programs. The request is to access \$594,492 federal funds from the Administration on Aging for FFY 2009 for Community Services for the Elderly. This includes support activities such as congregate meals, home-delivered meals, and transportation through the Area Agencies on Aging. To access the additional federal funds, a 5.0 percent match is required. The request is to reallocate \$33,759 General Fund from the State Funding for Senior Services line item to the Older Americans Act Program line item to provide the necessary match. <i>Statutory authority: Section 26-11-202 and 203, C.R.S.</i>	0	0	0	594,492	594,492	0	0.0
3 Increase County Administration in Old Age Pension Adult Assistance Programs. The request is to increase Old Age Pension Cash Funds for County Administration in the Old Age Pension (OAP) Program by \$116,289 for FFY 2010-11. This is an informational adjustment, as the OAP Program is mandated by the Colorado Constitution and is funded at levels determined by the State Board of Human Services. The adjustment is based on the average over-expenditures for the Old Age Pension County Administration line item since FY 2005-06. These over-expenditures are based on random moment sampling that allocates county administrative expenditures among different programs. County workload associated with OAP has increased in recent years. <i>Statutory authority: Colorado Constitution Article XXIV, Sections 4 and 7</i>	0	116,189	0	0	116,189	0	0.0
4 Child Care Automated Tracking System (CHATS) - Point of Sale Maintenance	0	0	0	0	0	0	0.0
5 Colorado Works County Oversight Office of Self Sufficiency. The request is for \$47,267 in state-appropriated federal Temporary Assistance to Needy Families (TANF) block grant funds for additional operating costs associated with state-oversight of county Colorado Works/TANF programs. The General Assembly added 4.0 new FTE for county oversight in FY 2008-09; the request is for funding for travel, postage, and training to support the activities of these staff. <i>Statutory authority: Section 26-2-712, C.R.S.</i>	0	0	0	47,267	47,267	0	0.0
6 TANF-Specific CBMS Changes	0	0	0	1,300,000	1,300,000	0	0.0

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
7	0	0	0	3,083,526	3,083,526	0	0.0
<p>Additional TANF Funding for Refugee Services</p> <p>Office of Self Sufficiency. The request is for an increase of \$3,083,526 in state-appropriated federal Temporary Assistance to Needy Families (TANF) block grant funds for Refugee Services. This would increase TANF funding for refugee services to a total of \$3.9 million to address an increase in the number of refugees, increased dispersion in the state, and the complexity and difficulty of the caseload. <i>Statutory authority: Sections 26-2-703 (17.7), 26-2-705, 26-2-706 (1.5) (b), 26-2-719, C.R.S.; Title 8 U.S.C., Chapter 14, Subchapter I, Section 1613.</i></p>							
8	0	0	0	1,639,784	1,639,784	0	0.0
<p>Enhanced Medical Support, Paternity Establishment, and Education Initiatives for Child Support Enforcement</p> <p>Office of Self Sufficiency. The request is to direct \$2,484,521 total funds in FY 2010-11 (and \$1,639,784 total funds in FY 2011-12) to state child support enforcement activities. The request reflects redirecting \$844,737 cash funds from a county administration line item for county incentive payments in order to draw down \$1,649,784 in federal funds for state activities. These activities include: (1) contracting with a private vendor to process and monitor notices to employers to add children to their parent's health insurance; in the 10 large counties (a pilot program indicated potential for substantial Medicaid); (2) contracting with a private vendor to review and clean county files so that the state may switch to a different measure for demonstrating to federal authorities that the percentage of children born out-of-wedlock for whom paternity is established is at least 90 percent. At present, the state relies on state-wide vital records, placing the state at risk of federal sanctions; it may instead wish to rely on paternity records for children served in the child support enforcement program; (3) Education and outreach activities, including translation of standard forms into multiple languages and development of a high school curriculum. Item #1 would also include expenditures in FY 2011-12, while other components would be for one year only. <i>Statutory authority: Sections 26-13-102, 26-13-108(1), and 26-13-112.5 (1), C.R.S.</i></p>							
9	0	0	0	0	0	0	0.0
<p>Technical Adjustment of Spending Authority for Business Enterprise Program</p>							
10	0	0	0	0	0	0	0.0
<p>Refinance of National Aging Program Information System</p> <p>Adult Assistance Programs. The request is for a technical adjustment to a cash funds letter note. Currently, \$7,752 for the National Aging Program Information System is shown as derived from local funds. The Department requests this amount be reflected as from interest on the Older Coloradan Cash Fund. This change will enable the Department to contract for new data servers for the State Unit on Aging. <i>Statutory authority: Sections 26-11-202 and 26-11-205.5, C.R.S.</i></p>							
Total	\$303,786	\$173,548	\$463,422	\$7,072,026	\$8,012,782	\$533,589	0.0
Total for Items in this Packet	\$0	\$116,189	\$0	\$5,365,069	\$5,481,258	\$0	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

BASE REDUCTION ITEM PRIORITY LIST

Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
1	\$11,162	(\$14,431,134)	\$17,028	\$14,952	(\$14,387,992)	\$19,606	0.0
<p>Enforcing Sponsorship Commitment for Applicants and Recipients of Adult Financial Programs</p> <p>Adult Assistance Programs. The Department proposes a \$14.4 million Old Age Pension cash funds reduction, annualizing to a \$28.9 million reduction in FY 2011-12, based on the implementation of proposed legislative changes to the Old Age Pension (OAP) program. The proposed changes would require non-citizens with relatives as sponsors to meet the same eligibility criteria as non-citizens with non-relative sponsors, effective January 1, 2011. FY 2010-11 OAP cash funds savings would be slightly offset by costs of \$45,391 total funds associated with changes to the Colorado Benefits Management System and enhanced by estimated \$248,510 total funds savings for Medicaid expenditures in the Department of Health Care Policy and Financing. Reduced OAP cash funds expenditures will increase revenue available to the General Fund (\$14.4 million in FY 2010-11 and \$28.9 million in FY 2011-12). <i>Statutory authority: Colorado Constitution, Article XXIV; Section 26-2-111 (2), C.R.S.</i></p>							
2	(9,150,000)	0	0	0	(9,150,000)	(9,150,000)	0.0
<p>Reduction to the DYC Purchase of Contract Placements Appropriation</p>							
3	(5,652,654)	0	0	0	(5,652,654)	(5,652,654)	0.0
<p>Eliminate County Tax Base Relief Appropriation</p> <p>County Administration. The Department proposes to eliminate the County Tax Base Relief line item appropriation for FY 2010-11 and future years. This line item assists in mitigating an inequitable burden borne by taxpayers in counties that experience high caseloads and/or low property values, based on a formula updated via H.B. 08-1250. <i>Statutory authority: Section 26-1-126, C.R.S.</i></p>							
4	(6,909,421)	(1,749,279)	(6,592,941)	(2,899,603)	(18,151,244)	(10,170,198)	0.0
<i>In this packet:</i>	<i>(404,559)</i>	<i>(187,622)</i>	<i>0</i>	<i>(430,597)</i>	<i>(1,022,778)</i>	<i>(404,559)</i>	<i>0.0</i>
<p>Two Percent (2.0%) Community Provider Rate Base Decrease</p> <p>Department-wide. The Department requests a 2.0 percent community provider rate reduction to all line items and programs that are traditionally subject to provider rate adjustments, including programs in County Administration, the Division of Child Welfare, the Division of Child Care, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, and the Division of Youth Corrections. The request is for a reduction of \$18.1 million total funds from multiple fund sources, including \$10.2 million "net" General Fund. <i>Statutory authority: Various.</i></p>							
5	(3,000,000)	0	0	3,000,000	0	(3,000,000)	0.0
<p>Refinance \$3,000,000 of Child Welfare Services with TANF</p>							
Total	(\$24,700,913)	(\$16,180,413)	(\$6,575,913)	\$115,349	(\$47,341,890)	(\$27,953,246)	0.0
Total for Items in this Packet	(\$404,559)	(\$14,618,756)	\$17,028	(\$415,645)	(\$21,063,424)	(\$6,037,607)	0.0

* These amounts are shown for informational purposes only. Net General Fund equals the direct GF appropriation shown, plus the GF portion of Medicaid funds transferred from the Department of Health Care Policy and Financing.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
 Department of Human Services
 (Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)**

NON PRIORITIZED CHANGE LIST

Base Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
NP2 DPA Vehicle Lease Payments Common Policy	\$39,847	\$27,903	(\$662)	\$4,991	\$72,079	\$47,985	0.0
NP3 Statewide Information Technology Staff Consolidation	(805,545)	(40,451)	(198,802)	(673,818)	(1,718,616)	(882,932)	(197.1)
Total	(\$765,698)	(\$12,548)	(\$199,464)	(\$668,827)	(\$1,646,537)	(\$834,947)	(197.1)
Total for Items in this Packet	\$0	\$0	\$0	\$0	\$0	\$0	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

AUGUST 2009 BASE REDUCTION PRIORITY LIST
Requested FY 2010-11 Annualization of August 24, 2009 Reduction Proposals

Note: Priority numbers 9, 10, 14, 15, 20 and 22 were intentionally left blank in the Department's submission. These items are omitted from the table below. In addition, Item 25 (Aid to Needy Disabled Program Suspension) is not included, based on a subsequent letter from the Governor.

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
1 Information Technology Services - FTE Reduction	(\$346,500)	(\$9,000)	(\$36,000)	(\$58,500)	(\$450,000)	(\$355,500)	(7.0)
2 Information Technology Colorado Trails Personal Services Reduction	(216,000)	0	0	(184,000)	(400,000)	(216,000)	(3.0)
3 Office of Operations Personal Services and Operating Reduction	(193,037)	(24,423)	(135,142)	(26,716)	(379,318)	(221,557)	(6.0)
4 Eliminate Functional Family Therapy Program	(2,587,996)	(638,838)	0	0	(3,226,834)	(2,587,996)	(0.5)
5 Reduction to the Child Welfare Services Block	(2,527,611)	(779,396)	(4,238,722)	(868,243)	(8,413,972)	(4,646,972)	0.0
6 Division of Child Care -Licensing FTE reduction	(178,808)	0	0	0	(178,808)	(178,808)	(3.5)
7 Reduce General Fund in Promoting Responsible Fatherhood Grant Office of Self Sufficiency. The request is to eliminate General Fund match for the Promoting Responsible Fatherhood Grant. Match will be provided via in-kind donations of commercial advertising time. <i>Statutory authority: Section 26-1-109, C.R.S.</i>	(150,000)	0	0	0	(150,000)	(150,000)	0.0
8 General Fund Reduction to Automated Child Support Enforcement (ASCES) Office of Self Sufficiency. The request is for a reduction associated with reprourement of the system in FY 2004-05 and FY 2004-05. The associated savings were used for system modernization in FY 2007-08 and FY 2008-09. The proposal is to eliminate the additional funds. <i>Statutory authority: Sections 26-13-102 and 103, C.R.S.</i>	(136,000)	0	0	(264,000)	(400,000)	(136,000)	0.0
11 Eliminate Enhanced Mental Health Pilot Services for Detained Youth	(507,920)	0	0		(507,920)	(507,920)	0.0

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
12 Close 59 Beds at the Colorado Mental Health Institute at Fort Logan	(3,954,019)	(2,667,715)	(4,296,141)	0	(10,917,875)	(4,211,643)	(126.6)
13 Remove General Fund from State and Veterans Nursing Homes Consulting Services	(195,627)	0	0	0	(195,627)	(195,627)	0.0
16 Medicaid Waivers Provider Rate Retraction	0	0	(7,851,550)	0	(7,851,550)	(3,911,278)	0.0
17 Close 32 bed Nursing Facility at Grand Junction Regional Center	0	0	(6,479,793)	0	(6,479,793)	(2,985,243)	(57.0)
18 Old Age Pension Cost of Living and Other Adjustments Adult Assistance Programs. The request is for a reduction to the Old Age Pension line item based on revised estimates of OAP funding needs. Sales and excise taxes not required for the OAP program "spill over" to the General Fund. Thus, a reduction OAP spending increases General Fund available. OAP funding levels are set by the State Board of Human Services, pursuant to the Colorado Constitution and are reflected in the Long Bill for informational purposes only. The revised OAP figure is based on: (1) a correction in the calculated funding need (\$4.3 million); and (2) a revised expectation that no provider rate increase will be authorized January 1, 2010, consistent with federal policy (\$1.8 million). <i>Statutory authority: Article XXIV, Colorado Constitution and Section 26-2-111, C.R.S.</i>	0	(7,033,507)	0	0	(7,033,507)	0	0.0
19 DYC Reduction in Boulder IMPACT Contract	(271,421)	0	0	0	(271,421)	(271,421)	0.0
21 Reclassification of Licensing Category of Ridge View Youth Services Center	(1,987,350)	0	989,000	998,350	0	(1,492,850)	0.0
23 Reduction in Client Management Positions	(642,240)	0	0	0	(642,240)	(642,240)	(9.6)
NP1 Risk Management Reduction of Liability, Property, and Worker's Compensation Volatility Executive Director's Office. This reflects Human Services savings associated with a proposal in the Department of Personnel.	(320,629)	(1,516)	(193,655)	(23,218)	(539,018)	(320,629)	0.0
NP2 Risk Management Contract Review and Reduction Executive Director's Office. This reflects Human Services savings associated with a proposal in the Department of Personnel.	(75,544)	(428)	(60,917)	(6,272)	(143,161)	(75,544)	0.0

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
NP3	(8,496)	0	0	(8,495)	(16,991)	(8,496)	0.0
Building Maintenance Reductions							
Total	(\$14,299,198)	(\$11,154,823)	(\$22,302,920)	(\$441,094)	(\$48,198,035)	(\$23,115,724)	(213.2)
Total for Items in this Packet	(\$361,544)	(\$7,033,935)	(\$60,917)	(\$270,272)	(\$7,726,668)	(\$361,544)	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2009-10 appropriation and its FY 2010-11 request. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

TOTAL Human Services Divisions in this Briefing:
Requested Change, FY 2009-10 to FY 2010-11 (millions of dollars)

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 2009-10 Appropriation	\$92.8	\$166.4	\$19.2	\$357.9	\$636.3	\$99.5	467.1
FY 2010-11 Request	84.6	146.5	18.5	360.4	610.0	91.0	434.7
Increase / (Decrease)	(\$8.2)	(\$19.9)	(\$0.7)	\$2.5	(\$26.3)	(\$8.5)	(32.4)
Percentage Change	-8.8%	-12.0%	-3.6%	0.7%	-4.1%	-8.5%	-6.9%

The following table highlights the individual changes contained in the Department's FY 2010-11 budget request, as compared with the FY 2009-10 appropriation, for the portion of the Department covered in this briefing packet. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2009-10 to FY 2010-11 - DHS Sections in this Briefing

Category	GF	CF	RF	FF	Total	Net GF	FTE
Executive Director's Office							
Statewide policy - PERA AED and SAED	\$1,334,681	\$36,503	\$497,847	\$300,540	\$2,169,571	\$1,552,968	0.0
Other statewide common policy	27,750	(268,650)	186,250	287,382	232,732	301,407	0.0
Annualize prior year legislative actions and misc. adjustments	59,695	(37,063)	77,116	65,248	164,996	(34,097)	1.4
IT Consolidation (NP-3)	(900,922)	(51,238)	(203,730)	(670,630)	(1,826,520)	(987,314)	(1.0)
Closure CMHI Ft. Logan beds (Aug #12)	(1,408,897)	0	0	0	(1,408,897)	(1,408,897)	0.0

Category	GF	CF	RF	FF	Total	Net GF	FTE
Closure GJ Regional Center beds (Aug #17)	0	0	(1,057,008)	0	(1,057,008)	(528,503)	0.0
Statewide Risk Management changes (Aug NP-1, Aug NP-2)	(396,173)	(1,944)	(254,572)	(29,490)	(682,179)	(485,032)	0.0
Provider rate (BR 4)	(2,650)	0	0	0	(2,650)	(2,650)	0.0
Subtotal	(\$1,286,516)	(\$322,392)	(\$754,097)	(\$46,950)	(\$2,409,955)	(\$1,592,118)	0.4
County Administration							
Eliminate County Tax Base Relief (BR 3)	(\$5,652,654)	\$0	\$0	\$0	(\$5,652,654)	(\$5,652,654)	0.0
Provider rate (BR 4)	(404,559)	(187,622)	0	(430,597)	(1,022,778)	(404,559)	0.0
Enhance Child Support Enforcement (DI 8)	<u>0</u>	<u>(844,737)</u>	<u>0</u>	<u>0</u>	<u>(844,737)</u>	<u>0</u>	<u>0.0</u>
Subtotal	(\$6,057,213)	(\$1,032,359)	\$0	(\$430,597)	(\$7,520,169)	(\$6,057,213)	0.0
Office of Self Sufficiency							
Refugee Service (DI 7)	\$0	\$0	\$0	\$3,083,526	\$3,083,526	\$0	0.0
Enhance Child Support Enforcement (DI 8)	0	844,737	0	1,639,784	2,484,521	0	0.0
CO Works County Oversight (DI 5)	0	0	0	47,267	47,267	0	0.0
IT Consolidation (NP-3)	(651,783)	0	0	(2,111,949)	(2,763,732)	(651,783)	(32.8)
Reduce Child Support Enforcement IT System funding (Aug #8)	(136,000)	0	0	(264,000)	(400,000)	(136,000)	0.0
Reduce GF match for Responsible Fatherhood Grant (Aug #7)	(150,000)	0	0	0	(150,000)	(150,000)	0.0
Annualize prior year legislative actions	<u>19,886</u>	<u>1,154</u>	<u>0</u>	<u>(32,187)</u>	<u>(11,147)</u>	<u>19,886</u>	<u>0.0</u>
Subtotal	(\$917,897)	\$845,891	\$0	\$2,362,441	\$2,290,435	(\$917,897)	(32.8)
Adult Assistance Programs							
Annualize Jan '09 OAP cost of living increase	\$0	\$1,930,687	\$0	\$0	\$1,930,687	\$0	0.0

Category	GF	CF	RF	FF	Total	Net GF	FTE
Community services for elderly grant (DI 2)	0	0	0	594,492	594,492	0	0.0
County administration for OAP (DI 3)	0	116,189	0	0	116,189	0	0.0
Enforcing Sponsorship Commitment for OAP (BR 1)	0	(14,433,242)	0		(14,433,242)	0	0.0
Change to OAP projection (Aug #18)	0	(7,033,507)	0	0	(7,033,507)	0	0.0
Annualize prior year legislative actions	<u>(296)</u>	<u>(228)</u>	<u>(38)</u>	<u>(828)</u>	<u>(1,390)</u>	<u>(258)</u>	<u>0.0</u>
Subtotal	(\$296)	(\$19,420,101)	(\$38)	\$593,664	(\$18,826,771)	(\$258)	0.0
Total Change	(\$8,261,922)	(\$19,928,961)	(\$754,135)	\$2,478,558	(\$26,466,460)	(\$8,567,486)	(32.4)

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

BRIEFING ISSUE

ISSUE: Overview of Department of Human Services Budget Request

The Department of Human Services FY 2010-11 request reflects a reduction of \$88.2 million (4.0 percent) total funds and \$39.5 million (4.3 percent) net General Fund from the FY 2009-10 appropriation. The majority of reductions are based on actions taken by the Governor to balance the FY 2009-10 budget. These FY 2009-10 cuts have not yet been acted on by the General Assembly.

