

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2012-13 STAFF BUDGET BRIEFING

DEPARTMENT OF HUMAN SERVICES

(County Administration, Self Sufficiency, Adult Assistance)

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

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**FY 2012-13 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HUMAN SERVICES

(County Administration, Self Sufficiency, Adult Assistance)

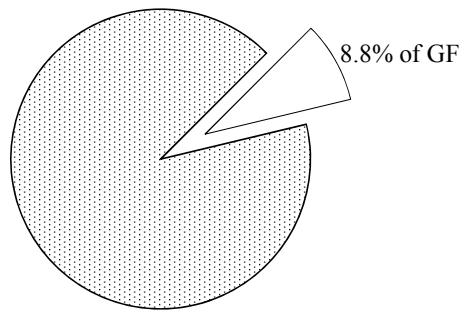
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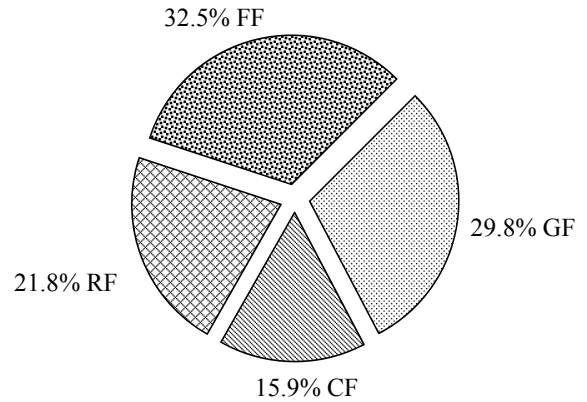
**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

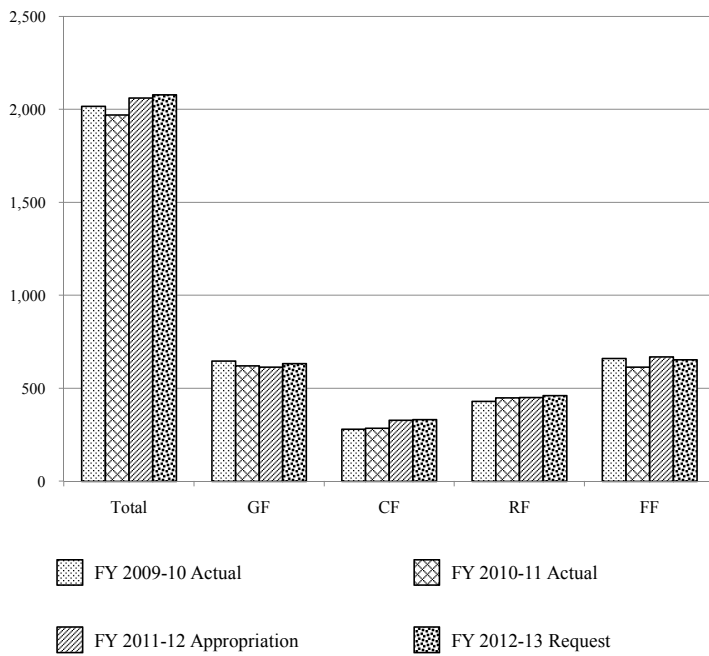


Department Funding Sources

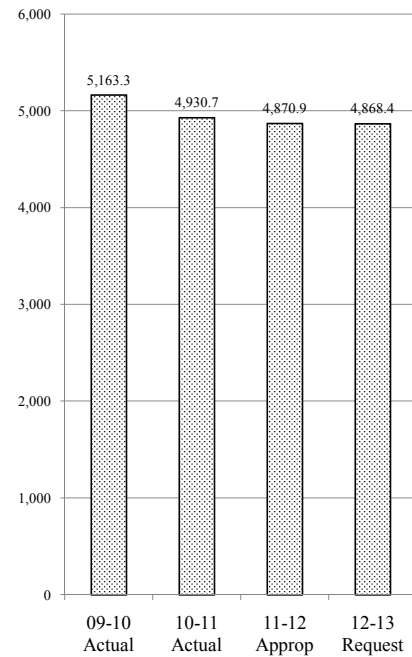


Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.8%.

**Budget History
(Millions of Dollars)**

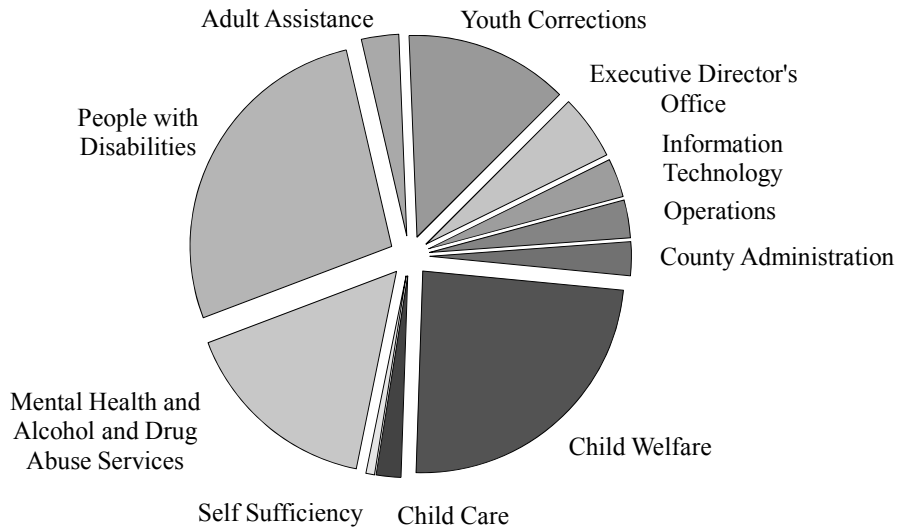


FTE History



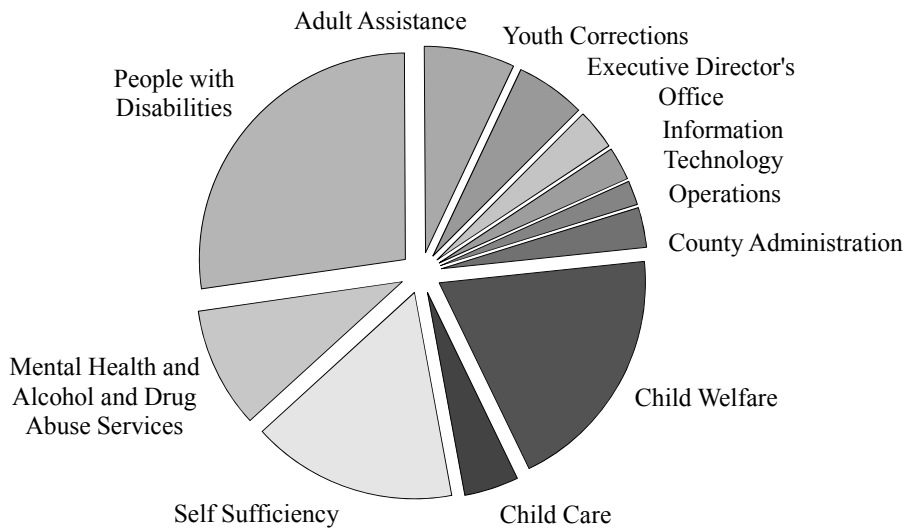
Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

**Distribution of Net General Fund* by Division
FY 2011-12 Appropriation = \$827.5 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 2011-12 Appropriation = \$2.1 billion**



FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)

DEPARTMENT OVERVIEW

Key Responsibilities

- ❑ **County Administration:** Provides counties with resources related to their duties in delivering social services functions, including in determining eligibility for food assistance (the Supplemental Nutrition Assistance Program, formerly known as food stamps) and overseeing adult protective services, among other programs. Additional funding for county administration is included program area budgets in other divisions.

- ❑ **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.
 - 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.
 - This section also includes Disability Determination Services, which determines medical disability for Colorado residents who apply for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits.

- ❑ **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.
 - 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, although the demand for these programs may be affected by these factors. Most changes in these budget areas are in response to specific actions taken by the General Assembly, the federal government, or other authorities to adjust funding levels.

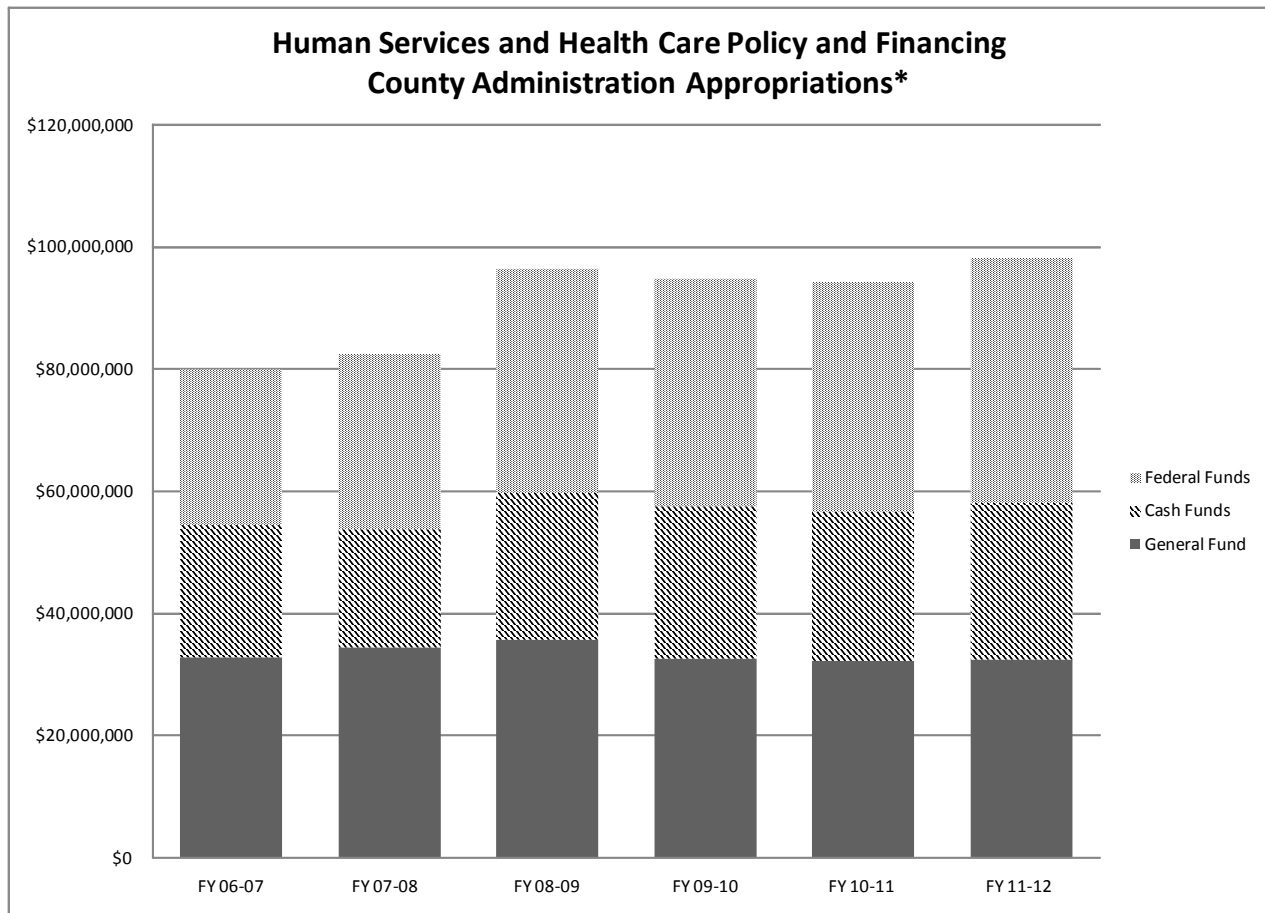
County Administration

The majority of public welfare programs in Colorado are state-supervised and county administered. The County Administration Division includes funding for eligibility determination for the Supplemental Nutrition Assistance Program (food stamps) and some other benefits programs, as well as funding to assist some poorer counties in maintaining program operations. Funding provided by the State for county administration is capped, and county costs and caseload only affect appropriations to the extent the General Assembly chooses to make related adjustments. Many counties supplement state appropriations with county tax revenues.

Recent-year changes to state funding have often transferred funds among line items within the County Administration section, to other Department of Human Services sections, and to the Department of Health Care Policy and Financing to draw down additional federal dollars without increasing total General Fund support. The chart below combines appropriations for county administration from the Departments of Human Services and Health Care Policy and Financing, as both departments' appropriations primarily support eligibility determination by county staff using the Colorado Benefits Management System.

Recent-year changes to state funding have:

- increased funding in response to recession-driven caseload increases;
- decreased the level of support for county contingency/county tax base relief (supplemental funding for the poorest, highest need counties) to offset other increases;
- transferred funds to other Department of Human Services sections and to other departments, often to draw down additional federal dollars (*e.g.* pursuant to S.B. 06-219 and H.B. 08-1250); and
- adjusted county funding up and down based on common "provider rate" policy.



*This chart reflects funding for the Department of Human Services County Administration section (\$64.8 million in FY 2011-12) and the Department of Health Care Policy and Financing County Administration line item (\$33.5 million in FY 2011-12). It excludes county administration appropriations in other sections of the Department of Human Services.

Self Sufficiency Programs

The vast majority of funding to assist families in achieving self-sufficiency is from federal sources, and most funding changes to this budget in recent years have been based on the level of federal support available.

Colorado Works and the Temporary Assistance to Needy Families Block Grant

About two-thirds of the total funding in the Self Sufficiency section is related to the Colorado Works Program and other programs supported through federal Temporary Assistance for Needy Families (TANF) block grant dollars. These federal block grant funds are subject to appropriation by the General Assembly for purposes consistent with federal guidelines.

The Colorado Works program provides financial and other assistance to families to enable children to be cared for in their own homes and to assist needy parents in achieving self-sufficiency. In Colorado, the majority of the federal TANF block grant funds received each year (about \$135 million of the approximately \$150 million) is appropriated as block allocations to counties for the Colorado

Works program. Federal TANF funds are also used by the State and counties to support related programs that assist needy families, including child welfare and child care subsidy programs.

Recent-year trends reflect:

- ❑ Flat or declining appropriations for the Colorado Works program (consisting of federal TANF and county cash funds), but increases in spending, as counties have used their county-controlled TANF reserves to address increases in program demand for basic cash assistance caused by the recession. This is shown in the chart below.
- ❑ Increased appropriations from the TANF block grant to support child welfare programs. This has been achieved based on the use of state-controlled reserves and via cuts to some self sufficiency programs that were previously supported with TANF funds. As of FY 2011-12, \$11.0 million General Fund in the Division of Child Welfare had been refinanced with TANF funds on an ongoing basis through reductions in TANF appropriations in the Office of Self Sufficiency. In addition, \$12.5 million General Fund in the Division of Child Welfare had been refinanced on a temporary basis, using TANF reserves.
- ❑ A temporary one-time FY 2009-10 increase in TANF appropriations due to additional federal funds available under the American Recovery and Reinvestment Act of 2009 (ARRA). Additional appropriations included \$11.3 million in one-time funding for TANF-Supported Subsidized Employment, \$8.6 million in TANF funding for Low-income Energy Assistance, \$4.8 million for TANF-funded Homeless Prevention, and \$4.4 million for TANF-funded Refugee Services. The additional funding was not continued in FY 2010-11 or FY 2011-12.

Low Income Energy Assistance Program and Other Federal Custodial Programs

Many Changes to funding in this section of the budget are based on federal programs over which the General Assembly has little control. This includes adjustments for the Low Income Energy Assistance Program (LEAP), which is largely driven by federal funding levels. Funding for the LEAP program has been particularly volatile, as reflected in the table below.

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	\$77,409,173	\$4,192,362	5.7%
2010-11	\$59,000,577	(\$18,408,596)	-23.8%

Adult Assistance Programs

Old Age Pension Program

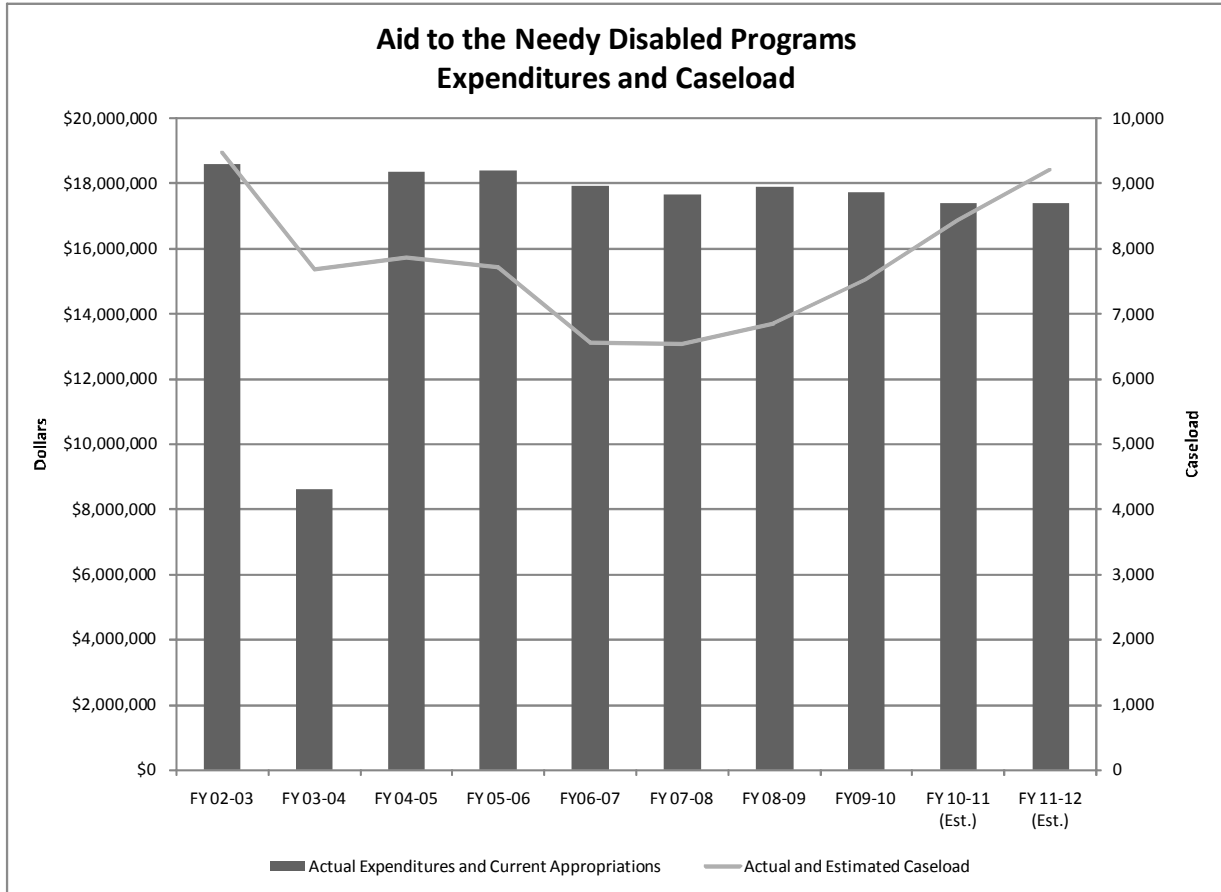
The Old Age Pension (OAP) Program, authorized by the State Constitution, provides cash assistance to low-income individuals ages 60 and over. It is funded through excise and state sales taxes which are deposited to the OAP cash fund in lieu of the General Fund. Costs for this program are driven by the size of the benefit and the number of qualified individuals. The General Assembly has limited control over OAP expenditures, as benefit levels are set by the State Board of Human Services, and the funds are continuously appropriated by the State Constitution. The Long Bill appropriation reflects anticipated expenditures and is shown for informational purposes.

Increases in expenditures through FY 2008-09 were driven primarily by cost-of-living increases approved by the State Board of Human Services, while the caseload remained flat or declining between 24,000 and 23,000. Since January 2009, no cost-of-living increases have been approved, and expenditures were significantly reduced starting in FY 2010-11 by S.B. 10-1384, which imposed a five year waiting period for most new legal immigrants to become eligible for OAP benefits.

Aid to the Needy Disabled and Home Care Allowance Programs

The Aid to the Needy Disabled (AND) and Home Care Allowance (HCA) programs provide cash assistance for low income individuals with disabilities. For some beneficiaries, these funds supplement federal Supplemental Security Income (SSI) payments. Other beneficiaries either do not qualify for federal SSI or have pending applications for federal SSI. Funding for these programs is comprised of General Fund, county match, and federal reimbursements for payments to individuals who initially receive a state-only subsidy but are ultimately deemed eligible for federal SSI.

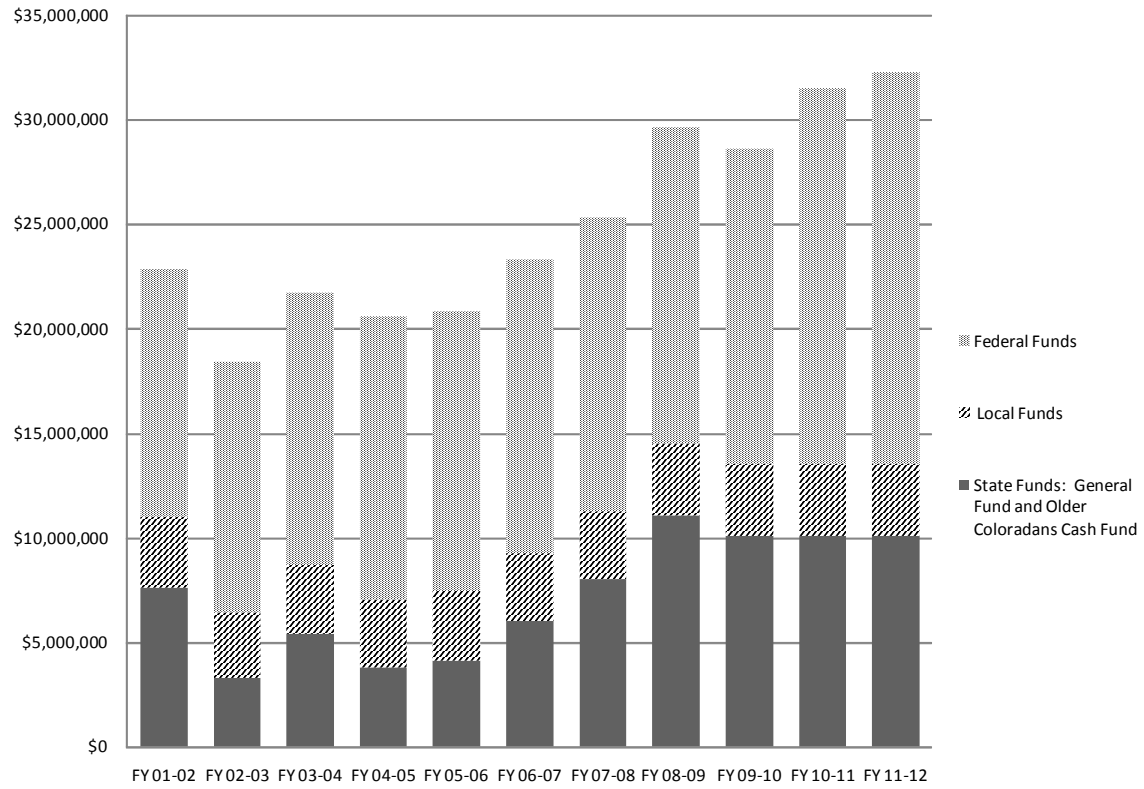
In the last few years, the programs' appropriations have remained relatively flat, and benefits have been adjusted by the Department so that total expenditures remain within appropriated levels. However, some funding adjustments have been required to ensure that the State complies with a federal maintenance-of-effort (MOE) agreement with the Social Security Administration. The MOE applies to state spending for those individuals who receive federal SSI payments. Spending for the population that is *not* SSI-eligible has been reduced in the past (most notably in FY 2003-04) in response to state revenue shortfalls.



