

This Adobe Acrobat file contains the following documents that were presented to the Joint Budget Committee on Monday, December 11, 2006.

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Department of Human Services Information Technology Services County Administration Self Sufficiency Adult Assistance FY 2007-08 Staff Budget Briefing	Pages 2 through 82
Office of CBMS 1331 Supplemental Appropriation Analysis	Pages 83 through 89

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF BUDGET BRIEFING DEPARTMENT OF HUMAN SERVICES

OFFICE OF INFORMATION TECHNOLOGY SERVICES

COUNTY ADMINISTRATION

SELF-SUFFICIENCY

ADULT ASSISTANCE PROGRAMS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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December 11, 2006

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**FY 2007-08 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HUMAN SERVICES

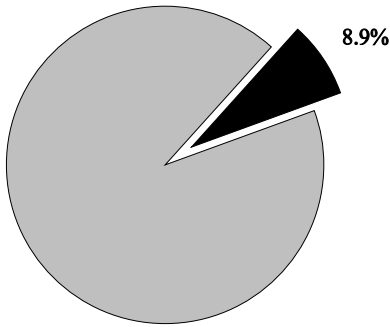
**OFFICE OF INFORMATION TECHNOLOGY SERVICES
COUNTY ADMINISTRATION
SELF-SUFFICIENCY
ADULT ASSISTANCE PROGRAMS**

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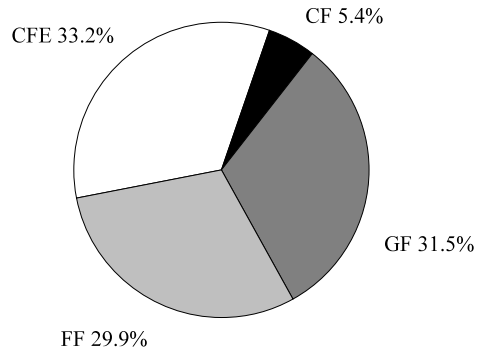
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**FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Graphic Overview**

**Share of State General Fund
FY 2006-07**

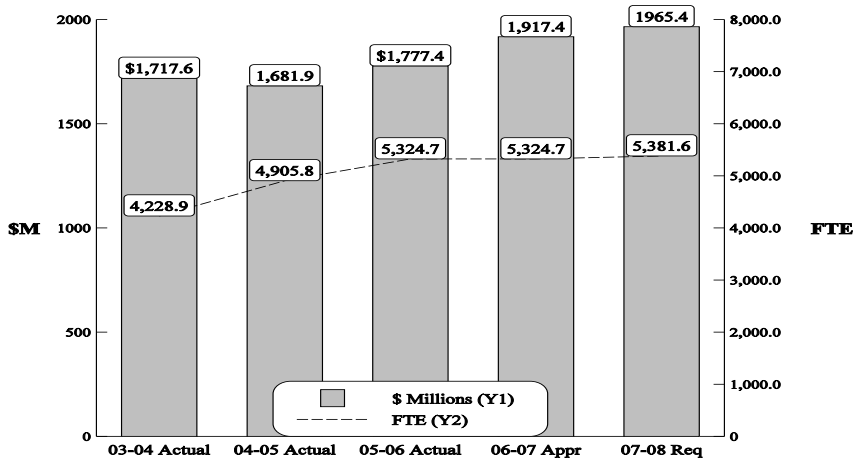


**Funding Source Split
FY 2006-07**

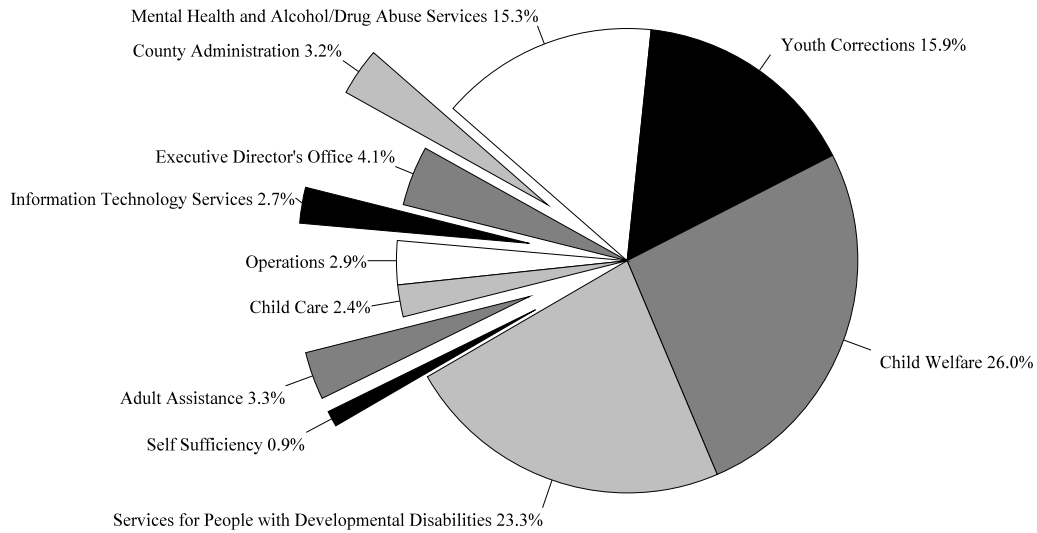


Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.3 percent.

Budget History



**Department of Human Services: Net General Fund by Division
FY 2006-07 Appropriation (\$792.6 million)**



FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Office of Information Technology Services,
County Administration, Self-Sufficiency, and Adult Assistance Programs
Department Overview

Key Responsibilities

- ▶ **Office of Information Technology Services:** Supports and maintains existing information systems used by the staff of the Department of Human Services, county departments of social services, and local service providers. It also oversees the development and ongoing improvement of the information systems used by department staff, counties, and other providers. The following list is a sampling of the systems supported by this division.
 - The Colorado Benefits Management System. This system is used by county departments of social services and local providers to determine eligibility and manage benefits associated with the Medicaid program, the Colorado Works program, the Food Stamp program, the Children's Basic Health Plan, and the Colorado Indigent Care Program. The Department formally accepted the CBMS system from the vendor in June 2006.
 - The County Financial Management System. This system is used primarily to accumulate benefit and benefit-related expenditure and refund data from the counties, and is used by the Department to calculate appropriate federal and state reimbursement of those expenditures.
 - The Colorado Trails (Child Welfare and Youth Corrections) system. This system provides support for case management, case tracking, court reporting, and case information sharing in support of client services.

- ▶ **County Administration:** Supervises the 64 county departments of social services' administration of state and federally-funded services. Provides counties with resources related to their duties in delivering social services functions. Several of the programs administered by the counties are described under the Divisions of Self Sufficiency and Adult Assistance.

- ▶ **Self-Sufficiency:** Provides income, nutritional and support services to assist families and individuals in need, and particularly as they transition from welfare to independence.
 - Colorado Works provides cash and other benefits and services intended to promote sustainable employment for low income families with children.
 - Food stamp and commodity food distribution programs assist the needy in meeting nutritional needs.
 - Low-income energy assistance and low-income telephone assistance programs provide support in those areas.

- Child Support Enforcement works to insure that child support orders that have been entered are properly complied with.
- ▶ **Adult Assistance Programs:** Provides assistance and support for the elderly and the needy adult disabled populations in Colorado.
- Determines medical disability for Colorado residents who apply for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. Included in its responsibilities is processing disability cases for Medicaid.
 - Supervises the Aid to the Needy Disabled / State Only (AND-SO) program, which provides cash assistance to disabled individuals awaiting SSI eligibility determination and those individuals who meet state eligibility requirements but not federal requirements, and supervises the Aid to the Blind / Supplemental Security Income / Colorado Supplement Program;
 - Supervises Adult Protective Services programs (APS), which intervene on behalf of at-risk adults to correct or alleviate situations of abuse, neglect, or exploitation;
 - Supervises and funds the provision of services to older Coloradans throughout the state through the auspices of 16 Area Agencies on Aging (AAA); and
 - Supervises the Old Age Pension (OAP) program, which provides cash assistance to eligible individuals age 60 and older.