SUMMARY:

- If the FY 2010-11 Department of Human Services request is compared to the FY 2009-10 enacted appropriation, the request reflects a reduction of \$88.2 million (4.0 percent) total funds and \$39.5 million (4.3 percent) net General Fund.
- The majority of the budget reductions for FY 2010-11 reflect continuation of actions taken unilaterally by the Governor for FY 2009-10, such as closure of units at state operated facilities.
- There are limited reductions for department administrative oversight or support functions, while reductions for county administration and adult assistance are particularly large.

DISCUSSION:

Comparison of FY 2009-10 and FY 2010-11 Budget Requests

Table 1 on the following page compares the following for the Department of Human Services entire budget: (1) the FY 2009-10 budget request submitted November 2008; (2) the FY 2009-10 enacted appropriation; and (3) the FY 2010-11 budget request submitted November 2009.

If the FY 2010-11 Department of Human Services request is compared to the FY 2009-10 request submitted in November 2008, the FY 2010-11 request represents an overall reduction of \$106.7 million (4.5 percent) total funds and \$91.0 million (9.8 percent) net General Fund for the Department.

If the FY 2010-11 Department of Human Services request is compared to the FY 2009-10 enacted appropriation, the request reflects a reduction of \$88.2 million (4.0 percent) total funds and \$39.5 million (4.3 percent) net General Fund. For comparison, the state operating budget total for all departments is requested to increase by 1.1 percent total funds and to decrease by 6.3 percent "net" General Fund.

**Table 1
Overview Department of Human Services FY 2009-10 and FY 2010-11 Budgets**

	General Fund	Cash Funds	Reapprop'd Funds	Federal Funds	Total	Net General Fund	FTE
<u>FY 2009-10 Budget</u>							
November 2008 Request	\$717,194,175	\$350,710,939	\$463,940,465	\$666,918,190	\$2,198,763,769	\$931,009,188	5,655.2
FY 2009-10 Enacted	<u>670,638,807</u>	<u>359,676,315</u>	<u>449,135,870</u>	<u>700,743,466</u>	<u>2,180,194,458</u>	<u>879,533,126</u>	<u>5,581.8</u>
FY 09-10 Original Request (Nov 2008) to FY 09-10 Enacted							
	(46,555,368)	8,965,376	(14,804,595)	33,825,276	(18,569,311)	(51,476,062)	(73.4)
<i>Percent Change</i>	-6.5%	2.6%	-3.2%	5.1%	-0.8%	-5.5%	-1.3%
<u>FY 2009-10 Budget</u>							
FY 2009-10 Long Bill	670,638,807	359,676,315	449,135,870	700,743,466	2,180,194,458	879,533,126	5,581.8
Estimated FY 2009-10 Budget (Gov '09 Interim Adjustments)*	<u>650,539,609</u>	<u>348,521,492</u>	<u>426,832,950</u>	<u>732,259,885</u>	<u>2,158,153,936</u>	<u>850,617,402</u>	<u>5,368.6</u>
FY 09-10 Enacted to FY 09-10 Estimated (Nov 2009)*							
	(20,099,198)	(11,154,823)	(22,302,920)	31,516,419	(22,040,522)	(28,915,724)	(213.2)
<i>Percent Change</i>	-3.0%	-3.1%	-5.0%	4.5%	-1.0%	-3.3%	-3.8%
<u>FY 2010-11 Budget</u>							
FY 2010-11 Request	\$641,940,344	\$338,396,886	\$424,514,342	\$687,190,373	\$2,092,041,945	\$840,059,144	5,164.3
FY 09-10 Enacted to FY 10-11 Request							
	(28,698,463)	(21,279,429)	(24,621,528)	(13,553,093)	(88,152,513)	(39,473,982)	(417.5)
<i>Percent Change</i>	-4.3%	-5.9%	-5.5%	-1.9%	-4.0%	-4.5%	-7.5%
FY 2009-10 Estimated (Nov 2009) to FY 10-11 Request							
	(8,599,265)	(10,124,606)	(2,318,608)	(45,069,512)	(66,111,991)	(10,558,258)	(204.3)
<i>% Change</i>	-1.3%	-2.9%	-0.5%	-6.2%	-3.1%	-1.2%	-3.8%

*FY 2009-10 Estimated Interim Adjustments - Governor Proposals:

<i>August 2009 Proposals</i>	<i>(24,054,555)</i>	<i>(16,659,151)</i>	<i>(22,302,920)</i>	<i>(441,094)</i>	<i>(63,457,720)</i>	<i>(32,871,081)</i>	<i>(213.2)</i>
<i>Sept-Oct 2009 Proposals a/</i>	<u><i>3,955,357</i></u>	<u><i>5,504,328</i></u>	<u><i>0</i></u>	<u><i>31,957,513</i></u>	<u><i>41,417,198</i></u>	<u><i>3,955,357</i></u>	<u><i>0.0</i></u>
<i>Estimated Change</i>	<i>(20,099,198)</i>	<i>(11,154,823)</i>	<i>(22,302,920)</i>	<i>31,516,419</i>	<i>(22,040,522)</i>	<i>(28,915,724)</i>	<i>(213.2)</i>

a/ Includes \$28,957,513 federal funds approved increase for TANF ARRA funds per September 2009 interim supplemental; reversal of previously proposed Aid to Needy Disabled State-only cut, offset by proposed county administration reduction and TANF child welfare refinance, per the Governor's October 28, 2009 presentation to the JBC.

Change Requests versus "Annualization"

Table 2 breaks-down the difference between the FY 2009-10 enacted appropriation and the FY 2010-11 request by change category, *i.e.*, whether the change is presented as an FY 2010-11 decision item, base reduction, or non-prioritized item or whether it is presented as continuation ("annualization") of an August 2009 action that is incorporated in the base appropriation.

As shown in the table, more than half of the overall change reflected in the Department's budget is based on continuation of changes proposed by the Governor during the 2009 legislative interim (August-October). The balance (Other Changes) generally reflects the impact of actions taken by the General Assembly during the 2009 legislative session and the associated legislative assumptions for FY 2010-11 expenditures.

Table 2			
Proposed Budget Changes by "Change Requests" versus Other changes			
	TOTAL Funds	Net General Fund	FTE
FY 2009-10 Appropriation	\$2,180,194,458	\$879,533,126	5,581.8
FY 2010-11 Request	<u>2,092,041,945</u>	<u>840,059,144</u>	<u>5,164.3</u>
Total Changes	(\$88,152,513)	(\$39,473,982)	(417.5)
<u>Change Components</u>			
Decision Item Changes	\$8,012,782	\$533,589	0.0
Base Reduction Changes	(47,341,890)	(27,953,246)	0.0
Non-Prioritized Changes	<u>(1,646,537)</u>	<u>(834,947)</u>	<u>(197.1)</u>
Total FY 2010-11 Change Requests	(40,975,645)	(28,254,604)	(197.1)
FY 2010-11 Impacts of August 2009 Actions*	(48,198,035)	(23,115,724)	(213.2)
Net Impact All Other Changes	<u>1,021,167</u>	<u>11,896,346</u>	<u>(7.2)</u>
Total Changes	(\$88,152,513)	(\$39,473,982)	(417.5)

*Excludes Aid to Needy Disabled State Only (proposal later reversed)

FY 2010-11 Change Requests. FY 2010-11 decision item and base reduction proposals are covered in tables at the beginning of this document. The proposals include an Old Age Pension program change that requires legislation and could provide a substantial General Fund benefit, a 2.0 percent reduction to provider rates department-wide, a proposal to eliminate County Tax Base relief, a refinance in Child Welfare Services, and a proposal to delay restoration of youth corrections contract placement funding.

The large FTE reduction reflects a non-prioritized transfer of FTE to the Governor's Office for centralized administration of information technology activities.

FY 2010-11 Impacts of August 2009 Actions. An extra base reduction table has been provided that summarizes the August 2009 budget submission as it affects FY 2010-11. Some of the most significant components of the Governor's August 2009 plan as they affect FY 2010-11:

- A reduction of \$10.9 million, including \$4.2 million net General Fund for the closure of units at the Mental Health Institute at Fort Logan;
- A reduction of \$8.4 million, including \$4.6 million net General Fund, for a reduction to the Child Welfare Services block allocations to counties;
- A reduction of \$7.9 million, including \$3.9 million net General Fund, for Medicaid provider rate reductions affecting services for people with developmental disabilities;
- A reduction of \$6.5 million, including \$3.0 million net General Fund for closure of a unit at the Grand Junction Regional Center for people with developmental disabilities;
- A reduction of \$3.2 million, including \$2.6 million net General Fund to eliminate a new Functional Family Therapy program (Division of Child Welfare)

One August 2009 Governor proposal (to eliminate the Aid to the Needy Disabled State Only program) was subsequently withdrawn and is not included in the FY 2010-11 budget request.

Net Impact All Other Changes. The net amounts shown include a wide variety of both increases and decreases. For example, these amounts include restoration of \$9.2 million for contract services in youth corrections--which is then eliminated through a budget reduction proposal. Total funds changes reflect eliminating substantial one-time federal American Recovery and Reinvestment Act funding, offset by other adjustments.

Comparison of FY 2009-10 Enacted Appropriation and FY 2010-11 Request by Division

Table 3 compares the FY 2010-11 request and the FY 2009-10 enacted appropriation by department division.

Table 3					
Comparison FY 2009-10 Enacted Appropriation and FY 2010-11 Request by Division					
		TOTAL Funds		Net General Fund	
EDO, Information	FY 09-10	156,627,223		92,851,130	
Technology &	FY 10-11	<u>157,870,795</u>		<u>93,268,867</u>	
Operations		1,243,572	0.8%	417,737	0.5%
County Administration	FY 09-10	66,165,211		25,880,593	
	FY 10-11	<u>58,645,042</u>		<u>19,823,380</u>	
		(7,520,169)	-11.4%	(6,057,213)	-23.4%
Child Welfare	FY 09-10	425,470,722		218,850,152	
	FY 10-11	<u>406,602,903</u>		<u>203,383,978</u>	
		(18,867,819)	-4.4%	(15,466,174)	-7.1%
Child Care &	FY 09-10	450,821,492		25,479,334	
Self Sufficiency	FY 10-11	<u>437,853,825</u>		<u>24,533,145</u>	
		(12,967,667)	-2.9%	(946,189)	-3.7%
Mental Health &	FY 09-10	226,702,662		141,252,396	
ADAD	FY 10-11	<u>215,889,505</u>		<u>135,529,951</u>	
		(10,813,157)	-4.8%	(5,722,445)	-4.1%
Disabilities	FY 09-10	560,807,989		220,330,013	
	FY 10-11	<u>542,066,159</u>		<u>211,728,340</u>	
		(18,741,830)	-3.3%	(8,601,673)	-3.9%
Adult Assistance	FY 09-10	159,342,005		24,450,518	
	FY 10-11	<u>140,515,234</u>		<u>24,450,222</u>	
		(18,826,771)	-11.8%	(296)	0.0%
Youth Corrections	FY 09-10	134,257,154		130,438,991	
	FY 10-11	<u>132,598,482</u>		<u>127,341,261</u>	
		(1,658,672)	-1.2%	(3,097,730)	-2.4%
Department Total	FY 09-10	2,180,194,458		879,533,127	
	FY 10-11	<u>2,092,041,945</u>		<u>840,059,144</u>	
		(88,152,513)	-4.0%	(39,473,983)	-4.5%

Overall Distribution of Cuts. As reflected in Table 2, most Department sections have been significantly affected by cuts.

- (1) Cuts in County Administration and Adult Assistance (total funds) are particularly large, while the requested Youth Corrections reductions are very limited at present.¹ Large General Fund cuts in the Division of Child Welfare are partially offset through refinancing opportunities.
- (2) While the Department's proposals do include significant FTE reductions associated with the closure of direct care units, there are few reductions to staff who have an administrative oversight function (e.g., child welfare staff who oversee county activities or staff in the Executive Director's Office), despite increases in Department staffing in recent years.
- (3) Combined amounts for the Executive Director's Office, the Office of Operations, and Information Technology Services, all of which essentially provide support functions for department activities, have been held flat from an aggregate perspective. The August 2009 proposals included modest reductions in these areas, but they are offset by other adjustments.

The table below breaks out these areas in more detail. The overall growth in the Information Technology section largely reflects the Governor's proposal to consolidate information technology staff in the Governor's Office (NP-2). As this proposal does incorporate statewide savings, the apparent increase may be misleading. Changes in the Office of Operations may be more meaningful. The Office of Operations reflects General Fund growth due to "backfilling" cash revenue lost due to the closure of state facility units, *i.e.*, the proposals would limit the impact of direct service program cuts on the funding for support activities.

Comparison FY 2009-10 Enacted Appropriation and FY 2010-11 Request by Administrative Division					
		TOTAL Funds		Net General Fund	
Executive Director	FY 09-10	65,215,500		42,436,653	
	FY 10-11	<u>62,805,545</u>		<u>40,882,899</u>	
		(2,409,955)	-3.7%	(1,553,754)	-3.7%
Info. Tech Svc.	FY 09-10	49,872,928		25,878,765	
	FY 10-11	<u>54,452,720</u>		<u>25,951,217</u>	
		4,579,792	9.2%	72,452	0.3%
Operations	FY 09-10	41,538,795		24,498,430	
	FY 10-11	<u>40,612,530</u>		<u>26,434,751</u>	
		(926,265)	-2.2%	1,936,321	7.9%

¹DYC does forego restoration of over \$9.0 million for contract services in the FY 2010-11 request. Staff also anticipates Youth Corrections amounts may change based on December caseload projections.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: Base Reduction #1: Proposed Changes to Old Age Pension Program

The Department's highest base reduction priority is to change eligibility for the Old Age Pension (OAP) Program. Changes would exclude sponsored legal immigrants and would institute a five year bar for immigrants, with some exceptions. The proposal will require statutory change and, if enacted, is projected to provide \$14.4 million in OAP cash fund savings in FY 2010-11 and \$28.9 million in savings in FY 2011-12. Moneys not required for the OAP Cash Fund are deposited to the General Fund.

SUMMARY:

- The Department's highest base reduction priority is to modify eligibility for the Old Age Pension (OAP) Program for non-citizens to align it with federal law on public benefits. The proposed changes would exclude most sponsored legal immigrants from the program and would institute a five year bar, which would affect most other legal immigrants.
- The changes are projected to result in \$14.4 million in OAP cash fund savings in FY 2010-11 and \$28.9 million in FY 2011-12. As the OAP Cash Fund is "off the top" General Fund, these cash funds savings will increase available General Fund.
- The changes would require legislation similar to S.B. 09-266, which was sponsored by the JBC but postponed indefinitely due to concerns that it would conflict with American Recovery and Reinvestment Act (ARRA) Medicaid provisions. The new proposal would make changes effective January 1, 2011, thus avoiding conflicts with ARRA Medicaid provisions, which are set to expire December 31, 2010.
- ARRA Medicaid provisions may be extended through June 2011. Thus, modifications to the proposal may be required.

DISCUSSION:

Background - Old Age Pension. Colorado's Old Age Pension program provides assistance to qualified persons aged 60 or older, pursuant to Article XXIV of the Colorado Constitution. The program was added to the State Constitution in 1937 and was subsequently amended in 1953, 2006 and 2007.

The primary source of funding for the Old Age Pension is 85 percent of net revenue from most sales and excise taxes. Pursuant to the Colorado Constitution, all moneys deposited in the Old Age Pension Fund are first made available for payment of basic minimum awards to qualified recipients. After such

awards, amounts are used to "top up" a \$5.0 million stabilization fund, and then up to \$10.0 million is transferred to the OAP Health and Medical Care Fund to provide care to persons who qualify to receive old age pensions. The Constitution also authorizes funds to be used to defray costs of administering the Fund. After a further transfer to the Older Coloradans Cash Fund, all revenue received in excess of the amounts needed for these purposes (the vast majority) is transferred to the General Fund.²

The Constitution authorizes the State Board of Public Welfare (now known as the State Board of Human Services) to administer the program, including determining the basic minimum award level. Because funds that are not needed for the OAP program "spill over" to the General Fund, an increase or decrease in the OAP program affects the total amount of state General Fund available for appropriation by the General Assembly.

Article XXIV of the Colorado Constitution provides for Old Age Pensions for U.S. citizens age 60 or over who qualify under the laws of the state. Pursuant to Section 26-2-111, C.R.S., the program serves individuals age sixty or more who meet the resource requirements of the federal supplemental security (SSI) program or who are in a state institution (not penal). Through *rule*, the Department of Human Services provides for three categories of OAP clients, all of whom must meet income restrictions:

- ▶ individuals age 65 and older (OAP-A);
- ▶ individuals age 60 to 64 (OAP-B); and
- ▶ individuals age 60 or older and in a state institute (excluding penal institutions) who receive no Medicaid (OAP-C).

The maximum OAP benefit for calendar year 2009 is \$699 per month. This reflects a 5.8 percent increase provided effective January 1, 2009. As administered, **the program provides funding to qualified individuals to bring their income up to the minimum award level.** Thus, if an individual in the OAP-A program receives a monthly maximum award from the federal SSI program of \$674, the OAP program would provide an additional \$25 per month for that individual to bring them up to the OAP minimum award level of \$699. Individuals applying for OAP are also required to apply for federal Social Security and/or Supplemental Security Income (SSI) benefits (which they may or may not ultimately receive). Individuals who are enrolled in the OAP program also receive health benefits. They are either qualified for Medicaid or for the Old Age Pension Health and Medical Care program.

In August 2009, the Executive provided revised estimates of OAP program expenditures for FY 2009-10. The table below reflects the revised estimated expenditures, caseload and average award for the three programs.

² For FY 2009-10, Legislative Council staff project total sales and excise taxes of \$2.1 billion. Eighty-five percent of this amount would be \$1.5 billion, but actual diversion to the Old Age Pension Fund is projected to be \$118.5 million. (September 2009 LCS Forecast)

Old Age Pension Caseload and Costs Revised FY 2009-10 Estimate			
Program	Estimated Caseload	Projected monthly cost/case	Total estimated expenditures (caseload x monthly cost x 12)
OAP-A	18,987	\$280	\$63,746,194
OAP-B	4,950	\$439	\$26,098,578
OAP-C	<u>6</u>	\$266	<u>\$19,176</u>
TOTAL	23,943		\$89,863,948

This estimate reflect a reduction of \$6,127,916 from the projection figures included in the FY 2009-10 Long Bill. Of this amount, \$4.3 million reflects solely a modification/correction to the Department's projection methodology, rather than any substantive change in the program. The balance--\$1.8 million in savings--reflects a new assumption that no rate increase will be provided effective January 1, 2010 (a 2.0 percent increase was assumed in the original budget estimates). This revised assumption is consistent with anticipated federal policy to hold federal SSI award amounts flat for 2010.