Community Services for the Elderly

The State distributes state and federal funds to Area Agencies on Aging, which provide a variety of community services for the elderly such as transportation, congregate meals, "meals on wheels", and in-home support services. Funding levels are adjusted based on available federal and state funding. Funding from state sources increased significantly through FY 2008-09 based on statutory changes to increase funding from the Older Coloradans Cash Fund, which originates as state sales and excise taxes. More recently, state and local funding has remained relatively flat, while total funding has increased based on additional federal funds available.

Appropriations for Community Services for the Elderly



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(County Administration, Self Sufficiency, Adult Assistance)**

DECISION ITEM PRIORITY LIST

3	<p>TANF Long-Term Reserve Solvency</p> <p>Office of Self Sufficiency</p> <p>Due to the spend-down of remaining reserves, reduces federal Temporary Assistance for Needy Families (TANF) appropriations to align with available revenue and a requested minimum reserve level. The reductions begin in FY 2012-13, when some reserves above the minimum are projected to be available, and increase in FY 2013-14, when no reserves above the minimum are expected to be available.</p>	<p>Total Funds <u>(\$6,282,522)</u></p> <p><i>FTE</i> (1.0)</p> <p>CF (889,547)</p> <p>FF (5,392,975)</p>
4	<p>Title III Older Americans Act Matching Requirement and General Fund Savings</p> <p>Adult Assistance Programs</p> <p>The request increases federal funds spending authority and decreases the General Fund by \$10,080 in order to maintain the 75 percent federal funds and 25 percent General Fund matching requirement mandated by Title III of the Older Americans Act.</p>	<p>Total Funds <u>\$0</u></p> <p><i>FTE</i> 0.0</p> <p>GF (10,080)</p> <p>FF 10,080</p>
7	<p>Low Income Telephone Assistance Program Integrity</p> <p>Office of Self Sufficiency</p> <p>The request reduces funding for the Low Income Energy Assistance Program (LEAP) by 0.4 FTE and \$39,566 federal funds and increases funding for the Low Income Telephone Assistance Program (LITAP) by 0.4 FTE and \$39,566 cash funds. The federal funds are from the federal Low Income Home Energy Assistance block grant (funds under Executive control which are shown solely for informational purposes in the Long Bill). The cash funds are from the Low Income Telephone Assistance Fund which derives from fees on telephone lines. The request addresses recommendations from a 2010 SAO performance audit of the LITAP program and ensures that funding for staff responsible for LITAP are supported by the correct funding source.</p>	<p>Total Funds <u>\$0</u></p> <p><i>FTE</i> 0.0</p> <p>CF 39,566</p> <p>FF (39,566)</p>
9	<p>Refinance Child Support Enforcement Programs General Fund Appropriations with Cash Funds</p> <p>County Administration</p> <p>Office of Self Sufficiency</p> <p>The Department request refinances \$365,260 General Fund in the Child Support Enforcement line item with cash funds from the state's share of retained child support collections and fraud refunds by reducing the use of these cash funds for County Incentive Payments. When government authorities are reimbursed for public assistance payments (typically through child support enforcement activities), 50 percent goes to the federal government, 30 percent to the State, and 20 percent to local government. Pursuant to statute, a portion of the state's share of recoveries may be redirected to counties as incentives.</p>	<p>Total Funds <u>(\$365,260)</u></p> <p><i>FTE</i> 0.0</p> <p>GF (365,260)</p> <p>CF 0</p>

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TOTAL REQUEST PRIORITY LIST

Total Funds	<u>(\$6,647,782)</u>
<i>FTE</i>	(1.0)
GF	(375,340)
CF	(849,981)
FF	(5,422,461)

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
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BASE AND TECHNICAL CHANGES

Annualize S.B. 11-076 (PERA Contributions)		
Office of Self Sufficiency	Total Funds	<u>\$367,231</u>
Adult Assistance Programs	<i>FTE</i>	0.0
The FY 2012-13 budget restores the FY 2011-12 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 11-076.	GF	47,420
	CF	16,931
	RF	1,281
	FF	301,599
Annualization of FY 2010-11 SBA-8 (5% Operating Reduction)		
Office of Self Sufficiency	Total Funds	<u>\$55,807</u>
The FY 2012-13 budget request restores the FY 2010-11 five percent operating expenses reduction made for two years through a prior budget decision.	<i>FTE</i>	0.0
	GF	20,268
	FF	35,539
Annualize FY 2010-11 DI-8: "Enhanced Medical Support, Paternity Establishment and Education Initiatives for Child Support Enforcement"		
County Administration	Total Funds	<u>(\$868,560)</u>
Office of Self Sufficiency	<i>FTE</i>	0.0
Returns the state's share of child support recoveries from the Child Support Enforcement line item to the County Incentive Payments line item. Funds were moved in FY 2010-11 pursuant to a decision item to support short-term projects for two years. The net impact on cash funds is \$0, but this annualization results in a reduction in matching federal funds received by the State.	CF	0
	FF	(868,560)
Annualize FY 2008-09 DI-16 (Fatherhood Grant Match)		
Office of Self Sufficiency	Total Funds	<u>(\$518,000)</u>
This reflects the completion of a multi-year federal grant that supported responsible fatherhood initiatives.	<i>FTE</i>	0.0
	GF	(18,000)
	FF	(500,000)

Annualize S.B. 11-226 (Augmentation of the General Fund Through Transfers of Certain Moneys)

Office of Self Sufficiency

Among other provisions, S.B. 11-226 transferred funds from the Low Income Energy Assistance Fund to the General Fund, reducing available funding for the Low Income Energy Assistance Program by \$3.25 million in both FY 2010-11 and FY 2011-12.

Consistent with current statute, funding is restored in FY 2012-13. Amounts in the Low Income Energy Assistance Fund derive from the Operational Account of the Severance Tax Trust Fund.

Total Funds **\$3,250,000**

FTE 0.0

CF 3,250,000

Annualize FY 2010-11 JBC Refinance of General Fund with Older Coloradans Cash Fund balance

Adult Assistance Programs

Older Coloradans Cash Fund reserves (derived from interest earnings on amounts in the Fund) were used to temporarily refinance General Fund in the State Funding for Senior Services line item in FY 2010-11 and FY 2011-12. The request reflects restoring the General Fund, based on projected reserve-levels.

Total Funds **\$0**

FTE 0.0

GF 300,000

CF (300,000)

**TOTAL BUDGET BASE CHANGE NOT RELATED TO A POLICY ISSUE
(TECHNICAL OR BASE CHANGE IN NATURE) PRIORITY LIST**

Total Funds **\$2,286,478**

FTE 0.0

GF 349,688

CF 2,966,931

RF 1,281

FF (1,031,422)

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 Department of Human Services
 (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 2011-12 appropriation and its FY 2012-13 request for the portion of the Department of Human Services addressed in this briefing packet.

Table 1: Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2011-12 Appropriation	\$52.8	\$148.9	\$0.1	\$341.7	\$543.5	274.7
FY 2012-13 Request	52.8	151.0	0.1	335.2	539.2	273.7
Increase / (Decrease)	\$0.0	\$2.1	\$0.0	(\$6.5)	(\$4.4)	(1.0)
Percentage Change	0.0%	1.4%	0.9%	(1.9%)	(0.8%)	(0.4%)

The following table highlights categories of changes contained in the Department's FY 2012-13 budget request, as compared with the FY 2011-12 appropriation, for the portion of the Department covered in this briefing packet.

Table 2: Total Department Requested Changes, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
Decision Items	(\$0.4)	(\$0.8)	0.0	(\$5.4)	(\$6.6)	(1.0)
Technical/Base Changes	0.3	3.0	0.0	(1.0)	2.3	0.0
TOTAL	\$0.0	\$2.1	\$0.0	(\$6.5)	(\$4.4)	(1.0)

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DEPARTMENT OF HUMAN SERVICES
(County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: Performance-based Goals and the Department's FY 2012-13 Budget Request

This issue brief summarizes the Department of Human Services report on its performance relative to its strategic plan and discusses how the FY 2012-13 budget request advances the Department's performance-based goals. Pursuant to the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (H.B. 10-1119), the full strategic plan for the Department of Human Services can be accessed from the Office of State Planning and Budgeting web site.

The issue brief assumes that the performance-based goals are appropriate for the Department. Pursuant to the SMART Government Act legislative committees of reference are responsible for reviewing the strategic plans and recommending changes to the departments. The issue brief also assumes that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. Please note that the Department's full strategic plan includes five overarching highest priority objectives (goals), and 15 performance measures attached to the various goals, in addition to division-specific objectives and performance measures. This issue brief only deals with two overarching goals and six performance measures, which are grouped under four strategies. The remaining overarching goals and performance measures will be evaluated in separate issue briefs.

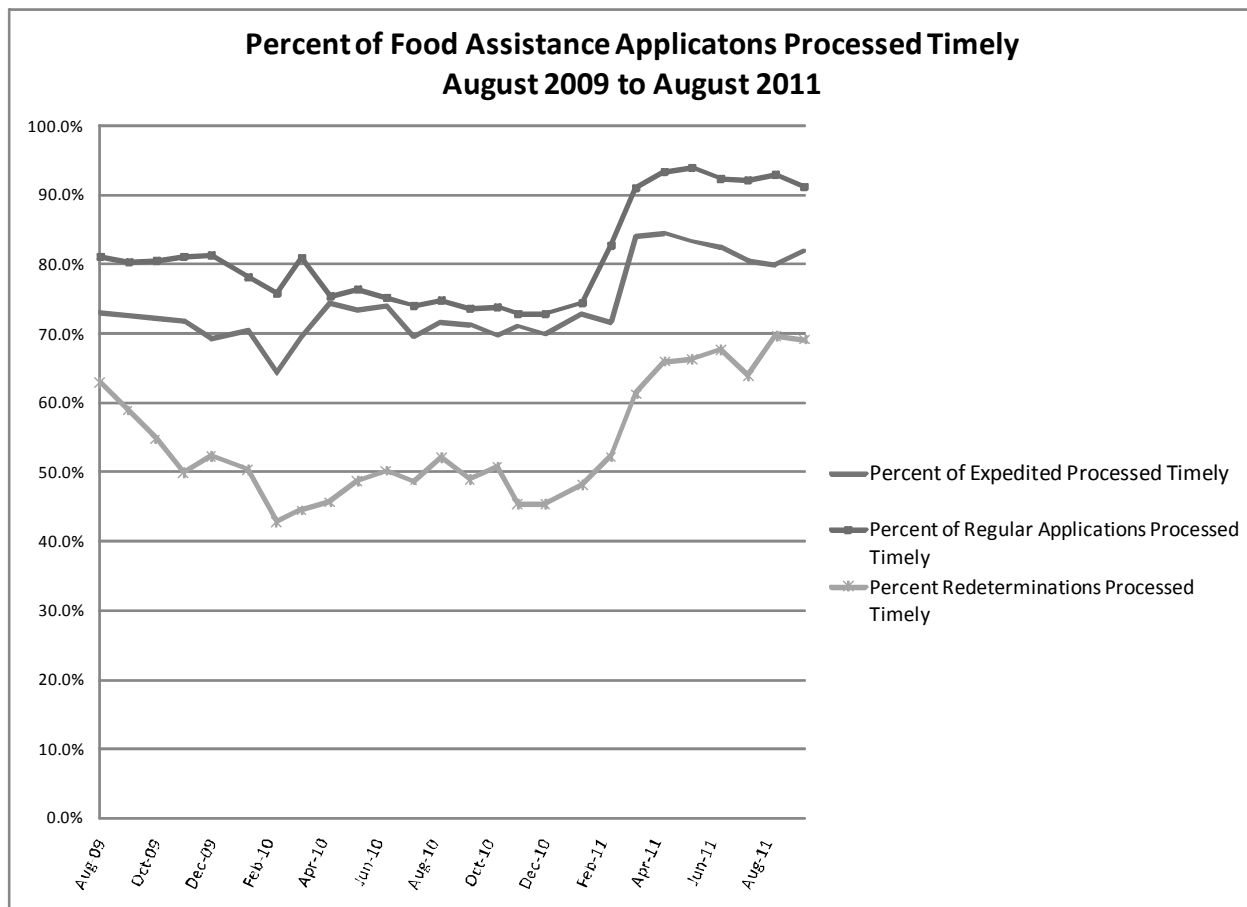
DISCUSSION:

Performance-based Goals and Measures

- 1. To improve the lives of the families we serve by helping them to achieve economic security.**

Strategy: Improve the timeliness of approving, distributing and maintaining Food Assistance benefits.

Performance Measures: By July 2012: (1) applications will be processed timely in 95 percent of new regular applications; (2) applications will be processed timely in 95 percent of expedited applications; and (3) timeliness for redeterminations will improve by 25 percent.



a. How is the Department measuring the specific goal/objective?

Timeliness for processing food assistance applications is measured and evaluated from monthly reports in the Colorado Benefits Management System (CBMS). Pursuant to federal rules:

- ▶ regular food assistance applications are deemed timely if they are processed within 30 days;
- ▶ expedited applications are deemed timely if they are processed within seven days; and
- ▶ for redeterminations, applications received before the 15th of the month in which the certification expires are considered timely if the decision of continued eligibility is made by the last day of the month; applications received after the 15th of the month in which certification expires are considered timely if processed within 30 days of receipt.

The Department was previously sued due to delays in county-processing of food assistance benefits. It is now operating under a settlement agreement amended stipulation that requires it to achieve greater timeliness.

b. Is the Department meeting its objective, and if not, why?

Uncertain. The Department has established specific goals of 95 percent timely for applications and 25 percent improvement for redeterminations by July 2012. The Department has improved timeliness substantially. Whether it will be able to achieve the level of increases targeted for July 2012 is not yet clear. In September 2011, it achieved 85 percent timeliness for regular applications

but failed to reach 85 percent timeliness required for expedited applications, although 85 percent timeliness was the interim standard established in the lawsuit settlement for September 2011.

c. How does the budget request advance the performance-based goal?

The budget request will have a neutral to negative impact on the goal. The budget request keeps funding for county administration of the food assistance program flat, although food assistance caseloads continue to increase at a significant rate, and inflation will affect the purchasing power of the current level of appropriation. Nonetheless: (1) funding is not being actively reduced; (2) the department is working with counties (using outside grant funding) to improve county efficiency and timeliness within existing state appropriations; and (3) based on a comparison of the per-person cost of food assistance administration in Colorado versus other states, staff believes that timeliness improvements within existing appropriations should be feasible.

Strategy/ Performance Measure: Increase by 3% the percentage of people enrolled in the Colorado Works Program that have employment earnings.

No data associated with this performance measure is currently available. The Department reports it is in the process of drawing this information from the Colorado Benefits Management System.

a. How is the Department measuring the specific goal/objective?

The Department extracts this data from the CBMS system.

b. Is the Department meeting its objective, and if not, why?

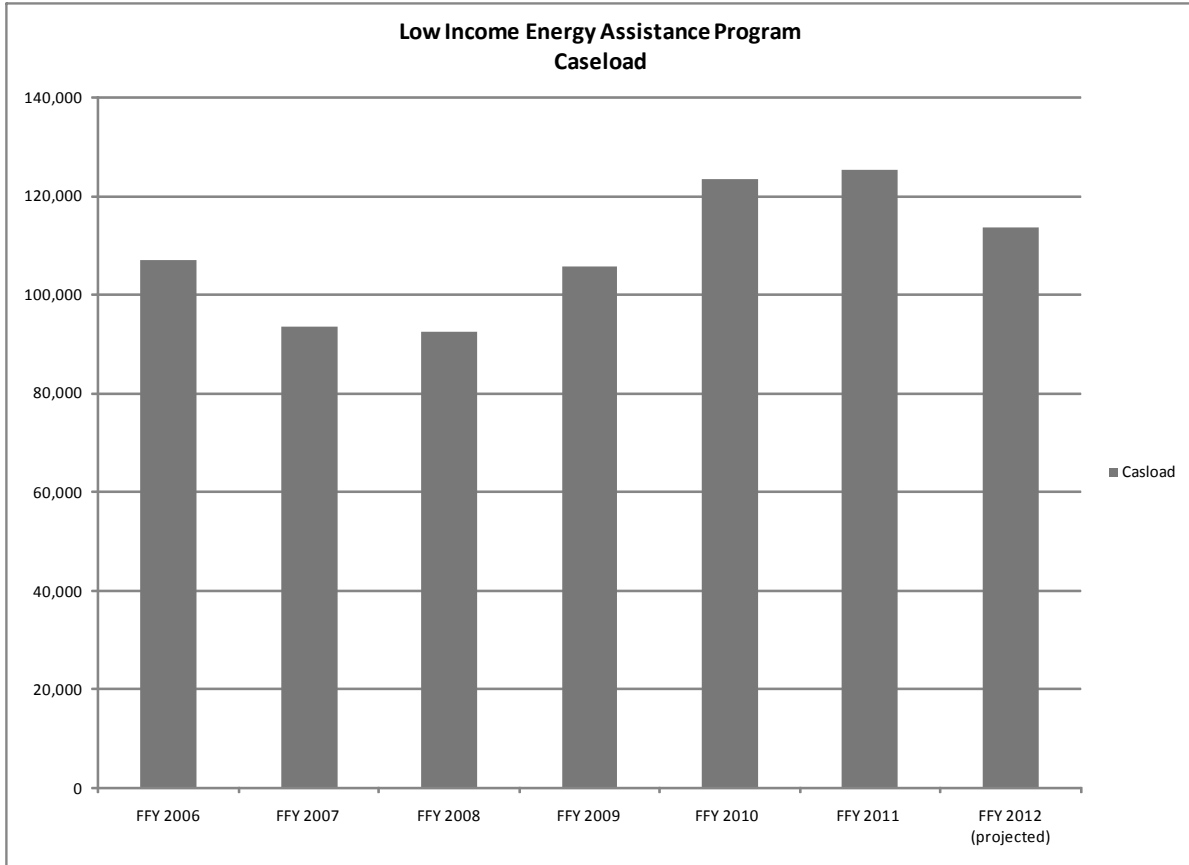
Unknown. This is a new measure, and no data is available yet.

c. How does the budget request advance the performance-based goal?

The budget request may make it more difficult to achieve this goal. The request reflects reductions in county TANF block grants in FY 2012-13 that would be become larger in FY 2013-14. Staff anticipates that additional large TANF reductions are likely, starting as early as FY 2011-12, due to federal budget cuts. While the Department and counties may still be able to implement administrative changes that target this goal, the budget request does not support the goal.

Strategy: To increase efficiency of delivery benefits, the Low Income Energy Assistance Program (LEAP) will develop an on-line access to its application system within two years.

Performance Measure: The number of eligible households receiving energy assistance will increase by 5 percent.



Note: Although the performance measure speaks to the *number* of people receiving assistance, the data provided in the strategic plan is instead based on the *percent* of eligible individuals accessing the program (the penetration rate). Because Colorado is reducing eligibility for the program starting in FY 2011-12, the number receiving services is projected to decline by 9.3 percent, even as the penetration rate is projected to increase. The Department estimates it provided assistance to 28 percent of those eligible in FY 2010-11, when eligibility was set at 185 percent of the federal poverty level, and that this will increase to 33 percent of those eligible in FY 2011-12, when eligibility is set at 150 percent of the federal poverty level.

a. How is the Department measuring the specific goal/objective?

The number of energy assistance eligible households will be derived from the American Community Survey (ACS) data. The current LEAP system generates weekly reports on the number of households served.

b. Is the Department meeting its objective, and if not, why?

Staff believes the Department is *not* meeting its objective, in light of the projected decline in caseload of over 9 percent. Due to the change in the eligibility standard, staff does not believe the change in penetration rate is a meaningful measure for the period from FY 2010-11 to FY 2011-12.

c. How does the budget request advance the performance-based goal?

The budget request assumes the restoration of \$3.25 million in state Severance Tax support for the Low Income Energy Assistance Program based on current state statute. This would advance the Department's goal. However, the Department currently projects a net funding decline, based on the President's proposal to reduce the federal Low Income Energy Assistance block grant by 50 percent for FFY 2011-12. As this source provides the vast majority of support for this program (\$56.5 million in SFY 2010-11), total funding available for energy assistance is expected to have a negative impact on the State's ability to achieve its goal. The Department's decision to reduce eligibility for the program from 185 percent to 150 percent reflects this.

2. **To assure Colorado's children and youth have the opportunity to thrive in safe, nurturing and stable families in their communities.** (This goal and related performance measures will be covered as part of a separate issue brief.)
3. **To assist the elderly and people with developmental disabilities to reach their maximum potential through increased independence, productivity and integration within the community.** (This goal and related performance measures will be covered as part of a separate issue brief.)
4. **To promote quality and effective behavioral health practices to strengthen the health, resiliency and recovery of Coloradans.** (This goal and related performance measures will be covered as part of a separate issue brief.)
5. **To develop and implement efficiency measures that maximize the resources of the Department and its partners.**

Strategy: The Department of Human Services and Department of Health Care Policy and Financing conduct case reviews of county departments of human services. The programs that are reviewed include Food Assistance, Medicaid, Colorado Works, LEAP, Adult Protection, Adult Financial, and Child Support Enforcement. There currently is no coordination between programs and departments in the conducting of the reviews, which causes additional workload to counties' operations. Neither is there any exchange of information between the programs following their reviews which, if in place, would allow for common observations occurring across programs to be noted and addressed. To address this, the two state departments will establish a Case Review Oversight Committee to reduce the total number of cases reviewed by conducting multiple program reviews of single cases; developing common review strategies; and regularly reporting out on findings.

Performance Measure: The total number of cases reviewed while still meeting audit sampling requirements will be reduced by 5.0 percent.

No data associated with this performance measure is currently available.

a. How is the Department measuring the specific goal/objective?

A monthly report of reviewed cases and resulting findings is compiled by each program. The reports will be modified to indicate the number of cases that were reviewed for more than one program, and

the number of such other programs included within the review. An annual summary of the cases reviewed will be prepared to document the results.

b. Is the Department meeting its objective, and if not, why?

Unknown. This is a new measure.

c. How does the budget request advance the performance-based goal?

The budget request will have a neutral to positive impact on the goal. There are no requested changes to the funding levels for state administration of the programs identified, or to the funding for audit staff in the Executive Director's Office. If the Department reduces the number of cases reviewed, this could reduce department expenditures required, enabling the Department to do a better job on case reviews completed or to redirect resources to other administrative requirements.

Other Staff Observations About Budget Request and Performance-based Goals

- The Department notes that its new strategic plan was based on a statewide outreach effort to incorporate stakeholder, client, constituent, partner and employee input and ideas into its strategic plan. More than 258 people provided input through seven town meetings held throughout the State. In addition 47 partners and stakeholders provided written input, telephone interviews were conducted with more than 50 clients, 521 employees completed an online survey, and an additional 75 attended meetings to provide input.