Factors Driving the Budget

Colorado Benefits Management System

The Colorado Benefits Management System (CBMS) replaced several older IT systems that supported social services programs in Colorado: the Colorado Indigent Care Program, the Children's Basic Health Plan, the Client-Oriented Information Network, the Colorado Automated Client Tracking Information System, the Colorado Automated Food Stamp System, and Colorado Employment First. CBMS is a collaborative effort between the Department of Health Care Policy and Financing and the Department of Human Services.

Beginning in FY 2003-04, with CBMS development nearing scheduled completion, costs incurred by the program increased, and supplemental appropriations requests became a regular occurrence. Examples of the causes for additional appropriations include capital spending for system enhancements and corrections, legal fees associated with an on-going lawsuit, and providing counties with additional funding to complete caseload conversion and to assist in additional workload that accompanied initial CBMS implementation. Issue #4 in this briefing packet is an informational issue that provides an overview of the current status of CBMS.

The contract between the state and the CBMS developer (Electronic Data Systems, or EDS) provides for an increasing schedule of payments for maintenance, operations support services, and training. Each year, the Department must submit a decision item to accommodate that contractual increase.

The table below shows the contract amount for these services for each year and the increase over the previous year in dollars and as a percentage. The expenditure drops sharply in FY 2008-09 because the current contract covers only the first month of that year. The Department, along with the Governor's Office of CBMS and the Department of Health Care Policy and Financing, has begun the process of finding a new vendor for these services beginning in 2008.

EDS Contract and Yearly Changes, FY 2004-05 to FY 2008-09			
Fiscal Year	Cost	Change (Dollars)	Change (Percentage)
2004-05	\$7,872,913	n/a	n/a
2005-06	\$8,057,227	\$184,314	2.3%
2006-07	\$8,395,368	\$338,141	4.2%
2007-08	\$8,775,313	\$379,945	4.5%
2008-09 (one month)	\$733,932	(\$8,041,381)	-91.6%

Community Provider Rate Increases

Some departments of state government contract with community providers to deliver services of the state to eligible clients. To ensure that community provider arrangements are viable over the long term, the General Assembly has regularly awarded annual inflationary increases for community provider programs. The rate increases awarded to providers each year are determined by the Joint Budget Committee in a common policy decision. This common policy is then applied to each community provider program. Of the four divisions covered in this briefing, the County Administration division has historically been affected by the provider rate increase.

Colorado Works Program -- Federal TANF Reauthorization

The General Assembly created the Colorado Works program in 1997 in response to federal welfare reform legislation. That federal legislation replaced the open-ended federal reimbursement provided under the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant program. The TANF legislation was originally due for reconsideration and reauthorization in 2002, but that did not happen; funding has continued by means of several short-term extensions. Reauthorization legislation was passed by Congress in December 2005 and signed by President Bush in February 2006. The reauthorization legislation made several significant changes in the program requirements and required the federal Department of Health and Human Services (DHHS) to issue modified rules. The new rules became effective on October 1, 2006, and Colorado no longer meets the federal targets. Changes necessary to bring the state back into compliance may ultimately require changes in spending emphasis among the programs funded with TANF dollars. This topic will be discussed in greater detail in issue #2.

Low Income Energy Assistance Program.

Spending for the Low Income Energy Assistance Program has varied both up and down over the last few years. The sharp increase in spending in FY 2005-06 was motivated by the record-high natural

gas prices that occurred following the damage done to key areas of the Gulf Coast by Hurricanes Katrina and Rita. Spending on this line has been affected by the Governor's allocation of federal "flexible" funds, which was outside of the General Assembly's control, and by special bills such as H.B. 06-1200.

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*	\$39,667,592	(\$30,279,880)	-43.3%

* Current estimate of expenditures from the Department's budget request.

Adult Assistance Programs

Old Age Pension. Colorado's Old Age Pension (OAP) Program is mandated in Article XXIV of the Colorado Constitution. The program is budgeted for \$79.4 million in FY 2006-07 and accounts for 60 percent of the Adult Assistance Programs' total budget. The State Board of Human Services determines the level of Old Age Pension benefits, and appropriations from the pension fund are continuously appropriated pursuant to Article XXIV. The Board's decisions have the potential to directly affect other General Fund spending because of the way OAP is funded. The Old Age Pension Fund has first call on 85% of most state sales and excise taxes, inheritance taxes, and incorporation fees. These revenues must be spent in the following order: to make full payments to all qualified recipients, then to top up the \$5.0 million Stabilization Fund, then to top up the \$10.0 million Health and Medical Care Fund. Only then do the remaining funds from those taxes transfer to the General Fund.

Supplemental Security Income (SSI) Maintenance of Effort. Colorado must meet a federal expenditure test for maintenance of effort for state supplemental payments to federal SSI recipients. The expenditure test means the state must spend an amount equal to or greater than the highest amount it spent on such payments in any previous calendar year. The requirement for Colorado is currently \$26.7 million. The state has been under a corrective action plan as it failed to meet its MOE obligations in calendar years 2003, 2004, and 2005, which has caused considerable variation in the year-to-year spending. Failure to meet the requirement may eventually lead to the imposition of harsh federal sanctions: the smallest sanction that would be applied would be the loss of all federal Medicaid funds for a period of three months. This topic is discussed in greater detail as issue #3.

Summary of Major Legislation

- ✓ **S.B. 06-219 (Keller / Jahn):** Provides for the reorganization of statutes and modification of the allocation of responsibilities between the Department of Human Services and the Department of Health Care Policy and Financing. The appropriations to the Department of Human Services were decreased by a total of \$19,996,252.
- ✓ **H.B. 06-1018 (Riesberg / Hagedorn):** Increases funding to the Older Coloradans Cash Fund from receipts collected from the state sales and use tax. The funding is increased from \$2.0 million to \$3.0 million annually.
- ✓ **H.B. 06-1200 (Buescher / Kester):** Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and to the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. The bill insures that there is an adequate reserve in the prior year with which to make each year's appropriations. Appropriations by destination and fiscal year are shown in the following table.

Fiscal Year	Department of Human Services	Governor's Office
2005-06	\$17,000,000	\$7,000,000
2006-07	\$5,950,000	\$5,050,000
2007-08	\$5,950,000	\$6,050,000
2008-09	\$5,950,000	\$7,050,000

- ✓ **S.B. 05-201 (Kester / Frangas):** Appropriates \$7.6 million from the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for FY 2004-05 for the Low Income Energy Assistance Program.
- ✓ **S.B. 05-202 (Sandoval / Cloer):** Eliminates the \$1 per month administrative fee paid by public assistance recipients who receive assistance payments through the Electronic Benefits Transfer Service (EBTS) for the Colorado Works, Old Age Pension, Aid to the Needy Disabled, Aid to the Blind, Low-income Energy Assistance, and Child Care Assistance programs.
- ✓ **H.B. 05-1084 (King / Keller):** Requires the department to develop a rate-setting process for providers of residential treatment services and to submit an initial report to the Joint Budget Committee by July 1, 2006, concerning the implementation of such rate-setting process.
- ✓ **S.B. 04-14 (Owen / Witwer):** Eliminates the statutory threshold associated with County

Reserve Accounts, thereby allowing each county to retain, at the end of each fiscal year, the balance of Works Program county block grant funds remaining in its County Reserve Account.

- ✓ **H.B. 04-1414 (Witwer / Reeves):** Requires federal Title IV-E reimbursements earned in excess of amounts appropriated to be credited to a new fund, entitled "Excess Federal Title IV-E Reimbursements Cash Fund". Makes moneys in the new Fund subject to annual appropriation by the General Assembly to the Department for allocation to counties for two purposes: (1) To help defray the costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) for the provision of assistance (as defined for the Colorado Works Program), child care assistance, social services, and child welfare services. Specifies that for FY 2004-05 (and in subsequent fiscal years if so specified by the General Assembly through the annual Long Bill) counties shall spend excess federal Title IV-E funds received for the provision of assistance, child care assistance, social services, and child welfare services on the types of expenditures that can be counted toward the federal maintenance of effort requirement for Temporary Assistance for Needy Families (TANF) programs.