Department Proposal to Change OAP Eligibility for Non-citizens. The Department requests legislation that will make statutory changes to eligibility for the Old Age Pension Program. The proposal is largely consistent with a JBC bill offered during the 2009 session that was postponed indefinitely at the Executive and sponsors' request (S.B. 09-266; discussed further below).

Specifically, the Department proposes to align eligibility of non-citizens for the OAP program with federal qualifications for public benefits. There are two components to the proposed change:

- (1) For a legal immigrant who has a sponsor, consider the sponsor's income when determining the immigrant's eligibility, even if the sponsor is a relative. Even with certain exceptions, this change would remove most sponsored legal immigrants from the program.
- (2) For all legal immigrants, except those subject to specific federal exclusions, require a five year waiting period for access to the program. As most sponsored legal immigrants would be excluded from the program indefinitely under item (1), above, the additional impact is on legal immigrants who either have no sponsor or who are excluded from the federal requirement that sponsors commit to provide indefinite support.

Consistent with federal law, certain classes of legal immigrants would not be subject to either of these limits. These include: (1) legal aliens who entered the U.S. prior to August 22, 1996 or for whom sponsorship requirements are not enforceable; (2) various categories of refugees and asylees; and (3) individuals eligible for Supplemental Security Income (SSI). Individuals could also be exempted from the restrictions in certain hardship situations, such as abuse by the sponsor.

For those subject to the restrictions, the program ban would be enforced until the qualified legal alien becomes a naturalized citizen, has 40 work quarters recorded by the Social Security Administration, or the sponsor's death.

Current Colorado statute on OAP for sponsored legal immigrants. Current statute contains conflicting directives regarding eligibility for certain sponsored aliens.

- Section 26-2-111.8 (3), C.R.S., specifies that legal immigrants must meet eligibility criteria *including sponsor responsibility policies*. Sponsor responsibilities are specified in Section 26-2-137 (2) (a), C.R.S., and include "moral and financial commitments".
- Section 26-2-111 (2) (b), C.R.S., states "No person otherwise qualified shall be denied the old age pension by reason of the fact that relatives may be financially able to contribute to his support and maintenance."³ This conflicts with the above provision in the case where the sponsor of a non-citizen applying for OAP benefits is also a relative of the non-citizen.

Eligibility determination is performed by county departments of social services using the rules set forth by the State Board of Human Services and the state Department of Human Services. *At present, the rules specify that sponsor income is considered if the sponsor is not a relative--but is disregarded if the sponsor is a relative. Thus, relative sponsors are not considered financially responsible.*

Current statute on waiting period for OAP benefits. Section 26-2-111 (2) (c), C.R.S., excludes legal immigrants from the program for three years, unless their *non-relative sponsor* can show that he or she now has insufficient resources to provide support. Thus, *at present, non-relative sponsors are only considered financially responsible for three years.*

Federal law and policy. Since 1997, federal policy provides for an open-ended period of responsibility for sponsors of legal immigrants, ending only after the alien has been gainfully employed for 40 calendar quarters or under certain other specific exceptions. Federal instructions provided to a person considering becoming an alien's sponsor outline this responsibility and note that, as a result, the sponsored immigrant may be ineligible for certain federal, state or local means-tested public benefits or the sponsor may be required to repay the cost of any benefits provided. Sponsors are required to demonstrate their ability to provide monthly support to the immigrant at a minimum of 125 percent of the federal poverty level.

In addition, federal policy with respect to a variety of benefits programs applies a five-year waiting period for legal immigrants. This is the waiting period in effect for Colorado's Medicaid program, among others.

Federal law explicitly authorizes states and political subdivisions to limit assistance to aliens and distinguish among classes of aliens for programs of general cash public assistance as long as such

³ Section 26-2-111 (2) (b), C.R.S., mirrors language in the OAP Constitutional provision; however, the Constitutional provision applies solely to U.S. citizens.

restrictions are not more restrictive than the limitations imposed under comparable federal programs. This includes requirements for "deeming" (taking into account) sponsor income. (Title 8, Chapter 14, Subchapter II, Section 1624, U.S.C.).

Senate Bill 09-266 (Tapia/Pommer). During the 2009 session, the JBC sponsored a bill that would have addressed both the financial responsibility of relative-sponsors and the length of the waiting period for access to the program. That bill was postponed indefinitely at sponsor's request based on concerns raised that the bill would indirectly reduce eligibility for Medicaid. A change to Medicaid eligibility could lead the State to violate Medicaid provisions of the American Recovery and Reinvestment Act of 2009 (ARRA).

Eligibility for the OAP program and Medicaid are linked. With some exceptions, individuals who qualify for the OAP-A program (over age 65) qualify for Medicaid and individuals who qualify for the OAP-B program (ages 60-64) who are also disabled also qualify. Pursuant to Sections 25.5-5-101 (g) and 25.5-5-201(f), C.R.S. (Medicaid mandatory and optional provisions), the state Medicaid Plan includes individuals receiving "state supplement" [to the federal Supplemental Security Income program]. This incorporates the Old Age Pension program.

The Department now proposes to avoid any related risk by making the provisions of the proposed legislation effective January 1, 2011, when ARRA provisions that prohibit reduction in eligibility for Medicaid expire. Other differences between a new bill and S.B. 09-266 could include a somewhat different title and the addition of language to give the Department rule-making authority to more specifically address issues related to protection of immigrants from sponsor abuse or abandonment and other issues better handled through rule than legislation.

Projected Fiscal Impact on Old Age Pension needs. The Department's estimate of the fiscal impact of the proposed changes on the OAP program are shown in the table below. As shown, the Department expects that, when fully implemented in FY 2011-12, **the proposed changes will reduce OAP rolls by about 4,467 from the current caseload of 23,943 (18.7 percent) and will reduce expenditures by \$30.4 million (33.8 percent).** Legal immigrants receive a larger portion of the benefits than might be expected because many of them have no income when their sponsor's income is excluded, and so receive the maximum benefit grant. In contrast, citizens are more likely to have access to federal SSI or Social Security benefits based on past work activity. The Department has revised its projection of the fiscal impact, which is now higher than that outlined in the S.B. 09-266 fiscal note.

Estimated Fiscal Impact of Aligning OAP and Federal Policy on OAP Program						
Fiscal Year	Actual FY 2008-09 Expenditure	Expenditures Less 5% for Exceptions	Monthly Expenditures	Months of Impact	Projected Reduction (Rounded)	Estimated Number of Recipients Impacted
FY 2010-11 Total	<u>\$30,386,069</u>	<u>\$28,866,765</u>	<u>\$2,405,564</u>		<u>\$14,433,383</u>	<u>4,467</u>
Deeming Sponsor of Income and Resources*	\$29,833,223	\$28,341,562	\$2,361,797	6	\$14,170,781	4,161
Impact of Five-year Ban from OAP Benefits*	\$552,846	\$525,203	\$43,767	6	\$262,602	306
FY 2011-12 Total	<u>\$30,386,069</u>	<u>\$28,866,765</u>	<u>\$2,405,564</u>		<u>\$28,866,765</u>	<u>4,467</u>
Deeming Sponsor of Income and Resources*	\$29,833,223	\$28,341,562	\$2,361,797	12	\$28,341,562	4,161
Impact of Five-year Ban from OAP Benefits*	\$552,846	\$525,203	\$43,767	12	\$525,203	306

*Individuals who would be excluded based on deeming of sponsor income *and* the five year ban (2,254 people) are included in the "deeming sponsor" category and not the "five year ban" category for purposes of the calculation.

Fiscal Impact on Department of Health Care Policy and Financing. The request also reflects impacts on the Department of Health Care Policy and Financing (HCPF), but the projected fiscal impact is modest, based on HCPF's initial analysis. Individuals who receive OAP cash benefits generally qualify for the Medicaid OAP program on the same basis. The primary reasons an individual on OAP cash benefits might not qualify for Medicaid include: (1) legal immigrant subject to the 5 year bar on Medicaid; or (2) OAP-B (age 60-64) and not disabled. These individuals are placed on the cash-funded OAP Health and Medical Care Program.

Of the 4,467 clients anticipated to be removed from the OAP cash benefit program, approximately half (1,953) are on the Old Age Pension Health and Medical Care Program, while the balance (2,158) are on the Medicaid OAP A or B program.

OAP Health and Medical Care Program: The caseload decrease to the cash-funded Health and Medical Care Program is not anticipated to have a fiscal impact, despite the large caseload decrease. [The total funding for the program is largely set in the state Constitution (\$10.0 million); however, an additional \$2.85 million of "off the top" General fund is allocated pursuant to Section 39-26-123 (3) (a)(IV)(B), C.R.S. No adjustment is proposed.]

OAP Medicaid Program: HCPF estimates that the change to OAP eligibility would result in a Medicaid caseload decline of just 108 (5 percent of the 2,158 individuals who are on Medicaid and projected to lose OAP eligibility). This translates to savings of \$248,510 (124,325 General Fund) in FY 2010-11 and \$531,076 (\$265,538 General Fund) in FY 2011-12.

This estimate is based on a limited survey of 20 cases. HCPF concluded that 9 of the cases sampled would not lose Medicaid because they qualified for Medicaid in another category (*e.g.*, receiving Medicaid long term care). It concluded that one case was likely to lose the Medicaid benefit. For the remaining 10 cases, HCPF did not have sufficient information to determine whether or not they would qualify under another Medicaid category, but thought it was likely that these individuals might apply for long term care. Thus, it did not assume any related savings.

Possible ARRA Extension and Implications. The JBC Medicaid analyst believes there is a significant chance that the higher Medicaid federal reimbursement (FMAP) provided under ARRA will be extended for an additional six months. Should this occur, implementing the proposed OAP changes on January 1, 2011 might still place the State at risk of federal sanctions, based on the provisions that would indirectly reduce Medicaid eligibility. In light of this, staff believes the Committee may wish to consider one of the following modifications to the proposed legislation. Due to time constraints, staff has not yet obtained Department feedback on these options. They would need to be explored further.

- Implement the five year bar--but not the deeming of sponsor income--effective July 1, 2010. As described above, 1,953 individuals (almost half of the total number of individuals projected to lose OAP cash benefits) do not currently have access to the Medicaid program. It is likely that most of these individuals are excluded from Medicaid due to the Medicaid 5 year bar. Thus, applying a 5-year bar to OAP cash benefits would align the OAP program with the Medicaid program, and the change might result in OAP savings without affecting Medicaid. Deeming of sponsor income could be added, if desired, in FY 2011-12. Staff believes total savings for FY 2010-11 might be similar to the current request, but this would need to be confirmed.
- Rather than changing eligibility for OAP benefits, leave formal eligibility criteria (and thus eligibility for Medicaid) unchanged--but set the cash benefit at \$0 for sponsored aliens and those in the country less than five years.

Other legal issues. The Department of Human Services has received informal feedback from the Attorney General's Office regarding this proposal, but it has not yet received formal written feedback. While the Department believes the proposal is legally defensible and consistent with provisions of federal law, there is a risk that the change will be subjected to legal challenge. Based on past experience, legal challenges can delay implementation and related savings, even if the State's position is ultimately upheld.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

BRIEFING ISSUE

ISSUE: Base Reduction #3: Eliminate County Tax Base Relief Appropriation

The Department's third base reduction priority is to eliminate the appropriation for county tax base relief (\$5.7 million General Fund). County Tax Base Relief is intended to aid counties with high costs relative to their tax base. To ensure that a small number of counties with low property tax valuations and high caseloads remain solvent, the General Assembly should consider retaining some funding and modifying associated statute to more narrowly target funding.

SUMMARY:

- The Department's Base Reduction Priority #3 would eliminate the remaining County Tax Base Relief appropriation of \$5,662,654 General Fund. The Governor has also expressed his intent to request an FY 2009-10 funding reduction of \$2.8 million (50 percent) to this line item.
- County Tax Base Relief is intended to aid counties with high costs relative to their tax base, *i.e.*, counties that either have high costs (due to demographic factors that drive high caseloads and associated funding allocations) and/or those with a relatively low tax base.
- Based on the allocation of funds in FY 2008-09, staff believes a small number of poor counties are likely to be disproportionately impacted by this proposal.

RECOMMENDATION:

The Committee should consider retaining \$1.0 to \$2.0 million in this line item and modifying Section 26-1-126 (1.5), C.R.S., which governs County Tax Base Relief, to more narrowly target funding.

DISCUSSION:

County Tax Base Relief. The Department's Base Reduction Priority #3 would eliminate the remaining County Tax Base Relief appropriation of \$5,662,654 General Fund. The Governor has also expressed his intent to request an FY 2009-10 funding reduction of \$2.8 million (50 percent) to this line item.

County Tax Base Relief is intended to aid counties with high costs relative to their tax base, *i.e.*, counties that either have high costs (due to demographic factors that drive high caseloads and associated funding allocations) and/or those with a relatively low tax base. This funding is often particularly important to counties to cover cash flow needs prior to the receipt of property tax revenue.

H.B. 08-1250 (Pommer/Johnson). The current county tax base relief formula was established through H.B. 08-1250. A prior program, the County Contingency Fund, was established in 1973. It was modified to ensure that the program targeted the most needy counties (a reduction from 41 counties receiving contingency in FY 2007-08 to 23 counties in FY 2008-09), consistent with the recommendations of a 2007 taskforce. Pursuant to H.B. 08-1250, a former \$11.2 million General Fund appropriation for County Contingency was eliminated and redistributed, with \$6.2 million placed in the new County Tax Base Relief Fund and the balance in other county administration line items. The appropriation for FY 2008-09 was reduced to \$5.8 million through supplemental action due to state revenue constraints.

County Tax-base Relief Calculation. The base for calculation of eligibility is all mandated public assistance programs that have a county share and that appear in the Long Bill, pursuant to Section 26-1-126 (1.5), C.R.S. The calculation is based on the county share required under statute and Long Bill appropriations and excludes any additional county expenditures associated insufficient state or federal funding. A formula based on three fixed mill levy thresholds – 3.0 mills, 2.5 mills, and 2.0 mills – is used to calculate eligibility.

The following is an example of the eligibility calculation. Assume a county has a calculated county share of \$150,000, and that the property tax valuation generates \$30,000 per mill levied. The formula calculates three "tier" shortfall values:

$$\begin{array}{r}
 \$150,000 \quad \text{total calculated costs} \\
 - \quad \underline{90,000} \quad \text{generated by 3.0 mills} \\
 = \quad 60,000 \quad \text{Tier I shortfall} \\
 \\
 \$90,000 \quad \text{lesser of amount generated by 3.0 mills and total calculated costs} \\
 - \quad \underline{75,000} \quad \text{generated by 2.5 mills} \\
 = \quad 15,000 \quad \text{Tier II shortfall} \\
 \\
 \$75,000 \quad \text{lesser of amount generated by 2.5 mills and total calculated costs} \\
 - \quad \underline{60,000} \quad \text{generated by 2.0 mills} \\
 = \quad 15,000 \quad \text{Tier III shortfall}
 \end{array}$$

Any tier shortfall values which are negative are replaced with zero. The total eligibility amount is then calculated by multiplying each of the shortfall values by a specified fraction and summing. In this example, the total eligibility for the county would be \$56,250.

Tier	Calculated Value	Fraction	Result
I	\$60,000	0.75	\$45,000

Tier	Calculated Value	Fraction	Result
II	\$15,000	0.50	\$7,500
III	\$15,000	0.25	<u>\$3,750</u>
			\$56,250

County Tax Base Relief FY 2008-09 Allocations. The table below reflects the results of the tax base relief calculation for FY 2008-09, by tier, and the final distribution of funding by county.

County Tax Base Relief FY 2008-09 Distribution							
County	County Share of Social Services Expenditures	Property Taxes Generated at 3.0 Mills	County Tax Base Relief per Formula - Tier I	County Tax Base Relief per Formula - Tier II	County Tax Base Relief per Formula - Tier III	Final Distribution *	Distribution as percentage of County Share of expenditures
Adams	\$10,463,580	\$13,581,593	\$0	\$0	\$352,296	\$312,083	3.0%
Alamosa	873,208	384,470	366,554	32,039	16,020	367,286	42.1%
Bent	255,072	164,530	67,907	13,711	6,855	78,374	30.7%
Conejos	353,305	144,240	156,799	12,020	6,010	154,872	43.8%
Costilla	278,408	339,360	0	0	13,042	11,553	4.1%
Crowley	193,981	104,950	66,773	8,746	4,373	70,772	36.5%
Denver	29,499,531	31,981,882	0	1,423,981	1,332,578	2,441,907	8.3%
Fremont	1,264,052	1,288,581	0	95,117	53,691	131,822	10.4%
Huerfano	279,109	342,352	0	0	12,719	11,267	4.0%
Kiowa	100,896	99,412	1,113	8,284	4,142	11,994	11.9%
Lake	213,973	281,508	0	0	6,575	5,825	2.7%
Lincoln	301,405	210,435	68,228	17,536	8,768	83,742	27.8%
Logan	699,827	607,543	69,213	50,629	25,314	128,587	18.4%
Mesa	3,946,138	5,335,306	0	0	97,317	86,208	2.2%
Morgan	991,891	1,136,408	0	22,442	47,350	61,826	6.2%
Otero	643,217	344,408	224,107	28,701	14,350	236,662	36.8%
Prowers	534,463	374,969	119,620	31,247	15,624	147,487	27.6%
Pueblo	4,863,650	3,649,111	910,904	304,093	152,046	1,211,000	24.9%
Rio Grande	449,768	513,581	0	10,892	21,399	28,605	6.4%
Saguache	<u>249,762</u>	<u>171,870</u>	<u>58,419</u>	<u>14,322</u>	<u>7,161</u>	<u>70,782</u>	<u>28.3%</u>
TOTAL	\$114,852,002	\$255,181,845	\$2,109,636	\$2,073,760	\$2,197,632	\$5,652,654	4.9%

* Total distribution equals total of Tiers I, II and III calculations per the formula (\$6,381,027), pro-rated to 88.6 percent (\$5,652,654) based on the final FY 2008-09 appropriation.