This process has resulted in a list of strategic initiatives which are not fully reflected in the strategies and performance measures outlined. Some items related to the programs addressed in this briefing packet:

- ▶ An initiative to simply and eliminate rules
 - ▶ An effort to align Human Services programs to improve economic stability with programs in other departments, including the Governor's Office of Economic Development and the Department of Higher Education
 - ▶ A new "Stat" strategy by which director level staff will use real-time data indicators from all programs under the authority of the department to place ongoing focus on meaningful outcomes.
- Because many performance measures are new, the related historical data is very limited.
 - There were no performance *measures* related specifically to adult assistance programs (one of the areas covered in this staff briefing packet), although performance goal #3 includes assisting the elderly.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: Temporary Assistance for Needy Families: Budget Cuts on the Horizon

In most years, Colorado has received about \$150 million per year in federal Temporary Assistance to Needy Families (TANF) block grant funds, most of which is sub-granted to counties for the Colorado Works program. The budgets for Colorado Works and other TANF-supported programs will need to be reduced starting in FY 2012-13 (and potentially in FY 2011-12) due to: (1) recent federal budget cuts; and (2) the spend-down of TANF reserves. These reserves previously enabled the State to appropriate more TANF funds than annual federal receipts; however, reserve funds will run out in FY 2012-13, and TANF appropriations will therefore need to be aligned with annual revenue.

SUMMARY:

- ❑ In most years, Colorado receives \$150 million per year in federal Temporary Assistance to Needy Families (TANF) block grant funds. The majority is "sub-block-granted" to counties for the Colorado Works program. Counties use these funds to provide cash assistance to needy families, to administer the program, for child welfare and child care programs, and to support other poverty-alleviation programs.
- ❑ The FY 2012-13 request includes R-3, which requests a reduction in the appropriation for TANF funds (primarily Colorado Works) of \$5.4 million federal funds to preserve solvency of the TANF Long Term reserve. This reduction would annualize to \$10.4 million in FY 2013-14 to address the structural imbalance between TANF appropriations and annual revenue discussed in last year's staff budget briefing.
- ❑ In addition to the reduction included in the budget request, the State is currently feeling the loss of some federal TANF Supplemental Grant funds. The Supplemental Grant has historically comprised \$13.6 million of Colorado's annual TANF funding, but funding was reduced in FY 2010-11 and FY 2011-12. Federal action to-date will drive additional cuts of at least \$3.7 million in FY 2012-13. If Supplemental Grant funds are not restored for the balance of FY 2011-12 or future years, the cuts would be much larger.
- ❑ Most county budgets are under pressure due to the growth in demand for basic cash assistance, which required 47 percent of annual allocations in FY 2009-10 and 51 percent in FY 2010-11. County expenditures of TANF funds exceeded annual Colorado Works appropriations by 12 percent in FY 2009-10 and FY 2010-11 as counties spent-down their county-controlled TANF reserves to address recession-driven caseloads.

DISCUSSION:

Background. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced the former Aid to Families with Dependent Children entitlement program with the system of Temporary Assistance to Needy Families (TANF) block grants. 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.

The federal government has provided an annual block grant to Colorado of approximately \$150 million in recent years, subject to Colorado's compliance with maintenance of effort requirements (\$88.5 million) and various other federal requirements. Authorization for the current federal TANF program expired September 30, 2010. However, it has been maintained through continuing resolutions¹. It is still unclear when full reauthorization might occur.² 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.

Most TANF funding is appropriated as allocations to counties for the Colorado Works program (\$135.2 million federal funds in FY 2011-12). 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 requirements³. They must also

Basic Cash Assistance

Basic cash assistance (BCA) is the only "entitlement" component of the Colorado Works Program. The average household benefit is currently \$431 per month, with a lifetime limit of 60 months of cash assistance and work participation requirements.

Overall enrollment fell sharply after the Colorado Works program's inception, from 22,450 in 1998 to 9,308 in 2008, but had increased to over 15,700 as of June 2011. This is still less than 10 percent of the food assistance caseload. According to the federal General Accountability Office, nationally, the program serves about 40 percent of those who qualify.

From a financial perspective, BCA expenses have comprised 29 to 51 percent of county allocations for Colorado Works over the last ten years.

¹Most recently Public Law 112-35, which became effective September 30, 2011 and continues through December 31, 2011.

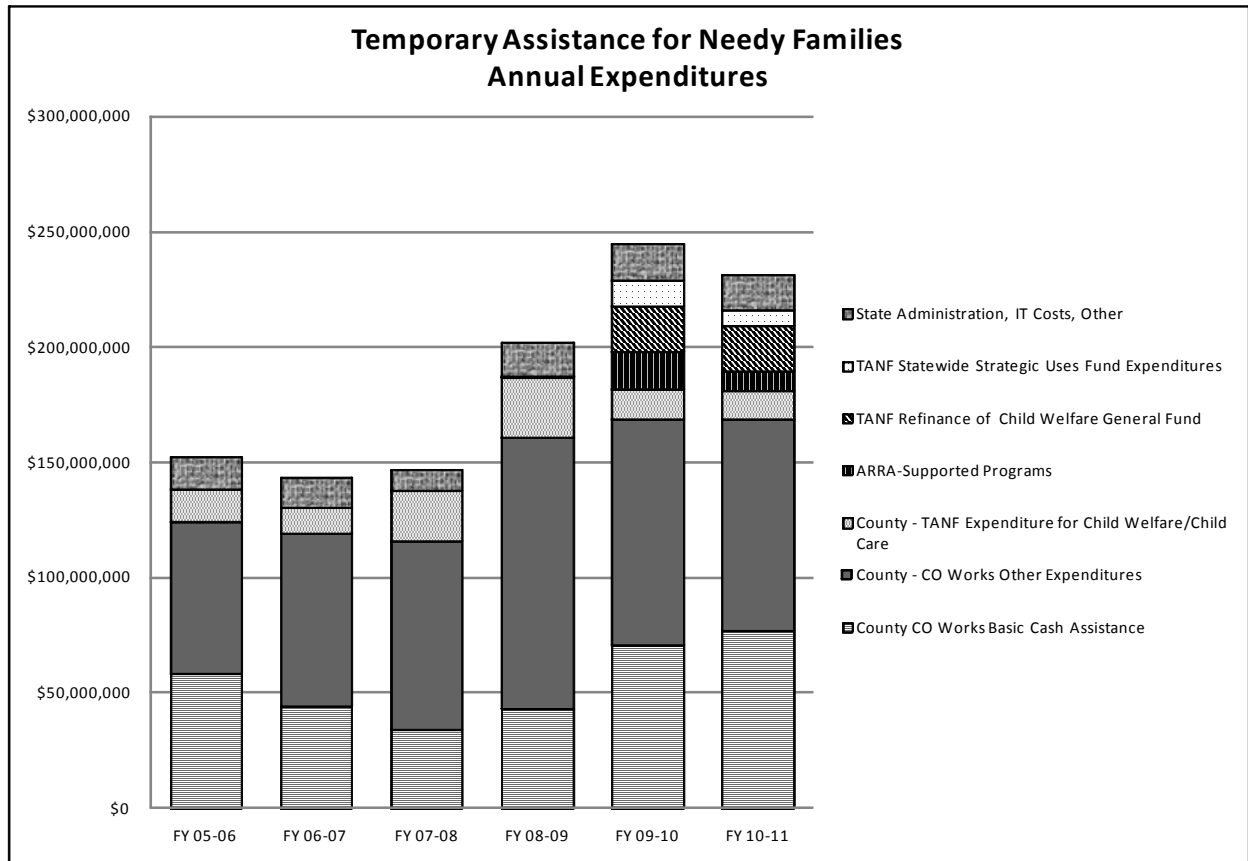
²For a recent Government Accountability Office analysis of the program nationwide, in preparation for federal reauthorization, see <http://finance.senate.gov/imo/media/doc/092110kbtest.pdf>

³Federal 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 against work participation rates for reductions in a state's caseload since FFY 2005. Colorado met the

spend county funds for their share of the federal maintenance of effort requirement (\$22.2 million). 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 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).

Historically, the majority of Colorado Works funding has been used by counties for purposes other than basic cash assistance. Significant funding has been used to support local non-profits and various county-specific programs serving families with incomes of up to \$75,000 per year. Counties also retain control over substantial reserves of unspent TANF funds.

In addition to appropriating TANF funds for Colorado Works county allocations, the General Assembly appropriates TANF funds to support child welfare, energy assistance, domestic abuse, and refugee assistance programs for TANF-eligible participants, as well as to cover state administrative and information technology expenses for TANF programs.



Notes: County expenditures for Colorado Works and Basic Cash Assistance include \$22 to \$25 million per year in expenditure of county maintenance-of-effort, General Fund and other state funds allocated for Colorado Works programs. Therefore, totals shown are higher than if solely federal funds expenditures were shown.

work participation requirement for FFY 2009 with a work participation rate of 37.8 percent.

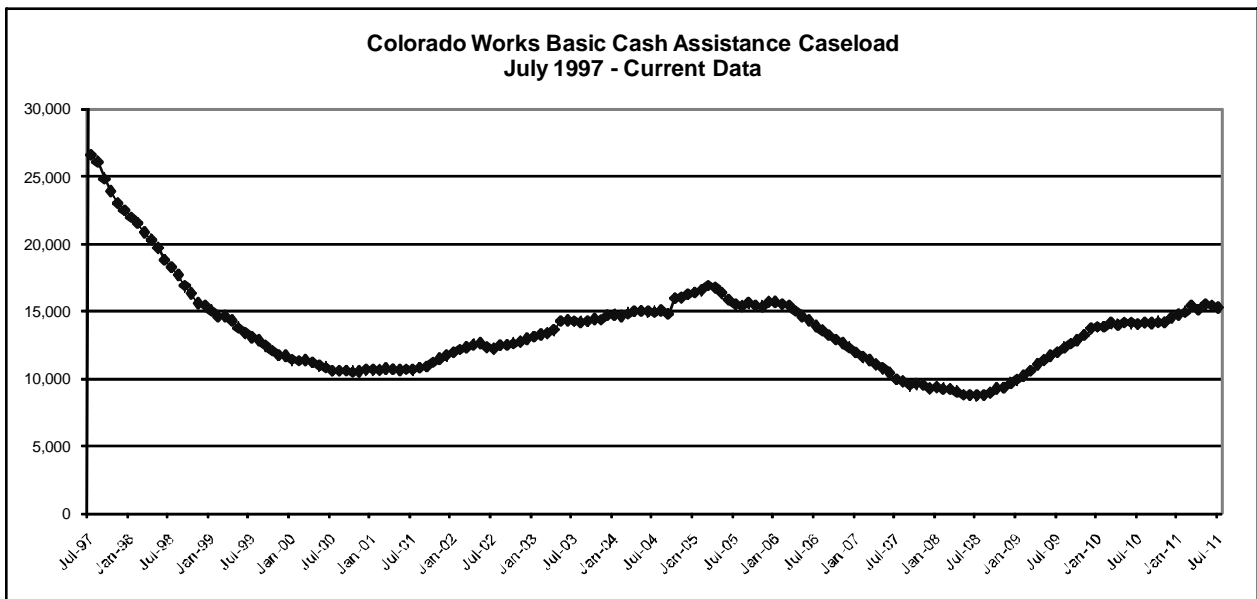
TANF Expenditure Trends: Key Drivers and Recent History

As reflected in the chart above, the expenditure of TANF funds has changed substantially in recent years. These changes reflect a number of factors, each of which is discussed in more detail below.

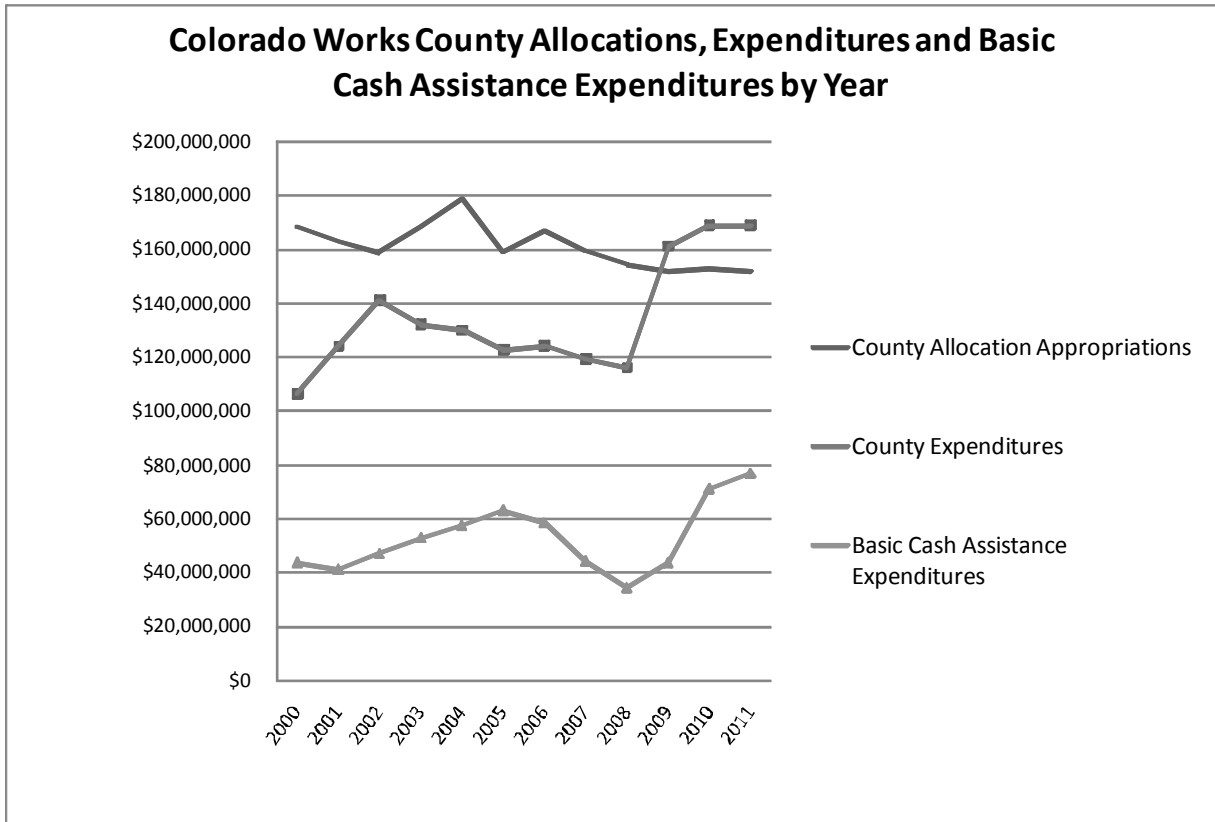
- Fluctuations in demand for basic cash assistance in response to the economy
- Growth of large county-controlled reserves prior to FY 2008-09, resulting in various policies designed to spend-down reserves
- Availability of temporary additional TANF funding under the American Recovery and Reinvestment Act (ARRA)
- Use of TANF funds to help balance the state budget through temporary and permanent refinancing of General Fund in the Division of Child Welfare

Demand for Basic Cash Assistance and County Spending Policies. County expenditures of TANF/Colorado Works funds have always fluctuated based largely on the demand for basic cash assistance. These fluctuations have been mitigated or exacerbated by the extent to which counties choose to spend more funds for other programs in years when the demand for basic cash assistance is lower. Charts below compare both the historic fluctuations in the TANF caseload and the expenditure trends for the Colorado Works program.

As shown below, the Colorado Works basic cash assistance caseload fell sharply after the new program was created. It rose from 2001 to 2005 in response to recession, fell from 2005-2008 as the economy improved, and began to rise again in the latter half of 2008, in response to the current recession.



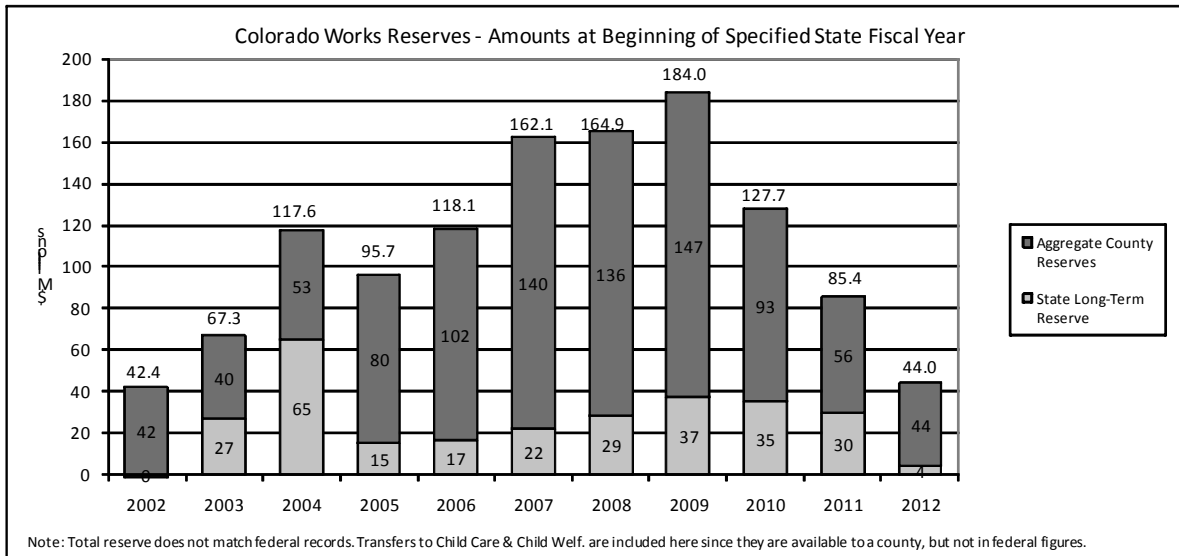
As reflected in the following chart, county Colorado Works expenditures partially--but not entirely--mirrored the caseload trend. County expenditures rose sharply from 2000 to 2002 and then fell from 2001 to 2008, despite an increase in cash assistance demand over much of this period. Expenditures then rose far more sharply than basic cash assistance expenditures in FY 2008-09.



Policy Changes Targeted at Reducing Reserves. Beginning in FY 2004-05, county-controlled TANF reserves began to grow, as both total and basic cash assistance expenditures fell.⁴ By FY 2006-07, reserves of funds under county control exceeded \$160 million and, in total, were larger than total annual funding for TANF county block allocations, as reflected in the chart below.⁵ Reserves under state control (identified in the chart as Long Term Reserve amounts) were far smaller.

⁴TANF "reserves" reflect federal spending authority for moneys not yet drawn down and expended by the State. Moneys are only transferred to the State based on qualified expenditures.

⁵This reserve figure includes TANF funds that had been transferred to separate TANF reserves for child welfare and child care programs.



In response, the Executive proposed policy changes, and the General Assembly adopted S.B. 08-177 (Boyd/McGihon and Massey). Some components of the bill were then amended by S.B. 11-124 (Hodge/Gerou). Key provisions:

- Increased the Basic Cash Assistance Grant. S.B. 08-177 eliminated statutorily-fixed grant levels and directed the State Board of Human Services to set a level above that in effect in January 2008. The board ultimately increased grants 30 percent, the first increase since the implementation of TANF in 1997.
- Capped county TANF reserves. S.B. 08-177 specified that upon the conclusion of FY 2008-09, counties would be required to remit to the Colorado Long-term Works Reserve any unspent TANF reserves in excess of 70 percent of the county block grant received in the prior fiscal year. The caps ratcheted down each year until FY 2011-12. After amendment by S.B. 11-124, the cap was set permanently at 40 percent of a county's initial grant, starting in FY 2010-11, with amounts above the cap subject to redistribution to counties with lower reserves based on guidelines established by the Works Allocation Committee.
- Created two new funds controlled at the state-level and added \$13 million in appropriations. The Statewide Strategic Uses Fund (SSUF) was to be used for specific initiatives and programs that further the purposes of the Colorado Works Program, based on recommendations of a 13-member Strategic Allocations Committee. The Program Maintenance Fund was to be used by the executive director of the Department of Human Services to respond to unforeseen situations. Initial appropriations in the bill were set at \$10.0 million for the SSUF and \$3.0 million for the Program Maintenance Fund. Although the SSUF and Program Maintenance Fund were gradually de-funded between FY 2009-10 and FY 2011-12, the \$13 million reduced from these programs was used for other purposes-- primarily to offset General Fund in the Division of Child Welfare on an ongoing basis.

These policy changes combined with the impact of the recession that began in FY 2008-09 to rapidly

boost spending and reduce reserves.

- Counties spent rapidly to avoid having to revert funds to the Long Term Reserve. This was particularly notable in FY 2008-09, when county spending increased far more than caseload.
- The increase in the basic cash assistance grant exacerbated the fiscal impact of recession-driven caseload increases on county Colorado Works budgets.
- Initial appropriations for the SSUF and Program Maintenance Fund increased state appropriations of TANF funds above annual federal TANF allocations. Federal allocations and appropriations had previously been balanced, and the new \$13 million in appropriations acted as a mechanism for spending down TANF reserves. Although it had been anticipated that new appropriations in S.B. 08-177 would be matched with county block grant reductions, reductions were not implemented between FY 2008-09 and FY 2011-12. This was feasible in part because of additional funding that became available under ARRA.

TANF Funding Under ARRA, and Use of TANF to Balance the Budget. From its inception in 1996, the TANF program included the TANF Contingency Fund, designed to help states respond to economic downturns. The American Recovery and Reinvestment Act (ARRA) provided an additional temporary source: the ARRA TANF Emergency Contingency Fund. Both have been tapped by the State to boost and maintain TANF programs and to help balance the state budget.

Pursuant to ARRA, Colorado was able to access \$68.0 million in supplemental TANF funds in FY 2008-09 and FY 2009-10 through a combination of the TANF Emergency Fund created through ARRA and the Contingency Fund created in 1996. Of the \$68.0 million accessed by Colorado during this period, \$43.1 million was from ARRA TANF Emergency Fund, which reimbursed the State for 80 percent of increased spending in certain categories (including basic cash assistance), and \$24.9 million was from the TANF Contingency Fund.⁶ In addition, the State was able to tap \$6.8 million from the Contingency Fund in FY 2010-11 and \$4.5 million in FY 2011-12.

Of the \$79.3 million received over four years:

- \$23.2 million was used for new short-term program expenditures authorized through an FY 2009-10 supplemental appropriation. This included a subsidized employment program, a "rapid rehousing" program, and increased funding for low-income energy assistance and refugee services.
- \$37.5 million was used to facilitate a time-limited refinance of Child Welfare General Fund

⁶To qualify for the Emergency Fund, the State was required to demonstrate caseload increases over prior years. To qualify for the Contingency Fund, it is required to meet certain unemployment or food assistance growth triggers (food assistance participants must be at least 110 percent of the monthly average for FFY 1994 or 1995) and to demonstrate maintenance of effort expenditures at 100 percent of the 1994 level (as opposed to the 80 percent of such expenditures usually required).

with TANF funds (\$12.5 million each year in FY 2009-10, FY 2010-11, and FY 2011-12); and

- \$18.6 million helped to support county block grants and total TANF appropriations at the FY 2008-09 appropriation level, despite the overall imbalance between revenues and expenditures created beginning in FY 2008-09.