Replaces a \$4,100,000 federal funds appropriation in the FY 2004-05 Long Bill that was intended to reflect excess Title IV-E funds anticipated to be paid to counties with two cash funds exempt appropriations from the new fund: (1) \$1,600,000 for counties' costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) \$2,500,000 for county expenditures for that can be counted toward the federal TANF maintenance of effort requirement.

- ✓ **H.B. 04-1418 (Plant / Teck):** Changes the state's property tax / heating cost rebate from a yearly payment to a quarterly payment. The increased frequency of payments allows the state to count all money distributed by the program to SSI recipients as contributions toward the SSI maintenance of effort (MOE). This legislation addressed shortfalls in the MOE for calendar year 2003.
- ✓ **H.B. 04-1451 (Clapp / Reeves):** Authorizes each county department of social services and local representatives of the judicial districts, health departments, school districts, community mental health centers, and mental health assessment and service agencies to enter into a memorandum of understanding ("MOU") to promote a collaborative system of treatment and services for children and families. Authorizes parties to an MOU to reinvest any state General Fund savings that result from such collaboration and creates the Performance-based Collaborative Management Incentive Cash Fund to provide incentives to parties to an MOU. On and after July 1, 2005, transfers moneys in the Performance Incentive Cash Fund, the Family Stabilization Services Fund, and moneys received through civil docket fees to the new fund. Repeals the Integrated Care Management Program.

- ✓ **S.B. 03-22 (Johnson / Sinclair):** Transfers the administration and associated funding for the Old Age Pension Health and Medical Care Fund and the Supplemental Old Age Pension Health and Medical Care Fund from the Department of Human Services to the Department of Health Care Policy and Financing.

- ✓ **S.B. 97-120 (Coffman / C. Berry):** Made multiple changes to public assistance programs in response to 1996 federal welfare reform legislation. Provided a block grant of state and federal funds to each county and required each county to maintain a certain level of spending. Provided an appropriation to modify existing accounting systems to meet the new federal reporting requirements under welfare reform. This changed the data gathering needs of the department.

Major Funding Changes FY 2005-06 to FY 2006-07

Action	General Fund	Other Funds	Total Funds	Total FTE
Office of Information Technology Services				
CBMS Contractual Increase	53,073	285,068	338,141	0.0
Annualize salary and benefits adjustments	158,402	131,615	290,017	0.0
Other CBMS costs	(596,741)	(3,630,263)	(4,227,004)	0.0
County Administration				
Increase to address county shortfall	2,106,087	6,041,622	8,147,709	0.0
3.25% increase in provider rates	465,702	1,259,942	1,725,644	0.0
S.B. 06-219	0	(18,306,628)	(18,306,628)	0.0
One-time funding reduction related to CBMS	(1,868,757)	(5,648,183)	(7,516,940)	0.0
Self-Sufficiency				
Annualize salary and benefits adjustments	64,619	380,254	444,873	0.0
Colorado Works one-time reduction	0	(13,517,724)	(13,517,724)	0.0
LEAP funding (HB 06-1200)	0	(11,050,000)	(11,050,000)	0.0
Administration one-time reduction	0	(1,068,608)	(1,068,608)	0.0
Adult Assistance Programs				
OAP Program caseload increases	0	8,788,990	8,788,990	0.0
Older Coloradans Program funding increase (H.B. 06-1018)	0	1,000,000	1,000,000	0.0
SSI MOE one-time funding reduction	(2,569,051)	0	(2,569,051)	0.0
OAP Program workload reduction	0	(1,520,304)	(1,520,304)	0.0
TOTAL	(\$2,186,666)	(\$36,854,219)	(\$39,040,885)	0.0

The County Administration increase to address the county shortfall was a decision item in last year's budget request. The requested increase, which was granted in its entirety, included \$500,000 to perform a comprehensive workload study of the counties' operations intended to establish the actual funding "need" for the County Administration appropriation. The last such study was conducted in the 1970s; in light of the kind and scope of changes that have occurred since then, such a study was

almost certainly overdue. Staff recommends that the Committee request the Department respond to the following questions about the workload study at their hearing:

1. What progress has been made in conducting the workload study? Will the study be completed within the current fiscal year? The \$500,000 expense for the study was an estimate made before selecting a vendor who would do the actual work; is that estimate still accurate?
2. It has been almost 30 years since the last workload study; will this study include any steps that might be useful in keeping knowledge of the county workload more up to date following this study? Much of the application process has been automated, at least in the sense that computer screens have replaced paper forms; can our support systems like CBMS be used to collect statistics that will indicate changes in county workload?

FY 2007-08 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
3	<p>Services for People with Disabilities, Developmental Disability Services</p> <p>Provide comprehensive community-based residential services for an additional 79 persons for six months, including 39 individuals transitioning from foster care, 30 needing emergency placement, and 10 from the waiting list; provide adult supported living services for an additional 24 youth aging out of the Children's Extensive Support (CES) waiver program; provide state-funded early intervention services for an additional 209 infants and toddlers with developmental disabilities and delays; and add 12 youth to the CES program. Request annualizes to \$8.8 million (\$4.7 million NGF) in FY 07-08.</p> <p><i>[Sections 27-10.5-101 through 27-10.5-503 and 25.5-6-401 through 411 C.R.S.]</i></p>	609,872	0	3,796,001	0	4,405,873	2,329,514	0.0
				<i>[Medicaid]</i>				

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4	Office of Operations Increase operating funds for facilities management of direct care facilities. Partially one-time; annualizes to \$400,000 (\$356,00 NGF) in FY 2007-08. <i>[Section 24-102-302, C.R.S.]</i>	749,737	0	211,464 <i>[Medicaid (transfer from HCPF)]</i>	0	961,201	855,469	0.0
5	Office of Information Technology Services Increase funding to support contractual increase for the primary vendor of the CBMS; increase system maintenance for hardware that has passed out of warranty; provide ongoing maintenance costs to support Federal TANF reporting process. <i>[Sections 25.5-4-204; 25.5-6-311; 25.5-8-101 et. Seq.; 26-1-109,111; 26-2-723; 25.5-3-101 et. Seq., C.R.S.]</i> Please note that some of these citations have been modified from the Department's list to reflect repeal and renumbering.	64,392	32,924 <i>[Old Age Pension]</i>	142,403 <i>[Medicaid (from HCP&F)]</i>	315,507 <i>[Food Stamps and TANF]</i>	555,226	131,104	0.0

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6	Division of Child Welfare, Child Welfare Services Increase funding by 1.1 percent to cover the projected cost increases due to the anticipated growth in the state child / adolescent population. <i>[Sections 26-5-101 and 104 (4) (d), C.R.S.]</i>	1,661,450	0	967,306 <i>[Medicaid and local funds]</i>	1,061,506 <i>[Title IV-E]</i>	3,690,262	1,853,047	0.0
7	Division of Youth Corrections, Institutional Programs Increase staffing at the Marvin W. Foote Youth Services Center. Amount shown is annualized to \$318,489 (GF) and 7.5 FTE in FY 2008-09. <i>[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]</i>	212,638	0	0	0	212,638	212,638	5.6

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8	<p>Mental Health and Alcohol and Drug Abuse Services</p> <p>Increase of \$1,372,788 for community mental health services to 446 children and adults with mental illnesses and \$128,244 to increase 2.0 FTE to enhance monitoring and compliance.</p> <p><i>[Sections 27-1-203, 27-1-204 (4) (a), 27-1-204 (5), C.R.S.] Please note, these are not the statutes that the Department submitted to support its request; many of those statutes submitted applied to other programs (Medicaid, ADAD) or had been repealed.</i></p>	1,501,032	0	0	0	1,501,032	1,501,032	2.0
9	<p>Executive Director's Office</p> <p>Increase staffing for human resources. Funding is for a temporary staff and associated costs; therefore, there is no FTE or annualization associated.</p> <p><i>[Sections 24-50-101 through 24-50-145, C.R.S.]</i></p>	69,638	0	0	0	69,638	69,638	0.0