As indicated in the table:

- ▶ FY 2008-09 distributions went to four of the "big 10" counties--Adams, Denver, Mesa, and Pueblo--in addition to smaller counties.
- ▶ FY 2008-09 distributions to Denver and Pueblo comprised more than half of total funding.
- ▶ For nine counties (shaded in the table), including eight smaller counties plus Pueblo, funding provided covered 24.9 percent to 43.8 percent of the county's social services funding obligation. All of these counties qualified for support under "Tier I".
- ▶ Based on initial review, staff is concerned that eliminating this support for some of the smallest and poorest counties could present severe problems.
- ▶ These concerns could be addressed by retaining some funding for this line item (*e.g.*, \$1.0-\$2.0 million) but limiting funding to counties that qualify under Tier I. This could require statutory modification, as statute could be read to require pro-ration across all tiers (reflected in the Department's approach to allocating FY 2008-09 funding).
- ▶ Unlike most line items that support counties, this line item does not draw matching federal funding, and this may be part of the rationale for targeting these funds.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: Temporary Assistance to Needy Families Long Term Reserve

The Department has requested appropriations increases from the Temporary Assistance to Needy Families (TANF) Block Grant of \$7.4 million for FY 2010-11, including \$3.0 million to refinance child welfare services and \$4.4 million for other initiatives. However, the Department also projects that the demand for TANF funds will exceed amounts available by \$17.7 million in FY 2011-12.

SUMMARY:

- ❑ The Department's FY 2010-11 request includes an appropriations increase of \$7.4 million from the Temporary Assistance to Needy Families (TANF) block grant. This includes a proposal for an ongoing funding increase for Refugee Services, a proposal for further temporary refinancing of Child Welfare Services, a Colorado Benefits Management System change, and an operating expense increase.
- ❑ The Department projects that demands on the TANF Long Term reserve will exceed available funding by \$17.9 million in FY 2011-12. At that point, appropriations will need to be reduced, and measures to refinance General Fund with TANF may need to be reversed.
- ❑ Even without the proposed increases, the Department's base funding requirements for FY 2010-11 are projected to exceed its annual TANF grant by \$21 million, with the discrepancy increasing in subsequent years.

DISCUSSION:

Background. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PWORA) replaced the former Aid to Families with Dependent Children entitlement program with the system of Temporary Assistance to Needy Families (TANF) block grants. Pursuant to federal law, and unlike most federal funds, TANF funds are subject to annual appropriation by the General Assembly for purposes consistent with the federal law. The purposes of TANF, as outlined in statute at 26-2-705, C.R.S., include:

- Assisting needy families so that children can be cared for in their own homes;
- Reducing the dependency of needy parents by promoting job preparation, work, and marriage;
- Preventing out-of-wedlock pregnancies; and
- Encouraging the formation and maintenance of two-parent families.

To receive the federal funds, states must comply with various federal requirements, including a maintenance of effort requirement that is based on 80 percent of state and local annual expenditures prior to PWORA (75 percent if work participation requirements are met).

Most TANF funding is appropriated as allocations to counties for the Colorado Works program (\$151.5 million in FY 2009-10). Counties are responsible for complying with the associated federal and state requirements for providing basic cash assistance to qualifying families and ensuring qualifying individuals comply with work participation requirements⁴. They must also spend county funds for their share of the federal maintenance of effort requirement. Any funding not required for individuals and families who meet

Basic Cash Assistance

For 2009, basic cash assistance expenditures of \$43.5 million represented 27 percent of county expenditures. Average monthly caseload fluctuates with economic cycles and changing program work requirements. However, overall enrollment has fallen sharply since the Colorado Works program's inception, from 22,450 in 1998 to 9,887 in 2009. The benefit is currently \$421 for a single parent with two children, with a lifetime limit of 60 months of cash assistance.

requirements for basic cash assistance may be used for a broad array of county poverty-alleviation activities, and a total of up to 30 percent may be transferred to the child welfare block grant (Title XX of the Social Security Act) and the child care block grant (the Child Care Development Fund (CCDF) block grant). The majority of county funding is used for purposes other than basic cash assistance.

Until recently, counties were also allowed to retain unlimited reserves of unspent TANF and CCDF funds. During the 2008 session, the General Assembly adopted S.B. 08-177, which made a variety of changes to the program, including imposing increasingly severe limits on the size of counties' unspent TANF reserves. Unspent reserves in excess of 70 percent of a county's allocation reverted at the end of FY 2008-09; reserves in excess of 55 percent of the allocation will revert in FY 2009-10, in excess of 40 percent in FY 2010-11, and in excess of 30 percent thereafter. This bill also created a new Statewide Strategic Uses Fund with an appropriation of \$10 million, among other modifications. Counties have moved to spend down reserves rapidly, and only \$12.2 million reverted from counties the end of FY 2008-09.

FY 2010-11 Request. The Department's FY 2010-11 budget request includes several major new proposals for use of TANF.

Refugee Services. Decision Item 7 requests \$3,083,526 in state-appropriated TANF block grant funds for refugee services. This would increase TANF funding for refugee services to a total of \$3,899,376 to address an increase in the number of refugees, increased dispersion in the state, and the complexity and difficulty of the caseload.

⁴Federal rules require a 50 percent of recipient families and 90 percent of two-parent families fulfill work participation requirements for "work eligible" families, with a credit again work participation rates for reductions in a state's caseload since FFY 2005. Colorado recently received notice that it had met the work participation requirement for FFY 2007 with a work participation rate of 29.64 percent.

Until FY 2005-06 refugee services were funded entirely with federal funds from the Office of Refugee Resettlement. However, growth in the refugee population and flat or declining federal funding has led to increasing requests for support from the TANF budget. Under federal law, refugees are eligible for all public benefits upon arrival, including TANF, and the Department estimates that 66 percent of the refugees it serves are TANF-eligible. Under recent program changes, costs for basic cash assistance for refugees have been transferred to counties (estimated at \$1.6 million or less), and the Department's refugee services office is also seeking additional direct appropriations for the other supports it provides to refugees, such as English as a Second Language, pre-employment training, and case management.

The Department indicates that total funding available for refugee services FFY 2008-09 was \$11,318,246, including some federal custodial amounts not reflected in the Long Bill. Using this figure as a base, the request reflects a base increase of 27.2 percent. The Department requested, and received, an interim supplemental of \$4,383,512 using one-time federal ARRA funds for FY 2009-10, but this level of increase was not expected to be ongoing.

According to the request, there have been ongoing declines in federal support for refugees. Federal support has effectively dropped from \$1,418 in refugee resettlement funds per arriving refugee in 2002 (when 712 refugees were resettled in Colorado) to \$591 per refugee in FY 2008-09, when 1,880 were resettled. For FY 2009-10, the Department projects 2,626 refugee arrivals. To a large extent, the request is designed to allow the State to accommodate the 40 percent increase in refugee arrivals anticipated from FY 2008-09 to FY 2009-10 and the growth trend for new arrivals. This includes substantial secondary migration from other parts of the county related to economic opportunities (*e.g.*, meat packing plants in Weld county).

Staff believes the proposed use of TANF funds is generally appropriate. However, staff has concerns about: (1) the transfer of a historically federal responsibility to this fixed block grant source; and (2) the overall limits on available TANF funds, discussed further below.

Base Reduction #5 - Refinance of Child Welfare Services. For FY 2009-10, the Department requested and received authority to refinance General Fund appropriations with TANF dollars for Family and Children's Programs (core services) in the Division of Child Welfare. The amount requested and approved to be refinanced was \$9.5 million for three years. The Department has now requested for FY 2010-11 (and indicated a planned request for FY 2009-10) to refinance an additional \$3.0 million of General Fund in the main Child Welfare Services line item. This refinance is feasible because a substantial share of child welfare expenditures are family preservation services that may be counted as maintenance of effort for TANF or (as now proposed) as an eligible TANF expenditure. The new request does not specify a time-frame for the proposal but acknowledges that "based on current estimates there will not be sufficient funds in the TANF long-term reserve and within the annual TANF grant to meet anticipated appropriations in FY 2011-12".

Decisions Item #5 and #6. The Department also requests \$1.3 million for TANF-specific changes to the Colorado Benefits Management System (Decision Item #6) and \$47,267 (Decision Item #5) for Colorado Works County Oversight.

TANF Long Term Reserve. The TANF long term reserve represents the existing and projected funding that Colorado expects to be able to draw down from the federal government for qualified TANF expenditures. The Department submitted detailed information in response to RFI #45. The associated projection is summarized in the table below.

Temporary Assistance to Needy Families Long-term Reserve Analysis			
	SFY 09-10	SFY 10-11	SFY 11-12
Funds Available			
Available Prior Grant Year Funds	\$53,662,627	\$45,530,595	\$23,534,061
Ongoing Estimated Annual Grant	149,626,381	139,443,112	136,056,689
ARRA Funding	<u>46,486,036</u>	<u>21,542,309</u>	<u>0</u>
Total	\$249,775,044	\$206,516,016	\$159,590,750
Appropriation/Request			
Base Funding - "Traditional" Uses	162,786,936	160,557,162	160,557,162
Core Services Refinance (approved for FY 2009-10; proposed for 3 years)	9,500,000	9,500,000	9,500,000
TANF Sept 2009 Interim Supplemental with Requested Continuation	28,957,513	5,500,000	0
FY 2010-11 Decision Item #7 (Refugee Svc)	0	3,083,526	3,083,526
FY 2010-11 Requested Decision Items county oversight, CBMS	0	1,347,267	1,347,267
FY 2010-11 Requested Child Welfare Refinance	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Total	\$204,244,449	\$182,987,955	\$177,487,955
Total TANF End-of-year Reserve Balance	\$45,530,595	\$23,528,061	(\$17,897,205)
Difference Ongoing Estimated Annual Grant Award and "Traditional" Base Funding	(\$13,160,555)	(\$21,114,050)	(\$24,500,473)

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

BRIEFING ISSUE

ISSUE: Colorado's State-supervised County-administered Social Services System

Colorado's 64 counties have substantial fiscal and management control over state-supervised county-administered social service programs. In FY 2008-09, counties provided \$161.0 million in local revenue to support such programs, while the State provided \$368.2 million in state revenue to augment federal funding. Services for abused and neglected children represent the largest single share of social services expenditures for both the State and counties. The smallest 27 counties are responsible for about 4 percent of expenditures; the largest 11 are responsible for about 84 percent.

SUMMARY:

- In Colorado, many services for needy and vulnerable populations are administered by Colorado's 64 counties, under state department supervision. The level of county fiscal and management control and responsibility varies by program. However, many programs look quite different from one county to the next. The system has strength but is also subject to critique based on inconsistent services and inconsistent quality of services across regions
- In FY 2008-09, counties provided \$161.0 million in local revenue to support state-supervised county-administered programs, while the State provided \$368.2 million (state General Fund and Old Age Pension Cash Funds). Both amounts are dwarfed by the federal share (\$924.3 million, if food stamp benefits are included).
- Child welfare services represent the largest single program expenditure category for state-supervised county-administered programs from both a state and county budget perspective.
- Expenditures associated with the smallest 27 counties (populations of less than 1,000 to 10,000) represent about 4 percent of expenditures, while expenditures associated with the largest 11 counties (populations of 100,000 to 600,000) represent about 84 percent of expenditures.

DISCUSSION:

The State-supervised County-administered Structure. Colorado is one of an estimated 12 states with a state-supervised county-administered social services structure. The current system of shared state and local responsibility was largely shaped by a 1936 state statute, in response to the federal Social Security Act. This legislation established a state role in a system that had previously relied on counties to assist poor persons who had no other means of support.

Child Welfare Action Committee Recommendations.

A report prepared for the Governor's Child Welfare Action Committee recommended that Colorado adopt a state-supervised and state-administered system for child welfare services--and that this change ultimately be extended to all functions of social service delivery (*Colorado Child Welfare Organizational Structure and Capacity Analysis Project*, by Policy Studies Inc. and American Humane, September 24, 2009). Based on this report and further internal discussion, the Child Welfare Action Committee recommended to the Governor that Colorado pursue a *hybrid* structure for human service delivery, in which large counties would have the option of continuing to be county-administered but all other counties would be shifted into a state-administered system. This report also recommended that the change ultimately be extended to all social services programs. (*2nd Interim Report of the Governor's Child Welfare Action Committee*, September 28, 2009).

The current structure is not required by the state Constitution. Legal decisions interpreting the state Constitution have established that municipalities and counties are merely instruments of the state, created to carry out the will of the state (*Board of County Commissioners v. City and County of Denver*, 150 Colorado (1962 and appeal, dismissed, 1963) and that counties have only such powers are delegated to them (*Skidmour v. O'Rourke* (1963).

The present system is, however, imbedded in state statute throughout Title 26 (the Human Services Code) and Title 19 (the Children's Code). For example, under Title 19, county governments, rather than the State government, assume legal responsible for children found to be "dependent and neglected". Similarly,

Section 26-2-701, C.R.S., *et. seq.*, which authorizes the Colorado Works program, gives broad responsibility to counties for managing programs for assistance to needy families. Colorado Works dates to federal welfare reform (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996), which exchanged block grants to states for the previous Aid to Families with Dependent Children entitlement system. In response to the federal legislation creating block grants for states (Temporary Assistance to Needy Families), Colorado enacted legislation to re-allocate the new federal block grant funds as mini-block grants (allocations) to counties.

The state-supervised county-administered system has strengths, in that it allows programs to be narrowly tailored to the needs of individual regions. The system is also subject to critique based on inconsistent services and inconsistent quality of services across regions. Most recently, the Governor's Child Welfare Action Committee has recommended that the State move to a hybrid system in which the State would manage direct service provision for much or all of the State, rather than delegating service provision to counties (see box).

What Services Fall under County Administration? The state Department of Human Services oversees a wide array of administrative structures for delivering services to vulnerable and needy populations. It directly staffs some institutions and programs and contracts with non-profit, quasi-governmental entities for others (see box). However, many key services for vulnerable populations are administered by county departments under state department oversight. These include the following:

Eligibility determination/fraud investigation for financial, food, and medical assistance programs: Counties use the Colorado Benefits Management System and other systems to determine individual's eligibility for the Medicaid Program, food assistance (Supplemental Nutrition Assistance Program

(SNAP)/ Food Stamps); Temporary Assistance to Needy Families (TANF); subsidized child care (Child Care Assistance Program); and Adult Assistance programs (Aid to the Needy Disabled, Old Age Pension, and Home Care Allowance). Counties receive fixed funding allocations associated with their role in determining eligibility. They are responsible for covering 20 percent of these allocated amounts. In addition, they bear financial risk if they cannot deliver services within the allotted funding.

Child Welfare Services: Counties provide investigation, case management and service delivery for abused and neglected children. This includes legal responsibility (and associated extensive court-involvement) for children removed from their families' custody, in addition to service oversight and delivery for children at risk of out-of-home placement. Counties received capped funding allocations from the state for child welfare services and "core services" designed to limit out-of-home placement. They are generally responsible for 20 percent of costs; however, certain program expenditures are excluded from the match, so their actual minimum contribution is lower. Counties bear financial risk and responsibility if they cannot deliver services within the allotted funding. If they are unable to cover over-expenditures through the transfer of unused funds from other counties or transfer of funds from their federal TANF block grant, they must use county tax revenues to cover any shortfall.

Human Services Outside the State-supervised County-administered System

State administered: Supervision and treatment in mental health institutes, regional centers for people with developmental disabilities, youth corrections facilities, and state and veterans nursing homes; case management of vocational rehabilitation services for people with disabilities; licensing and monitoring of child care facilities; eligibility determination for disability benefits (SSI and SSDI) for the federal Social Services Administration.

Contracted to non-profit, quasi-governmental, and other entities: Local coordination of services for people with developmental disabilities (20 community centered boards); coordination and delivery of mental health services for indigent people (17 community mental health centers); coordination of alcohol and drug abuse prevention and treatment services for indigent people (4 managed service organizations); coordination of various community-based services for elderly people (16 Area Agencies on Aging, often contracted to Regional Councils of Governments).

Colorado Works (Temporary Assistance for Needy Families): Counties are responsible for case management, including development and oversight of client's individual responsibility contracts (work commitments) and various related supportive services for very low income children and families who qualify for temporary cash assistance. Any funding not required for individuals and families who meet requirements for basic cash assistance may be used for a broad array of county poverty-alleviation activities, and up to 30 percent may be transferred to child welfare and child care programs. Counties are responsible for meeting their share of the federal "maintenance of effort" requirement for the TANF block grant. In return, they receive capped funding allocations. In recent years, a substantial share of these allocations were not spent and were retained in county reserves. Pursuant to S.B. 08-177, a progressively larger portion of unspent reserves now revert to the State.⁵

⁵Unspent reserves in excess of 70 percent of a county's allocation reverted at the end of FY 2008-09; reserves in excess of 55 percent of the allocation will revert in FY 2009-10, in excess of 40 percent in FY 2010-11, and in excess of 30 percent thereafter.

Child Care Assistance: Counties are responsible for setting eligibility and reimbursement criteria, within certain parameters, for child care subsidies for low-income families who require financial assistance for child care in order to work. Counties determine eligibility, provide case management, and arrange for benefits payments. As for the Colorado Works program, counties are responsible for meeting their share of the federal "maintenance of effort" requirement for the Child Care block grant. In return, they receive capped funding allocations. Counties have historically had difficulty managing expenditures in this program, and they are at financial risk for over-expenditure. However, such over-expenditures have historically been addressed through the transfer of funds from the TANF block grant, rather than expenditure of county mill-levy dollars.

Cash Assistance and Protective Services for Elderly and Disabled Adults and the Low Income Energy Assistance Program: County departments are involved in eligibility determinations for Old Age Pension, Aid to the Needy Disabled, and other cash assistance programs for the elderly. They also provide some outreach and coordination related to the Low Income Energy Assistance Program. They have a required financial contribution for some programs ranging from 5 to 20 percent. However, they have little associated management responsibility or financial risk beyond budgeted amounts. The state manages total disbursements, including any county share, based on the total appropriation, and, for programs with county-share, it modifies benefits awards to ensure total appropriations are not over-spent.

Related Services: In addition to the services above contracted through the Department of Human Services and Health Care Policy and Financing (Medicaid county administration), many counties also take on responsibility for other programs that may be integrated or overlap with human services. Notable examples:

- ❑ Labor and Employment: The Department of Labor and Employment generally contracts with counties for the development and administration of one or more local workforce centers that assist residents in finding jobs. These workforce centers often serve Colorado Works clients.
- ❑ Public Health Services: The state Department of Public Health generally contracts with counties for the delivery of various public health services, many of which intersect with human services activities, *e.g.*, the Women's Infants and Children (WIC) nutrition program.
- ❑ Other Housing and Human Services Grants: Larger counties may receive various social-service-related funds directly or as pass-through from other state departments, including federal Section 8 and other subsidized housing funds and federal Community Services Block Grant funds. Counties may also directly pursue discretionary grants from federal sources or foundations.

How do Programs and Services Offered Differ Among Counties? As described above, the level of county control and financial responsibility varies by program. The range of county variation is detailed below for three programs over which counties have substantial management and financial responsibility.

Child Welfare: The child welfare system is designed to protect abused and neglected children and youth beyond the control of their parents. The basic parameters with respect to what children and families should receive assistance and when a child is deemed "dependent and neglected" is established in statute (Title 19) and state rule (Volume 7). In practice, county management, as well as the approach of

different judicial districts to these cases, varies significantly. The percentage of children with open child welfare cases who are placed out of home varied from a low of 16.8 percent to a high of 41.3 percent among the ten largest counties in FY 2008-09. The programs counties have in place for assisting children in the home either as a "diversion" from child welfare or through the child welfare system vary widely. A recent federal assessment (the Child and Family Services Review) found substantial variations in both strengths and weaknesses for counties studied. This, in addition to recommendations in various other reports, has contributed to a recent push for more assertive state oversight and possibly direct state control of the system.