The Problem Now: Current and Anticipated TANF Shortfalls Facing Counties and the State

As we approach FY 2012-13 Colorado is facing a significant TANF funding shortfall. A portion of this was anticipated and discussed in prior staff budget briefings and is addressed in the Executive Budget Request. A portion was unanticipated and is related to federal action to date and potential federal action in the near future. *The combined impact of less funding available and ongoing high caseload levels could drive a need for dramatic reductions in the TANF program in the near future, depending upon final federal action.*

Portion of the problem anticipated and addressed in the Executive Request. As discussed on numerous occasions during prior year budget briefings, it has been clear that Colorado would face two TANF-related budget holes beginning in FY 2012-13: (1) TANF funds used to refinance General Fund in the Division of Child Welfare on a temporary basis (\$12.5 million of \$23.5 million refinanced FY 2011-12) were not expected to be available; (2) An additional "structural" imbalance between TANF revenue and expenditures of approximately \$12 million would also need to be addressed. The FY 2012-13 budget request addresses both of these issues. The request includes:

- a decrease of \$12.5 million federal TANF funds and a corresponding increase of \$12.5 million General Fund in the Division of Child Welfare to undo the temporary child welfare refinance; and
- pursuant to R-3 (TANF Long-Term Reserve Solvency), a decrease of \$5.4 million federal TANF Funds in FY 2012-13, annualizing to a decrease of \$10.4 million TANF funds in FY 2013-14. The table below outlines the reductions included in this request.⁷

R-3: TANF Long Term Reserve Solvency				
	FY 2012-13		FY 2013-14	
	Local Cash Funds	TANF Federal Funds	Local Cash Funds	TANF Federal Funds
Colorado Works, Administration	\$0	(\$60,208)	\$0	(\$60,208)
<i>FTE</i>		<i>(1.0)</i>		<i>(1.0)</i>
CO Works, County Block Grants	(889,547)	(5,168,767)	(1,756,855)	(10,137,645)

⁷Note that the request appears to have assumed some reserves would still be supporting the program in FY 2013-14, although more recent data does not support this.

R-3: TANF Long Term Reserve Solvency				
	FY 2012-13		FY 2013-14	
	Local Cash Funds	TANF Federal Funds	Local Cash Funds	TANF Federal Funds
CO Works, County Training	0	(114,000)	0	(114,000)
Refugee Services	0	(50,000)	0	(50,000)
Total	(\$889,547)	(\$5,392,975)	(\$1,756,855)	(\$10,361,853)

Portion of the problem not anticipated or addressed in the request. The current budget-cutting focus in Washington has already had an impact on TANF funding--and may well have more.

TANF Supplemental Grant Funding. Previous federal continuing resolutions extended most of TANF through September 2011 and most recently extended the program through December 2011. However, the Supplemental Grant program, which comprises a significant part of Colorado's annual funding (\$13.6 million per year), was not fully funded for FFY 2011, and continuing resolutions to authorize the program have thus far only extended through June 2011 and not beyond.

TANF Reauthorization and the Super Committee. Federal authorization for the TANF program expired in September 2010 and has since been extended through December 2011 through multiple continuing resolutions. It is unclear how this situation intersects with the work of the Super Committee that is attempting to reach agreement on at least \$1.3 trillion in federal cuts starting in FFY 2013. The TANF program is exempted from automatic sequestration if the Super Committee fails to reach agreement, but the very continuation of TANF requires affirmative Congressional action.

TANF Supplemental Grants

These grants are provided to 13 states, including Colorado, that would have been disadvantaged by the original federal TANF allocation formula because they had high population growth and/or had historically spent little on the AFDC welfare program TANF replaced. The program was created as part of the original welfare reform law in 1996. For most of these states receiving this grant (including Colorado) the grant comprises 9 or 10 percent of annual TANF allocations.

While staff assumes that TANF will be continued at some level, even when Congress has maintained the TANF program through continuing resolutions, it has not fully funded components other than the basic block. In addition to, for now, discontinuing the TANF Supplemental Grants, Congress has not fully replenished the TANF Contingency Fund, which was intended to assist states in addressing situations such as the current recession.

Department Long Term Reserve Estimates. The Department's recent response to the annual TANF Request for Information from the JBC includes data that was not available when other components of the Executive Request were compiled. Specifically, this estimate reflects federal cuts taken to-date (for funding through December 2012), although it assumes funding levels will be restored for the latter half of FY 2011-12. *Even using this conservative approach, additional cuts beyond the*

cuts in the November 1 Executive Request will be needed in FY 2012-13 to keep the Long Term Reserve solvent.

TANF Long Term Reserve		
Department Response to RFI #4 - November 1, 2011		
	SFY 2011-12 (Current)	SFY 2012-13 (Request)
Projected Revenue		
Uncommitted prior year funds	\$25,667,584	\$3,948,630
Regular Annual TANF Grant	136,056,690	136,056,690
Supplemental TANF Grant	10,177,268	13,569,691
TANF Contingency Fund	<u>4,535,222</u>	<u>0</u>
Revenue Subtotal	\$176,436,764	\$153,575,011
Appropriation/Request		
Allocations to Counties	\$135,237,861	\$130,069,094
Info. Technology & Indirect Costs	6,318,057	6,318,057
CO Works State Administration	2,367,205	2,192,997
Works Statewide Strategic Use Fund	0	0
Works Program Maintenance Fund	100,000	100,000
Refugee Assistance	2,805,334	2,755,334
Low Income Energy Assistance	1,500,000	1,500,000
Domestic Abuse Program	659,677	659,677
Child Welfare Programs	<u>23,500,000</u>	<u>11,000,000</u>
Expenditure subtotal	\$172,488,134	\$154,595,159
2% reserve	<u>0</u>	<u>2,721,132</u>
Fund Balance/Additional Cut Required	\$3,948,630	(\$3,741,280)

As reflected in the table, based on funding provided to-date, it appears that Colorado will, at a minimum, need to reduce TANF appropriations by \$3.7 million *in addition to* the \$5.4 million already in the Executive Request for FY 2012-13.

A Hypothetical "Bad Case" Scenario. What would be the impact on Colorado if Congress continues funding of the TANF program at the current level, but doesn't continue the supplemental grants? The table below shows how this would change the Long Term Reserve scenario and the cuts that would be required in both FY 2011-12 and FY 2012-13. Numbers that differ from the Department RFI submission are shaded.

TANF Long Term Reserve		
Hypothetical Scenario - No More Supplemental TANF Grant		
	SFY 2011-12	SFY 2012-13
Projected Revenue		
Uncommitted prior year funds	\$25,667,584	\$2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690
Supplemental TANF Grant	0	0
TANF Contingency Fund	<u>4,535,222</u>	<u>0</u>

TANF Long Term Reserve		
Hypothetical Scenario - No More Supplemental TANF Grant		
	SFY 2011-12	SFY 2012-13
Revenue Subtotal	\$166,259,496	\$138,777,822
Appropriation/Request		
Allocations to Counties	\$135,237,861	\$130,069,094
Info. Technology & Indirect Costs	6,318,057	6,318,057
CO Works State Administration	2,367,205	2,192,997
Works Statewide Strategic Use Fund	0	0
Works Program Maintenance Fund	100,000	100,000
Refugee Assistance	2,805,334	2,755,334
Low Income Energy Assistance	1,500,000	1,500,000
Domestic Abuse Program	659,677	659,677
Child Welfare Programs	<u>23,500,000</u>	<u>11,000,000</u>
Expenditure subtotal	\$172,488,134	\$154,595,159
2% reserve	<u>2,721,132</u>	<u>2,721,132</u>
Fund Balance/Additional Cut Required	(\$8,949,770)	(\$18,538,469)

As reflected in the table, if the Supplemental Grant is discontinued, Colorado might need to reduce TANF appropriations by \$8.9 million through supplemental FY 2011-12 action and by \$18.5 million beyond the \$5.4 million already in the Executive Request for FY 2012-13. **If Supplemental Grants are eliminated (on top of reductions already planned to align revenues and appropriations), FY 2012-13 TANF cuts would total \$23.9 million--a reduction of 15 percent from current funding levels⁸. This would likely drive a need for significant program changes and new legislation during the 2012 session.** While some cuts could be applied to the Division of Child Welfare or other TANF-supported programs, the options are limited for a cut of this magnitude, and cuts would likely fall heavily on counties.

County Issues. Counties have been consulted on the current Executive Request for program cuts, and are not actively opposing them. However, they would be hard-pressed to take additional large cuts in FY 2011-12 and FY 2012-13 without significant policy changes, *e.g.*, a reduction to the basic cash assistance grant. County reserve levels continue to fall, and caseloads remain high. The specific situation varies by county, and new policies to redistribute excess reserves among counties, as well as changing allocation formulas, will assist those in the most dire circumstances. Nonetheless, with basic cash assistance demanding over 50 percent of allocations before any cut, and remaining reserves averaging 25 percent, county options for absorbing cuts in the 15 to 20 percent range are also very limited.

⁸This calculation excludes the temporary \$12.5 million child welfare refinance from the FY 2011-12 base.

County TANF Allocations, Expenditures, Reserves, and Basic Cash Assistance							
	Preliminary FY 2010-11 Allocation*	FY 2010-11 Expenditure	Expend as % Allocation	June 30, 2011 Reserves	Reserves as Percent Allocation	FY 2010-11 Basic Cash Assistance (BCA)	BCA as Percent Allocation
Adams	\$12,661,495	16,554,384	130.7%	355,704	2.8%	\$5,175,732	40.9%
Arapahoe	12,712,097	15,038,811	118.3%	3,047,112	24.0%	7,300,037	57.4%
Boulder	6,199,501	4,747,280	76.6%	1,962,960	31.7%	2,081,415	33.6%
Denver	37,683,798	44,971,934	119.3%	9,688,429	25.7%	19,176,074	50.9%
El Paso	19,475,277	23,791,912	122.2%	4,602,590	23.6%	11,433,764	58.7%
Jefferson	10,990,006	9,712,274	88.4%	1,747,153	15.2%	4,917,317	42.9%
Larimer	7,960,898	7,452,406	93.6%	3,184,359	40.0%	3,229,322	40.6%
Mesa	5,540,681	5,620,808	101.4%	2,216,272	40.0%	1,807,648	32.6%
Pueblo	8,143,642	10,707,566	131.5%	1,056,494	13.0%	7,450,958	91.5%
Weld	4,885,167	5,080,095	104.0%	0	0.0%	2,857,731	56.2%
Balance of State	<u>24,783,606</u>	<u>25,169,616</u>	<u>101.6%</u>	<u>8,315,160</u>	32.9%	<u>11,361,578</u>	44.9%
Total	\$151,036,168	\$168,847,086	111.8%	\$36,176,234		\$76,791,575	50.8%
Excess reserves & county block grant support to be redistributed				<u>3,852,215</u>			
Final Reserves				\$40,028,449	26.5%		

*Note: New FY 2011-12 allocations include some major differences. In particular, Pueblo will see an increase in its allocation of 22%, while other counties see modest increases of up to 4.2% (Adams, Arapahoe, El Paso, Weld) or decreases of up to 5.5% (Boulder, Jefferson, Larimer, Mesa, Denver).

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: Human Services Funding and the Joint Select Committee on Deficit Reduction

Federal funds are a critical source of support for state human services programs. Due to ongoing federal budget negotiations, there is great uncertainty about what federal funding will be available for FY 2012-13.

SUMMARY:

- ❑ Federal funding comprises 43 percent of Colorado's Human Services "on budget" funding and more than this if off-budget sources are included.
- ❑ These funds could be reduced through legislation advanced by the Congressional Joint Select Committee on Deficit Reduction or through an automatic sequestration process, authorized through the Budget Control Act of 2011. Any of the federally-funded programs could be subject to reduction through Congressional legislative action. However, the majority of human services funding would be exempted from automatic sequestration.

DISCUSSION:

Federal funds are a critical source of support for state human services programs. For FY 2011-12, federal funds comprise \$884 million (42.9 percent) of the state human services budget.¹ In addition, substantial additional federal funds are received which are not reflected in state budget bills. This includes, most notably, food assistance benefits (SNAP/Food Stamps), which totaled \$743 million in FY 2010-11.

The majority of federal human services funding is not subject to appropriation by the General Assembly and is shown in the Long Bill solely for informational purposes. However, whether subject to legislative appropriation or not,

**Congressional Joint Select Committee on
Deficit Reduction
(the "Super Committee")
Key Dates**

2011

Nov. 23: Joint Committee will vote on a bill
Dec. 9: Committees of jurisdiction recommend whether or not to pass the Joint Committee bill

Dec. 23: House and Senate must vote on the bill

2013

Jan. 15: Sequestration to begin if no bill passed or if legislative savings are insufficient

¹This figure includes the federal funds portion of Medicaid funds appropriated in the Department of Health Care Policy and Financing and transferred to the Department of Human Services as reappropriated funds.

federal receipts play a large role in determining how well the state is able to serve its needy and vulnerable citizens.

As the Committee is aware, after lengthily negotiations this summer, Congress passed and the President signed S.365, The Budget Control Act of 2011. Among other provisions, this bill established caps on discretionary spending through 2011 and established procedures for cutting federal spending over the next ten years.

- The bill established the 12-member Joint Select Committee on Deficit Reduction (the "super committee"), which must reach agreement on cuts to reduce the deficit by \$1.5 trillion over 10 years.
- If the Joint Committee is unable to reach agreement, the bill requires an automatic process to reduce spending by \$1.2 trillion ("sequestration"). Sequestration is also to make up the balance if the savings achieved through legislation are insufficient.

Although the Joint Select Committee is supposed to develop its plan by Thanksgiving, at this point it is still unclear what the plan will look like or whether the Committee will be able to reach agreement. As a result, there is great uncertainty about future funding for Human Services programs.

- If the Committee *is* able to reach agreement, any or all of the federal programs supporting human services could be affected. For much of the Department, legislative decisions, if reached, are more likely to result in significant cuts than the automatic sequestration process. As discussed in separate issues, supplemental grants for the Temporary Assistance for Needy Families program have already been affected, and funding for the Low Income Energy Assistance Program seems likely to be cut substantially through legislated funding cuts.
- If the Committee is *not* able to reach agreement, some human services programs would be subject to sequestration, but the majority would be protected based on provisions of the law that exempt many programs for low income people.

Human Services programs exempted from automatic sequestration:

- Temporary Assistance for Needy Families (TANF)
- TANF Contingency Fund
- Child Care Development Funds mandatory and matching portions (CCDF)
- Child Welfare Foster Care and Permanency Payments under Title IV-E
- Medicaid
- Supplemental Nutrition Assistance Program (SNAP/Food Stamps)
- Child Support Enforcement
- Commodity Food Distribution Program
- State and Veterans Nursing Homes

The Congressional Budget Office estimates that automatic sequestration would result in reductions ranging from 7.8 percent (in 2013) to 5.5 percent (in 2021) in the caps on new discretionary

appropriations for nondefense programs. The Department believes this would translate into 8 to 10 percent cuts in current appropriation levels.

Some of the Human Services programs staff believes *would* be subject to automatic sequestration include:

- Child Welfare Promoting Safe and Stable Families and Child Abuse Prevention and Treatment Act Grants
- Social Services Block Grant
- Discretionary portion of Child Care and Development Funds (about 1/3 of the total annual grant)
- Low Income Energy Assistance Program (which faces a substantial cut already, based on the President's budget request and Congressional action to-date)
- Refugee Assistance
- Disability Determination Services
- Part C Early Intervention Services
- Vocational Rehabilitation Services
- Mental Health Block Grant
- Substance Abuse Prevention and Treatment Block Grant
- Older Americans Act programs

In addition, some programs in other departments targeted at low-income individuals, including Section 8 housing vouchers and various public health programs, would be subject to automatic sequestration.

Based on a very rough estimate that about \$320 million (36 percent) of Department of Human Services on-budget federal funds would not be exempted from automatic sequestration, and 10.0 percent of these funds would be cut, the annual federal funds reduction to the Human Services budget would be \$32 million. However, even if the automatic sequestration route is followed, many of the programs deemed exempt (such as TANF) could still be cut or modified through Congressional action. *This could include action related to the FFY 2011-12 budget--which is also still pending.*

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: Old Age Pension Cost of Living Increase and the SSI Maintenance of Effort

The federal government recently approved a 3.6 percent cost of living increase for the Supplemental Security Income (SSI) program. The State Board of Human Services will make a decision in December as to whether it will increase the Old Age Pension (OAP) grant standard by the same amount. The decision has significant implications for the General Fund, as well as for the State's ability to comply with its required maintenance of effort for the SSI program.

SUMMARY:

- ❑ Colorado's Old Age Pension (OAP) program provides assistance to qualified persons aged 60 or older, pursuant to Article XXIV of the Colorado Constitution at a cost of \$77.6 million in FY 2010-11. The primary source of funding for the Old Age Pension is sales and excise taxes (in effect, the General Fund).
- ❑ The federal government recently approved a 3.6 percent cost of living increase for the Supplemental Security Income (SSI) program. The State Board of Human Services will make a decision in December as to whether it will increase the Old Age Pension (OAP) grant standard by the same amount. Approving an increase is estimated to increase expenditures by \$2.8 million, while no increase would result in savings of approximately \$1 million to the General Fund in FY 2011-12. These impacts would double in FY 2012-13.
- ❑ A decision by the State Board not to provide an increase would also reduce expenditures that count toward the state's SSI maintenance of effort requirement by \$3.0 million. However, if the General Assembly were to approve the executive request for an increase in the low income Property Tax/Rent/Heat Rebate, this could compensate for the reduction.

RECOMMENDATION:

The Committee should consider writing a letter to the State Board of Human Services requesting that it not approve a cost of living increase for the Old Age Pension program this year, thereby saving an estimated \$3.8 million General Fund in FY 2011-12 and \$7.6 million in FY 2012-13. However, it should only do so after discussing with the Department how a resulting SSI MOE deficit would be addressed.

The Committee should also pursue a referred measure to modify the Old Age Pension set-aside.

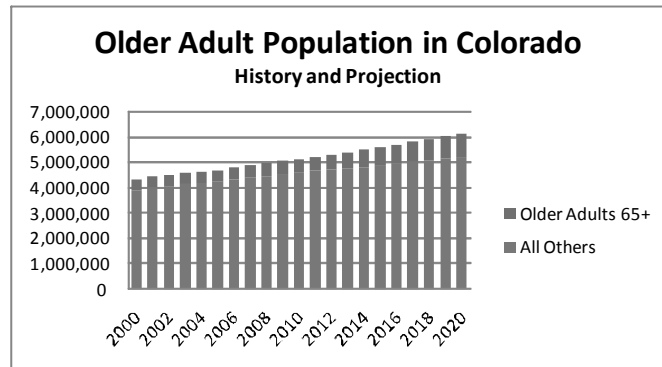
DISCUSSION:

The Old Age Pension Program

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). 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.¹

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.



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 2010 is \$699 per month. This incorporates 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,

¹ For FY 2010-11, Legislative Council staff project total sales and excise taxes of \$2.3 billion. Eighty-five percent of this amount would be about \$2.0 billion, but actual diversion to the Old Age Pension Fund is projected to be \$107.8 million. (September 2010 LCS Forecast)

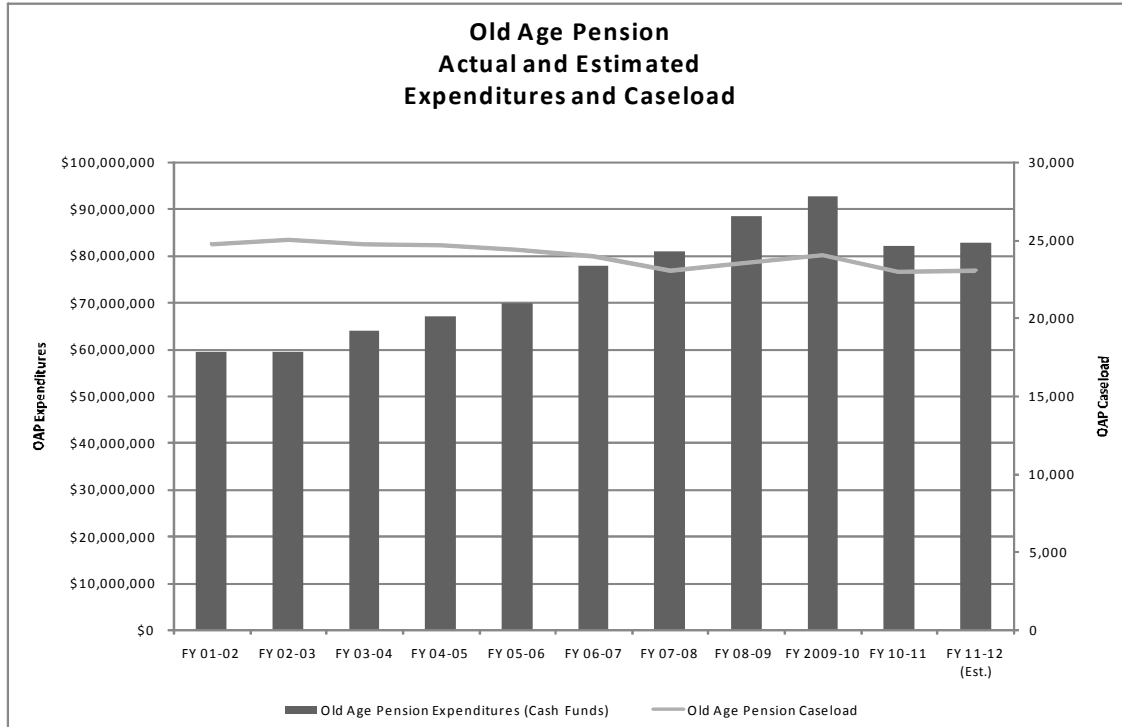
if an individual in the OAP-A program receives a monthly maximum award from the federal SSI program of \$674, the OAP program would provide an additional \$25 per month for that individual to bring them up to the OAP minimum award level of \$699. Individuals applying for OAP are also required to apply 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. The table below reflects program caseload and cost actuals from FY 2010-11.

Old Age Pension Caseload and Costs FY 2010-11 Final			
Program	Estimated Caseload	Average monthly award	Total estimated expenditures (caseload x monthly cost x 12)
OAP-A	17,627	\$241	\$51,054,775
OAP-B	5,316	\$414	\$26,444,208
OAP-C	<u>10</u>	\$81	\$9,992
OAP Personal Needs Allowance			<u>\$118,361</u>
TOTAL*	22,953		\$77,627,336

*Total amounts include the impact of H.B. 10-1384, which was anticipated to reduce caseload by 2,331 (to 22,057) and costs by \$13,439,987 in FY 2010-11. Although actual caseload did not fall as much as anticipated, final OAP costs were only 0.2 percent above the estimate.

Growth of the OAP Program

Expenditures for the OAP program are not controlled by the appropriations process. While the Long Bill includes an estimate for informational purposes, spending levels are routinely controlled by grant standards established by the State Board of Human Services. The chart below reflects growth of the Old Age Pension expenditures and caseload over the last ten years. As shown, from FY 2001-02 to FY 2009-10, the program grew at an average rate of 5.7 percent per year, based on increases in the average monthly grant, including cost of living increases. However, expenditures for FY 2010-11 reflect a decline of 9.8 percent, due to the impact of H.B. 10-1384 (discussed below)



H.B. 10-1384. During the FY 2010-11 legislative session, the JBC sponsored, and the General Assembly adopted, H.B. 10-1384, concerning noncitizen eligibility for the OAP. Effective July 1, 2010, the bill barred qualified legal aliens from accessing the OAP program for five years after their date of entry into the United States, with some exceptions. In addition, effective January 1, 2014 (or earlier if authorized by federal authorities), the bill required that the income and resources of a qualified alien's sponsor be considered when determining OAP eligibility. The fiscal impact of the five year bar was estimated to be \$13.4 million in FY 2010-11 savings. The provisions to deem sponsor income are ultimately expected to provide an additional \$14.8 million in annual savings.