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10	Executive Director's Office Increase funding for Health Insurance Portability and Accountability Act (HIPAA) ongoing IT maintenance expenses. <i>[45 C.F.R. Parts 160 and 164 HIPAA Administrative Simplification: Enforcement: Final Rule]</i>	166,781	0	44,475 <i>[Medicaid]</i>	11,119 <i>[Substance Abuse Prevention & Treatment Block Grant]</i>	222,375	189,019	0.0
11	Executive Director's Office Appropriate staff for disaster recovery/business continuity support. This is a new line item under the EDO for FY 2007-08. <i>[Sections 26-4-403.7, 610; 26-1-107, 109, 111; 26-2-701, 723; 26-15-101; 24-1-20, C.R.S.]</i>	52,385	289 <i>[Mental Health Institutes (MHI) Patient Fees]</i>	6,605 <i>[Medicaid, MHI Patient Revenue, and various sources]</i>	13,553 <i>[Child Care Development Funds and various sources]</i>	72,832	53,952	1.0

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12	Division of Youth Corrections, Community Programs Increase funding due to population impacts on case management and parole services. Amount shown is annualized to \$354,061 (GF) and 3.5 FTE in FY 2008-09. <i>[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]</i>	439,056	0	0	0	439,056	439,056	6.1
13	Office of Self Sufficiency Increase funding and FTE for the Food Stamp Program to provide training, oversight, implement federal corrective action plans, and bring application processing into compliance with federal mandates. <i>[Section 26-2-301, C.R.S.]</i>	81,697	0	0	81,698 <i>[Food Stamps]</i>	163,395	81,697	3.0

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14	Division of Youth Corrections, Institutional Programs Increase funding for purchased medical services. Costs are projected to increase \$595,517 (GF) in FY 2008- 09. <i>[Sections 19-2-402, 403 and 19-1-103 (73) (a), C.R.S.]</i>	456,570	0	0	0	456,570	456,570	0.0
15	Office of Information Technology Services Upgrade CMBS disaster recovery hardware to a level sufficient to allow continued operation in case of a disaster. <i>[Section 25.5-3-101; 25.5-4-204; 25.5- 6-311; 25.5-8-101; 26-1-107,109,111; 26-2-701; 24-1-120, C.R.S.]</i> Please note that some of these citations have been modified from the Department's list to reflect repeal and renumbering.	88,272	45,134 <i>[Old Age Pension]</i>	195,215 <i>[Medicaid (from HCP&F)]</i>	233,797 <i>[Food Stamps and TANF]</i>	562,418	179,724	0.0

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Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
16	Executive Director's Office Increase staffing for the Records and Reports of Child Abuse or Neglect Program. <i>[Sections 19-3-107, 313.5, C.R.S.]</i>	0	124,319 <i>[Records and Reports Cash Fund]</i>	0	0	124,319	0	2.8
17	Office of Information Technology Services Transfer FTE from OITS to Disability Determination Services <i>[Section 25.5-4-204,205 C.R.S.]</i>	0	0	0	0	0	0	0.0
18	Division of Child Care Automated Colorado Child Care Assistance Program System Replacement - Operating portion of a request totaling \$8.6 million in federal Child Care Development Funds. Most of the request has been submitted through the capital development process and is undergoing CDC review. IMC rank 6 of 13. <i>[Section 26-2-801 through 806, C.R.S.]</i>	0	0	0	73,924 <i>[Child Care Development Funds]</i>	73,924	0	0.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
19	Office of Self Sufficiency Creation of Colorado Works Fraud Investigation FTE <i>[Section 26-2-701 et. Seq., C.R.S.]</i>	0	0	0	0	0	0	1.0
20	Services for People with Disabilities, Vocational Rehabilitation Business Enterprise Program - Develop and improve food vending facilities operated by blind and visually impaired persons in state and federal buildings <i>[Section 26-8.5-100.1 through 107, C.R.S.]</i>	0	0	223,080 <i>[Reserves in Business Enterprise Program Cash Fund]</i>	824,242 <i>[Section 110 Vocational Rehabilitation funds]</i>	1,047,322	0	0.0
21	Services for People with Disabilities, Vocational Rehabilitation Expand various vocational rehabilitation programs by increasing the Division's cash funds exempt (deferred revenue) and federal spending authority. Part of a five year plan by the Division to spend down existing deferred revenue from various local sources. <i>[Section 26-8-101 to 106, C.R.S.]</i>	0	0	287,779	1,063,297	1,351,076	0	0.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
22	Mental Health and Alcohol and Drug Abuse Services Increase the program's spending authority by \$400,000 to serve more clients; and add \$45,125 and 1.0 FTE program assistant to address the increasing workload of the program. <i>[Sections 26-1-301 through 26-1-310, C.R.S.]</i>	0	0	445,195 <i>[Traumatic Brain Injury Trust Fund reserves]</i>	0	445,195	0	1.0
23	Division of Child Welfare Increase funding for the Collaborative Management Program due to the increased number of counties participating in the program. <i>[Section 24-1.9-101, C.R.S.]</i>	0	0	1,088,750 <i>[Performance-based Collaborative Management Incentive Cash Fund]</i>	0	1,088,750	0	0.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
24	Mental Health and Alcohol and Drug Abuse Services Funding increase (pursuant to H.B. 06-1171) to do the following: increase youth prevention programs in successful counties (\$110,000), increase funding for the media on repeat DUI offenders (\$100,300), reporting on program effectiveness and recidivism (\$23,790); reestablish funding for youth prevention programs (\$20,000); restore DUI curriculum training materials (\$14,334); and other projects. <i>[Sections 42-3-303, C.R.S.]</i>	0	0	273,424	0	273,424	0	0.0
				<i>[Persistent Drunk Driver Cash Fund reserves]</i>				

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
25	Mental Health and Alcohol and Drug Abuse Services Increase of cash fund spending authority to support two offender-specific substance abuse treatment programs and to pay for a portion of an evaluation project. <i>[Section 16-11.5-102 (3), C.R.S.]</i>	0	268,000 <i>[Drug Offender Surcharge Fund]</i>	0	0	268,000	0	0.0
26	Office of Operations Increase spending authority to enable the Department to purchase adequate fuel and maintenance supplies for state vehicles using Department maintenance and fueling stations. <i>[Section 24-30-1104 (2) (b), C.R.S.]</i>	0	0	173,591 <i>[State Garage Fund]</i>	0	173,591	0	0.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
NP-2	<p>Mental Health and Alcohol and Drug Abuse Services</p> <p>Transfer of Medicaid funds for the Goebel population to the Department of Health Care Policy and Financing, to be combined with the Medicaid capitation program (follows a "1331" request approved in September 2006).</p> <p><i>[Section 26-4-123, C.R.S.]</i> Please note, this statutory citation is for the Medicaid program which is appropriate for this request; however, the Department submitted a range of other statutory citations which apply to non-Medicaid, alcohol and drug abuse, and other programs which are not pertinent to this request.</p>	0	0	(12,275,081)	0	(12,275,081)	(6,137,541)	0.0
				<i>[Medicaid Cash Funds]</i>				

FY 2007-08 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
NP-3	Mental Health and Alcohol and Drug Abuse Services Financing mix change to reflect the elimination of the RTC program, includes a decrease of \$393,696 Medicaid cash funds exempt, an increase of \$196,848 tobacco cash funds exempt funds and \$200,785 General Fund appropriated directly to the Department of Human Services. <i>[Section 27-10.3-103, C.R.S.]</i>	200,785	0	(196,848)	0	3,937	200,785	0.0
				<i>[Increase of \$196,838 Tobacco Cash Fund Exempt and decrease of \$393,693]</i>				
NP-4	Office of Information Technology Services DPA - Multiuse Network <i>[Section 24-30-1101 through 1105; and 24-37.5-202,203, C.R.S.]</i>	(17,793)	(292)	(2,333)	(8,751)	(29,169)	(18,522)	0.0
			<i>[Various sources]</i>	<i>[Medicaid (transfers from HCP&F) and Various sources]</i>	<i>[ADAD, CCDF, Food Stamps, TANF, and Various sources]</i>			

FY 2007-08 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
NP-5	Office of Operations Vehicle lease reconciliation and vehicle replacements <i>[Section 24-30-1104 (2), C.R.S.]</i>	23,281	0	25,457	1,556	50,294	34,392	0.0
	Total Department Request	\$16,649,838	\$2,008,453	\$4,568,941	\$7,386,774	\$30,614,006	\$16,051,535	40.0
	Total for Shaded Items	\$501,757	\$1,614,454	\$546,607	\$920,698	\$3,583,516	\$659,192	7.0

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

FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Office of Information Technology Services,
County Administration, Self-Sufficiency, and Adult Assistance Programs
Overview of Numbers Pages

The following table highlights the major changes contained in the department's FY 2007-08 budget request.