Colorado Works/ Temporary Assistance to Needy Families (TANF): This program provides cash assistance needy families and supports other local activities that meet the broad federal goals of assisting needy families so children may be cared for in their homes and reducing the dependency of needy parents. The basic cash assistance eligibility and benefits levels are set in statute and consistent throughout the state. However, in CY 2009, only 27 percent of expenditures went to basic cash assistance, while the balance of county expenditures(73 percent) went to other expenditures.

Data provided by the Department indicate that during the last ten years, the share of county TANF expenditures used for basic cash assistance has generally been under 40 percent and has never been more than 51 percent. Some of these funds are spent on activities that complement the basic cash assistance, such as work-placement assistance for individuals who receive basic cash. However, much of the funding--and likely the vast majority--is directed to programs that benefit a much wider array of families earning under \$75,000 per year.

The outcomes measure tracked by federal authorities and the State is the percentage of adults in the basic cash assistance program who are participating in a qualified work activity. While the State uses an outside contractor to gather annual information on other county activities, neither the State nor federal authorities have any standardized procedure for tracking how counties use funds for activities other than basic cash assistance or the impact of such activities. Implementing any such measures would be difficult, given the wide array of county uses for these funds.

Child Care Assistance Program: The Child Care Assistance Program provides child care subsidies to low-income families so parents may engage in eligible work or training activities. All counties are required to provide child care subsidy assistance to individuals at under 130 percent of the federal poverty level. However, counties have flexibility to serve individuals up to 85 percent of the median income, to decide whether they will provide reimbursements for individuals in educational programs, and to establish reimbursement rates, among other factors.

A December 2008 performance audit by the State Auditor's Office found that 57 percent of the 2,000 families denied service from July 2003 through October 2007 would have eligible in a neighboring county. Researchers contracted by the auditors also found that the percent of eligible families participating in the program varied from 2 percent to 58 percent, depending upon the county. The auditors recommended a variety of changes to standardize the program, such as setting statewide or regional income eligibility limits and mandating education and job training as eligible activities. In

response, the Department agreed to convene a committee to study the impact of the recommendations. It is not clear whether any substantive changes will ensue.

County, State and Federal Expenditures for Human Services Programs

The table on the following page details all FY 2008-09 expenditures for human services programs settled through the state-run Colorado Financial Management System (CFMS). This includes all expenditures at the county level for state-supervised county-administered programs such as Child Welfare and Colorado Works. (It does not include expenditures for state department supervisory activities.)

In the table, State Funds amounts include General Fund and Old Age Pension Cash Funds budgeted in the Department of Human Services and Medicaid budgeted for county administration in the Department of Health Care Policy and Financing. County funds reflect county mill-levy revenues and any other county tax revenue streams counties may have dedicated to these programs. Federal amounts derive from a wide variety of programs funded through the federal Department of Health and Human Services.

Most, but not all, of the expenditures shown below are budgeted in the Long Bill. In particular:

- ▶ Food assistance benefits (formerly known as "food stamps") are 100 percent federally-funded and are not reflected in the Long Bill, although they are settled in CFMS. Related administrative costs (in which the state and counties share) are reflected in the Long Bill. In FY 2008-09, food assistance benefits represented over \$434 million in expenditures.
- ▶ Most costs associated with child support enforcement are not reflected in the Long Bill. This program is funded by a combination of federal reimbursements and incentives, collections from parents, and county funds. In FY 2008-09, program costs were over \$51 million.
- ▶ County expenditures in excess of amounts budgeted as required county share are not reflected in the Long Bill. Counties are able to obtain partial federal reimbursement (33 percent in FY 2008-09) for these costs. Both the excess costs and the federal reimbursement are "off budget" from a Long Bill perspective. In FY 2008-09, these costs exceeded \$38 million.

If all costs settled in CFMS are included, total county expenditures for FY 2008-09 were \$1.5 billion, with the federal government responsible for 64 percent of costs, the State responsible for 25 percent, and counties responsible for 11 percent. **If major "federal only" program costs are excluded (primarily food assistance benefits), total costs for state-supervised county-administered programs were \$1.0 billion, including \$368.2 million state share (37 percent), \$161.0 million county share (16 percent), and \$479.0 million federal share (48 percent).**

Expenditures settled through CFMS do not represent all expenditures at the county level for human services-related activities. Thus, there is no consistent, comprehensive data source for such expenditures. However, there is a strong incentive to enter all county expenditures for services that could generate at least partial federal reimbursement.

FY 2008-09 Total County Human Services Expenditures - All Settlements by Colorado Financial Management System

	Total Expenditure	State Share	State Percent	County Share	County Percent	Federal Share	Federal Percent	Notes
County Administration for Medicaid, Food Stamps, Adult Assistance	\$79,617,869	\$25,360,320	32%	\$16,015,413	20%	\$38,242,136	48%	
Child Welfare Program	411,430,497	223,053,801	54%	67,459,483	16%	120,917,214	29%	a
Child Care Assistance Program	93,516,968	15,354,221	16%	9,584,387	10%	68,578,360	73%	a
Colorado Works (TANF)	161,020,489	0	0%	22,228,966	14%	138,791,523	86%	a
Child Support Enforcement	51,530,611	0	0%	18,250,118	35%	33,280,493	65%	a, b
Food Assistance Job Search, Employment First, Fraud Investigation	6,464,313	497,802	8%	1,650,359	26%	4,316,153	67%	
Food Assistance - Benefits (Food Stamps)	434,689,714	0	0%	0	0%	434,689,714	100%	b
Low-income Energy Assistance Program - Benefit Payments	66,752,266	2,950,597	4%	43,140	0%	63,758,529	96%	c
Adult Assistance (Aid to Needy Disabled, Old Age Pension) - Benefit Payments	111,781,229	108,239,014	97%	3,542,214	3%	0	0%	c
Excess Expenditures and Pass-through Reimbursement	38,040,664	0	0%	25,461,465	67%	12,579,199	33%	b, d
Child Care - ARRA Funding	10,569,228	0	0%	0	0%	10,569,228	100%	
Retained Collections	(19,640,985)	(5,940,042)	30%	(3,880,448)	20%	(9,820,495)	50%	
Miscellaneous	<u>7,657,009</u>	<u>(1,332,116)</u>	<u>-17%</u>	<u>608,515</u>	<u>8%</u>	<u>8,380,609</u>	<u>109%</u>	
Total	\$1,453,429,871	\$368,183,597	25%	\$160,963,611	11%	\$924,282,663	64%	
Programs with no state or county funding (Food Assistance, Child Care ARRA)	<u>(445,258,942)</u>	<u>0</u>	0%	<u>0</u>	0%	<u>(445,258,942)</u>	100%	
Total less Programs with no state or county funding	\$1,008,170,929	\$368,183,597	37%	\$160,963,611	16%	\$479,023,721	48%	

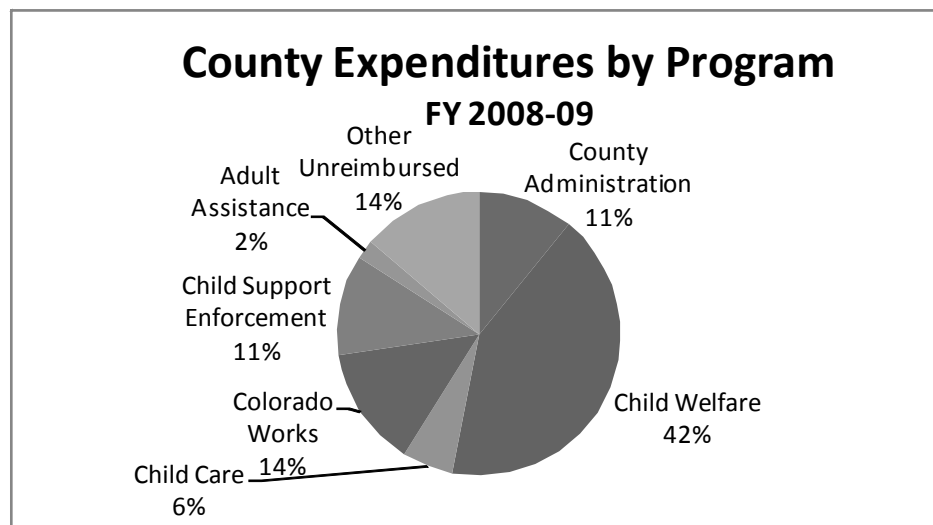
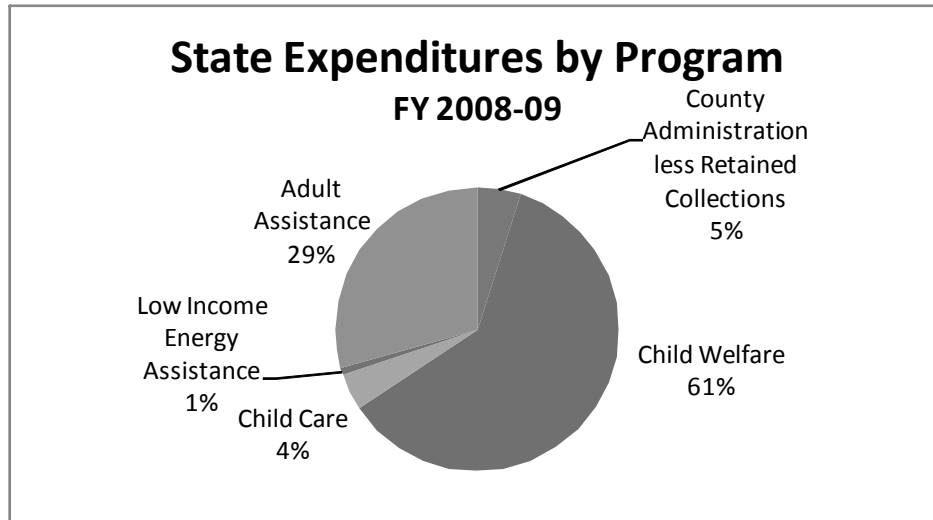
a/ Amount includes county administrative costs, as well as benefit payments or other service costs.

b/ Most or all funding shown is "off budget" from a state perspective, *i.e.*, it is not included in the Long Bill.

c/ Benefits payments for these programs are largely managed at the state level, although county staff are involved in eligibility determination or case processing.

d/ Counties receive partial federal reimbursement for all qualified human services expenditures for which there is no other source of reimbursement ("pass through" reimbursement). This includes, for example, "excess" expenditures for county administrative costs.

The following pie charts, drawn from the data in the table above, demonstrate the relative significance of key programs from a state and county budget perspective. As shown, for both states and counties, child welfare services represent the largest single category of program expense. However, the relative share of budget allocated to other programs varies greatly between the State and counties.



The table below reflects county expenditures in FY 2007-08 for major programs that are included in the "closing" process.⁶ **These represent programs over which counties have considerable budgetary control.** Some key features to note from this table:

⁶FY 2008-09 data was not available at the time staff compiled this chart.

- Disbursements to the smallest 27 counties represent a very small share--just 3.9 percent--of total disbursements to counties. Thus, structural changes to the state-supervised county-administered system (including changes that modified the relative fiscal responsibilities of counties versus the state) that focus solely on these smallest counties would likely have limited budget impact, though potentially large program impact.
- If both the medium 26 counties and the smallest 27 counties were affected by changes in administrative structure, this would still affect only about 16.5 percent of overall expenditures.
- The largest 11 counties--Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld--are responsible for 83.5 percent of expenses subject to the "closing" process.
- When the perspective is narrowed to those programs over which counties have substantial budgetary and program control, the relative significance of child welfare services is even greater: almost 58 percent of expenditures.

County Expenditures by Budget Category and County Size for Major programs "closed" through Colorado Financial Management System FY 2007-08 All Fund Sources						
	County Administration	Colorado Works	Child Care	Child Welfare, including Core	TOTAL	Size category as percent total
Largest 11 Counties: Populations 100,000-600,000	\$69,339,056	\$96,655,631	\$75,279,783	\$328,660,941	\$569,935,411	83.6%
Medium 26 Counties: Populations 10,000-60,000	11,583,607	14,321,478	9,268,871	49,473,333	84,647,289	12.4%
Smallest 27 Counties: Populations <10,000	4,594,369	5,004,025	2,040,653	15,345,860	26,984,907	4.0%
GRAND TOTAL -64 counties	\$85,517,032	\$115,981,134	\$86,589,306	\$393,480,133	\$681,567,607	
Expense category as percent of total expenditures	12.5%	17.0%	12.7%	57.7%		

Source: FY 2007-08 Colorado Financial Management System year-end close report.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

BRIEFING ISSUE

ISSUE: Supplemental Security Income Federal Maintenance of Effort and Adult Assistance Budget Options

Colorado continues to struggle to meet its federal maintenance of effort obligation for expenditures for recipients of the Supplemental Security Income program. This requirement limits options for reducing appropriations.

SUMMARY:

- Colorado is required to meet a federal target on the level of state spending for assistance to recipients of federal Supplemental Security Income benefits. The requirement is on the total level of spending. Colorado counts several state-funded programs toward this federal requirement.
- In five of the last six years, Colorado has failed to meet the federal target. For each of the years when the target was not met, the state has successfully implemented a corrective plan in the following year. However, if Colorado is eventually found to be in violation of the maintenance of effort (MOE) requirement, large federal sanctions may result.
- The MOE effectively limits budget reduction choices to programs that do not contribute to the MOE, such as Aid to the Needy Disabled-State Only, State Funding for Senior Services, and a portion of the Old Age Pension program.

DISCUSSION:

Colorado's choices for allocating funding for elderly and disabled populations are constrained by the need to comply with federal maintenance of effort requirements for the federal Supplemental Security Income (SSI) program.

The SSI Maintenance of Effort Requirement. The federal SSI program is administered by the Social Security Administration and provides assistance to the needy aged, blind, and disabled. The original federal Social Security Act of 1935 established an old age means-tested assistance program to be administered by the states. The resulting variations in state programs drew criticism and ultimately led to the creation of the federal SSI program in 1972. The SSI program created a uniform

federal income floor for benefits, which optional state programs, often created prior to SSI, were expected to supplement.⁷

In 1975, in response to states' reducing their payments for SSI supplement programs, Congress established a maintenance of effort requirement for the program (SSIMO). To meet the SSI MOE requirement, a State may either maintain its state payment level from year to year, including adjustments for cost of living increases, consistent with SSI policy (the "payments level" method), or it may spend the same amount in aggregate that it spends for supplementary benefits in the 12 month period preceding the increase in the SSI benefit rate (the "total expenditures" method). Colorado is one of ten states that use the "total expenditures" method.

From a state perspective, Colorado supplements the SSI program in two ways:

- ▶ it provides enhanced benefits for individuals who qualify for the federal SSI program; and
- ▶ it provides benefits for elderly and disabled individuals who require assistance but who have not yet, and may never, qualify for the federal SSI program.

From a federal perspective, only payments in the first category--to individuals already on SSI--count toward the state's SSI MOE, because only these individuals meet the federal need standard.

Total Expenditure MOE Test. Total state funds spent on SSI recipients each year must be at least as large as the highest amount spent in any previous year. The MOE test is applied on a calendar year basis. MOE targets and spending for the last seven calendar years are shown in the following table (CY 2009 spending is estimated). These figures do not reflect prior year corrective actions, which result in supplemental payments being made to SSI recipients. Colorado failed to meet the target in five of the last six calendar years, and the most recent Department estimates available again show that the State may miss the MOE target for CY 2009.

Recent SSI MOE Target and Spending History			
Calendar Year	MOE Target	MOE Spending	Over/(Under)
2002	\$26,669,766	\$26,678,719	\$8,953
2003	26,678,719	22,352,304	(4,326,415)
2004	26,678,719	21,717,428	(4,961,291)
2005	26,678,719	26,101,267	(577,452)
2006	26,678,719	26,882,089	203,370
2007	26,882,089	25,811,244	(1,070,845)

⁷For additional information on the history and current implementation of the federal SSI program, see the *2008 Annual Report of the SSI program* at www.ssa.gov/OACT/SSIR/SSI08/ProgramDescription.html

Recent SSI MOE Target and Spending History			
Calendar Year	MOE Target	MOE Spending	Over/(Under)
2008	26,882,089	26,446,741	(435,348)
2009	26,882,089	25,631,192	(1,250,897)

Source: Department figures. CY 2009 spending is estimated. Figures do not include corrective actions.

Programs that are currently included in Colorado's MOE are shown on the following table. Once the State begins using a program for total expenditure MOE compliance, it must continue to use that program in the future.

CY 2008 Actual SSI MOE Spending by Program		
Program	Contribution (Dollars)	Contribution (Percentage)
Home Care Allowance	\$9,650,611	36.5%
Old Age Pension	10,017,490	37.9%
Property/Rent Tax Rebate	3,715,382	14.0%
Aid to the Needy Disabled	2,235,321	8.5%
Heat Rebate	1,219,765	4.6%
Adult Foster Care	36,253	0.1%
Refunds/Expungement	(428,081)	-1.6%
Total	\$26,446,741	100.0%

Source: Department actuals for CY 2008. Percentages may not add due to rounding.

Corrective Action. When a state fails to meet its MOE target, it is allowed to take corrective action in the following year. The MOE target for the year following a shortfall is increased by the amount of the shortfall. The increase due to the shortfall is temporary, and the target is reduced once the shortfall has been made up. Only when the shortfall is not made up in the following year is the state technically out of compliance. Colorado has taken necessary corrective actions, increasing spending by making special adjustment payments to SSI recipients through the Aid to the Needy Disabled - Colorado Supplement (AND-CS) program.

Penalty for Failure to Meet MOE Target. Failure to meet MOE targets can result in federal sanctions in the form of withheld federal Medicaid matching funds. The potential consequences for failing to meet this MOE requirement are quite serious; the minimum sanction is the withholding of *all* Medicaid Federal Financial Participation (FFP) funds for one calendar quarter. JBC staff estimate that Colorado receives FFP funds at a rate of about \$100 million per month. That is, the *smallest* sanction that could be imposed would result in the loss of about \$300 million in federal Medicaid funding.

Alternatives to the Current MOE. The federal rules allow the State to switch to a different MOE test called the pass-through test. Under this test, the State would be in compliance if it "passes through" any increases in the SSI maximum grant amount by making a corresponding increase in the maximum grant for the AND-CS program. In response to Committee inquiries in past years, the Department has estimated that converting to the pass-through test would increase state spending over current levels by about \$30 million to start, and then increase by two to five million dollars per year.