Federal Supplemental Security Income Cost of Living Increase - Implications for OAP

Much of the historic OAP growth has been driven by cost of living adjustments (COLAs) awarded by the State Board of Human Services. In most years, the State Board has mirrored the action of federal authorities: when the federal government announces a COLA for the Supplemental Security Income (SSI) program, the State Board typically follows suit and provides the same award for the OAP program. *After not providing an increase for three years, SSI has just announced that a 3.6 percent increase will take effect January 1, 2012.*

A decision to provide--or not to provide--a commensurate adjustment for the OAP program has an impact on program costs that differs from the percentage adjustment of the COLA. This is because the OAP program funds the incremental difference between a person's income from other sources and the OAP grant standard. Potential impacts are illustrated in the following two examples.

Example 1: An individual currently receiving \$674 per month from SSI and an additional \$25 per month from OAP to reach the OAP award level of \$699. This individual will receive \$698 from SSI effective January 2011.

- ▶ If OAP does *not* increase the grant standard by the amount of the SSI COLA, the individual's OAP award will decrease to just \$1 (\$699 grant standard -\$698 from SSI). The State's payments would *decline by \$24 per month (96 percent)*.
- ▶ If OAP *does* increase the grant standard by the amount of the SSI COLA, the new OAP grant standard would be \$723, and the individual's OAP award would remain \$25.

Example 2: An individual currently has a fixed income of \$622 per month (not SSI) and receives an additional \$77 per month from the OAP.

- ❑ If OAP does *not* increase the grant standard by the SSI COLA, the individual's OAP award will remain flat at \$77, with no impact on state outlays.
- ❑ If OAP *does* provide the increase, the new grant standard increases to \$723 and the State's payment increases \$24 per month, which represents a *31 percent increase on the current payment of \$77*.

About 45 percent of the OAP caseload receives SSI (and is responsible for about 13 percent of expenses). About 55 percent of the OAP population is not SSI eligible. The following represents preliminary estimate of the impact of providing an increase in the OAP grant standard commensurate with the SSI COLA or not.

If the State Board does provide an increase commensurate with the SSI increase, the additional cost compared to not providing the increase is estimated to be \$3.8 million in FY 2011-12 and \$7.5 million in FY 2012-13. These amounts are reflected as OAP Cash Funds, but equate to General Fund, given the source of the OAP Cash Fund.

	FY 2011-12 Estimate	FY 2012-13 Estimate
FY 2010-11 Actual	\$77,627,336	\$77,627,336
Projection if OAP COLA is not provided	76,642,103	75,377,688
<i>Difference from FY 2010-11 actual</i>	<i>(985,233)</i>	<i>(2,249,648)</i>
Projection if OAP COLA is provided	\$80,415,467	\$82,924,416
<i>Difference from FY 2010-11 actual</i>	<i>2,788,131</i>	<i>5,297,080</i>
Increased General Fund cost if COLA is provided	\$3,773,364	\$7,546,728

Federal SSI Cost of Living Increase - Implications for SSI Maintenance of Effort

The federal SSI program is administered by the Social Security Administration and provides assistance to the needy aged, blind, and disabled. Colorado is subject to a maintenance of effort

(MOE), dating to the creation of the SSI program in the 1970s.² Colorado complies with the MOE by maintaining the same level of state expenditure for SSI recipients during each calendar year. This is achieved through the Colorado supplement programs shown in the table below. Only funds disbursed to individuals who are on the federal SSI program count toward the MOE. *As reflected in the table, Old Age Pension provides a significant component of the MOE.*

CY 2011 Estimated SSI MOE Spending by Program		
Program	Contribution (Dollars)	Contribution (Percentage)
Old Age Pension	\$10,304,173	37.6%
Home Care Allowance	8,705,753	31.3%
Property/Rent Tax Rebate	4,103,021	15.0%
Aid to the Needy Disabled	2,333,147	8.5%
Heat Rebate	1,361,378	5.0%
Personal Needs Allowance	153,032	0.6%
Adult Foster Care	86,284	0.3%
Anticipated adjustments	774,729	
Refunds/Expungement	(380,725)	
Total	\$27,440,792	98.1%

A serious byproduct of providing--or not providing--an OAP cost of living increase is the implication for the federal SSI MOE. If an OAP cost of living increase is not provided, the State's contribution toward the MOE would decline by an estimated \$3.0 million.

	CY 2012 and CY 2013 Estimate
CY 2011 MOE Threshold	\$27,033,636
Projection if OAP COLA is not provided	23,996,676
<i>MOE (Shortfall)/overage</i>	<i>(3,036,960)</i>
Projection if OAP COLA is provided	\$27,131,072
<i>MOE (Shortfall)/overage</i>	<i>97,436</i>

²For additional information on the history and current implementation of the federal SSI program, see the *2009 Annual Report of the SSI program* at <http://www.socialsecurity.gov/OACT/ssir/SSI09/ssi2009.pdf>

It should be noted that the state has failed to meet this MOE target in six of the last nine years. The state has been successful in executing a corrective action in each of the following years, and so has not technically been in violation of the requirement. However, failure to meet the MOE puts the state at risk of severe federal sanctions: the minimum sanction that can be applied is the loss of three months of federal Medicaid matching funds. Federal authorities began two years ago to request monthly reports on the State's programs due to the failure to consistently meet MOE requirements. *The State complied with the MOE in 2010 and expects to do so in 2011 based on current data. Whether it will do so in 2012 could depend on whether the OAP program receives a COLA.*

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)
2008	26,882,089	26,446,741	(435,348)
2009	26,882,089	25,307,836	(1,574,253)
2010	26,882,089	27,033,636	151,547
2011 <i>projected</i>	27,033,636	27,440,792	407,156

MOE Implications of Expanding the Colorado Property Tax/Rent/Heat Rebate

The Governor's letter to the Joint Budget Committee dated November 1, 2011 includes one proposal that, although not in the Department of Human Services, may also have significant implications for the SSI MOE. This is the proposal that, in lieu of reinstating the Senior Homestead Exemption, the existing Colorado Property Tax/Rent Heat Rebate created in Section 39-31-101, C.R.S. be expanded by \$9.5 million.

Pursuant to Sections 39-31-101 and 104, C.R.S., the Department distributes heat, fuel and property tax assistance grants to qualified low-income individuals age 65 and over or disabled. The qualifications for the grants are determined by the Senate and House Finance Committees, and estimates are reflected in the Long Bill in the Department of Revenue for informational purposes (\$7.8 million General Fund in FY 2011-12). As reflected in the tables above, the Property/Rent and Heat Rebates are projected to contribute \$5.5 million of SSI MOE in CY 2011. Thus, approximately 70 percent of rebates appear to count toward the SSI MOE.

If the General Assembly were to approve the Executive request for a \$9.5 million increase in the Rebates, it would be reasonable to expect expenditures counting toward the MOE to increase by approximately \$6.7 million in FY 2012-13, with likely 60 percent of that (about \$4.0 million) counting toward the CY 2012 MOE. *Thus, if the State Board does not approve a COLA for the OAP program, the MOE that would be lost could be made up by the proposed increase for the Rebates*

for CY 2012. However, as is always the case with substantial changes to components of the MOE, the Committee should be aware that if an increase were not continued in future years for the rebate program, it could present significant problems for the SSI MOE. This is because the SSI MOE relies on the prior year's expenditures to set the new MOE. If the MOE is increased, a new baseline is created.

Another Budget Balancing Option: the OAP Stabilization Fund

The Constitution provides for an OAP Stabilization Fund of \$5.0 million (Article XXIV, Section 7 of the Colorado Constitution). Although the original intent was to ensure sufficient funding for the OAP program, based on the manner in which sales and excise tax are diverted to OAP Cash Fund, this additional fund serves no effective purpose. The General Assembly could consider referring a Constitutional amendment to the voters in 2012 to eliminate the fund, thus providing a one-time \$5.0 million boost to the General Fund.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)**

BRIEFING ISSUE

ISSUE: County Administration: Doing More with Less

The Department is working with counties to improve performance and efficiency in the face of rising caseloads and flat budgets.

SUMMARY:

- ❑ Most public welfare programs in Colorado are state-supervised and county-administered. This includes the food assistance program (SNAP, formerly known as food stamps), which is one of the largest public welfare programs and provides benefits of about \$742 million to about 8.9 percent of the state population.
- ❑ Caseloads for public assistance have risen quickly during the recession, and timely processing of applications has been a problem. County budgets have not risen at the rate of caseload and are not likely to in foreseeable future. Counties and the Department are thus working to make caseload processing more efficient and do more with less.

DISCUSSION:

Background - State-supervised County Administered Programs

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. Legal decisions interpreting the state Constitution have established that municipalities and counties are 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).

Share of Total Human Services Expenditures for County-administered Programs by County Size	
Largest 11 counties (pop. 100,000-600,000)	84%
Medium 26 counties (pop. 10,000-60,000)	12%
Smallest 27 counties (pop. <10,000)	4%
	<u>100%</u>

Human Services functions that are state-supervised and county administered include the following:

- Eligibility determination/fraud investigation for financial, food, and medical assistance programs such as Medicaid, food assistance (Supplemental Nutrition Assistance Program (SNAP)/ Food Stamps), and the Old Age Pension program. [Eligibility for Medicaid is funded through the Health Care Policy and Financing budget]
- Child Welfare Services and Adult Protective Services for children and adults at risk of abuse or neglect
- Colorado Works (Temporary Assistance for Needy Families) - cash assistance, case management and support services for needy families
- Child Care Assistance Program - child care subsidies for low-income families who require financial assistance for child care in order to work
- Child Support Enforcement - ensures non-custodial parents make required child support payments

In addition, funding provided from other state departments (Labor and Employment, Public Health, Local Affairs, Health Care Policy and Financing) or the federal government are often county-administered and intersect with state-supported human services programs.

The level of county financial responsibility varies by program. However, for the majority of the Human Services programs included in the state budget:

- counties are responsible for covering 20 percent of costs; and
- counties are responsible for covering expenditures that exceed state funding allotments. In some cases, these costs may be covered by transferring federal TANF block grant funds from one program to another. In other cases, expenditures in excess of state funding allotments may be covered through partial federal reimbursement.

County Budgets - Recent History

After peaking in FY 2008-09, state support for human services programs has been relatively flat for the last three years, with cuts to many programs, no adjustments for inflation, and limited if any adjustments for caseload. County human services departments, which are heavily funded by state and federal funds transfers, have likewise had to manage large caseload growth with flat or declining budgets in many categories.

The table below provides a three-year picture of county expenditures for Human Services programs, based on county expenditures through the County Financial Management System.

As reflected:

- County expenditures for administration, case management, and client services fell by \$42 million (6.3 percent) over the three-year period. This included large declines in spending for child welfare services and Colorado Works program administration, partially offset by increases to administrative "pass through" expenditures (where county expenditures above state caps are partially reimbursed by the federal government).
- Federally-funded food assistance benefits grew by a massive \$308 million during this period. Colorado Works basic cash assistance also grew, while funding for child care benefits, low

income energy assistance, and the Old Age Pension (OAP) program fell due to state budget cutting measures (OAP), declining federal stimulus support (for child care and energy assistance), and county reallocation of TANF funds (child care).

- The state share of funding for county-managed programs declined by \$42 million over this period, primarily due to declines for child welfare programs, as well for the Old Age Pension Program. Meanwhile, county funding remained relatively flat.
- If federal food assistance benefits are excluded, federal expenditures declined by \$20 million, and total county expenditures declined by \$65 million (4.4 percent).

County Expenditures for Human Services Administration and Benefits				
Actual Expenditures /1				
	Total Funds	Total Funds	Total Funds	Change
	FY 2008-09	FY 2009-10	FY 2010-11	FY 09 to FY 11
County Administration, Case Management, Client Services				
County Administration of Food Assistance, Medicaid, Adult Assistance	\$84,476,429	\$85,607,622	\$85,737,132	\$1,260,703
Child Welfare (all services and expenditures)	411,430,497	387,853,931	376,473,799	(34,956,698)
County Administration of Child Care	10,413,168	10,210,573	10,050,842	(362,326)
County Administration of Colorado Works	85,769,621	78,484,045	66,479,313	(19,290,308)
Food Assistance Job search/Other	6,671,225	7,366,392	8,887,343	2,216,118
Child Support Enforcement (less retained collections)	34,481,163	35,943,429	33,732,628	(748,535)
Additional County Expenditures (no state funding; partial federal reimbursement)	<u>38,040,664</u>	<u>39,729,372</u>	<u>47,815,361</u>	<u>9,774,697</u>
Subtotal - County Administration, Case Management, Client Services	\$671,282,767	\$645,195,363	629,176,418	(42,106,349)
Client Benefits				
Child Care Benefits	93,673,027	88,846,877	76,722,708	(16,950,319)
CO Works Basic Cash Assistance	75,250,868	89,663,905	90,338,302	15,087,434
Old Age Pension, Aid to Needy Disabled, Home Care Allowance	111,781,229	116,175,293	103,915,984	(7,865,245)
Low Income Energy Assistance	66,752,266	70,827,334	53,819,151	(12,933,115)
Food Assistance (SNAP/food stamps)	<u>434,689,714</u>	<u>655,431,311</u>	<u>742,708,150</u>	<u>308,018,436</u>
Subtotal - Client Cash and Food Benefits	\$782,147,104	\$1,020,944,719	\$1,067,504,295	\$285,357,191

County Expenditures for Human Services Administration and Benefits
Actual Expenditures /1

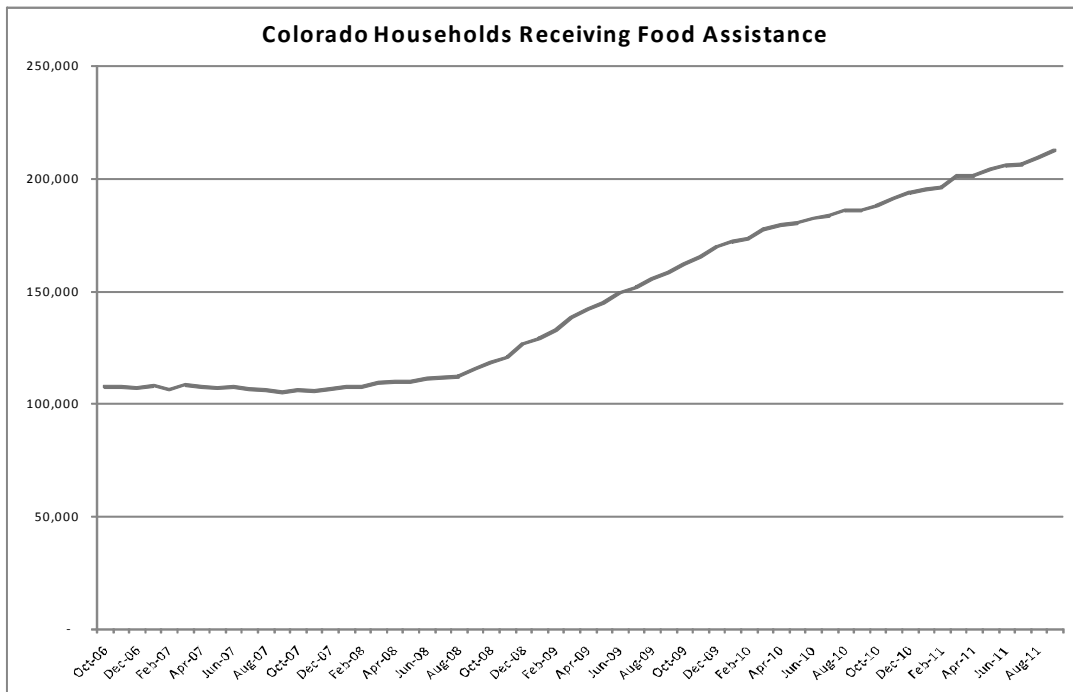
	Total Funds	Total Funds	Total Funds	Change
	FY 2008-09	FY 2009-10	FY 2010-11	FY 09 to FY 11
Total - Administration and Benefits	<u>\$1,453,429,871</u>	<u>\$1,666,140,082</u>	<u>\$1,696,680,713</u>	<u>\$243,250,842</u>
State Funds (General, Cash)	368,183,597	347,185,441	326,277,911	(41,905,686)
County Funds	160,963,611	157,853,804	157,755,629	(3,207,982)
Federal Funds	924,282,663	1,161,100,831	1,212,647,173	288,364,510

Source: County Financial Management System reports

/1 The County Financial Management System includes expenditures which are "off budget" from a state perspective. In particular, food assistance benefits (which are 100 percent federal), most county administration of the child support enforcement program (34 percent county funding and 66 percent federal funding), and additional county expenditures ("pass through" expenditures) for which counties receive partial federal reimbursement but no state reimbursement, are excluded from the Long Bill.

Caseload Growth for Public Assistance Programs

As the Committee is aware, the caseload for public assistance programs has grown rapidly. Nowhere is this more evident than in the food assistance program (formerly Food Stamps and now known as the Supplemental Nutrition Assistance Program or SNAP). As shown, caseload has nearly doubled in the last three years. While the rate of growth has slowed somewhat, caseload appears likely to continue to rise over the coming year by at least another 10 percent and likely more.



There appears to be plenty of "room" for Colorado's food assistance caseload to grow. Compared to other states, Colorado has a very low penetration rate for food assistance:

- ▶ The percentage of the Colorado population that receives food assistance has now increased to about 8.9 percent or about 1 in 11 Coloradans (464,088 individuals in July 2011)--but this is far lower than national usage of about 14.5 percent or 1 in 7 Americans.
- ▶ The federal government ranks states based on the penetration rate of the SNAP program compared to the population with incomes at or below 125 percent of the federal poverty level, the "Program Access Index". Using this measure, Colorado ranked 49th among the states in 2010, with just 48 percent of those eligible accessing the program, compared to a national average of 69 percent. (USDA, "Calculating the SNAP Program Access Index: A step-by-step Guide 2010, October 2011)

The reasons for Colorado's low food assistance penetration rate are uncertain. To some extent this may reflect the culture of Colorado. It may reflect historically cumbersome state rules. It may also reflect problems with a county-administered system that performs better in some places than others.

Caseload growth thus far has been challenging for counties to manage. County staff use the Colorado Benefits Management System (CBMS) to determine client eligibility for Medicaid, food assistance (SNAP) and various other public assistance programs. Because of the ongoing problems with processing applications timely, a settlement agreement in a case filed in 2005 and originally settled in 2007 regarding application processing and the Colorado Benefits Management System was reopened in 2010, and the Department agreed to an Amended Stipulation and Order of Settlement for the Department of Human Services in the case (Anna Davis et. al. v. Joan Henneberry and Karen Beye). Pursuant to the Amended Order, the Department agreed to improve timeliness for both Food Assistance and Colorado Works applications, achieving 80% timeliness by March 31, 2011 and improving to 95% timeliness by September 30, 2012.

Counties must do more with less. While the federal government pays 100 percent of the SNAP benefit, the cost of administration is based on a 50/50 share between federal and state and local governments. Some additional funding has been made available, first through the American Recovery and Reinvestment Act and more recently through the State (a time-limited \$4.7 million total funds decision item was approved for FY 2011-12 and FY 2012-13 only). Counties have also increased spending of county dollars to help cover administrative costs. However, funding has not increased commensurate with caseload growth.

There should be room for counties to improve cost-efficiency. Based on data from the U.S. Department of Agriculture, in FFY 2008-09, Colorado's administrative cost-per-case was \$48.60 per case per month, compared with a United States average of \$35.98. (SNAP State Activity Report - FFY 2009) This includes state costs for CBMS and state quality assurance, as well as county administration (which represents about half of the total). Both the Colorado and the national cost-per-case has fallen as caseloads have increased, but *Colorado still appears to use a relatively high level of funding while delivering benefits to a surprisingly small number of people compared to other states.*

The Department has been working intensively with counties to improve their efficiency in processing cases.

- ▶ Starting in 2010, the Department joined the Department of Health Care Policy and Financing in a project with the Southern Institute to do business process reengineering for application processing. This involves shifting county staff from a case management to a task-based model for processing applications quickly.
- ▶ Many counties are now focused on same-day processing for as many cases as possible, using optical imaging systems for efficient data storage, and employing specialized software designed to support rapid case processing.
- ▶ The application for benefits has been greatly shortened (from 26 to 8 pages), and a centralized "dashboard" to help counties in managing their caseloads will be pushed out to counties this year.
- ▶ The Department has also received a grant to work with the Department of Health Care Policy and Financing to do strategic planning that will help integrate the multiple benefits programs provided by the two departments.

The focus on improved efficiency does appear to be paying off, as counties have dramatically improved timeliness of processing over the last year. Nonetheless, further improvements will be needed as caseloads continue to grow.

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DEPARTMENT OF HUMAN SERVICES Reggie Bicha, Executive Director
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(4) COUNTY ADMINISTRATION

County Administration	<u>51,305,313</u>	<u>50,809,601</u>	<u>50,116,105</u>	<u>50,116,105</u>	
General Fund	20,394,369	20,516,876	19,823,380	19,823,380	
Cash Funds	9,381,078	9,193,456	9,193,456	9,193,456	
Federal Funds	21,529,866	21,099,269	21,099,269	21,099,269	
Food Assistance Administration	<u>0</u>	<u>0</u>	<u>4,715,280</u>	<u>4,715,280</u>	
General Fund	0	0	1,414,584	1,414,584	
Cash Funds	0	0	943,056	943,056	
Federal Funds	0	0	2,357,640	2,357,640	
County Tax Base Relief	<u>2,700,688</u>	<u>1,587,428</u>	<u>1,000,000</u>	<u>1,000,000</u>	
General Fund	2,700,688	1,587,428	1,000,000	1,000,000	
County Share of Offsetting Revenues	<u>3,506,431</u>	<u>2,899,425</u>	<u>3,789,313</u>	<u>3,789,313</u>	
Cash Funds	3,506,431	2,899,425	3,789,313	3,789,313	
County Incentive Payments	<u>6,662,816</u>	<u>1,768,204</u>	<u>5,136,921</u>	<u>5,219,101</u>	*
Cash Funds	6,662,816	1,768,204	5,136,921	5,219,101	

Total Funds - (4) County Administration	<u>64,175,248</u>	<u>57,064,658</u>	<u>64,757,619</u>	<u>64,839,799</u>	<u>0.1%</u>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	23,095,057	22,104,304	22,237,964	22,237,964	0.0%
Cash Funds	19,550,325	13,861,085	19,062,746	19,144,926	0.4%
Federal Funds	21,529,866	21,099,269	23,456,909	23,456,909	0.0%

*This line item includes a decision item.