Requested Changes FY 2006-07 to FY 2007-08

Category	GF	CF	CFE	FF	Total	Net GF	FTE
Salary Survey	228,189	32,049	43,039	426,774	730,051	243,567	0.0
Remove one-time funding, various	(209,579)	(80,891)	(349,877)	(470,399)	(1,110,746)	(373,484)	0.0
0.2 Percent Base Reduction	(18,751)	(2,557)	(3,161)	(33,446)	(57,915)	(19,971)	0.0
Decision Items	501,757	1,614,454	546,607	920,698	3,583,516	659,192	7.0
2% provider rate increase	285,189	1,536,688	211,322	298,447	2,331,646	285,189	0.0
CBMS Hardware disaster recovery	88,272	45,134	195,215	233,797	562,418	179,724	0.0
CBMS EDS annual contract increase, other small items	64,392	32,924	142,403	315,507	555,226	131,104	0.0
Food Stamps FTE	81,697	0	0	81,698	163,395	81,697	3.0
Replace Client Index contractors with FTE	0	0	0	0	0	0	3.0
Create Colorado Works fraud investigation FTE	0	0	0	0	0	0	1.0
Transfer FTE from OITS to Disability Determination	0	0	0	0	0	0	0.0
Multi-use Network adjustment (from DPA)	(17,793)	(292)	(2,333)	(8,751)	(29,169)	(18,522)	0.0
Other Changes	(93,326)	52,888	19,398	(122,228)	(143,268)	(192,021)	0.0
Total Change	408,290	1,615,943	256,006	721,399	3,001,638	317,283	7.0

The Department of Human Services is requesting, for these four divisions, an increase of \$3.0 million, including \$317,283 *net* General Fund and seven FTE. The total request is an increase of 0.6 percent from the current fiscal year, the *net* General Fund portion of the request is an increase of 0.5 percent over the current fiscal year, and the FTE requested are an increase of 1.5 percent over the current fiscal year. Exclusive of the decision item increases, the Department's request for these divisions would be somewhat smaller than last year's appropriation.

2% provider rate increase. The decision item with the largest budgetary impact on these divisions is the two percent provider rate increase, DI #NP-1. The size of the requested increase is driven by applying this rate increase to the County Administration line, and to the Old Age Pension Cash Assistance line.

CBMS hardware disaster recovery. The current CBMS disaster recovery system is woefully undersized, capable of serving only about 4% of the typical daily load. DI #15 requests authority to lease the necessary server hardware and storage, plus some additional support infrastructure, to increase the capacity of the disaster recovery system to support 100% of the current daily load.

CBMS EDS annual contract increase. DI #5 actually includes several items. The first of these is the annual increase in payments for maintenance and operations support services called for in the State's contract with EDS. In addition to the scheduled increase of \$379,945, EDS has also requested an additional \$30,320 to cover costs for upgrades performed at the request of the State. The second major item covers ongoing maintenance of the federal TANF reporting process at a cost of \$144,960. These are expenses incurred by a workaround solution to meet TANF reporting needs until such time as the process is fully automated. The fully automated capability is under development.

Food Stamps FTE. DI #13 would add three FTE to the Food Stamp program. These individuals would be used to correct a variety of difficulties that the program currently has:

- Participate in county training and oversight reviews,
- Implement and enforce federal corrective action plans, and
- Work to reduce food stamp processing time, and to decrease both the payment error rate and the negative error rate in order to comply with federal mandates.

Client Index FTE. Day-to-day tasks in the Client Index project have been staffed with contract employees. These tasks have become a permanent ongoing support activity for the Department. The Department believes that they can replace the current 2.3 contractors with three full-time staff without an increase in funding. The department believes that the increase in staffing level and reduced turnover will allow them to address the backlog which the project currently suffers.

Colorado Works Fraud Investigation FTE. Recent audits and evaluations of the Colorado Works program have recommended that the Department increase its efforts to address fraud issues. DI #19 would make two changes. First, the Domestic Violence Training line item would be combined with the larger County Training line item, which would then fund both types of training. The Department believes that the efficiencies that will be gained by combining the two training programs will allow them to free up an FTE and the necessary funding to dedicate to fraud investigation.

Disability Determination FTE transfer. DI #17 would transfer FTE from the Office of Information Technology Services to Disability Determination. These six people support the specialized Social Security Administration IT systems. All of the work performed by these individuals is in support of the Disability Determination function, and they are funded exclusively with federal funds.

Transferring these individuals would allow the budget figures to more accurately reflect the operating costs of ITS and DDS.

Multi-use Network Adjustment. This non-prioritized decision item reflects changes made by the Department of Personnel and Administration in the allocation of expenses for the statewide Multi-use Network across the various state departments.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
DEPARTMENT OF HUMAN SERVICES					
Executive Director: Marva Livingston Hammons					

(2) OFFICE OF INFORMATION TECHNOLOGY SERVICES

The primary function of this division is to develop and maintain the Department's information technology systems, including Colorado Trails and the Colorado Benefits Management System. It also contains appropriations for the department's use of certain centralized programs (e.g. Communications Services Payments and Purchase of Services from Computer Center) that are operated in the Department of Personnel and Administration. The cash funds, cash funds exempt, and federal funds are related to the programs supported by each system. A number of programs are supported by Medicaid funding as indicated below.