Constraints Imposed by the MOE System. Staff has previously highlighted some of the problems with the current system, and the General Assembly has taken what steps it can to address the situation, including enacting H.B. 09-1215 (Ferrandino/Tapia) to create a Stabilization Fund to assist the State in complying with the MOE. Enduring problems include:

- Some of the programs used for SSI MOE target a larger population than just SSI recipients. Thus, for example, only a portion of additional expenditures associated with an OAP program rate increase will assist the State in addressing the SSI MOE.
- The amount of MOE contribution from some programs, such as the property tax rebate, is outside of the Department's control. In some cases, key information on such programs is not available until it is too late to make compensating adjustments in other areas.
- From a recipient perspective, the combined impact of the MOE and the need for corrective action may lead to highly unpredictable benefit levels. During the period from July through December, the Department tries to increase spending in order to meet the MOE target; from January through June, it attempts to limit spending to stay within appropriations. Beneficiary payment levels are repeatedly adjusted to meet these conflicting goals.

In addition, in the current fiscal environment:

- MOE requirements effectively limit the State's options with respect to modifying adult assistance programs.

Programs that *can* be reduced. Given the MOE constraints, the major Adult Assistance programs that can be reduced to save General Fund include:

Old Age Pension payments that do not benefit SSI recipients. The Department's current BR #1 is designed to avoid any impacts to the SSI population.

State Funding for Senior Services. Pursuant to Section 26-11-205.5, C.R.S., this \$9.0 million line item is used for state funding to the Area Agencies on Aging, which provide community-based services to persons sixty year of age or older (*e.g.*, congregate nutrition, "meals on wheels", transportation services) via the General Fund and the Older Coloradans Cash Fund. The Older Coloradans Cash Fund consists of "off the top" General Fund. Pursuant to statute at 39-26-123 (a) (III) (D), C.R.S., since FY 2008-09, \$8.0 million dollars per year has been allocated to this fund

before amounts are transferred to the General Fund. Combined General Fund and Older Coloradans Cash Fund appropriations for this line item have increased significantly in recent years. None of the Governor's reduction proposals target this line item.

Aid to the Needy Disabled - State Only (AND-SO). This is the portion of the Aid to the Needy Disabled program that benefits individuals who are not on the SSI program. The Governor initially proposed eliminating this program in the August 2009 budget submission (\$9.76 million in General Fund savings), but he subsequently retracted the proposal and indicated the State would explore program improvements. This program effectively serves two functions:

- It serves individuals who have a less disabling condition than is required for SSI (*e.g.*, individuals with a disability expected to last more than six months, rather than the 12 months required for SSI);
- It serves as the state's "interim reimbursement" program for SSI. If individuals are ultimately deemed eligible for SSI, the federal government fully reimburses the State for the AND-SO payments made while the federal government considered the SSI application. For FY 2008-09, federal reimbursements totaled about 22 percent of overall AND-SO expenditures. Federal reimbursements are used both to offset AND-SO program costs and for expenditures that count toward the SSI MOE.

**Options that May be Considered
for Improving the AND-SO Program**

Focusing the program more narrowly on individuals who are likely to qualify for SSI, *e.g.*, by modifying program eligibility or eligibility procedures.

Imposing time limits/lifetime time limits on the program.

Assisting individuals in rapidly obtaining SSI, *e.g.*, through programs such as the SSI/SSDI Outreach, Access and Recovery (SOAR) program, which targets individuals who are homeless or at risk of homelessness. Such efforts can be very costly and time consuming though also very effective.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(EDO, County Administration, Self-sufficiency, Adult Assistance)
APPENDIX A: NUMBERS PAGES

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change Requests
	Actual	Actual	Appropriation	Request	

DEPARTMENT OF HUMAN SERVICES Executive Director: Karen L. Beye

(1) EXECUTIVE DIRECTOR'S OFFICE

The primary function of this division is general department administration, which includes human resources, budgeting, and quality assurance. The division also administers special purpose functions such as the Juvenile Parole Board, the Developmental Disabilities Council, and the quality assurance activities related to child welfare.

(A) General Administration

Please note that the funding splits for this subsection are for informational purposes only as the Long Bill for this subsection reflects fund splits at the bottom-line only.

Personal Services	1,989,735	2,015,955	1,986,521	2,026,254	
FTE	20.1	21.8	<u>22.4</u>	<u>22.4</u>	
General Fund			646,159	658,120	
Cash Funds			101,877	103,763	
Reappropriated Fund / Cash Funds Exempt			306,129	314,757	
Federal Funds			932,356	949,614	
*Medicaid Cash Funds			198,575	205,212	
*Net General Fund			818,597	753,750	
Health, Life, and Dental	18,417,860	21,523,421	<u>25,385,525</u>	<u>22,469,536</u>	Aug #12, Aug #17,
General Fund			14,869,072	13,472,949	NP-3
Cash Funds			643,157	352,317	
Reappropriated Fund / Cash Funds Exempt			6,883,504	5,740,487	
Federal Funds			2,989,792	2,903,783	
*Medicaid Cash Funds			5,822,263	5,155,883	
*Net General Fund			17,780,204	16,050,855	

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
Short-term Disability	285,064	307,343	<u>359,300</u>	<u>335,296</u>	Aug #12, Aug #17,
General Fund			221,697	207,349	NP-3
Cash Funds			6,245	5,844	
Reappropriated Fund / Cash Funds Exempt			78,192	74,429	
Federal Funds			53,166	47,674	
*Medicaid Cash Funds			70,153	65,923	
*Net General Fund			256,794	240,311	
S.B. 04-257 Amortization Equalization Disbursement	2,651,404	3,742,266	<u>4,796,527</u>	<u>5,214,688</u>	Aug #12, Aug #17,
General Fund			2,947,009	3,223,142	NP-3
Cash Funds			83,630	90,155	
Reappropriated Fund / Cash Funds Exempt			1,042,779	1,165,145	
Federal Funds			723,109	736,246	
*Medicaid Cash Funds			933,508	1,033,386	
*Net General Fund			3,414,021	3,739,835	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	482,075	1,706,467	<u>2,956,721</u>	<u>3,815,496</u>	Aug #12, Aug #17,
General Fund			1,810,662	2,368,320	NP-3
Cash Funds			52,269	65,712	
Reappropriated Fund / Cash Funds Exempt			641,847	856,028	
Federal Funds			451,943	525,436	
*Medicaid Cash Funds			573,553	759,943	
*Net General Fund			2,097,597	2,748,312	
Salary Survey and Senior Executive Service	8,459,970	8,575,696	<u>0</u>	<u>0</u>	
General Fund			0	0	
Cash Funds			0	0	
Reappropriated Fund / Cash Funds Exempt			0	0	
Federal Funds			0	0	
*Medicaid Cash Funds			0	0	
*Net General Fund			0	0	

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
Performance-based Pay Awards	3,048,099	3,871,146	0	0	
General Fund			0	0	
Cash Funds			0	0	
Reappropriated Fund / Cash Funds Exempt			0	0	
Federal Funds			0	0	
*Medicaid Cash Funds			0	0	
*Net General Fund			0	0	
Shift Differential	4,420,547	3,958,334	<u>3,536,438</u>	<u>3,780,969</u>	Aug #12, Aug #17
General Fund			2,257,117	2,505,020	
Cash Funds			288	0	
Reappropriated Fund / Cash Funds Exempt			1,269,925	1,269,125	
Federal Funds			9,108	6,824	
*Medicaid Cash Funds			1,265,693	1,244,071	
*Net General Fund			2,889,964	3,129,556	
Workers' Compensation	6,764,507	8,587,528	<u>10,335,023</u>	<u>10,778,157</u>	Aug NP-1, Aug NP-2
General Fund			5,453,658	5,687,495	
Cash Funds			30,897	32,222	
Reappropriated Fund / Cash Funds Exempt			4,397,688	4,586,247	
Federal Funds			452,780	472,193	
*Medicaid Cash Funds			3,083,271	3,215,473	
*Net General Fund			6,995,294	7,295,232	
Operating Expenses	487,980	494,643	<u>496,485</u>	<u>494,827</u>	
General Fund			140,127	138,806	
Cash Funds			119,393	119,393	
Reappropriated Fund / Cash Funds Exempt			160,504	160,504	
Federal Funds			76,461	76,124	
*Medicaid Cash Funds			149,989	149,989	
*Net General Fund			215,122	213,801	

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
Legal Services	1,328,161	1,384,769	1,389,932	1,389,932	
Hours			<u>18,439.0</u>	<u>18,439.0</u>	
General Fund			1,154,609	1,154,609	
Cash Funds			170,379	170,379	
Reappropriated Fund / Cash Funds Exempt			13,281	13,281	
Federal Funds			51,663	51,663	
Administrative Law Judge Services	833,592	800,999	<u>1,007,557</u>	<u>803,767</u>	
General Fund			608,994	485,818	
Cash Funds			61,048	48,700	
Federal Funds			337,515	269,249	
Payment to Risk Management and Property Funds	1,296,369	1,768,970	<u>1,819,192</u>	<u>566,402</u>	Aug NP-1, Aug NP-2
General Fund			1,514,682	471,593	
Cash Funds			3,986	1,241	
Reappropriated Fund / Cash Funds Exempt			226,903	70,646	
Federal Funds			73,621	22,922	
*Medicaid Cash Funds			147,348	45,875	
*Net General Fund			1,588,356	494,531	
Staff Training	14,508	31,870	<u>31,870</u>	<u>31,870</u>	
General Fund			0	0	
Cash Funds			31,870	31,870	
Reappropriated Fund / Cash Funds Exempt			0	0	
Injury Prevention Program	105,888	54,461	<u>105,970</u>	<u>105,970</u>	
General Fund			0	0	
Reappropriated Fund / Cash Funds Exempt			105,970	105,970	
*Medicaid Cash Funds			105,970	105,970	
*Net General Fund			52,985	52,985	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests Request v. Approp.
(1) EXECUTIVE DIRECTOR'S OFFICE					
Subtotal - (A) General Administration	50,585,759	58,823,868	54,207,061	51,813,164	-4.4%
FTE	<u>20.1</u>	<u>21.8</u>	<u>22.4</u>	<u>22.4</u>	<u>0.0</u>
General Fund	30,611,490	36,154,195	31,623,786	30,373,221	-4.0%
Cash Funds	871,627	1,655,482	1,305,039	1,021,596	-21.7%
Reappropriated Fund / Cash Funds Exempt	13,010,129	14,997,635	15,126,722	14,356,619	-5.1%
Federal Funds	6,092,513	6,016,556	6,151,514	6,061,728	-1.5%
*Medicaid Cash Funds	10,952,784	13,542,317	12,350,323	11,981,725	-3.0%
*Net General Fund	35,991,171	42,747,655	37,872,537	36,359,595	-4.0%

(B) Special Purpose

This section provides funding to support staff responsible for periodically assessing all Colorado children placed in residential care as a result of a dependency and neglect or a delinquency proceeding to ensure counties' statutory and regulatory compliance and to assess whether each child has been placed appropriately. Funding is also provided to support staff who conduct background/employment screenings using records and reports of child abuse or neglect, and staff who represent the Department at administrative hearings related to individuals who appeal a county's finding related to a report of abuse or neglect. Cash funds are from fees paid by those requesting background/employment checks.

Office of Performance Improvement	4,600,868	4,674,128	5,147,097	5,230,427
FTE	<u>65.2</u>	<u>64.1</u>	<u>74.1</u>	<u>74.1</u>
General Fund	1,680,324	1,776,921	1,902,407	1,930,625
Cash Funds	171,125	227,131	231,539	235,472
Reappropriated Fund / Cash Funds Exempt	730,765	568,233	765,299	778,298
Federal Funds	2,018,654	2,101,843	2,247,852	2,286,032
*Medicaid Cash Funds	642,044	578,456	729,310	729,310
*Net General Fund	2,001,346	2,066,149	2,299,308	2,295,282
Administrative Review Unit	1,859,239	2,000,821	2,211,586	2,245,353
FTE	<u>20.9</u>	<u>22.2</u>	<u>25.2</u>	<u>25.2</u>
General Fund	1,160,911	1,196,083	1,440,439	1,461,279
Federal Funds	698,328	804,738	771,147	784,074
Records and Reports of Child Abuse or Neglect	426,787	566,937	585,746	585,591
FTE	<u>6.5</u>	<u>6.2</u>	<u>7.5</u>	<u>7.5</u>
Cash Funds	73,771	566,937	585,746	585,591
Reappropriated Fund / Cash Funds Exempt	353,016	0	0	0

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Juvenile Parole Board	186,907	247,971	252,582	252,582	
FTE	<u>0.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	
General Fund	186,907	196,097	206,814	206,814	
Reappropriated Funds / Cash Funds Exempt	0	51,874	45,768	45,768	
Developmental Disabilities Council - Federal Funds	827,992	990,742	883,974	881,194	
FTE	5.0	4.4	6.0	6.0	
Colorado Commission for the Deaf and Hard of Hearing	736,159	770,625	1,064,228	1,043,820	BR 4
FTE	<u>1.9</u>	<u>2.7</u>	<u>4.4</u>	<u>5.8</u>	
General Fund	131,161	131,079	132,507	129,857	
Cash Funds	0	87	135,189	92,462	
Reappropriated Fund / Cash Funds Exempt	604,998	639,459	796,532	821,501	
Federal Funds	0	0	0	0	
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	131,161	131,079	132,507	129,857	
Colorado Commission for Individuals who are Blind or Visually Impaired - RF/CFE	23,448	51,292	112,067	112,067	
FTE	0.0	0.1	1.0	1.0	
HIPAA Security Remediation	496,002	521,102	531,472	421,660	NP-3
FTE	<u>1.5</u>	<u>2.0</u>	<u>2.0</u>	<u>1.0</u>	
General Fund	380,466	389,001	395,312	312,953	
Cash Funds	0	0	377	377	
Reappropriated Fund / Cash Funds Exempt	86,162	102,664	104,558	82,596	
Federal Funds	29,374	29,437	31,225	25,734	
*Medicaid Cash Funds	86,162	102,664	104,558	82,596	
*Net General Fund	423,547	440,333	447,591	354,251	
CBMS Emergency Processing Unit	139,887	0	219,687	219,687	
FTE	<u>2.7</u>	<u>0.0</u>	<u>4.0</u>	<u>4.0</u>	
General Fund	65,153	0	75,821	75,821	
Cash Funds	1,785	0	17,575	17,575	
Federal Funds	72,949	0	126,291	126,291	

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change Requests
	Actual	Actual	Appropriation	Request	Request v. Approp.
(1) EXECUTIVE DIRECTOR'S OFFICE					
Subtotal - (B) Special Purpose	9,297,289	9,823,618	11,008,439	10,992,381	-0.1%
FTE	<u>103.7</u>	<u>104.7</u>	<u>127.2</u>	<u>127.6</u>	<u>0.4</u>
General Fund	3,604,922	3,689,181	4,153,300	4,117,349	-0.9%
Cash Funds	246,681	794,155	970,426	931,477	-4.0%
Reappropriated Fund / Cash Funds Exempt	1,798,389	1,413,522	1,824,224	1,840,230	0.9%
Federal Funds	3,647,297	3,926,760	4,060,489	4,103,325	1.1%
<i>*Medicaid Cash Funds</i>	728,206	681,120	833,868	811,906	-2.6%
<i>*Net General Fund</i>	3,969,025	4,029,741	4,602,480	4,523,304	-1.7%
					Request v. Approp.
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	59,883,048	68,647,486	65,215,500	62,805,545	-3.7%
FTE	<u>123.8</u>	<u>126.5</u>	<u>149.6</u>	<u>150.0</u>	<u>0.4</u>
General Fund	34,216,412	39,843,376	35,777,086	34,490,570	-3.6%
Cash Funds	1,118,308	2,449,637	2,275,465	1,953,073	-14.2%
Reappropriated Fund / Cash Funds Exempt	14,808,518	16,411,157	16,950,946	16,196,849	-4.4%
Federal Funds	9,739,810	9,943,316	10,212,003	10,165,053	-0.5%
<i>*Medicaid Cash Funds</i>	11,680,990	14,223,437	13,184,191	12,793,631	-3.0%
<i>*Net General Fund</i>	39,960,196	46,777,396	42,475,017	40,882,899	-3.7%

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
(4) COUNTY ADMINISTRATION					
This division provides counties with resources for duties related to their social services functions. Funding includes a county's 20.0 percent share or a maintenance of effort and other funding for the administrative costs of medical and cash assistance programs. Such programs include Medicaid, Adult Protection, and Food Stamps.					
County Administration	<u>37,095,807</u>	<u>49,039,688</u>	<u>51,138,883</u>	<u>50,116,105</u>	BR 4
General Fund	14,001,616	18,968,410	20,227,939	19,823,380	
Cash Funds	0	8,541,412	9,381,078	9,193,456	
Reappropriated Fund / Cash Funds Exempt	6,164,325	0	0	0	
Federal Funds	16,929,866	21,529,866	21,529,866	21,099,269	
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	<u>14,001,616</u>	<u>18,968,410</u>	<u>20,227,939</u>	<u>19,823,380</u>	
County Contingency Payments pursuant to Section 26-1-126, C.R.S. - General Fund	11,069,321	0	0	0	
County Tax Base Relief - General Fund	0	5,652,654	5,652,654	0	BR 3
County Share of Offsetting Revenues	<u>3,530,126</u>	<u>3,933,693</u>	<u>3,789,313</u>	<u>3,789,313</u>	
Cash Funds	0	3,933,693	3,789,313	3,789,313	
Reappropriated Fund / Cash Funds Exempt	3,530,126	0	0	0	
County Incentive Payments	<u>1,815,147</u>	<u>5,584,361</u>	<u>5,584,361</u>	<u>4,739,624</u>	DI 8
Cash Funds	0	5,584,361	5,584,361	4,739,624	
Reappropriated Fund / Cash Funds Exempt	1,815,147	0	0	0	
Request v. Approp.					
TOTAL - (4) COUNTY ADMINISTRATION	<u>53,510,401</u>	<u>64,210,396</u>	<u>66,165,211</u>	<u>58,645,042</u>	<u>-11.4%</u>
General Fund	25,070,937	24,621,064	25,880,593	19,823,380	-23.4%
Cash Funds	0	18,059,466	18,754,752	17,722,393	-5.5%
Reappropriated Fund / Cash Funds Exempt	11,509,598	0	0	0	n/a
Federal Funds	16,929,866	21,529,866	21,529,866	21,099,269	-2.0%
*Medicaid Cash Funds	0	0	0	0	n/a
*Net General Fund	<u>25,070,937</u>	<u>24,621,064</u>	<u>25,880,593</u>	<u>19,823,380</u>	<u>-23.4%</u>

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
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(7) OFFICE OF SELF SUFFICIENCY

(A) Administration

The Office of Self Sufficiency's Administration section is responsible for the oversight of the the Colorado Works Program, the Special Purpose Welfare Programs (Low Income Energy Assistance Program, Food Stamp Job Search, Food Distribution, Low-Income Telephone Assistance Program, Income Tax Offset, Electronic Benefits Transfer Service, Refugee Assistance, and Systematic Alien Verification for Eligibility), Child Support Enforcement, and Disability Determination Services.