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(7) OFFICE OF SELF SUFFICIENCY

(A) Administration

Personal Services	1,601,551	1,554,838	1,661,912	1,694,793	
<i>FTE</i>	<u>18.8</u>	<u>19.6</u>	<u>22.0</u>	<u>22.0</u>	
General Fund	722,601	722,104	712,178	725,986	
Federal Funds	878,950	832,734	949,734	968,807	
Operating Expenses	88,792	69,265	75,539	77,499	
General Fund	31,714	35,249	52,173	54,133	
Federal Funds	57,078	34,016	23,366	23,366	

Total Funds - (A) Administration	1,690,343	1,624,103	1,737,451	1,772,292	2.0%
<i>FTE</i>	<u>18.8</u>	<u>19.6</u>	<u>22.0</u>	<u>22.0</u>	<u>0.0%</u>
General Fund	754,315	757,353	764,351	780,119	2.1%
Federal Funds	936,028	866,750	973,100	992,173	2.0%

(B) Colorado Works Program

Administration	1,377,176	1,159,759	1,549,410	1,517,246	*
<i>FTE</i>	<u>17.1</u>	<u>17.6</u>	<u>19.0</u>	<u>18.0</u>	
Federal Funds	1,377,176	1,159,759	1,549,410	1,517,246	

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County Block Grants	<u>151,536,168</u>	<u>151,786,044</u>	<u>151,536,168</u>	<u>145,477,854</u>	*
Cash Funds	22,375,278	22,387,137	22,823,033	21,933,486	
Federal Funds	129,160,890	129,398,907	128,713,135	123,544,368	
Reimbursement to Counties for Prior year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement	<u>11,049,452</u>	<u>5,524,726</u>	<u>5,524,726</u>	<u>5,524,726</u>	
Federal Funds	11,049,452	5,524,726	5,524,726	5,524,726	
County Block Grant Support Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	
Federal Funds	1,000,000	1,000,000	1,000,000	1,000,000	
County TANF Reserves for Colorado Works, Child Welfare, and Child Care Programs	<u>57,393,455</u>	<u>0</u>	<u>55,618,851</u>	<u>55,618,851</u>	
Federal Funds	57,393,455	0	55,618,851	55,618,851	
County Training	313,975	531,724	586,297	475,744	*
FTE	<u>1.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Federal Funds	313,975	531,724	586,297	475,744	
Domestic Abuse Program	808,910	1,830,757	1,825,147	1,831,431	
FTE	<u>1.6</u>	<u>2.7</u>	<u>2.7</u>	<u>2.7</u>	
Cash Funds	149,086	1,170,933	1,167,477	1,171,754	
Federal Funds	659,824	659,824	657,670	659,677	
Works Program Evaluation	<u>75,215</u>	<u>104,958</u>	<u>95,000</u>	<u>95,000</u>	
Federal Funds	75,215	104,958	95,000	95,000	

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Workforce Development Council	<u>74,741</u>	<u>83,802</u>	<u>105,007</u>	<u>105,007</u>	
Federal Funds	74,741	83,802	105,007	105,007	
Promoting Responsible Fatherhood Grant	<u>2,058,355</u>	<u>1,788,092</u>	<u>518,000</u>	<u>0</u>	
General Fund	72,000	68,353	18,000	0	
Federal Funds	1,986,355	1,719,739	500,000	0	
Colorado Work Program Maintenance Fund	<u>1,747,109</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	
Federal Funds	1,747,109	100,000	100,000	100,000	
Colorado Works Statewide Strategic Use Fund	<u>11,167,935</u>	<u>6,832,814</u>	<u>0</u>	<u>0</u>	
Federal Funds	11,167,935	6,832,814	0	0	
TANF-Supported Subsidized Employment	<u>3,653,489</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Federal Funds	3,653,489	0	0	0	
TANF-Funded Homeless Prevention	<u>2,355,385</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Federal Funds	2,355,385	0	0	0	
Total Funds - (B) Colorado Works Program	244,611,365	170,742,676	218,458,606	211,745,859	(3.1%)
FTE	<u>19.7</u>	<u>25.3</u>	<u>23.7</u>	<u>22.7</u>	(4.2%)
General Fund	72,000	68,353	18,000	0	(100.0%)
Cash Funds	22,524,364	23,558,070	23,990,510	23,105,240	(3.7%)
Federal Funds	222,015,001	147,116,253	194,450,096	188,640,619	(3.0%)

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(C) Special Purpose Welfare Programs					
(1) Low Income Energy Assistance Program	77,409,173	58,940,618	59,690,353	62,910,816	*
<i>FTE</i>	<u>6.4</u>	<u>5.4</u>	<u>5.6</u>	<u>5.2</u>	
Cash Funds	1,071,461	1,000,000	1,000,000	4,250,000	
Federal Funds	76,337,712	57,940,618	58,690,353	58,660,816	
(2) Food Stamp Job Search Units					
Program Costs	2,055,553	2,054,713	2,047,082	2,057,920	
<i>FTE</i>	<u>4.6</u>	<u>4.9</u>	<u>6.2</u>	<u>6.2</u>	
General Fund	176,806	175,494	174,444	178,003	
Cash Funds	409,382	409,382	409,382	409,382	
Federal Funds	1,469,365	1,469,837	1,463,256	1,470,535	
Supportive Services	<u>256,611</u>	<u>261,404</u>	<u>261,452</u>	<u>261,452</u>	
General Fund	76,620	78,417	78,435	78,435	
Cash Funds	52,291	52,291	52,291	52,291	
Federal Funds	127,700	130,696	130,726	130,726	
Total Funds – (2) Food Stamp Job Search Units	2,312,164	2,316,117	2,308,534	2,319,372	0.5%
<i>FTE</i>	<u>4.6</u>	<u>4.9</u>	<u>6.2</u>	<u>6.2</u>	0.0%
General Fund	253,426	253,911	252,879	256,438	1.4%
Cash Funds	461,673	461,673	461,673	461,673	0.0%
Federal Funds	1,597,065	1,600,533	1,593,982	1,601,261	0.5%

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(3) Food Distribution Program	491,368	396,176	559,906	566,630	
<i>FTE</i>	<u>5.3</u>	<u>4.3</u>	<u>6.5</u>	<u>6.5</u>	
General Fund	45,303	45,308	44,978	45,583	
Cash Funds	101,660	133,864	240,922	243,813	
Federal Funds	344,405	217,004	274,006	277,234	
(4) Low Income Telephone Assistance Program	76,630	71,596	78,706	118,272	*
<i>FTE</i>	<u>0.7</u>	<u>0.5</u>	<u>1.1</u>	<u>1.5</u>	
Cash Funds	76,630	71,596	78,706	118,272	
(5) Income Tax Offset	2,948	2,580	4,128	4,128	
General Fund	1,474	1,290	2,064	2,064	
Federal Funds	1,474	1,290	2,064	2,064	
(6) Electronic Benefits Transfer Service	3,200,646	2,591,619	3,668,057	3,679,032	
<i>FTE</i>	<u>6.1</u>	<u>6.6</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	889,464	571,567	987,234	991,955	
Cash Funds	843,299	761,853	992,292	993,608	
Federal Funds	1,467,883	1,258,199	1,688,531	1,693,469	
(7) Refugee Assistance	10,016,671	11,087,361	16,784,130	16,736,921	*
<i>FTE</i>	<u>0.9</u>	<u>2.3</u>	<u>10.0</u>	<u>10.0</u>	
Federal Funds	10,016,671	11,087,361	16,784,130	16,736,921	

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(8) Systematic Alien Verification for Eligibility	50,034	50,444	52,718	53,893	
<i>FTE</i>	<u>0.6</u>	<u>0.7</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	6,149	6,939	6,831	6,984	
Cash Funds	3,363	3,447	3,617	3,699	
Reappropriated Funds	31,938	31,126	33,211	33,951	
Federal Funds	8,584	8,932	9,059	9,259	
Total Funds – (C) Special Purpose Welfare Programs	93,559,634	75,456,511	83,146,532	86,389,064	3.9%
<i>FTE</i>	<u>24.6</u>	<u>24.7</u>	<u>37.4</u>	<u>37.4</u>	(0.0%)
General Fund	1,195,816	879,015	1,293,986	1,303,024	0.7%
Cash Funds	2,558,086	2,432,433	2,777,210	6,071,065	118.6%
Reappropriated Funds	31,938	31,126	33,211	33,951	2.2%
Federal Funds	89,773,794	72,113,937	79,042,125	78,981,024	(0.1%)

(D) Child Support Enforcement

Automated Child Support Enforcement System	10,760,576	8,754,147	9,029,617	9,095,641	*
<i>FTE</i>	<u>34.9</u>	<u>13.7</u>	<u>16.9</u>	<u>16.9</u>	
General Fund	3,632,013	2,945,569	2,925,538	2,654,527	
Cash Funds	83,183	119,773	426,499	719,959	
Federal Funds	7,045,380	5,688,805	5,677,580	5,721,155	
Child Support Enforcement	1,882,026	2,077,604	3,393,215	2,126,240	*
<i>FTE</i>	<u>22.0</u>	<u>21.8</u>	<u>24.5</u>	<u>24.5</u>	
General Fund	672,109	668,848	706,252	651,120	
Cash Funds	0	71,261	447,440	71,800	
Federal Funds	1,209,917	1,337,495	2,239,523	1,403,320	

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Total Funds - (D) Child Support Enforcement	12,642,602	10,831,751	12,422,832	11,221,881	(9.7%)
<i>FTE</i>	<u>56.9</u>	<u>35.5</u>	<u>41.4</u>	<u>41.4</u>	<u>0.0%</u>
General Fund	4,304,122	3,614,417	3,631,790	3,305,647	(9.0%)
Cash Funds	83,183	191,034	873,939	791,759	(9.4%)
Federal Funds	8,255,297	7,026,300	7,917,103	7,124,475	(10.0%)

(E) Disability Determination Services

Program Costs	19,157,288	20,632,565	16,733,285	16,902,138	
<i>FTE</i>	<u>128.1</u>	<u>130.9</u>	<u>121.7</u>	<u>121.7</u>	
Federal Funds	19,157,288	20,632,565	16,733,285	16,902,138	

Total Funds - (E) Disability Determination Services	19,157,288	20,632,565	16,733,285	16,902,138	1.0%
<i>FTE</i>	<u>128.1</u>	<u>130.9</u>	<u>121.7</u>	<u>121.7</u>	<u>0.0%</u>
Federal Funds	19,157,288	20,632,565	16,733,285	16,902,138	1.0%

Total Funds - (7) Office of Self Sufficiency	371,661,232	279,287,606	332,498,706	328,031,234	(1.3%)
<i>FTE</i>	<u>248.1</u>	<u>236.0</u>	<u>246.2</u>	<u>245.2</u>	<u>(0.4%)</u>
General Fund	6,326,253	5,319,138	5,708,127	5,388,790	(5.6%)
Cash Funds	25,165,633	26,181,537	27,641,659	29,968,064	8.4%
Reappropriated Funds	31,938	31,126	33,211	33,951	2.2%
Federal Funds	340,137,408	247,755,805	299,115,709	292,640,429	(2.2%)

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(10) ADULT ASSISTANCE PROGRAMS

(A) Administration

Administration	361,774	324,928	581,177	584,225	
<i>FTE</i>	<u>3.4</u>	<u>2.8</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	103,926	102,393	101,772	102,311	
Reappropriated Funds	0	104,017	103,409	103,950	
Federal Funds	257,848	118,518	375,996	377,964	

Total Funds - (A) Administration	361,774	324,928	581,177	584,225	0.5%
<i>FTE</i>	<u>3.4</u>	<u>2.8</u>	<u>6.0</u>	<u>6.0</u>	<u>0.0%</u>
General Fund	103,926	102,393	101,772	102,311	0.5%
Reappropriated Funds	0	104,017	103,409	103,950	0.5%
Federal Funds	257,848	118,518	375,996	377,964	0.5%

(B) Old Age Pension Program

Cash Assistance Programs	<u>88,076,859</u>	<u>77,627,336</u>	<u>77,490,727</u>	<u>77,490,727</u>	
Cash Funds	88,076,859	77,627,336	77,490,727	77,490,727	
Refunds	<u>357,030</u>	<u>323,735</u>	<u>588,362</u>	<u>588,362</u>	
Cash Funds	357,030	323,735	588,362	588,362	
Burial Reimbursements	<u>963,648</u>	<u>1,008,477</u>	<u>918,364</u>	<u>918,364</u>	
Cash Funds	963,648	1,008,477	918,364	918,364	

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State Administration	950,698	974,586	1,138,836	1,147,201	
<i>FTE</i>	<u>10.3</u>	<u>9.6</u>	<u>14.0</u>	<u>14.0</u>	
Cash Funds	950,698	974,586	1,138,836	1,147,201	
County Administration	<u>2,450,786</u>	<u>2,196,623</u>	<u>2,566,974</u>	<u>2,566,974</u>	
Cash Funds	2,450,786	2,196,623	2,566,974	2,566,974	
Total Funds - (B) Old Age Pension Program	92,799,021	82,130,757	82,703,263	82,711,628	0.0%
<i>FTE</i>	<u>10.3</u>	<u>9.6</u>	<u>14.0</u>	<u>14.0</u>	<u>0.0%</u>
Cash Funds	92,799,021	82,130,757	82,703,263	82,711,628	0.0%

(C) Other Grant Programs

Administration - Home Care Allowance SEP Contract	<u>0</u>	<u>1,000,902</u>	<u>1,063,259</u>	<u>1,063,259</u>	
General Fund	0	1,000,902	1,063,259	1,063,259	
Aid to the Needy Disabled Programs	<u>18,503,861</u>	<u>18,180,148</u>	<u>17,428,495</u>	<u>17,428,495</u>	
General Fund	11,421,470	10,787,445	11,421,471	11,421,471	
Cash Funds	7,082,391	7,392,703	6,007,024	6,007,024	
Burial Reimbursements	<u>508,000</u>	<u>508,000</u>	<u>508,000</u>	<u>508,000</u>	
General Fund	402,985	402,985	402,985	402,985	
Cash Funds	105,015	105,015	105,015	105,015	
Home Care Allowance	<u>10,880,411</u>	<u>10,519,866</u>	<u>10,543,757</u>	<u>10,543,757</u>	
General Fund	10,336,390	9,975,845	9,999,736	9,999,736	
Cash Funds	544,021	544,021	544,021	544,021	

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Adult Foster Care	<u>157,469</u>	<u>83,620</u>	<u>157,469</u>	<u>157,469</u>	
General Fund	149,596	75,747	149,596	149,596	
Cash Funds	7,873	7,873	7,873	7,873	
SSI Stabilization Fund Programs	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	
Cash Funds	0	0	1,000,000	1,000,000	
Total Funds – (C) Other Grant Programs	30,049,741	30,292,536	30,700,980	30,700,980	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	22,310,441	22,242,924	23,037,047	23,037,047	0.0%
Cash Funds	7,739,300	8,049,612	7,663,933	7,663,933	0.0%

(D) Community Services for the Elderly

Administration	<u>572,678</u>	<u>651,984</u>	<u>663,756</u>	<u>674,579</u>	*
FTE	<u>6.6</u>	<u>7.1</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	153,651	155,596	175,366	168,645	
Federal Funds	419,027	496,388	488,390	505,934	
Colorado Commission on Aging	<u>80,122</u>	<u>80,537</u>	<u>79,777</u>	<u>81,126</u>	*
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	19,993	20,335	20,415	20,282	
Federal Funds	60,129	60,202	59,362	60,844	

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Senior Community Services Employment	1,099,285	1,035,963	1,233,037	1,233,440	
<i>FTE</i>	<u>0.5</u>	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>	
Federal Funds	1,099,285	1,035,963	1,233,037	1,233,440	
Older Americans Act Programs	<u>14,437,599</u>	<u>16,759,588</u>	<u>17,574,052</u>	<u>17,574,052</u>	
General Fund	576,747	744,079	765,125	765,125	
Cash Funds	3,119,699	3,119,710	3,079,710	3,079,710	
Federal Funds	10,741,153	12,895,799	13,729,217	13,729,217	
National Family Caregiver Support Program	<u>2,337,789</u>	<u>1,882,237</u>	<u>2,263,386</u>	<u>2,263,386</u>	
General Fund	142,041	123,743	142,041	142,041	
Cash Funds	423,805	0	423,805	423,805	
Federal Funds	1,771,943	1,758,494	1,697,540	1,697,540	
State Ombudsman Program	<u>272,031</u>	<u>272,031</u>	<u>272,031</u>	<u>272,031</u>	
General Fund	111,898	111,898	111,898	111,898	
Reappropriated Funds	1,800	1,800	1,800	1,800	
Federal Funds	158,333	158,333	158,333	158,333	
State Funding for Senior Services	<u>8,947,500</u>	<u>8,832,668</u>	<u>8,811,622</u>	<u>8,811,622</u>	
General Fund	1,000,000	524,916	503,870	803,870	
Cash Funds	7,947,500	8,307,752	8,307,752	8,007,752	
Area Agencies on Aging Administration	<u>1,684,670</u>	<u>1,795,441</u>	<u>1,375,384</u>	<u>1,375,384</u>	
Federal Funds	1,684,670	1,795,441	1,375,384	1,375,384	

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds - (D) Community Services for the Elderly	29,431,674	31,310,449	32,273,045	32,285,620	0.0%
<i>FTE</i>	<u>8.1</u>	<u>8.7</u>	<u>8.5</u>	<u>8.5</u>	<u>0.0%</u>
General Fund	2,004,330	1,680,567	1,718,715	2,011,861	17.1%
Cash Funds	11,491,004	11,427,462	11,811,267	11,511,267	(2.5%)
Reappropriated Funds	1,800	1,800	1,800	1,800	0.0%
Federal Funds	15,934,540	18,200,620	18,741,263	18,760,692	0.1%
Total Funds - (10) Adult Assistance Programs	152,642,210	144,058,670	146,258,465	146,282,453	0.0%
<i>FTE</i>	<u>21.8</u>	<u>21.1</u>	<u>28.5</u>	<u>28.5</u>	<u>0.0%</u>
General Fund	24,418,697	24,025,884	24,857,534	25,151,219	1.2%
Cash Funds	112,029,325	101,607,831	102,178,463	101,886,828	(0.3%)
Reappropriated Funds	1,800	105,817	105,209	105,750	0.5%
Federal Funds	16,192,388	18,319,138	19,117,259	19,138,656	0.1%
Total Funds – Department of Human Services - County Administration, Self Sufficiency, Adult Assistance	588,478,690	480,410,934	543,514,790	539,153,486	(0.8%)
<i>FTE</i>	<u>269.9</u>	<u>257.1</u>	<u>274.7</u>	<u>273.7</u>	<u>(0.4%)</u>
General Fund	53,840,007	51,449,326	52,803,625	52,777,973	(0.0%)
Cash Funds	156,745,283	141,650,453	148,882,868	150,999,818	1.4%
Reappropriated Funds	33,738	136,943	138,420	139,701	0.9%
Federal Funds	377,859,662	287,174,212	341,689,877	335,235,994	(1.9%)

*This line item includes a decision item.

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 11-124:** Beginning in FY 2010-11, the bill changes the cap on Temporary Assistance to Needy Families (TANF) reserves that may be retained by counties to 40 percent of the county block grant at the end of the fiscal year, except for counties with block grants of less than \$200,000 per year, which may maintain a reserve of up to \$100,000. (The reserve cap was previously 40 percent for FY 2010-11 and 30 percent for FY 2011-12.)

In addition, authorizes the Works Allocation Committee (WAC) to transfer unspent county reserves in excess of the reserve cap to other counties based on the criteria determined by the WAC and outlines criteria for prioritizing and implementing such transfers. Provides an appropriation of \$685,772 federal TANF funds for Colorado Works county allocations for FY 2010-11, to restore amounts previously reverted to the control of the Department of Human Services.

- ❑ **S.B. 11-226:** Requires the state treasurer to transfer amounts from various cash funds to the General Fund for purposes of augmenting the General Fund for FY 2010-11 and FY 2011-12. Among other adjustments, the bill transfers \$3.25 million from the Low Income Energy Assistance Fund to the General Fund in FY 2010-11 (June 30, 2011) and again in FY 2011-12 (January 5, 2012). Amounts in the Low Income Energy Assistance Fund derive from statutory transfers from the Operational Account of the Severance Tax Trust Fund. Also reduces the informational appropriations in the Long Bill for the Low Income Energy Assistance Program by \$3,250,000 million cash funds, respectively, in FY 2010-11 and FY 2011-12, consistent with the transfers from the Low Income Energy Assistance Fund to the General Fund.
- ❑ **S.B. 11-228:** Changes how funds for county tax base relief are distributed to qualified counties when appropriations are insufficient to fully fund a county tax base relief funding tier. Previously, allocations were prorated on the basis of total claims submitted in proportion to moneys available. As modified, amounts are allocated so that each eligible county has the same proportion of the county's obligations paid through the combination of its available property tax revenue and county tax base relief appropriations.
- ❑ **H.B. 11-1196:** Among other provisions, allows county department of social services to draw down additional federal funds, subject to state approval and other conditions, for expenditures for qualified social services provided by other organizations and the administrative costs of certifying such expenditures as eligible for federal reimbursement. Allows the Department of Human Services to retain five percent of any federal funds received by a county under these provisions.

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**APPENDIX C: UPDATE OF FY 2011-12
 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 in FY 2010-11 was \$2.9 million (less than the \$3.8 million budgeted).

21 Department of Human Services, County Administration, County Incentive Payments; Office of Self Sufficiency, Colorado Works Program, County Block Grants; Child Support Enforcement, Child Support Enforcement -- 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. It is the intent of the General Assembly that at least one-half of the State share of recoveries of amounts of support for public assistance recipients be distributed to counties, as described in Section 26-13-108, C.R.S. If the total amount of the State share of recoveries is greater than the total annual appropriations from this fund source, including appropriations for operating and capital construction purposes, the Department is authorized to distribute to counties, for county incentive payments, one-half of the actual State share of any additional recoveries.

Comment: This footnote does not request the Department to file a report. In response to staff questions, the Department provided the following data on the allocation of total FY 2010-11 retained collections between the State and counties.

Distribution of FY 2010-11 Retained Collections (Counties)	
Counties (20%)	\$2,967,275
1/2 State Share (15%)	<u>\$2,225,456</u>
Total	\$5,192,731

Distribution of FY 2010-11 Retained Collections (State)

Child Support Enforcement	\$71,261	Expenditures for FY 2010-11 DI#8 (Enhanced Medical Support, Paternity Establishment, and Education Initiatives)
Automated Child Support Enforcement System (ACSES)	\$107,100	Expenditures for ACSES Capital Construction Project (P1010)
ACSES Capital Construction	<u>\$2,047,095</u>	Transferred to Capital Construction for remaining two years of project
Subtotal	\$2,225,456	1/2 State Share- retained by State
Counties	<u>\$2,225,456</u>	1/2 State Share- distributed to counties
Total	\$4,450,912	

Of the FY 2010-11 Retained Collections, the federal government received \$7,419,186, the counties received \$5,192,731, and the State received \$2,225,456.

- 25 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 4 (see below).

- 26 **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 \$500,000 to reduce one or more small counties' fiscal year 2011-12 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 \$500,000 in mitigation. The Department reported that no county made use of this provision in FY 2009-10 or FY 2010-11.

- 29 Department of Human Services, Adult Assistance Programs, Community Services for the Elderly, Older Americans Act Programs and State Funding for Senior Services --** Amounts in the Older Americans Act Programs line item are calculated based on a requirement for a non-federal match of at least 15 percent, including a 5.0 percent state match, pursuant to Title III of the federal Older Americans Act. The Department is authorized to transfer General Fund and cash funds from the State Funding for Senior Services line item to the Older Americans Act Programs line item to comply with the 5.0 percent state match requirement for the Older Americans Act Programs. This appropriation is based on the assumption that all federal Title III funds requiring a state match that are not for purposes of administration included in the appropriations for other line items will be expended from the Older Americans Act Programs line item.