Personal Services	5,614,112	5,740,794	5,935,455	5,633,658	DI #17
FTE	<u>68.9</u>	<u>69.4</u>	<u>82.2</u>	<u>76.2</u>	DI #17
General Fund	4,047,509	4,158,632	4,269,113	4,361,925	
Cash Funds	22,813	21,436	23,620	24,137	
Cash Funds Exempt	519,971	500,445	538,254	549,959	
Federal Funds	1,023,819	1,060,281	1,104,468	697,637	
*Medicaid Cash Funds	213,313	206,668	220,891	225,606	
*Net General Fund	4,154,166	4,261,966	4,379,559	4,474,728	
Operating Expenses	<u>1,087,675</u>	<u>336,173</u>	<u>386,576</u>	<u>386,576</u>	
General Fund	633,050	264,503	307,488	307,488	
Cash Funds	4,267	0	0	0	
Cash Funds Exempt	28,842	16,040	16,040	16,040	
Federal Funds	421,516	55,630	63,048	63,048	
*Medicaid Cash Funds	16,040	16,040	16,040	16,040	
*Net General Fund	641,070	272,523	315,518	315,508	
Purchase of Services from Computer Center	<u>5,181,510</u>	<u>4,954,518</u>	<u>5,042,336</u>	<u>4,693,042</u>	
General Fund	2,261,175	2,168,451	2,200,436	2,048,007	
Cash Funds	36,688	28,358	6,836	6,362	
Cash Funds Exempt	5,914	3,565	3,446	3,207	
Federal Funds	2,877,733	2,754,144	2,831,618	2,635,466	
*Medicaid Cash Funds	3,217	3,086	3,132	2,916	
*Net General Fund	2,262,784	2,169,994	2,202,002	2,049,465	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
Telecommunication Systems Lease Payments	<u>150,676</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	48,326	0	0	0	
Cash Funds Exempt	102,350	0	0	0	
*Medicaid Cash Funds	102,350	0	0	0	
*Net General Fund	99,501	0	0	0	
Microcomputer Lease Payments	<u>726,130</u>	<u>714,321</u>	<u>539,344</u>	<u>539,344</u>	
General Fund	406,397	406,397	301,832	301,832	
Cash Funds	20,824	9,953	15,466	15,466	
Cash Funds Exempt	174,779	173,215	128,647	128,647	
Federal Funds	124,130	124,756	93,399	93,399	
*Medicaid Cash Funds	85,584	85,584	63,563	63,563	
*Net General Fund	449,189	449,189	333,613	333,613	
Colorado Trails	9,524,431	9,128,010	9,213,375	9,282,886	
FTE	<u>20.5</u>	<u>41.9</u>	<u>48.0</u>	<u>48.0</u>	
General Fund	5,172,277	4,928,194	4,974,287	5,011,816	
Cash Funds Exempt	0	0	0	0	
Federal Funds	4,352,154	4,199,816	4,239,088	4,271,070	
County Financial Management System (CFMS)	<u>1,463,970</u>	<u>1,511,751</u>	<u>1,515,836</u>	<u>1,515,836</u>	
General Fund	929,907	781,835	781,835	781,835	
Federal Funds	534,063	729,916	734,001	734,001	
Health Information Management System	<u>325,930</u>	<u>334,492</u>	<u>337,768</u>	<u>339,168</u>	
General Fund	198,052	206,614	209,890	211,290	
Cash Funds Exempt	127,878	127,878	127,878	127,878	
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	198,082	206,614	209,890	211,290	
Client Index Project	156,112	155,912	156,116	156,116	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>3.0</u>	DI #27
General Fund	89,634	89,634	89,634	89,634	
Federal Funds	66,478	66,278	66,482	66,482	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
National Aging Program Information System	<u>71,635</u>	<u>62,102</u>	<u>93,114</u>	<u>93,114</u>	
General Fund	12,380	15,526	15,526	15,526	
Cash Funds	0	0	0	0	
Cash Funds Exempt	0	0	7,752	7,752	
Federal Funds	59,255	46,576	69,836	69,836	
Colorado Benefits Management System (CBMS)	21,277,242	22,905,855	21,663,381 a/	21,838,021	DI #5,15
FTE	<u>32.1</u>	<u>36.0</u>	<u>35.1</u>	<u>35.1</u>	
General Fund	3,282,019	3,572,949	3,379,578	3,384,240	
Cash Funds	1,703,428	1,814,249	1,727,966	1,730,346	
Cash Funds Exempt	7,350,818	8,092,080	7,599,714	7,610,015	
Federal Funds	8,940,977	9,426,577	8,956,123	9,113,420	
*Medicaid Cash Funds	7,350,818	8,095,613	7,599,714	7,610,015	
*Net General Fund	7,127,232	7,906,820	6,880,878	6,891,600	
CBMS SAS-70 Audit	<u>0</u>	<u>119,341</u>	<u>149,000</u>	<u>149,000</u>	
General Fund	0	0	23,386	23,386	
Cash Funds	0	0	11,957	11,957	
Cash Funds Exempt	0	54,305	51,718	51,718	
Federal Funds	0	65,036	61,939	61,939	
*Medicaid Cash Funds	0	54,305	51,718	51,718	
*Net General Fund	0	0	47,614	47,614	
Multiuse Network Payments	<u>2,346,159</u>	<u>2,116,534</u>	<u>2,096,192</u>	<u>2,067,023</u>	
General Fund	1,431,158	1,291,086	1,278,677	1,260,884	
Cash Funds	23,461	21,165	20,962	20,670	
Cash Funds Exempt	187,692	169,322	167,695	165,362	
Federal Funds	703,848	634,961	628,858	620,107	
*Medicaid Cash Funds	110,737	99,899	98,116	96,658	
*Net General Fund	1,486,526	1,341,036	1,327,735	1,309,213	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
Communications Services Payments	56,568	74,502	79,310	138,867	
General Fund	39,090	54,386	57,896	101,372	
Cash Funds	0	0	0	0	
Cash Funds Exempt	17,478	20,116	21,414	37,495	
Federal Funds	0	0	0	0	
Legacy System Shutdown	478,280	0	0	0	
FTE	1.6	0.0	0.0	0.0	
General Fund	196,199	0	0	0	
Cash Funds	1,433	0	0	0	
Cash Funds Exempt	11,116	0	0	0	
Federal Funds	269,532	0	0	0	
Child Care Automated Tracking System - Federal Funds (New Line Item)	0	0	0	73,924	
					Request vs. Appropriation
TOTAL - (2) OFFICE OF INFORMATION TECHNOLOGY SERVICES	48,460,430	48,154,305	47,207,803	46,906,575	-0.6%
FTE	123.1	147.3	165.3	162.3	-1.8%
General Fund	18,747,173	17,938,207	17,889,578	17,899,235	0.1%
Cash Funds	1,812,914	1,895,161	1,806,807	1,808,938	0.1%
Cash Funds Exempt	8,526,838	9,156,966	8,662,558	8,698,073	0.4%
Federal Funds	19,373,505	19,163,971	18,848,860	18,500,329	-1.8%
*Medicaid Cash Funds	7,882,059	8,561,195	8,053,174	8,066,516	0.2%
*Net General Fund	22,858,037	22,477,717	21,615,987	21,633,214	0.1%

a/ Fiscal year 2004-05 actual expenditures include \$3,500,000 in federal "flexible" funds that were made available to Colorado in 2003 pursuant to the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.

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

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
(4) COUNTY ADMINISTRATION					
This division provides counties with resources for duties related to their social services functions. Funding includes a county's 20.0 percent share or a maintenance of effort and other funding for the administrative costs of medical and cash assistance programs. Such programs include Medicaid, Adult Protection, and Food Stamps.					
County Administration	<u>49,361,150</u>	<u>51,083,943</u>	<u>36,029,995</u>	<u>36,842,736</u>	DI #NP-1
General Fund	10,264,486	11,138,800	14,259,460	14,558,876	
Cash Funds Exempt	25,196,866	26,772,955	6,848,172	7,063,050	
Federal Funds	13,899,798	13,172,188	14,922,363	15,220,810	
*Medicaid Cash Funds	<i>15,233,109</i>	<i>17,188,911</i>	<i>0</i>	<i>0</i>	
*Net General Fund	<i>15,976,902</i>	<i>16,701,994</i>	<i>14,259,460</i>	<i>14,558,876</i>	
Administration Related to CBMS Implementation	<u>3,208,774</u>	<u>4,154,926</u>	<u>0</u>	<u>0</u>	
General Fund	930,756	1,199,372	0	0	
Cash Funds Exempt	1,472,828	1,946,773	0	0	
Federal Funds	805,190	1,008,781	0	0	
*Medicaid Cash Funds	<i>0</i>	<i>1,946,773</i>	<i>0</i>	<i>0</i>	
*Net General Fund	<i>930,756</i>	<i>2,172,759</i>	<i>0</i>	<i>0</i>	
County Contingency Payments pursuant to Section 26-1-126, C.R.S. - General Fund	11,069,321	11,069,321	11,069,321	11,069,321	
County Share of Offsetting Revenues - Cash Funds Exempt	4,132,083	4,306,120	3,789,313	3,789,313	
County Incentive Payments - Cash Funds Exempt	3,077,335	3,038,382	3,084,361	3,084,361	
					Request vs. Appropriation
TOTAL - (4) COUNTY ADMINISTRATION	<u>70,848,663</u>	<u>73,652,692</u>	<u>53,972,990</u>	<u>54,785,731</u>	1.5%
General Fund	22,264,563	23,407,493	25,328,781	25,628,197	1.2%
Cash Funds Exempt	33,879,112	36,064,230	13,721,846	13,936,724	1.6%
Federal Funds	14,704,988	14,180,969	14,922,363	15,220,810	2.0%
*Medicaid Cash Funds	<i>15,233,109</i>	<i>17,188,911</i>	<i>0</i>	<i>0</i>	
*Net General Fund	<i>27,976,979</i>	<i>29,944,074</i>	<i>25,328,781</i>	<i>25,628,197</i>	1.2%