Personal Services	1,459,112	1,722,036	1,696,754	1,728,161	
FTE	<u>18.3</u>	<u>18.8</u>	<u>22.0</u>	<u>22.0</u>	
General Fund	626,958	824,137	731,069	744,601	
Federal Funds	832,154	897,899	965,685	983,560	
Operating Expenses and Food Stamp Settlement	<u>83,733</u>	<u>12,978,501</u>	<u>103,297</u>	<u>77,156</u>	
General Fund	42,654	36,895	54,361	53,884	
Cash Funds	0	12,905,342	0	0	
Federal Funds	41,079	36,264	48,936	23,272	
Inmate Assistance Pilot Program					
General Fund	0	0	0	0	
Food Stamp COLA Sanction - Cash Funds	0	279,000	0	0	

Request v. Approp.

(7) SELF SUFFICIENCY

Subtotal - (A) Administration	1,542,845	14,979,537	1,800,051	1,805,317	0.3%
FTE	<u>18.3</u>	<u>18.8</u>	<u>22.0</u>	<u>22.0</u>	<u>0.0</u>
General Fund	669,612	861,032	785,430	798,485	1.7%
Cash Funds	0	13,184,342	0	0	n/a
Federal Funds	873,233	934,163	1,014,621	1,006,832	-0.8%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(7) OFFICE OF SELF SUFFICIENCY					
(B) Colorado Works Program					
The Colorado Works Program implements federal welfare reform. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created the Temporary Assistance for Needy Families (TANF) to replace the Aid to Families with Dependent Children (AFDC). Colorado Works supervises administration of TANF programs delivered at the county level. TANF provides cash assistance benefits and other support services to eligible families to assist these families in finding and retaining employment. NOTE: <i>Interim supplementals approved but not yet enacted are not included in appropriation figures.</i>					
Colorado Works Administration	1,156,612	1,415,065	1,552,298	1,599,471	DI 5
FTE	<u>13.1</u>	<u>16.4</u>	<u>19.0</u>	<u>19.0</u>	
General Fund	0	0	0	0	
Reappropriated Fund / Cash Funds Exempt	0	0	0	0	
Federal Funds	1,156,612	1,415,065	1,552,298	1,599,471	
County Block Grants	<u>116,067,649</u>	<u>126,248,209</u>	<u>151,536,168</u>	<u>151,536,168</u>	
General Fund	627,726	0	0	0	
Cash Funds	0	22,430,135	22,823,033	22,823,033	
Reappropriated Fund / Cash Funds Exempt	24,904,503	0	0	0	
Federal Funds	90,535,420	103,818,074	128,713,135	128,713,135	
Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement - Federal Funds	11,049,452	0	5,524,726	5,524,726	
County Block Grant Support Fund (formerly Short-term Works Emergency Fund) - Federal Funds	80,160	2,963	1,000,000	1,000,000	
County Reserve Accounts - Federal Funds	0	37,259,252	90,609,365	90,609,365	
County Training - Federal Funds	440,794	564,834	592,534	592,314	
FTE	1.8	2.0	2.0	2.0	
Domestic Abuse Program	807,709	789,679	1,834,237	1,833,965	
FTE	<u>1.0</u>	<u>1.3</u>	<u>2.7</u>	<u>2.7</u>	
Cash Funds	0	126,801	1,174,413	1,174,141	
Reappropriated Fund / Cash Funds Exempt	157,709	0	0	0	
Federal Funds	650,000	662,878	659,824	659,824	
Works Program Evaluation - Federal Funds	490,938	499,762	350,029	350,000	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Workforce Development Council - Federal Funds	88,838	105,007	105,007	105,007	
Federal TANF Reauthorization CBMS Changes - Federal Funds	199,893	0	0	0	
Promoting Responsible Fatherhood Grant	<u>0</u>	<u>2,736,972</u>	<u>2,222,222</u>	<u>2,072,222</u>	Aug #7
General Fund	0	163,917	222,222	72,222	
Federal Funds	0	2,573,055	2,000,000	2,000,000	
COLORADO WORKS PROGRAM MAINTENANCE FUND (New Line) - Federal Funds	0	0	3,000,000	3,000,000	
COLORADO WORKS STATEWIDE STRATEGIC USE FUND (New Line) - Federal Funds	0	204,322	10,000,000	10,000,000	
					Request v. Approp.
(7) SELF SUFFICIENCY					
Subtotal - (B) Colorado Works Program	130,382,045	169,826,065	268,326,586 0	268,223,238	0.0%
FTE	<u>15.9</u>	<u>19.7</u>	<u>23.7</u> ##	<u>23.7</u>	<u>0.0</u>
General Fund	627,726	163,917	222,222 0	72,222	0.0%
Cash Funds	0	22,556,936	23,997,446 0	23,997,174	0.0%
Reappropriated Fund / Cash Funds Exempt	25,062,212	0	0 0	0	0.0%
Federal Funds	104,692,107	147,105,212	244,106,918 0	244,153,842	0.0%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
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(7) OFFICE OF SELF SUFFICIENCY

(C) Special Purpose Welfare Programs

This program provides administrative oversight to counties for food, energy, and other cash assistance to low-income households.

(1) Low Income Energy Assistance	52,248,363	73,216,811	33,795,980	33,683,278	NP-3
FTE	<u>5.0</u>	<u>5.1</u>	<u>6.6</u>	<u>5.6</u>	
Cash Funds	5,950,000	3,041,082	0	0	
Reappropriated Fund / Cash Funds Exempt	2,149,832	2,149,832	2,149,832	2,149,832	
Federal Funds	44,148,531	68,025,897	31,646,148	31,533,446	
(2) Food Stamp Job Search Units					
Program Costs	2,001,321	2,071,252	2,067,077	2,067,077	
FTE	<u>5.9</u>	<u>5.4</u>	<u>6.2</u>	<u>6.2</u>	
General Fund	162,632	171,002	182,568	182,568	
Cash Funds	0	409,382	409,382	409,382	
Reappropriated Fund / Cash Funds Exempt	409,382	0	0	0	
Federal Funds	1,429,307	1,490,868	1,475,127	1,475,127	
Supportive Services	<u>260,491</u>	<u>261,251</u>	<u>261,452</u>	<u>261,452</u>	
General Fund	78,075	78,360	78,435	78,435	
Cash Funds	0	52,291	52,291	52,291	
Reappropriated Fund / Cash Funds Exempt	52,291	0	0	0	
Federal Funds	130,125	130,600	130,726	130,726	

Request v. Approp.

(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (C) (2) Food Stamp Job Search Units	2,261,812	2,332,503	2,328,529	2,328,529	0.0%
FTE	<u>5.9</u>	<u>5.4</u>	<u>6.2</u>	<u>6.2</u>	<u>0.0</u>
General Fund	240,707	249,362	261,003	261,003	0.0%
Cash Funds	0	461,673	461,673	461,673	0.0%
Reappropriated Fund / Cash Funds Exempt	461,673	0	0	0	n/a
Federal Funds	1,559,432	1,621,468	1,605,853	1,605,853	0.0%

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
(3) Food Distribution Program	495,275	573,048	574,605	574,528	
FTE	<u>6.3</u>	<u>6.0</u>	<u>6.5</u>	<u>6.5</u>	
General Fund	42,813	37,447	46,752	46,752	
Cash Funds	212,407	228,800	247,081	247,004	
Reappropriated Fund / Cash Funds Exempt	0	0	0	0	
Federal Funds	240,055	306,801	280,772	280,772	
(4) Low-Income Telephone Assistance Program	43,918	49,200	79,685	79,507	
FTE	<u>0.9</u>	<u>1.1</u>	<u>1.1</u>	<u>1.1</u>	
Cash Funds	43,918	49,200	79,685	79,507	
Reappropriated Fund / Cash Funds Exempt	0	0	0	0	
(5) Income Tax Offset	<u>4,114</u>	<u>4,128</u>	<u>4,128</u>	<u>4,128</u>	
General Fund	2,057	2,064	2,064	2,064	
Federal Funds	2,057	2,064	2,064	2,064	
(6) Electronic Benefits Transfer Service	3,175,248	3,109,476	3,334,903	3,328,606	
FTE	<u>4.9</u>	<u>4.3</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	819,298	790,561	893,936	892,960	
Cash Funds	240,367	843,292	890,707	890,707	
Reappropriated Fund / Cash Funds Exempt	634,746	0	0	0	
Federal Funds	1,480,837	1,475,623	1,550,260	1,544,939	
(7) Refugee Assistance - Federal Funds	3,307,759	5,608,600	4,017,490	7,101,016	DI 7
FTE	0.0	0.3	10.0	10.0	
(8) Systematic Alien Verification for Eligibility	43,129	45,011	55,002	55,002	
FTE	<u>0.7</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	6,343	4,913	7,147	7,147	
Cash Funds	3,474	3,591	3,700	3,700	
Reappropriated Fund / Cash Funds Exempt	26,125	29,689	34,766	34,766	
Federal Funds	7,187	6,818	9,389	9,389	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests Request v. Approp.
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (C) Special Purpose Welfare Programs	61,579,618	84,938,777	44,190,322	47,154,594	6.7%
FTE	<u>23.7</u>	<u>23.2</u>	<u>38.4</u>	<u>37.4</u>	<u>(1.0)</u>
General Fund	1,111,218	1,084,347	1,210,902	1,209,926	-0.1%
Cash Funds	6,450,166	4,627,638	1,682,846	1,682,591	0.0%
Reappropriated Fund / Cash Funds Exempt	3,272,376	2,179,521	2,184,598	2,184,598	0.0%
Federal Funds	50,745,858	77,047,271	39,111,976	42,077,479	7.6%

(7) OFFICE OF SELF SUFFICIENCY

(D) Child Support Enforcement

Automated Child Support Enforcement System	11,168,819	9,648,817	11,552,799	9,276,058	NP-3, Aug #8
FTE	<u>32.6</u>	<u>34.3</u>	<u>39.9</u>	<u>16.9</u>	
General Fund	3,779,603	3,239,111	3,783,554	3,008,892	
Cash Funds	83,381	118,511	424,818	426,499	
Reappropriated Fund / Cash Funds Exempt	74,872	0	0	0	
Federal Funds	7,230,963	6,291,195	7,344,427	5,840,667	
Child Support Enforcement	1,931,657	2,160,989	2,175,345	4,644,237	DI 8
FTE	<u>21.8</u>	<u>22.7</u>	<u>24.5</u>	<u>24.5</u>	
General Fund	675,602	735,729	739,618	734,304	
Cash Funds	0	0	0	844,737	
Federal Funds	1,256,055	1,425,260	1,435,727	3,065,196	

Request v. Approp.

(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (D) Child Support Enforcement	13,100,476	11,809,806	13,728,144	13,920,295	1.4%
FTE	<u>54.4</u>	<u>57.0</u>	<u>64.4</u>	<u>41.4</u>	<u>(23.0)</u>
General Fund	4,455,205	3,974,840	4,523,172	3,743,196	-17.2%
Cash Funds	83,381	118,511	424,818	1,271,236	199.2%
Reappropriated Fund / Cash Funds Exempt	74,872	0	0	0	n/a
Federal Funds	8,487,018	7,716,455	8,780,154	8,905,863	1.4%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(7) OFFICE OF SELF SUFFICIENCY					
(E) Disability Determination Services	15,500,882	16,754,364	17,654,687	16,886,781	NP-3
FTE	<u>126.5</u>	<u>140.5</u>	<u>140.5</u>	<u>131.7</u>	
Reappropriated Fund / Cash Funds Exempt	0	0	0	0	
Federal Funds	15,500,882	16,754,364	17,654,687	16,886,781	
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	0	0	0	0	
					Request v. Approp.
TOTAL - (7) OFFICE OF SELF SUFFICIENCY	222,105,866	298,308,549	345,699,790	347,990,225	0.7%
FTE	<u>238.8</u>	<u>259.2</u>	<u>289.0</u>	<u>256.2</u>	<u>(32.8)</u>
General Fund	6,863,761	6,084,136	6,741,726	5,823,829	-13.6%
Cash Funds	6,533,547	40,487,427	26,105,110	26,951,001	3.2%
Reappropriated Fund / Cash Funds Exempt	28,409,460	2,179,521	2,184,598	2,184,598	0.0%
Federal Funds	180,299,098	249,557,465	310,668,356	313,030,797	0.8%
*Medicaid Cash Funds	0	0	0	0	n/a
*Net General Fund	6,863,761	6,084,136	6,741,726	5,823,829	-13.6%

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
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(10) ADULT ASSISTANCE PROGRAMS

Adult Assistance Programs supervises the Old Age Pension, Aid to the Needy Disabled, and Aid to the Blind programs, Adult Protective Services, and the state's 16 Area Agencies on Aging.

(10) ADULT ASSISTANCE PROGRAMS

(A) Administration

FTE	545,122	407,658	593,785	593,596	
	<u>5.6</u>	<u>4.2</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	95,936	96,528	104,954	104,916	
Reappropriated Fund / Cash Funds Exempt	89,681	89,147	105,562	105,524	
Federal Funds	359,505	221,983	383,269	383,156	

(10) ADULT ASSISTANCE PROGRAMS

(B) Old Age Pension Program

Cash Assistance Program - Cash Funds	75,911,068	82,745,224	95,991,864	76,455,661	BR 1, Aug #18
Refunds	<u>588,362</u>	<u>1,010,811</u>	<u>588,362</u>	<u>588,362</u>	
Cash Funds	0	1,010,811	588,362	588,362	
Reappropriated Fund / Cash Funds Exempt	588,362	0	0	0	
Burial Reimbursements - Cash Funds	825,364	996,438	918,364	918,364	
State Administration - Cash Funds	913,867	1,030,258	1,161,337	1,161,250	
FTE	9.7		14.0	14.0	
County Administration - Cash Funds	2,782,102	2,608,838	2,450,785	2,566,974	DI #3

Request v. Approp.

(10) ADULT ASSISTANCE PROGRAMS

Subtotal - (B) Old Age Pension Program

FTE	81,020,763	88,391,569	101,110,712	81,690,611	-19.2%
	<u>9.7</u>	<u>0.0</u>	<u>14.0</u>	<u>14.0</u>	<u>0.0</u>
Cash Funds	80,432,401	88,391,569	101,110,712	81,690,611	-19.2%
Reappropriated Fund / Cash Funds Exempt	588,362	0	0	0	n/a

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
(10) ADULT ASSISTANCE PROGRAMS					
(C) Other Grant Programs					
Aid to the Needy Disabled Programs	<u>17,675,480</u>	<u>17,904,297</u>	<u>17,428,495</u>	<u>17,428,495</u>	
General Fund	11,556,188	11,421,470	11,421,471	11,421,471	
Cash Funds	0	6,482,827	6,007,024	6,007,024	
Reappropriated Fund / Cash Funds Exempt	6,119,292	0	0	0	
Burial Reimburements	<u>355,498</u>	<u>508,000</u>	<u>508,000</u>	<u>508,000</u>	
General Fund	345,246	402,985	402,985	402,985	
Cash Funds	0	105,015	105,015	105,015	
Reappropriated Fund / Cash Funds Exempt	10,252	0	0	0	
Home Care Allowance	<u>10,836,494</u>	<u>10,880,411</u>	<u>10,880,411</u>	<u>10,880,411</u>	
General Fund	10,292,473	10,336,390	10,336,390	10,336,390	
Cash Funds	0	544,021	544,021	544,021	
Reappropriated Fund / Cash Funds Exempt	544,021	0	0	0	
Adult Foster Care	<u>33,391</u>	<u>137,783</u>	<u>157,469</u>	<u>157,469</u>	
General Fund	25,518	129,910	149,596	149,596	
Cash Funds	0	7,873	7,873	7,873	
Reappropriated Fund / Cash Funds Exempt	7,873	0	0	0	
					Request v. Approp.
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (C) Other Grant Programs	<u>28,900,863</u>	<u>29,430,491</u>	<u>28,974,375</u>	<u>28,974,375</u>	<u>0.0%</u>
General Fund	22,219,425	22,290,755	22,310,442	22,310,442	0.0%
Cash Funds	0	7,139,736	6,663,933	6,663,933	0.0%
Reappropriated Fund / Cash Funds Exempt	6,681,438	0	0	0	n/a

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(10) ADULT ASSISTANCE PROGRAMS					
(D) Community Services for the Elderly					
Administration	582,546	623,779	685,783	684,897	
FTE	<u>6.8</u>	<u>6.6</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	151,203	156,592	182,411	182,175	
Federal Funds	431,343	467,187	503,372	502,722	
Colorado Commission on Aging	77,432	79,075	82,132	82,045	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	19,807	19,676	21,125	21,103	
Federal Funds	57,625	59,399	61,007	60,942	
Senior Community Services Employment - Federal Funds	949,920	1,030,031	863,857	863,857	
FTE	0.5	0.8	0.5	0.5	
Older Americans Act Programs	13,420,264	14,179,693	14,141,987	14,748,811	DI 2
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	576,749	576,721	576,747	610,506	
Cash Funds	0	3,119,710	3,079,710	3,079,710	
Reappropriated Fund / Cash Funds Exempt	3,039,710	0	0	0	
Federal Funds	9,803,805	10,483,262	10,485,530	11,058,595	
National Family Caregiver Support Program	<u>2,230,338</u>	<u>2,503,453</u>	<u>2,263,386</u>	<u>2,263,386</u>	
General Fund	142,041	142,041	142,041	142,041	
Cash Funds	0	423,805	423,805	423,805	
Reappropriated Fund / Cash Funds Exempt	213,062	0	0	0	
Federal Funds	1,875,235	1,937,607	1,697,540	1,697,540	
State Ombudsman Program	<u>222,031</u>	<u>272,031</u>	<u>272,031</u>	<u>272,031</u>	
General Fund	61,898	111,898	111,898	111,898	
Reappropriated Fund / Cash Funds Exempt	1,800	1,800	1,800	1,800	
Federal Funds	158,333	158,333	158,333	158,333	
*Medicaid Cash Funds	1,800	1,800	1,800	1,800	
*Net General Fund	62,798	112,798	112,798	112,798	

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	
	Actual	Actual	Appropriation	Request	Change Requests
State Funding for Senior Services	<u>7,000,000</u>	<u>10,000,000</u>	<u>9,000,000</u>	<u>8,966,241</u>	DI 2
General Fund	2,000,000	2,000,000	1,000,000	966,241	
Cash Funds	5,000,000	8,000,000	8,000,000	8,000,000	
Area Agencies on Aging Administration - Federal Funds	1,370,784	1,592,415	1,353,957	1,375,384	DI 2

Request v. Approp.