Comment: This footnote does not request the Department to file a report. Full information about county transfers within the Community Services for the Elderly section are addressed in Request for Information number 14 (see below).

Requests for Information

- 4. 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 TANF Reserve Account balances for the Works Program, Title XX, and Child Care Development Fund accounts, the annual TANF allocation, the total expenditures, the net transfers to child care and child welfare, any amounts remitted to the state, and the closing reserve balance for all county TANF accounts. The report should be provided to the Joint Budget Committee annually on or before November 1. An update to this information reflecting data as of the close of the federal fiscal year should be provided to the Joint Budget Committee annually on or before January 1.

Comment: The Department submitted its response November 1, 2011. The table below summarizes the Department's Long Term Reserve analysis, requested in item (a). Note that the figures below are likely subject to change over the next few months.

TANF Long-term Works Reserve Analysis			
	FY 2010-11 Actual*	FY 11-12 Estimate	SFY 12-13 Request
Revenue			
Uncommitted prior year funds	52,665,087	25,667,584	3,948,630
Regular Annual TANF Grant	136,000,000	136,056,690	136,056,690
Supplemental TANF Grant	12,368,999	10,177,268	13,569,691
TANF Contingency Fund	6,802,836	4,535,222	0
ARRA Emergency Fund	<u>14,113,246</u>	<u>0</u>	<u>0</u>
Revenue Subtotal	221,950,168	176,436,764	153,575,011
Expenditures			
Allocations to Counties	135,923,633	135,237,861	130,069,094
Info. Technology & Indirect Costs	7,949,697	6,318,057	6,318,057
CO Works State Administration	2,056,266	2,367,205	2,192,997
Works Statewide Strategic Use Fund	6,832,814	0	0
Works Program Maintenance Fund	100,000	100,000	100,000
Refugee Assistance	2,805,334	2,805,334	2,755,334
Low Income Energy Assistance	1,500,000	1,500,000	1,500,000
Domestic Abuse Program	659,824	659,677	659,677
Child Welfare Programs	19,500,000	23,500,000	11,000,000
ARRA-related initiatives	<u>8,912,893</u>	<u>0</u>	<u>0</u>
Expenditure subtotal	186,240,461	172,488,134	154,595,159
2% reserve	<u>0</u>	<u>0</u>	<u>2,721,132</u>
Fund Balance Reserve	35,709,707	3,948,630	-3,741,280

*FY 2010-11 fund balance does not match FY 2011-12 starting balance due to accounting issues.

The next table summarizes the Department's TANF Maintenance of Effort Analysis (item (b)). The Department assumed that FY 2010-11 and FFY 2011-12 amounts would match. Although the table shows a substantial reduction in TANF MOE available, these figures (1) do not include restoration of General Fund in the Division of Child Welfare (\$12.5 million); and (2) figures do not include TANF-eligible foundation expenditures which have been used in the past to greatly increase the Department's MOE when needed. The Department previously greatly expanded its MOE-countable expenditures to draw down TANF ARRA-related funds.

TANF Maintenance of Effort Analysis			
	FY 2010-11	FY 2011-12	FY 2012-13
Child Welfare line items	\$24,700,230	\$22,000,000	\$22,000,000
Colorado Works County MOE	9,051,607	8,500,000	8,500,000
Child Care county expenditures	10,289,573	10,085,900	10,085,900
State Colorado Works Administration (GF)	3,349,539	3,200,000	3,200,000
Nurse Home Visitor Program (GF)	6,576,080	6,500,000	6,500,000
Colorado Preschool Program (GF)	53,184,879	48,000,000	48,000,000
Low Income Energy Assistance	1,000,000	1,000,000	4,250,000
Child Care Tax Credit	3,486,511	3,500,000	3,500,000
Other Sources (foundation expenditures)	25,647,379	35,000	35,000
Total	\$ 137,285,798	\$ 102,820,900	\$ 106,070,900
MOE Requirement	88,395,624	88,395,624	88,395,624

TANF Maintenance of Effort Analysis			
	FY 2010-11	FY 2011-12	FY 2012-13
Surplus/Deficit	48,890,174	14,425,276	17,675,276

The final table below summarizes, by select counties, TANF expenditures and changes to county reserve levels during FY 2010-11.

Changes to Colorado Works, Child Care, and Title XX TANF Reserves FY 2010-11				
	CO Works Allocations FY 2010-11	Reserve Beginning Balance 7/01/2010	Reserve Ending Balance 6/30/2011	Difference between Beginning and Ending Reserve
Adams	\$12,661,495	\$4,248,594	\$355,704	(\$3,892,890)
Arapahoe	12,712,097	5,373,826	3,047,112	(2,326,714)
Boulder	6,199,501	510,739	1,962,960	1,452,221
Denver	37,683,798	16,976,565	9,688,429	(7,288,136)
El Paso	19,475,277	9,293,149	4,602,590	(4,690,559)
Jefferson	11,458,566	0	1,747,153	1,747,153
Larimer	7,960,898	2,962,610	3,184,359	221,750
Mesa	5,540,681	2,704,164	2,216,272	(487,892)
Pueblo	8,143,642	2,960,101	1,056,494	(1,903,607)
Weld	5,081,414	0	0	0
Balance of State	<u>25,304,571</u>	<u>10,589,104</u>	<u>8,315,160</u>	<u>(2,273,944)</u>
Total	\$152,221,940	\$55,618,851	\$36,176,234	(\$19,442,617)
For redistribution			<u>2,852,215</u>	
Final Total			\$39,028,449	

10. **Department of Human Services, Office of Self Sufficiency, Special Purpose Welfare Programs, Refugee Assistance** - The Department is requested to submit a report by November 1 of each fiscal year on the size of the Colorado refugee population, the percent that is TANF-eligible, federal funding received from the Department of Health and Human Services, Office of Refugee Resettlement in the most recent actual fiscal year, and federal funding projected to be received in the current and next fiscal year from the Office of Refugee Resettlement.

Comment: The Department submitted the requested report November 1, 2011. This request was added after the addition of \$1.99 million TANF funds to the appropriation for Refugee Services in FY 2010-11. The Department anticipates that there will be 1,900 refugee arrivals in Colorado for FFY 2010-11 and 2,563 in FFY 2011-12, excluding the impact of secondary-migration within the United States, which is not tracked. Of the total, 60 percent are expected to be eligible for the TANF program and thus the TANF program is expected to cover related cash assistance and social-service costs. The Department notes that *FFY 2010-11 refugee figures have been revised downward from the estimates submitted last year because new federal security clearances have slowed and reduced refugee admissions. However, the impact of federal trends on FFY 2011-12 arrivals will not be clear until early CY 2011-12. In addition, the percent of refugees who are TANF eligible has been declining, and this estimate may also need to be reassessed based on FFY 2010-11 actual data.* [Staff note: the Department's budget request includes a request for a \$50,000 reduction to TANF funding for refugee services.]

The table below provides related funding and caseload data for the program. (Data included in the Department RFI response is supplemented with data previously submitted related to the FY 2010-11 decision item).

Refugee Services Funding History/Projection					
	FFY 2009	FFY 2010*	FFY 2011	FFY 2012	FFY 2013**
Colorado Refugee Funding by Fund Source					
Federal Office Refugee Resettlement (ORR) Wilson Fish (cash assistance+administration)	\$4,245,531	\$3,455,971	\$2,799,426	\$3,436,138	\$3,436,138
Federal ORR - Refugee Social Services	1,170,646	1,293,118	1,617,208	1,894,684	1,894,684
Federal ORR - All Other (CDPHE and HCPF medical screening and services, unaccompanied minor funding, impacted-areas funding)	<u>5,723,849</u>	<u>5,722,209</u>	<u>8,572,489</u>	<u>10,592,291</u>	<u>10,592,291</u>
Subtotal - Federal ORR Funds	\$11,140,026	\$10,471,298	\$12,989,123	\$15,923,113	\$15,923,113
TANF Appropriations/Request	775,850	5,199,362	2,805,334	2,805,334	2,755,334
Refugee Services Program Funding***	\$11,915,876	\$15,670,660	\$15,794,457	\$18,728,447	\$18,678,447
Number of Refugees and Amount per Refugee					
Number of Refugees	1,880	2,365	1,900	2,563	2,563
<i>Percent change</i>	<i>n/a</i>	<i>25.8%</i>	<i>-19.7%</i>	<i>34.9%</i>	<i>0.0%</i>
Total Funding/refugee	\$6,338	\$6,626	\$8,313	\$7,307	\$7,288
<i>Percent change</i>	<i>n/a</i>	<i>4.5%</i>	<i>25.5%</i>	<i>-12.1%</i>	<i>-0.3%</i>

*FY 2009-10 TANF amounts include one-time appropriations available pursuant to the American Recovery and Reinvestment Act.

**The Department projects that FFY 2012-13 funding will be similar to FFY 2010-11, in the absence of any updated information from federal authorities.

***For the FY 2010-11 decision item, it was estimated that an additional \$1.5 million in TANF cash assistance had been absorbed by counties beginning in FY 2009-10 pursuant to new federal requirements. Counties continue to absorb these costs. However, no updated estimates of these expenses were provided.

- 11. 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: The Department submitted the requested report on November 1. The Department noted for the five years ending with FY 2008-09, the Department contracted with the Lewin Group to do extensive descriptive and outcome evaluation of the Colorado Works program and to provide useful bench marking information. Since that time, it has worked with stakeholders to develop a long-term

vision for useful evaluation. The Department noted that the FY 2010-11 appropriation was underspent because key staff turnover interrupted projected planning and because budgeted expenditures were deferred due to long delays in contracting with a research team at CU-Boulder. The table below provides a summary of expenditures in FY 2010-11. Brief descriptions of some of the larger projects are included below.

Expenditure Summary for FY 2010-11:

	Activity	Vendor	Amount
1	Outcome Study: Returns to Additional Education for Welfare Recipients	Lesley Turner	\$22,662
2	Process Study: Assessing and Prioritizing County Needs	University of Colorado - Denver	\$30,750
3	Database development and Technical assistance	Cherry Creek Analytics, Inc.	\$16,415
4	Community-based interventions evaluation: Statewide Strategic Use Fund (SSUF) Outcomes	Colorado State University	\$21,858
5	Background research and Outcomes Definition for CO WIN Partners SSUF		\$2,917
6	Hardware, Software (including data management and analysis product), and related training		\$9,162
7	Other		\$1,194
		<i>Total</i>	<i>\$104,958</i>

1. Outcome Study: Returns to Additional Education for Welfare Recipients

The study used econometric methods to estimate causal returns to higher education. Preliminary results indicate there are large returns to current and former Colorado welfare recipients who acquire college credits in the mid- and long-run. The gains are primarily driven by the type of degree received, though there are large returns associated with all degrees except Academic Associates (AA) degrees. The largest gains accrued to those who completed a 2-year Associates in Applied Sciences (AAS) degree. The positive return to additional education is much greater when a participant completes a certificate or degree. The majority of earnings gains is explained by access to better-paying employment sectors, not pay increases within participant's current field.

2. Process Study: Assessing and Prioritizing County Needs

A team of University of Colorado-Denver experts in public administration and policy implementation completed the county needs assessment and recommendations project begun the year prior. Sixty-two counties participated in hour-long interviews based on earlier survey input. Interviews were also done with state staff. Two main themes were identified: 1) improved communication and 2) increased training and support for county staff. According to the report, the highest priority needs cited most by

the counties included: Core and on-going training for Case Managers, Colorado Benefits Management System (CBMS) training, county staff development around workforce development activities, improved communication with the state, and supervisor training. The Department reported a variety of changes made to its systems for communicating with counties in response to the findings.

3. *Database development and Technical assistance*

Cherry Creek Analytics, Inc. (CCAI) provided database development and much needed training and technical assistance. The vendor assisted with ongoing and ad hoc data requests for the Division during a period of staff turnover. In addition, CCAI worked extensively on the development of several databases that are regularly utilized within the Division to populate a large warehouse of relevant Colorado Works variables for the purposes of audit, evaluation, planning, and policy creation. These databases have enabled the Division to utilize program data more strategically, reduced manual and redundant data entry, and improved overall access to program data.

4. *Community-based interventions evaluation: SSUF Outcomes*

This project measures the effects of the Statewide Strategic Use Fund expenditures using a pre- and post-test model. Therefore, final conclusions based on outcomes are not expected until these projects have ended and data is collected and evaluated. A preliminary report on project activity to date is available upon request.

5. *Background research and Outcomes Definition SSUF*

A list of outcomes were developed that became part of the Statewide Strategic Use Fund request-for-proposal process, and then informed the development of the evaluation plan. All grantees were required to identify which outcomes their proposals addressed.

14. **Department of Human Services, Adult Assistance, Community Services for the Elderly -** The Department is requested to submit a report by November 1 of each year on Older Americans Act Funds received and anticipated to be received, and the match requirements for these funds. The report should also specify the amount of funds, if any, that were transferred between the State Funding for Senior Services line item and the Older Americans Act Programs line item in the prior actual fiscal year to comply with federal match requirements.

Comment: The Department submitted the requested report on November 1. The report noted that an additional \$1,590,349 federal funds was utilized through using \$93,448 like-kind expenditures spent in State Funding for Senior Services (i.e., the Department did not transfer the related funds).

Federal Grant Award		Award Date			
Title III					
		Federal Funds	State Match	Local/in Kind	Total Spent
Title IIB	Supportive Services	5,195,005	305,615	611,150	6,111,770
Title IIC1	Congregate Meals	3,659,250	215,269	430,481	4,305,000
Title IIC2	Home Delivered Meals	3,438,712	202,295	404,536	4,045,543
Title IID	Preventive Health	248,845	3,243	40,671	292,759
	National Caregiver Family				
Title IIE	Support	1,569,149	125,430	397,620	2,092,199
	Area Agencies on Aging	1,311,529	0	0	1,311,529
	State Administration	949,168	316,411	0	1,265,579
	Total Title III	\$16,371,658	\$1,168,263	\$1,884,458	\$19,424,379
Title V					
Title V	Senior Community Svc	1,207,850	0	0	1,207,850
Title VII					
Title VII	Elder Abuse	67,306	0	0	67,306
Title VII	Ombudsman	208,322	0	0	208,322
	Total Title III	275,628	0	0	275,628
	Grand Total	\$17,855,136	\$1,168,263	\$1,884,458	\$20,907,857

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)**

**APPENDIX D: STATE AUDITOR'S OFFICE AUDIT RECOMMENDATIONS NOT
ENTIRELY IMPLEMENTED**



LOIS TOCHTROP, CHAIR
Senator
CINDY ACREE, VICE CHAIR
Representative
DEB GARDNER
Representative
LUCIA GUZMAN
Senator

State of Colorado

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

JAMES KERR
Representative
STEVE KING
Senator
JOE MIKLOSI
Representative
SCOTT RENFROE
Senator

October 31, 2011

Representative Cheri Gerou, Chair
Joint Budget Committee

Dear Representative Gerou:

The Legislative Audit Committee has been concerned about departments not implementing audit recommendations that they have agreed to implement. The State Auditor and her staff have developed a database to track recommendations and produce reports identifying those not implemented. We are providing this report for your consideration as you evaluate the budget requests for the Department of Human Services.

Attached you will find information regarding the following recommendations:

Department of Human Services		
<u>Number of Recommendations</u>	<u>Audit of Origination</u>	<u>Audit Date</u>
81	State of Colorado Statewide Single Audit	Fiscal Years Ended June 30, 2007, 2008 and 2009

Thank you for integrating this into your budget process.

Sincerely,

Senator Lois Tochtrop, Chair
Legislative Audit Committee

Office of the State Auditor Recommendations

Financial Recommendations Not Entirely Implemented As of Fiscal Year Ending June 30, 2010