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

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Change Request
(7) OFFICE OF SELF SUFFICIENCY					
(A) Administration					
The Office of Self Sufficiency's Administration section is responsible for the oversight of the the Colorado Works Program, the Special Purpose Welfare Programs (Low Income Energy Assistance Program, Food Stamp Job Search, Food Distribution, Low-Income Telephone Assistance Program, Income Tax Offset, Electronic Benefits Transfer Service, Refugee Assistance, and Systematic Alien Verification for Eligibility), Child Support Enforcement, and Disability Determination Services.					
Personal Services	2,172,629	2,131,497	1,540,166	1,609,977	DI #13
FTE	<u>26.3</u>	<u>23.8</u>	<u>19.0</u>	<u>22.0</u>	DI #13
General Fund	482,512	493,726	564,434	611,853	
Federal Funds	1,690,117	1,637,771	975,732	998,124	
Operating Expenses	<u>112,729</u>	<u>1,140,134</u>	<u>69,735</u>	<u>85,601</u>	DI #13
General Fund	24,282	29,174	50,173	58,106	
Federal Funds	88,447	1,110,960	19,562	27,495	
					Request vs. Appropriation
(7) SELF SUFFICIENCY					
Subtotal - (A) Administration	2,285,358	3,271,631	1,609,901	1,695,578	5.3%
FTE	<u>26.3</u>	<u>23.8</u>	<u>19.0</u>	<u>22.0</u>	15.8%
General Fund	506,794	522,900	614,607	669,959	9.0%
Federal Funds	1,778,564	2,748,731	995,294	1,025,619	3.0%

(7) OFFICE OF SELF SUFFICIENCY

(B) Colorado Works Program

The Colorado Works Program implements federal welfare reform. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created the Temporary Assistance for Needy Families (TANF) to replace the Aid to Families with Dependent Children (AFDC). Colorado Works supervises administration of TANF programs delivered at the county level. TANF provides cash assistance benefits and other support services to eligible families to assist these families in finding and retaining employment.

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
Colorado Works Administration	0	0	1,069,221	1,161,307	DI #19
FTE	0.0	0.0	13.0	14.0	DI #19
General Fund	0	0	0	0	
Cash Funds Exempt	0	0	0	0	
Federal Funds	0	0	1,069,221.0	1,161,307.0	
County Block Grants	122,702,967	124,284,391	154,441,672	154,441,672	
General Fund	988,753	627,726	627,726	627,726	
Cash Funds Exempt	25,602,112	25,786,567	25,323,033	25,323,033	
Federal Funds	96,112,102	97,870,098	128,490,913	128,490,913	
Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement - Federal Funds	5,524,726	5,524,726	5,524,726	5,524,726	
Short-term Works Emergency Fund - Federal Funds	884,953	8,566	1,000,000	1,000,000	
County Reserve Accounts - Federal Funds	0	0	35,471,635	35,471,635	
County Training - Federal Funds	390,134	337,411	390,134	445,955	DI #19
FTE	0.0	0.0	1.0	2.0	DI #19
Domestic Violence Training - Federal Funds	114,872	108,737	124,336	0	DI #19
FTE	0.5	0.6	1.0	0.0	DI #19
Domestic Abuse Program	917,519	837,352	1,000,000	1,003,222	
FTE	0.5	0.9	2.0	2.0	
Cash Funds Exempt	267,519	187,352	350,000	353,222	
Federal Funds	650,000	650,000	650,000	650,000	
Works Program Evaluation - Federal Funds	230,707	491,360	500,000	500,000	
Workforce Development Council - Federal Funds	48,902	64,007	65,000	65,000	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
					Request vs. Appropriation
(7) SELF SUFFICIENCY					
Subtotal - (B) Colorado Works Program	130,814,780	131,656,550	199,586,724	199,613,517	0.0%
FTE	<u>1.0</u>	<u>1.5</u>	<u>17.0</u>	<u>18.0</u>	5.9%
General Fund	988,753	627,726	627,726	627,726	0.0%
Cash Funds Exempt	25,869,631	25,973,919	25,673,033	25,676,255	0.0%
Federal Funds	103,956,396	105,054,905	173,285,965	173,309,536	0.0%
(7) OFFICE OF SELF SUFFICIENCY					
(C) Special Purpose Welfare Programs					
This program provides administrative oversight to counties for food, energy, and other cash assistance to low-income households.					
(1) Low Income Energy Assistance	44,750,486	69,947,472	39,667,592 b/	39,675,777	
FTE	<u>4.5</u>	<u>5.2</u>	<u>6.6</u>	<u>6.6</u>	
Cash Funds	0	0	5,950,000	5,950,000	
Cash Funds Exempt	10,748,688	19,147,670	2,150,000	2,150,000	
Federal Funds	34,001,798	50,799,802	31,567,592	31,575,777	
(2) Food Stamp Job Search Units					
Program Costs	1,582,556	2,004,535	2,017,049	2,028,595	
FTE	<u>5.8</u>	<u>5.4</u>	<u>6.2</u>	<u>6.2</u>	
General Fund	145,075	150,861	157,243	163,015	
Cash Funds Exempt	409,382	409,382	409,382	409,382	
Federal Funds	1,028,099	1,444,292	1,450,424	1,456,198	
Supportive Services	<u>260,160</u>	<u>259,195</u>	<u>261,452</u>	<u>261,452</u>	
General Fund	77,951	77,124	78,435	78,435	
Cash Funds Exempt	52,291	52,291	52,291	52,291	
Federal Funds	129,918	129,780	130,726	130,726	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request Request vs. Appropriation
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (C) (2) Food Stamp Job Search Units	1,842,716	2,263,730	2,278,501	2,290,047	0.5%
FTE	<u>5.8</u>	<u>5.4</u>	<u>6.2</u>	<u>6.2</u>	0.0%
General Fund	223,026	227,985	235,678	241,450	2.4%
Cash Funds Exempt	461,673	461,673	461,673	461,673	0.0%
Federal Funds	1,158,017	1,574,072	1,581,150	1,586,924	0.4%
(3) Food Distribution Program					
FTE	<u>5.5</u>	<u>6.3</u>	<u>6.5</u>	<u>6.5</u>	
General Fund	25,000	24,300	42,470	42,924	
Cash Funds	169,263	187,962	225,379	229,491	
Cash Funds Exempt	17,000	17,000	0	319	
Federal Funds	194,116	215,726	256,658	261,586	
(4) Low-Income Telephone Assistance Program					
FTE	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	
Cash Funds	0	0	60,114	60,811	
Cash Funds Exempt	49,657	45,287	0	0	
(5) Income Tax Offset					
General Fund	<u>2,064</u>	<u>2,401</u>	<u>2,064</u>	<u>2,064</u>	
Federal Funds	<u>2,064</u>	<u>2,400</u>	<u>2,064</u>	<u>2,064</u>	
(6) Electronic Benefits Transfer Service					
FTE	<u>3.7</u>	<u>4.7</u>	<u>5.0</u>	<u>5.0</u>	
General Fund	298,385	712,820	822,707	826,506	
Cash Funds	725,088	286,922	253,696	253,696	
Cash Funds Exempt	632,033	634,993	634,993	634,993	
Federal Funds	1,535,343	1,476,038	1,471,095	1,474,894	
(7) Refugee Assistance - Federal Funds					
FTE	1.0	1.9	10.0	10.0	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
(8) Systematic Alien Verification for Eligibility	40,011	42,952	49,912	49,912	
FTE	<u>0.7</u>	<u>1.1</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	5,414	8,683	10,646	10,646	
Cash Funds Exempt	25,805	28,612	28,620	28,620	
Federal Funds	8,792	5,657	10,646	10,646	
					Request vs. Appropriation
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (C) Special Purpose Welfare Programs	52,008,492	77,604,626	49,424,270	49,468,066	0.1%
FTE	<u>22.1</u>	<u>25.5</u>	<u>36.2</u>	<u>36.2</u>	0.0%
General Fund	553,889	976,189	1,113,565	1,123,590	0.9%
Cash Funds	894,351	474,884	6,489,189	6,493,998	0.1%
Cash Funds Exempt	11,934,856	20,335,235	3,275,286	3,275,605	0.0%
Federal Funds	38,625,396	55,818,318	38,546,230	38,574,873	0.1%
(7) OFFICE OF SELF SUFFICIENCY					
(D) Child Support Enforcement					
Automated Child Support Enforcement System	10,863,265	11,127,635	11,444,928	11,502,217	
FTE	<u>34.8</u>	<u>36.1</u>	<u>37.9</u>	<u>37.9</u>	
General Fund	3,671,656	3,724,933	3,746,266	3,765,744	
Cash Funds	10,968	59,285	145,010	145,010	
Cash Funds Exempt	44,397	107,969	281,489	281,489	
Federal Fund	7,136,244	7,235,448	7,272,163	7,309,974	
Child Support Enforcement	1,631,056	1,790,253	2,000,166	2,031,798	
FTE	<u>21.1</u>	<u>21.5</u>	<u>24.5</u>	<u>24.5</u>	
General Fund	552,059	616,031	680,056	690,811	
Federal Funds	1,078,997	1,174,222	1,320,110	1,340,987	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	Change Request
					Request vs. Appropriation
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (D) Child Support Enforcement	12,494,321	12,917,888	13,445,094	13,534,015	0.7%
FTE	<u>55.9</u>	<u>57.6</u>	<u>62.4</u>	<u>62.4</u>	0.0%
General Fund	4,223,715	4,340,964	4,426,322	4,456,555	0.7%
Cash Funds	10,968	59,285	145,010	145,010	0.0%
Cash Funds Exempt	44,397	107,969	281,489	281,489	0.0%
Federal Fund	8,215,241	8,409,670	8,592,273	8,650,961	0.7%
(7) OFFICE OF SELF SUFFICIENCY					
(E) Disability Determination Services	13,414,074	14,187,062	16,263,740	16,878,250	DI #17
FTE	<u>122.1</u>	<u>124.9</u>	<u>134.5</u>	<u>140.5</u>	DI #17
Cash Funds Exempt	(15,190)	0	0	0	
Federal Funds	13,429,264	14,187,062	16,263,740	16,878,250	
*Medicaid Cash Funds	(21,006)	0	0	0	
*Net General Fund	(10,503)	0	0	0	
					Request vs. Appropriation
TOTAL - (7) OFFICE OF SELF SUFFICIENCY	211,017,025	239,637,757	280,329,729	281,189,426	0.3%
FTE	<u>227.4</u>	<u>233.3</u>	<u>269.1</u>	<u>279.1</u>	3.7%
General Fund	6,273,151	6,467,779	6,782,220	6,877,830	1.4%
Cash Funds	905,319	534,169	6,634,199	6,639,008	0.1%
Cash Funds Exempt	37,833,694	46,417,123	29,229,808	29,233,349	0.0%
Federal Funds	166,004,861	186,218,686	237,683,502	238,439,239	0.3%
*Medicaid Cash Funds	(21,006)	0	0	0	
*Net General Fund	6,262,648	0	0	0	