(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (D) Community Services for the Elderly	25,853,315	30,280,477	28,663,133	29,256,652	2.1%
FTE	<u>8.3</u>	<u>8.4</u>	<u>8.5</u>	<u>8.5</u>	<u>0.0</u>
General Fund	2,951,698	3,006,928	2,034,222	2,033,964	0.0%
Cash Funds	5,000,000	11,543,515	11,503,515	11,503,515	0.0%
Reappropriated Fund / Cash Funds Exempt	3,254,572	1,800	1,800	1,800	0.0%
Federal Funds	14,647,045	15,728,234	15,123,596	15,717,373	3.9%
*Medicaid Cash Funds	1,800	1,800	1,800	1,800	0.0%
*Net General Fund	2,952,598	3,007,828	2,035,122	2,034,864	0.0%

Request v. Approp.

TOTAL - (10) ADULT ASSISTANCE PROGRAMS	136,320,063	148,510,195	159,342,005	140,515,234	-11.8%
FTE	<u>23.6</u>	<u>12.6</u>	<u>28.5</u>	<u>28.5</u>	<u>0.0</u>
General Fund	25,267,059	25,394,211	24,449,618	24,449,322	0.0%
Cash Funds	85,432,401	107,074,820	119,278,160	99,858,059	-16.3%
Reappropriated Fund / Cash Funds Exempt	10,614,053	90,947	107,362	107,324	0.0%
Federal Funds	15,006,550	15,950,217	15,506,865	16,100,529	3.8%
*Medicaid Cash Funds	1,800	1,800	1,800	1,800	0.0%
*Net General Fund	25,267,959	25,395,111	24,450,518	24,450,222	0.0%

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change Requests
	Actual	Actual	Appropriation	Request	Request v. Approp.
TOTAL - HUMAN SERVICES - EDO/OITS/CA/SS/AA	471,819,378	579,676,626	636,422,506	609,956,046	-4.2%
FTE	<u>386.2</u>	<u>398.3</u>	<u>467.1</u>	<u>434.7</u>	<u>(32.4)</u>
General Fund	91,418,169	95,942,787	92,849,023	84,587,101	-8.9%
Cash Funds	93,084,256	168,071,350	166,413,487	146,484,526	-12.0%
Reappropriated Fund / Cash Funds Exempt	65,341,629	18,681,625	19,242,906	18,488,771	-3.9%
Federal Funds	221,975,324	296,980,864	357,917,090	360,395,648	0.7%
<i>*Medicaid Cash Funds</i>	<i>11,682,790</i>	<i>14,225,237</i>	<i>13,185,991</i>	<i>12,795,431</i>	<i>-3.0%</i>
<i>*Net General Fund</i>	<i>97,162,853</i>	<i>102,877,707</i>	<i>99,547,854</i>	<i>90,980,330</i>	<i>-8.6%</i>

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 09-209 (White/Marostica):** Eliminates the Inmate Assistance Demonstration Grant Program created in S.B. 08-007. Associated with this, reduces the General Fund appropriation to the Department of Human Services by \$279,000 and reduces the appropriation to the Department of Health Care Policy and Financing by \$2,000, including \$1,000 General Fund and \$1,000 federal funds.
- ❑ **S.B. 09-279 (Tapia/Pommer):** Cash funds transfer bill. Among other adjustments, transfers \$3.0 million from the Department of Human Services Low-income Energy Assistance Fund to the General Fund for purposes of balancing the FY 2009-10 budget.
- ❑ **S.B. 09-293 (Isgar/Curry):** Among other changes, reduces statutory transfers from the Operational Account of the Severance Tax Trust Fund to the Low-income Energy Assistance Fund in the Department of Human Services to \$1,625,000 for FY 2009-10. For FY 2010-11, FY 2011-12, and FY 2012-13, provides a total of \$13.0 million per year for energy assistance programs, including 25 percent of this amount (\$3.25 million) for the low-income Energy Assistance Fund in the Department of Human Services. Once transferred, these moneys are continuously appropriated and are shown for informational purposes only.
- ❑ **H.B. 09-1064 (Kefalas/Sandoval):** Creates the economic opportunity and poverty reduction task force with the goal of, by 2019, reducing by at least fifty percent the number of Coloradans, including children and families, living in poverty.
- ❑ **H.B. 09-1215 (Ferrandino/Tapia):** Creates the State SSI Stabilization fund to help the Department of Human Services meet the federal target for state spending for assistance to recipients of the federal SSI benefits. The stabilization fund receives moneys recovered by adult assistance programs due to overpayments to recipients and any appropriations made to the fund by the General Assembly. Moneys in the stabilization fund are continuously appropriated to the Department. The Department is required to report annually to the JBC on whether expenditures are made from the stabilization fund, the amount of expenditures made each month, and the programs for which the expenditures are made. Funds in excess of \$1.5 million at the end of any fiscal year are transferred to the General Fund.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Department of Human Services
(Executive Director's Office, County Administration, Self Sufficiency, Adult Assistance)

APPENDIX C: UPDATE OF FY 2009-10
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

- 20 Department of Human Services, County Administration, County Share of Offsetting Revenues** -- It is the intent of the General Assembly that, pursuant to Section 26-13-108, C.R.S., the Department utilize recoveries to offset the costs of providing public assistance. This appropriation represents an estimate of the county share of such recoveries and, if the amount of the county share of such recoveries is greater than the amount reflected in this appropriation, the Department is authorized to disburse an amount in excess of this appropriation to reflect the actual county share of such recoveries.

Comment: This footnote does not request the Department to file a report. Data provided by the Department indicates that the County's share of offsetting revenue was \$3,880,448.

- 28 Department of Human Services, County Administration, County Incentive Payments; Office of Self Sufficiency, Colorado Works Program, County Block Grants** -- It is the intent of the General Assembly that, pursuant to Sections 26-13-108 and 26-13-112.5 (2), C.R.S., the Department distribute child support incentive payments to counties. This appropriation represents an estimate of one-half of the State share of recoveries of amounts of support for public assistance recipients, as described in Section 26-13-108, C.R.S. If the amount of one-half of the State share of such recoveries is greater than the amount reflected in this appropriation, the Department is authorized to distribute an amount in excess of this appropriation to reflect one-half of the actual State share of such recoveries.

Comment: This footnote does not request the Department to file a report. In response to staff inquiry, the Department noted that the current footnote is in error. The appropriation in the Long Bill represents an estimate of 100 percent of the State share of recoveries, rather than 50 percent. Section 26-13-108 (1), C.R.S., now specifies that the state "may" redirect the state's share to the county as an incentive. The Department agreed to pass 100 percent of state recoveries to counties when changes to federal law under the Deficit Reduction Act prohibited states and counties from collecting a match on expenditure of federal child support enforcement incentive dollars. (The federal match was reinstated, at least temporarily, pursuant to the American Recovery and Reinvestment.) For FY 2008-09, the State's share of recoveries was \$5,950,042, and this amount was distributed to counties as a state incentive.

- 26 **Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants** -- Pursuant to Sections 26-2-714 (7) and 26-2-714 (9), C.R.S., under certain conditions, a county may transfer federal Temporary Assistance for Needy Families (TANF) funds within its Colorado Works Program Block Grant to the federal child care development fund or to programs funded by Title XX of the federal Social Security Act. One of the conditions specified is that the amount a county transfers must be specified by the Department of Human Services as being available for transfer within the limitation imposed by federal law. It is the intent of the General Assembly that the Department allow individual counties to transfer a greater percent of federal TANF funds than the state is allowed under federal law as long as: (a) Each county has had an opportunity to transfer an amount up to the federal maximum allowed; and, (b) the total amount transferred statewide does not exceed the federal maximum.

Comment: This footnote does not request the Department to file a report. Full information about county transfers from TANF to the federal Child Care Development Fund and to Title XX programs was provided by the Department in a report in response to Request for Information number 45 (see below).

- 27 **Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants** -- It is the intent of the General Assembly that the appropriation of local funds for Colorado works program county block grants may be decreased by a maximum of \$100,000 to reduce one or more small counties' fiscal year 2009-10 targeted or actual spending level, pursuant to Section 26-2-714 (8), C.R.S.

Comment: The Works Allocation Committee is authorized (Section 26-2-714 (8), C.R.S.) to mitigate (reduce) a small county's targeted and/or actual spending level, up to a maximum amount identified in the Long Bill. A small county is one with less than 0.38% of the total statewide Works caseload, as determined by the Department of Human Services. This footnote authorizes the Works Allocation Committee to approve a maximum of \$100,000 in mitigation. The purpose of the current statute appears to be to provide the General Assembly the flexibility to determine, each year, through this footnote, whether more, less or no mitigation expenditures are to be allowed. This flexibility has not been exercised; no figure other than \$100,000 has ever been used.

Requests for Information

1. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2009, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2009-10, and that are not otherwise included in the Long Bill.

Comment: *The Governor directed the Department to comply to the extent to which this*

information can be provided without adversely impacting the operation of the executive branch or the delivery of government services, by November 2, 2009.

Comment: The Department is not presently in compliance with this request. The Department indicated that it was unable to respond earlier in November due to workload (*i.e.*, providing the information would have adversely impacted the operation of the executive branch). Department staff expressed an intent to provide the requested information within the next week.

- 29 Department of Human Services, Executive Director's Office, General Administration, Injury Prevention Program** -- The Department is requested to provide information regarding the cost-effectiveness of this program. Such information should include: Actual and planned annual expenditures for this line item, by program; the actual number of workers' compensation claims filed, by type of injury and by program; and the related costs associated with workers' compensation claims filed, by type of injury and by program. This information should be provided to the Joint Budget Committee annually on or before October 15.

Comment: The Department is in compliance with this request. According a the report submitted by the Department, it filed a total of 978 workers' compensation claims in FY 2008-09 resulting in payments of \$4,046,051. While this reflects a 14 percent increase in claims filed over FY 2007-08, this reflects a change in policy that allows claims that do not require medical attention to be filed. If such "zero dollar" claims are excluded, the number of claims for FY 2008-09 is 809-- or a decrease of 5.4 percent from FY 2007-08. More significantly, the Department's cost for workers' compensation claims decreased by 28.5 percent from FY 2007-08, representing a cost-avoidance of approximately \$1.6 million. (As always, cost figures will continue to grow, as some claims remain open.)

The table below shows the program areas that experienced significant decreases.

Program Area	Cost Avoidance FY 09 over FY 08	Percent Decrease in Cost
CO Mental Health Institute Ft. Logan	\$34,834	55.0%
CO Mental Health Institute Pueblo	\$739,294	46.0%
Facilities Management	\$278,251	57.0%
Grand Junction Regional Center	\$205,463	28.0%
Lookout Mountain Youth Services Center	\$110,894	55.0%
Pueblo Regional Center	\$624,772	60.0%
Trinidad State Veterans Nursing Home	\$29,509	79.0%

As shown, the largest fiscal impacts were for the Colorado Mental Health Institute at Pueblo and the Pueblo Regional Center. Near the beginning of the year, the Department designated a new workers' compensation health care provider. Associated with this, fewer injured employees have been taken off work and more recovering employees have been brought back to transitional duty sooner. The Department is also testing a new safety performance improvement program at four locations, including three that reflected substantial cost reductions.

The number of claims and the costs are summarized for a few major categories in the following table, based on July 2009 point-in-time data.

Cause of Injury	Number of Claims	Cost of Claims
Struck or injured by patient	324	\$1,087,941
Strains, all sources	253	941,649
Slips and/or falls	158	783,942
Other	88	78,889
Struck by object	83	174,661
Repetitive motion	44	419,169
Misc. other than physical	28	74,139
TOTAL*	978	\$3,560,390

*The Department reported total claims for FY 2008-09 as \$4,046,051; the discrepancy is assumed to reflect point-in-time differences..

The Department provided actual and planned uses of the line item by program area. For FY 2009-10, nearly half of the funds (\$47,500) are expected to be targeted to Veterans and Disability Services (Regional Centers and Nursing Homes), with an additional \$22,000 each for Behavioral Health and Housing (mental health institutes) and Children, Youth and Family Services (youth corrections facilities).

- 37 Department of Human Services, Office of Self Sufficiency, Colorado Works Program, Works Program Evaluation** -- The Department is requested to submit a summary of the activities conducted under the Works Program Evaluation activity. The summary should include specific questions which the Department set out to answer, the methodologies used, the results obtained, and suggestions on how the results can be used to improve the Works program. The report should be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by November 1 of each year.

Comment: In 2009, the Joint Budget Committee approved a Decision Item request from the Colorado Department of Human Services in the amount \$350,000 federal Temporary Assistance to Needy Families (TANF) funds to continue evaluation of the Colorado Works

Program. The Department reports that from July 1, 2009 to November 1, 2009, the following major activities have occurred: (1) a vendor has been identified (University of Colorado Health Sciences Center/WIN Partners) to develop an evaluation plan for the Statewide Strategic Use Fund; (2) the Lewin Group has been identified to analyze the positive and negative effects associated with the Department's implementation of a payment option counties can use when serving hard-to-serve clients; (3) the Department is exploring the feasibility of using some of the funds to develop evaluation efforts related to the interim supplemental for TANF funds approved by the JBC in September 2009. The Department notes that given the early stages of these efforts, the Department does not yet have any outcome data related to these issues.

- 45 Department of Human Services, Totals** -- The Department is requested to submit a report concerning the status of federal Temporary Assistance for Needy Families (TANF) funds. The requested report should include the following: (a) an analysis of the TANF Long Term Reserve, including estimated TANF funds available for appropriation, estimated TANF appropriations by Long Bill line item, and the estimated closing Long Term Reserve balance, for each of the most recent actual fiscal year, the current fiscal year, and the request fiscal year; (b) an analysis of the TANF maintenance of effort (MOE) payments, showing the actual and forecast MOE expenditures, by program, for the most recent actual fiscal year, the current fiscal year, and the request fiscal year; and (c) an analysis of the counties' TANF reserve balances that includes, for each county, for the most recent actual fiscal year, the starting Works Program Reserve Account balance, the annual allocation, the total expenditures, the net transfers to child care and child welfare, any amounts remitted to the state under the provisions of S.B. 08-177, and the closing reserve balance. The report should be provided to the Joint Budget Committee annually on or before November 1.

Comment: The Department is in compliance with this footnote request. The table below summarizes the Department's Long Term Reserve analysis, requested in item (a). As shown, the Department is rapidly spending down its fund balance. Based on data provided, the Department expects to be in a negative fund balance position as of the end of FY 2011-12, suggesting that expenditure levels will need to be reduced in FY 2011-12 to ensure that expenditures do not exceed available funds.

Temporary Assistance to Needy Families Long-term Reserve Analysis			
TANF Funds Available to Appropriate	SFY 09-10	SFY 10-11	SFY 11-12
Prior Grant Year Funds (all unspent funds	\$106,452,115		
Less County Reserve Balance as of	(55,657,911)		
Plus remittances per SB 08-177	12,179,449		
Less unspent Statewide Strategic Uses Fund (SSUF) from prior years	<u>(9,311,026)</u>		
Subtotal - Available Prior Grant Year Funds	\$53,662,627	\$45,530,595	\$23,534,061
25 percent remaining current FFY grant year funds available	37,406,595	37,406,595	34,014,172
75 percent FFY grant beginning 10/1	<u>112,219,786</u>	<u>102,042,517</u>	<u>102,042,517</u>
Subtotal - Ongoing Estimated Annual Grant	\$149,626,381	\$139,449,112	\$136,056,689
PWORA Contingency Fund	24,943,727	0	0
ARRA Emergency Contingency Fund	<u>21,542,309</u>	<u>21,542,309</u>	<u>0</u>
TOTAL - Funds Available	\$249,775,044	\$206,522,016	\$159,590,750
Continuation Funding - Estimated Appropriations by Long Bill Line Item	SFY 09-10	SFY 10-11	SFY 11-12
EDO/OPS - Executive Director's Office and Office of Operations - various	711,332	711,332	711,332
Information Technology various line items	1,148,892	1,148,892	1,148,892
ITS - Colorado Trails	1,384,292	1,384,292	1,384,292
ITS - Colorado Benefits Management System	3,292,243	3,292,243	3,292,243
ITS - Federal TANF reauthorization CBMS changes (authorized roll-forward)	2,229,774	0	0
Colorado Works Administration	1,552,298	1,552,298	1,552,298
County Block Grants	128,713,135	128,713,135	128,713,135
Reimbursement to counties for prior year expenditures due to reduction in federal MOE	5,524,726	5,524,726	5,524,726
County Block Grant Support Fund	1,000,000	1,000,000	1,000,000
County Training	592,534	592,534	592,534
Domestic Abuse Program	659,824	659,824	659,824
Works Program Evaluation	350,029	350,029	350,029

Continuation Funding - Estimated Appropriations by Long Bill Line Item	SFY 09-10	SFY 10-11	SFY 11-12
Workforce Development Council	105,007	105,007	105,007
CO Works Statewide Strategic Use Fund	10,000,000	10,000,000	10,000,000
Colorado Works Program Maintenance Fund	3,000,000	3,000,000	3,000,000
Low Income Energy Assistance Program	1,500,000	1,500,000	1,500,000
Electronic Benefits Transfer Services	204,679	204,679	204,679
Refugee Assistance	815,850	815,850	815,850
Systematic Alien Verification for Eligibility	<u>2,321</u>	<u>2,321</u>	<u>2,321</u>
Subtotal - Estimated Base Appropriations	\$162,786,936	\$160,557,162	\$160,557,162
Approved and Proposed Budget Changes	SFY 09-10	SFY 10-11	SFY 11-12
Core Services Refinance (approved for FY 2009-10; proposed for 3 years)	9,500,000	9,500,000	9,500,000
TANF Sept 2009 Interim Supplemental with Requested Continuation	28,957,513	5,500,000	0
FY 2010-11 Requested Decision Items for county oversight, CBMS, refugee services	0	4,430,793	4,430,793
FY 2010-11 Requested Child Welfare Refinance	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Subtotal - Proposed Budget Changes	\$41,457,513	\$22,430,793	\$16,930,793
Total TANF End-of-year Reserve Balance	\$45,530,595	\$23,534,061	(\$17,897,205)
Difference Ongoing Estimated Annual Grant Award and Continuation Funding	(\$13,160,555)	(\$21,108,050)	(\$24,500,473)

The next table summarizes the Department's TANF Maintenance of Effort Analysis (item (b)). The Department assumed that FY 2009-10 and FFY 2010-11 amounts would match FY 2008-09

TANF Maintenance of Effort	
	FFY 2008-09 (actual)
Child Welfare line items: child welfare services, family and children's programs, Title IV-E Reimbursements cash fund	\$33,858,150
Colorado Works county MOE	13,362,053
Child Care county expenditures	9,838,059
State Colorado Works administration (GF)	3,540,036

TANF Maintenance of Effort

	FFY 2008-09 (actual)
Nurse Home Visitor Program (GF)	6,001,623
Colorado Preschool Program (GF)	39,557,983
Low Income Energy Assistance	5,099,832
Child Care Tax Credits	3,839,038
Other Tax Credits	<u>10,662</u>
Total MOE Expenditure	\$115,107,436
MOE Requirement	<u>\$88,395,624</u>
Surplus/(Deficit) MOE	\$26,711,812