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	The Division of Facilities Management should address statutory compliance issues and strengthen controls over the rental of state-owned surplus facilities by: (c) instituting periodic secondary reviews of all leases of State-owned property, to ensure that they are current, documented on the approved Office of the State Architect lease agreement, clearly describe the property to be rented, and are properly authorized.	11c	Deficiency in Internal Control	Not Implemented	March 2011	11c	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	The Division of Facilities Management should address statutory compliance issues and strengthen controls over the rental of state-owned surplus facilities by: (d) renegotiating any leases found after review to be inadequately documented, authorized, expired, or out of compliance.	11d	Deficiency in Internal Control	Partially Implemented	March 2011	11d	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Ensure that the financial data in COFRS related to counties' administration of public assistance programs are accurate and complete by: (a) developing a procedure by which to reconcile the County Financial Management System (CFMS) and COFRS data each month.	13b	Significant Deficiency	Not Implemented	June 2012	13a	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Ensure that the financial data in COFRS related to counties' administration of public assistance programs are accurate and complete by: (b) assigning responsibility to specific employees for conducting the monthly reconciliation process and the supervisory review of the process.	13c	Significant Deficiency	Not Implemented	June 2012	13b	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Ensure that the financial data in COFRS related to counties' administration of public assistance programs are accurate and complete by: (c) reconciling the CFMS and COFRS accounts of the reimbursement due the counties at the end of Fiscal Year 2009 and making the necessary adjustments.	13a	Significant Deficiency	Not Implemented	June 2012	13c	Significant Deficiency	N/A	Agree - original implementation date is June 2010								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	Improve controls over financial reporting for Medicare Part D revenue and receivables at the Fort Logan and Pueblo Mental Health Institutes by ensuring monthly and fiscal year-end reconciliations are performed on the Part D revenue and related accounts receivable balances in COFRS to billings from the pharmacy subsystem, and making adjustments as appropriate.	15	Significant Deficiency	Partially Implemented	January 2011	14	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Improve controls over financial reporting of revenue and receivables at the Fitzsimons, Florence, Rifle, and Trinidad nursing homes operated by the Department by implementing and formally documenting a reconciliation process in which monthly and fiscal year-end reconciliations are performed on revenue and related accounts receivable balances in COFRS to amounts recorded in the Achieve-Matrix system, and making adjustments as appropriate.	18	Deficiency in Internal Control	Not Implemented	November 2010	15	Deficiency in Internal Control	N/A	Agree - original implementation date is February 2010								
Department of Human Services	Improve controls over the payroll process by ensuring that time sheets are certified within the timeframes specified in Department policy and are maintained and available for review.	14d	Significant Deficiency	Not Implemented	March 2011	16	Significant Deficiency	N/A	Agree - original implementation date is April 2010								
Department of Human Services	Improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller by: (a) continuing to ensure that the staff who prepare the exhibits receive adequate training each year on exhibit preparation.	101a	Significant Deficiency	Partially Implemented	September 2011	17a	Significant Deficiency	N/A	Agree - original implementation date is August 2010								
Department of Human Services	Improve controls over the preparation of fiscal year-end exhibits submitted to the Office of the State Controller by: (b) continuing to conduct secondary reviews of exhibits, including in-depth, detailed reviews of all supporting documentation used to prepare the exhibits.	101b	Significant Deficiency	Partially Implemented	September 2011	17b	Significant Deficiency	N/A	Agree - original implementation date is August 2010								
Department of Human Services	Improve controls over the processing and deposit of background check payments to ensure that the payments are deposited with the State Treasurer in accordance with State Fiscal Rules.	20	Deficiency in Internal Control	Not Implemented	February 2011	18	Deficiency in Internal Control	N/A	Agree - original implementation date is March 2010								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	Establish adequate controls over benefit authorization and issuance data for the cash programs by: (a) performing routine and comprehensive reconciliations among the Colorado Benefits Management System (CBMS), CFMS, the State's Electronic Benefits Transfer service provider, and COFRS to ensure that financial information is accurately and completely recorded.	21	Deficiency in Internal Control	Partially Implemented	September 2012	19a	Significant Deficiency	Deferred	June 2010	8a	Significant Deficiency	N/A	Agree - original implementation date is June 2010				
Department of Human Services	Establish adequate controls over benefit authorization and issuance data for the cash programs by: (b) ensuring that all reconciliations are reviewed by knowledgeable personnel not involved in preparing the reconciliations.	21	Deficiency in Internal Control	Partially Implemented	September 2012	19b	Significant Deficiency	Deferred	June 2010	8b	Significant Deficiency	N/A	Agree - original implementation date is June 2010				
Department of Human Services	Establish adequate controls over benefit authorization and issuance data for the cash programs by: (c) making any necessary adjustments in a timely manner to the appropriate systems.	21	Deficiency in Internal Control	Partially Implemented	September 2012	19c	Significant Deficiency	Deferred	June 2010	8c	Significant Deficiency	N/A	Agree - original implementation date is June 2010				
Department of Human Services	Continue to work with the county departments of human/social services to ensure the accuracy of SNAP/Food Assistance program eligibility determinations and benefits by: (a) monitoring the counties' maintenance of case file documentation, data entry, and follow up on Income, Eligibility, and Verification System (IEVS) discrepancies.	78	Material Weakness	Partially Implemented	Ongoing	100a	Material Weakness	N/A	Implemented and ongoing								
Department of Human Services	Continue to work with the county departments of human/social services to ensure the accuracy of SNAP/Food Assistance program eligibility determinations and benefits by: (b) ensuring that county review reports are provided to the counties within 60 days of completing the review and that corrective action plans are obtained from the counties within 30 days of the report.	78	Material Weakness	Partially Implemented	Ongoing	100b	Material Weakness	N/A	Implemented and ongoing								
Department of Human Services	Continue to work with the counties to ensure that applications for SNAP/Food Assistance benefits are processed within federal and state requirements.	101	Deficiency in Internal Control	Partially Implemented	September 2012	101	Significant Deficiency	N/A	Implemented and ongoing								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	Continue to work with the county departments of human/social services to ensure the accuracy of eligibility determinations and benefit payments for the Temporary Aid for Needy Families/Colorado Works (TANF) program by monitoring and reviewing counties' case file documentation and data entry.	98	Deficiency in Internal Control	Partially Implemented	Ongoing	102	Deficiency in Internal Control	N/A	Implemented and ongoing								
Department of Human Services	Improve controls over the Child Support Enforcement program by: (c) ensuring that counties enforce medical support obligations by using the National Medical Support Notice, where appropriate.	97	Significant Deficiency	Partially Implemented	June 2011	103c	Significant Deficiency	N/A	Agree - implemented								
Department of Human Services	Strengthen controls over the reporting process for the federal Social Services Block Grant by: (a) ensuring staff preparing reports are adequately trained on the reporting requirements.	102	Deficiency in Internal Control	Partially Implemented	No implementation date provided	104a	Significant Deficiency	N/A	Agree - original implementation date is June 2009								
Department of Human Services	Strengthen controls over the reporting process for the federal Social Services Block Grant by: (b) ensuring that reports are reviewed by a supervisor prior to being submitted.	102	Deficiency in Internal Control	Partially Implemented	No implementation date provided	104b	Significant Deficiency	N/A	Agree - original implementation date is June 2009								
Department of Human Services	Strengthen controls over the reporting process for the federal Social Services Block Grant by: (c) correcting and resubmitting the 2008 "Post-Expenditure Report" to the federal awarding agency.	102	Deficiency in Internal Control	Partially Implemented	No implementation date provided	104c	Significant Deficiency	N/A	Agree - original implementation date is June 2009								
Department of Human Services	Strengthen controls over case file documentation for the Title IV-E Adoption Assistance program by using training and monitoring programs to ensure that county case workers are aware of all eligibility requirements of the Adoption Assistance program and maintain all required documentation in the case files.	95	Significant Deficiency	Not Implemented	January 2011	106	Deficiency in Internal Control	N/A	Partially agree - original implementation date is January 2010								
Department of Human Services	Ensure through continued monitoring and training that the counties are obtaining and maintaining in the case files all the documents required to demonstrate families' eligibility for Child Care and Development Program Cluster subsidies under the Colorado Child Care Assistance Program.	81	Significant Deficiency	Not Implemented	January 2011	107	Deficiency in Internal Control	N/A	Agree - original implementation date is October 2009 with full implementation by November 2010								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	Improve the review of the Colorado Child Care Assistance Program provider attendance records by county departments of human/social services by: (a) providing guidance to the counties on how to select samples of providers' attendance sheets for review.	84	Significant Deficiency	Partially Implemented	March 2011	111a	Significant Deficiency	N/A	Agree - original implementation date is May 2010								
Department of Human Services	Improve oversight of quality initiative spending for Colorado Child Care Assistance Program by county departments of human/social services by: (b) requiring counties to institute formal grant processes for distributing quality initiative funds to child care providers and reviewing the counties' grant processes to ensure that counties distribute and monitor funds appropriately.	86	Significant Deficiency	Not Implemented	November 2010	112b	Significant Deficiency	N/A	Agree - original implementation date is January 2010								
Department of Human Services	Improve controls over the preparation of the Exhibit K and supporting documentation by: (b) ensuring adequate supervisory review of the Exhibit K and supporting documentation.	101	Significant Deficiency	Partially Implemented	September 2011	113b	Significant Deficiency	N/A	Agree - original implementation date is September 2010								
Department of Human Services	Improve controls over the preparation of the Exhibit K and supporting documentation by: (c) continuing to provide training to staff who prepare the Exhibit K and the supporting documentation.	101	Significant Deficiency	Partially Implemented	September 2011	113c	Significant Deficiency	N/A	Agree - original implementation date is September 2010								
Department of Human Services	Improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: (a) evaluating the substance of the relationship between counties and CPAs based on OMB Circular A-133 criteria and concluding on whether CPAs should be considered vendors or subrecipients.	89	Significant Deficiency	Not Implemented	The agency disagrees with the recommendation	117a	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: (b) implementing requirements for audits of CPAs in accordance with the determination suggested in part "a" of the recommendation.	89	Significant Deficiency	Not Implemented	The agency disagrees with the recommendation	117b	Significant Deficiency	N/A	Agree - original implementation date is September 2010								
Department of Human Services	Improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: (c) establishing procedures to review the CPA audits and follow up on any findings identified.	89	Significant Deficiency	Not Implemented	The agency disagrees with the recommendation	117c	Significant Deficiency	N/A	Agree - original implementation date is May 2010								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	Improve controls over administrative foster care funds expended by child placement agencies (CPAs) by: (d) evaluating options for reviewing the allowability and appropriateness of CPA expenditures made with child welfare funds.	89	Significant Deficiency	Not Implemented	The agency disagrees with the recommendation	117d	Significant Deficiency	N/A	Agree - original implementation date is May 2010								
Department of Human Services	Ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by: (a) continuing working with counties to develop and implement a validated, statewide level-of-care assessment tool.	87	Significant Deficiency	Partially Implemented	The agency disagrees with the recommendation	118a	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by: (b) updating the Trails system to include fields for recording the child's level of care and requiring counties to include this information in Trails whenever they enter new provider rates.	87	Significant Deficiency	Not Implemented	The agency disagrees with the recommendation	118b	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Ensure that county departments of human/social services pay foster care rates that reflect the foster child's level of care and service needs by: (c) conducting periodic file reviews at counties and analysis of actual rates paid by counties to ensure they are using level-of-care tools to assist with setting and negotiating appropriate foster care rates.	87	Significant Deficiency	Not Implemented	The agency disagrees with the recommendation	118c	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Improve internal controls over purchasing cards by: (a) continuing to train approving officials and cardholders on their responsibilities to ensure compliance with Department policy and imposing consequences for policy violations.	16	Significant Deficiency	Partially Implemented	December 2011	120a	Significant Deficiency	N/A	Agree - original implementation date is April 2010								
Department of Human Services	Improve internal controls over purchasing cards by: (b) updating all written purchasing card policies to indicate that recurring, automatic charges and payments are prohibited purchases, clearly communicating this requirement to all card holders, and ensuring that all established automatic payments currently being processed are identified and deactivated by the cardholders.	16	Significant Deficiency	Partially Implemented	June 2011	120b	Significant Deficiency	N/A	Agree - original implementation date is April 2010								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
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Department of Human Services	Improve internal controls over purchasing cards by: (c) utilizing the automated violation tracking system's reporting function to monitor the results of the Department's internal purchasing card audits and ensuring the actions taken by approving authorities in response to cardholder violations are adequate.	16	Significant Deficiency	Partially Implemented	June 2011	120c	Significant Deficiency	N/A	Agree - original implementation date is April 2010								
Department of Human Services	Improve internal controls over purchasing cards by: (d) ensuring purchasing card accounts are closed in a timely manner upon employee termination.	16	Significant Deficiency	Partially Implemented	June 2011	120d	Significant Deficiency	N/A	Agree - original implementation date is April 2010								
Department of Human Services	Improve internal controls over purchasing cards by: (e) coding all procurement card purchases accurately in COFRS.	16	Significant Deficiency	Partially Implemented	June 2011	120e	Significant Deficiency	N/A	Agree - original implementation date is April 2010								
Department of Human Services	Strengthen controls over travel expenditures by: (a) ensuring that employees and supervisors are consistent in their compliance with existing State and Department travel policies, through continuing periodic training and enforcement.	121a	Deficiency in Internal Control	Partially Implemented	May 2011	121a	Significant Deficiency	N/A	Agree - original implementation date is February 2010								
Department of Human Services	Strengthen controls over travel expenditures by: (b) recovering identified overpayments from employees.	121b	Deficiency in Internal Control	Partially Implemented	May 2011	121b	Significant Deficiency	N/A	Agree - original implementation date is June 2010								
Department of Human Services	Strengthen controls over travel expenditures by: (c) considering using its internal audit function to conduct periodic reviews to ensure compliance with State Fiscal Rules and Department policies over travel.	121c	Deficiency in Internal Control	Partially Implemented	May 2011	121c	Significant Deficiency	N/A	Agree - original implementation date is February 2010								
Department of Human Services	Strengthen its controls over the telecommunications payment process by ensuring that all divisions and programs perform monthly reviews of their telecommunications bills in the Telecommunications Financial Management System and submit signed certifications and any identified errors to Central Accounting.	19	Deficiency in Internal Control	Not Implemented	January 2011	122	Deficiency in Internal Control	N/A	Agree - original implementation date is April 2010								
Department of Human Services	Improve general computer controls over Trails and the Child Care Automated Tracking System (CHATS) by: (a) hardening system configuration settings for Trails as recommended under separate cover.	125a	Deficiency in Internal Control	Not Implemented	December 2010	125a	Deficiency in Internal Control	N/A	Agree - original implementation date is May 2010								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Human Services	Improve general computer controls over Trails and the Child Care Automated Tracking System (CHATS) by: (b) promptly removing user access for terminated employees and strengthening procedures to ensure that employee termination notifications are initiated and acted upon in a timely manner.	125b	Deficiency in Internal Control	Not Implemented	December 2010	125b	Deficiency in Internal Control	N/A	Agree - original implementation date is May 2010								
Department of Human Services	Improve general computer controls over Trails and the Child Care Automated Tracking System (CHATS) by: (c) requiring supervisors to annually verify the accuracy and relevance of user access for the employees they supervise.	125c	Deficiency in Internal Control	Not Implemented	December 2010	125c	Deficiency in Internal Control	N/A	Agree - original implementation date is May 2010								
Department of Human Services	Improve general computer controls over Trails and the Child Care Automated Tracking System (CHATS) by: (e) implementing password parameters that comply with State Cyber Security Policies.	125e	Deficiency in Internal Control	Partially Implemented	December 2010	125e	Deficiency in Internal Control	N/A	Agree - original implementation date is November 2010								
Department of Human Services	The Division for Developmental Disabilities should improve controls to ensure service plan documentation is sufficient to support the service request and subsequent payments. Specifically, the Department should work with the Department of Health Care Policy and Financing to: (c) eliminate duplicate data entry of service requests in the CCMS and BUS systems by automatically populating the service request in CCMS from the service plan information contained in the BUS system.	126c	Deficiency in Internal Control	Not Implemented	2012	126c	Deficiency in Internal Control	N/A	Agree - original implementation date is October 2009								
Department of Human Services	The Division for Developmental Disabilities should improve its processes for reviewing service requests to ensure that an adequate basis exists for its approval and denial decisions and that clients are treated equitably. Specifically, the Department should: (b) implement an automated mechanism to track data on the number of reviews conducted, the number of and reasons for denials and reductions in service, and the number of service requests that are re-submitted and re-reviewed.	128b	Deficiency in Internal Control	Not Implemented	No implementation date provided	128b	Deficiency in Internal Control	N/A	Agency to re-evaluate resources annually; no implementation date provided								

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
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Department of Human Services	The Division for Developmental Disabilities should improve its processes for reviewing service requests to ensure that an adequate basis exists for its approval and denial decisions and that clients are treated equitably. Specifically, the Department should: (d) develop a process for supervisory review of service request reviews.	128d	Deficiency in Internal Control	Not Implemented	August 2010	128d	Deficiency in Internal Control	N/A	Agree - original implementation date is December 2009								
Department of Human Services	The Division for Developmental Disabilities should establish mechanisms for monitoring the implementation and operation of appropriate fiscal controls to ensure accountability for services and payments. Specifically, the Department should: (a) develop and issue a comprehensive, written policy and procedures manual for CCBs and update the manual on a routine basis.	132a	Deficiency in Internal Control	Not Implemented	June 2011	132a	Deficiency in Internal Control	N/A	Agree - original implementation date is December 2009								
Department of Human Services	The Division for Developmental Disabilities should establish mechanisms for monitoring the implementation and operation of appropriate fiscal controls to ensure accountability for services and payments. Specifically, the Department should: (b) provide training on the policy and procedures manual to the CCBs.	132b	Deficiency in Internal Control	Not Implemented	June 2011	132b	Deficiency in Internal Control	N/A	Agree - original implementation date is December 2009								
Department of Human Services	Take immediate steps to correct the system problems related to inappropriate restoration payments and enforcement of sanctions in the Colorado Benefits Management System to lessen the risk of errors in benefit payments.	79	Significant Deficiency	Partially Implemented	June 2011	133	Material Weakness	Deferred	December 2009	86	Material Weakness	N/A	Agree - original implementation date is December 2009				
Department of Human Services	Ensure that SNAP/Food Stamps redeterminations and Change Report Forms are processed within federal and state guidelines, as applicable.	78	Material Weakness	Not Implemented	Ongoing	134	Material Weakness	Deferred	December 2009	87	Material Weakness	N/A	Agree - original implementation date is December 2009				
Department of Human Services	Strengthen controls over the Low Income Energy Assistance Program (LEAP) program by: (a) ensuring that eligibility is determined in a timely manner and vendors are contacted when required.	92	Significant Deficiency	Partially Implemented	September 2010	135a	Significant Deficiency	Deferred	September 2009	89a	Significant Deficiency	N/A	Agree - original implementation date is September 2009				
Department of Human Services	Strengthen controls over the Low Income Energy Assistance Program (LEAP) program by: (b) ensuring that required documentation is obtained to support LEAP eligibility, benefit determination, and Estimated Home Heating Cost changes by performing a periodic review of case files.	92	Significant Deficiency	Partially Implemented	September 2010	135b	Significant Deficiency	Deferred	September 2009	89b	Significant Deficiency	N/A	Agree - original implementation date is September 2009				

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Department of Human Services	Strengthen controls over the Low Income Energy Assistance Program (LEAP) program by: (c) strengthening supervisory review process over data entry by instituting an effective supervisory review process.	92	Significant Deficiency	Partially Implemented	September 2010	135c	Significant Deficiency	Deferred	September 2009	89c	Significant Deficiency	N/A	Agree - original implementation date is September 2009				
Department of Human Services	Improve controls related to manual overrides of Colorado Child Care Assistance Program eligibility determinations within the Child Care Automated Tracking System (CHATS) by: (b) requiring that the counties establish supervisory review and approval for all overrides.	82	Significant Deficiency	Not Implemented	March 2011	136b	Significant Deficiency	Deferred	July 2009	95b	Significant Deficiency	N/A	Agree - original implementation date is July 2009				
Department of Human Services	Improve controls related to manual overrides of Colorado Child Care Assistance Program eligibility determinations within the Child Care Automated Tracking System (CHATS) by: (c) ensuring county case managers and supervisors are adequately trained in proper procedures for overrides.	82	Significant Deficiency	Not Implemented	March 2011	136c	Significant Deficiency	Deferred	July 2009	95c	Significant Deficiency	N/A	Agree - original implementation date is July 2009				
Department of Human Services	Improve controls related to manual overrides of Colorado Child Care Assistance Program eligibility determinations within the Child Care Automated Tracking System (CHATS) by: (d) building automatic supervisory review, approval, and reporting capabilities into the CHATS replacement system.	82	Significant Deficiency	Not Implemented	March 2011	136d	Significant Deficiency	Deferred	August 2010	95d	Significant Deficiency	N/A	Agree - original implementation date is August 2010				
Department of Human Services	Ensure that county departments of human/social services properly authorize child care for Colorado Child Care Assistance Program (CCCAP) participants by: (c) improving its monitoring of the counties' CCCAP operations by revising its county case file review process to include developing a risk-based approach that reviews those counties that manage larger CCCAP caseloads and determines why counties make errors.	83	Significant Deficiency	Not Implemented	March 2011	137c	Significant Deficiency	Deferred	July 2009	96	Significant Deficiency	N/A	Agree - original implementation date is July 2009				
Department of Human Services	Ensure that county departments of human/social services properly authorize child care for Colorado Child Care Assistance Program (CCCAP) participants by: (d) requiring that counties submit corrective action plans to address problems identified in part "c" and following up on these plans as appropriate.	83	Significant Deficiency	Not Implemented	March 2011	137d	Significant Deficiency	Deferred	July 2009	96	Significant Deficiency	N/A	Agree - original implementation date is July 2009				

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Department of Human Services	Improve the review of Colorado Child Care Assistance Program provider attendance records by county departments of human/social services by: (a) verifying that counties are conducting the reviews in accordance with Department regulations during the Department's monitoring reviews.	84	Significant Deficiency	Partially Implemented	March 2011	138a	Significant Deficiency	Deferred	July 2009	98a	Significant Deficiency	N/A	Agree - original implementation date is July 2009				
Department of Human Services	Improve its oversight of county-owned child care providers to ensure an arm's-length bargaining relationship between counties and their county-owned providers and to provide assurance that Colorado Child Care Assistance Program payments are reasonable and necessary by: (a) reviewing and approving all rates negotiated between the county department of human/social services and the county-owned provider.	85	Significant Deficiency	Not Implemented	November 2010	139a	Significant Deficiency	Deferred	July 2009	99a	Significant Deficiency	N/A	Agree - original implementation date is July 2009				
Department of Human Services	Improve information for evaluating county administrative and case management costs in the child welfare allocation model by: (a) working with counties to identify and evaluate options for using or modifying existing systems to improve cost information.	88	Significant Deficiency	Partially Implemented	July 2012	140a	Significant Deficiency	Deferred	October 2009	103a	Significant Deficiency	Deferred	October 2009	103a	Significant Deficiency	N/A	Agree - original implementation date is October 2009
Department of Human Services	Strengthen controls over the Colorado Electronic Benefits Transfer (EBT) system by: (e) performing periodic reviews of EBT users, in conjunction with the counties, to ensure terminated users are identified and access levels for current employees remain appropriate.	16e	Deficiency in Internal Control	Not Implemented	August 2010	16e	Deficiency in Internal Control	Not Implemented	April 2010	16e	Deficiency in Internal Control	N/A	Agree - original implementation date is October 2010				
Department of Human Services	The Department of Health Care Policy and Financing and Department of Human Services should improve controls over CBMS user access by: (c) reviewing existing CBMS users and removing all unnecessary incompatible profiles.	91c	Deficiency in Internal Control	Not Implemented	December 2010	91c	Deficiency in Internal Control	Deferred	December 2009	91c	Deficiency in Internal Control	N/A	Agree - original implementation date is December 2009				
Department of Human Services	The Department of Health Care Policy and Financing and Department of Human Services should improve controls over CBMS user access by: (d) implementing a process to periodically review and certify the appropriateness of CBMS user access levels.	91d	Deficiency in Internal Control	Not Implemented	December 2010	91d	Deficiency in Internal Control	Deferred	August 2009	91d	Deficiency in Internal Control	N/A	Agree - original implementation date is August 2009				

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Department of Human Services	Improve the accuracy and completeness of eligibility determinations for the Colorado Child Care Assistance Program (CCCAP) made by county departments of human/social services by: (d) strengthening the Department's and counties' monitoring and supervisory review systems as outlined in Recommendation No. 97 in the 2008 report.	94d	Deficiency in Internal Control	Not Implemented	December 2010	94d	Deficiency in Internal Control	Deferred	July 2009	94d	Deficiency in Internal Control	N/A	Agree - original implementation date is July 2009				
Department of Human Services	Improve its oversight of the foster parent certification process by: (a) requiring county departments of human/social services and child placement agencies to conduct periodic (e.g., annual) desk audits of their certified foster parents to ensure that the parents meet all applicable requirements and that their qualifications are documented in their files.	95a	Deficiency in Internal Control	Partially Implemented	September 2010	95a	Deficiency in Internal Control	Partially Implemented	The agency did not provide a revised implementation date	95a	Deficiency in Internal Control	Partially Implemented	June 2009	95a	Deficiency in Internal Control	N/A	Agree - original implementation date is July 2008
Department of Human Services	Improve its oversight of the foster parent certification process by: (b) developing and applying sanctions when the Department finds discrepancies between county and child placement agency (CPA) attestations and actual foster parent qualifications.	95b	Deficiency in Internal Control	Partially Implemented	September 2010	95b	Deficiency in Internal Control	Not Implemented	June 2010	95b	Deficiency in Internal Control	Deferred	July 2008	95b	Deficiency in Internal Control	N/A	Agree - original implementation date is July 2008
Department of Human Services	Improve its oversight of the foster parent certification process by: (d) working with county departments of human/social services to develop a solution for providing relevant child information to foster parents without violating confidentiality requirements.	95d	Deficiency in Internal Control	Partially Implemented	October 2010	95d	Deficiency in Internal Control	Partially Implemented	The agency did not provide a revised implementation date	95d	Deficiency in Internal Control	Deferred	October 2008	95d	Deficiency in Internal Control	N/A	Agree - original implementation date is October 2008
Department of Human Services	Increase monitoring and oversight of Core Services programs provided by county departments of human/social services to ensure counties provide these services only to families with children at risk of out-of-home placement. Specifically, the Department should: (b) develop written policies to impose fiscal sanctions and/or require repayment of funds from county departments of human/social services for cases in which Core Services eligibility has not been adequately documented.	100b	Finding not classified; not an internal control related issue	Partially Implemented	September 2010	100b	Finding not classified; not an internal control related issue	Not Implemented	May 2010	100b	Finding not classified; not an internal control related issue	Not Implemented	July 2009	100b	Finding not classified; not an internal control related issue	N/A	Agree - original implementation date is July 2008

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Department of Human Services	Increase monitoring and oversight of Core Services programs provided by county departments of human/social services to ensure counties provide these services only to families with children at risk of out-of-home placement. Specifically, the Department should: (c) provide training and technical assistance to the counties to ensure that counties understand how to document eligibility for Core Services and that counties are aware of available Department sanctions if documentation is not sufficient.	100c	Finding not classified; not an internal control related issue	Partially Implemented	September 2010	100c	Finding not classified; not an internal control related issue	Partially Implemented	May 2010	100c	Finding not classified; not an internal control related issue	Partially Implemented	July 2009	100c	Finding not classified; not an internal control related issue	N/A	Agree - original implementation date is July 2008
Department of Human Services	Improve accountability for child welfare expenditures and foster care rates to ensure funds are used cost-effectively by: (a) analyzing the foster care rates being paid to providers, including county-certified providers, against provider costs and benchmark information on a periodic (e.g., annual) basis to determine if the rates being paid by county departments of human/social services are reasonable.	101a	Deficiency in Internal Control	Partially Implemented	September 2010	101a	Deficiency in Internal Control	Partially Implemented	March 2010	101a	Significant Deficiency	Deferred	July 2008	101a	Significant Deficiency	N/A	Partially agree - original implementation date is July 2008
Department of Human Services	Improve accountability for child welfare expenditures and foster care rates to ensure funds are used cost-effectively by: (d) identifying and considering implementing alternative rate-setting methodologies that rely on objective cost data, such as benchmarks on child care and administrative costs, to pay for foster care services.	101d	Deficiency in Internal Control	Partially Implemented	The agency did not provide a revised implementation date	101d	Deficiency in Internal Control	Partially Implemented	The agency did not provide a revised implementation date	101d	Significant Deficiency	Deferred	December 2008	101d	Significant Deficiency	N/A	Partially agree - original implementation date is December 2008
Department of Human Services	Ensure it is claiming Title IV-E-eligible reimbursements for foster care appropriately by: (b) ensuring Department staff and county departments of human/social services record and classify case management services in accordance with the direction provided by DHHS in Part (a).	104b	Deficiency in Internal Control	Partially Implemented	January 2011	104b	Deficiency in Internal Control	Partially Implemented	Summer 2010	104b	Significant Deficiency	Deferred	December 2008	104b	Significant Deficiency	N/A	Partially agree - original implementation date is December 2008

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Department of Human Services	Ensure it is claiming Title IV-E-eligible reimbursements for foster care appropriately by: (c) implementing procedures for verifying that counties are entering rate information into Trails accurately, including bed reservation rates, and for ensuring that payments to counties reflect adjustments for any federal funds claimed incorrectly for reimbursement under Title IV-E.	104c	Deficiency in Internal Control	Partially Implemented	October 2010	104c	Deficiency in Internal Control	Not Implemented	March 2010	104c	Significant Deficiency	Deferred	December 2008	104c	Significant Deficiency	N/A	Partially agree - original implementation date is December 2008
Department of Human Services	Ensure that CPAs pass along the correct child maintenance payments received from county departments of human/social services to foster parents by: (a) implementing routine, periodic reviews of the payments made from CPAs to foster parents to ensure that they match the payments received from counties.	90a	Deficiency in Internal Control	Partially Implemented	January 2011	106a	Deficiency in Internal Control	Partially Implemented	May 2010	106a	Significant Deficiency	Deferred	October 2008	106a	Significant Deficiency	N/A	Partially agree - original implementation date is October 2008
Department of Human Services	Ensure that CPAs pass along the correct child maintenance payments received from county departments of human/social services to foster parents by: (b) following up on identified over- or underpayments to foster parents to determine why the incorrect payments were made and to require that counties and CPAs rectify all incorrect payments.	90b	Deficiency in Internal Control	Not Implemented	The agency disagrees with this part of the recommendation	106b	Deficiency in Internal Control	Not Implemented	The agency did not provide a revised implementation date	106b	Significant Deficiency	Deferred	July 2008	106b	Significant Deficiency	N/A	Partially agree - original implementation date is July 2008