b/ Fiscal year 2004-05 actual expenditures include \$12,400,000 in federal "flexible" funds that were made available to Colorado in 2003 pursuant to the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.

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	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Change Request
(10) ADULT ASSISTANCE PROGRAMS					
Adult Assistance Programs supervises the Old Age Pension, Aid to the Needy Disabled, and Aid to the Blind programs, Adult Protective Services, and the state's 16 Area Agencies on Aging.					
(10) ADULT ASSISTANCE PROGRAMS					
(A) Administration					
FTE	444,277	422,635	537,855	547,474	
General Fund	<u>4.9</u>	<u>4.3</u>	<u>6.0</u>	<u>6.0</u>	
Cash Funds Exempt	35,676	36,572	95,587	96,227	
Federal Funds	85,338	91,318	94,773	96,845	
	323,263	294,745	347,495	354,402	
(10) ADULT ASSISTANCE PROGRAMS					
(B) Old Age Pension Program					
Cash Assistance Program - Cash Funds	67,077,079	69,951,930	74,472,421	75,961,869	DI #NP-1
Refunds - Cash Funds Exempt	523,871	588,362	588,362	588,362	
Burial Reimbursements - Cash Funds	720,335	941,164	918,364	918,364	
State Administration - Cash Funds	1,103,643	1,113,481	1,055,984	1,074,937	
FTE	10.8	11.6	14.0	14.0	
County Administration - Cash Funds	2,242,789	2,520,039	2,361,993	2,462,595	DI #NP-1
					Request vs. Appropriation
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (B) Old Age Pension Program	71,667,717	75,114,976	79,397,124	81,006,127	2.0%
FTE	<u>10.8</u>	<u>11.6</u>	<u>14.0</u>	<u>14.0</u>	0.0%
Cash Funds	71,143,846	74,526,614	78,808,762	80,417,765	2.0%
Cash Funds Exempt	523,871	588,362	588,362	588,362	0.0%

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
(10) ADULT ASSISTANCE PROGRAMS					
(C) Other Grant Programs					
Aid to the Needy Disabled State Supplemental Grant Program	<u>6,950,899</u>	<u>4,861,492</u>	<u>3,268,199</u>	<u>3,268,199</u>	
General Fund	6,528,545	4,331,824	2,493,234	2,493,234	
Cash Funds Exempt	422,354	529,668	774,965	774,965	
Aid to the Blind State Supplemental Grant Program	<u>30,499</u>	<u>6,349</u>	<u>15,275</u>	<u>15,275</u>	
General Fund	29,052	4,902	12,220	12,220	
Cash Funds Exempt	1,447	1,447	3,055	3,055	
Aid to the Needy Disabled State-only Grant Program	<u>11,406,561</u>	<u>13,540,055</u>	<u>14,666,720</u>	<u>14,666,720</u>	
General Fund	6,838,558	8,456,742	9,621,423	9,621,423	
Cash Funds Exempt	4,568,003	5,083,313	5,045,297	5,045,297	
Burial Reimburesments	<u>448,884</u>	<u>449,966</u>	<u>508,000</u>	<u>508,000</u>	
General Fund	348,140	349,222	402,985	402,985	
Cash Funds Exempt	100,744	100,744	105,015	105,015	
Home Care Allowance	<u>9,985,055</u>	<u>9,492,664</u>	<u>10,880,411</u>	<u>10,880,411</u>	
General Fund	0	0	10,336,390	10,336,390	
Cash Funds Exempt	9,985,055	9,492,664	544,021	544,021	
Adult Foster Care	<u>116,263</u>	<u>78,123</u>	<u>157,469</u>	<u>157,469</u>	
General Fund	0	0	149,596	149,596	
Cash Funds Exempt	116,263	78,123	7,873	7,873	
Request vs. Appropriation					
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (C) Other Grant Programs	<u>28,938,161</u>	<u>28,428,649</u>	<u>29,496,074</u>	<u>29,496,074</u>	0.0%
General Fund	13,744,295	13,142,690	23,015,848	23,015,848	0.0%
Cash Funds Exempt	15,193,866	15,285,959	6,480,226	6,480,226	0.0%

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
(10) ADULT ASSISTANCE PROGRAMS					
(D) Community Services for the Elderly					
Administration	474,884	502,870	631,610	641,633	
FTE	<u>6.5</u>	<u>6.2</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	126,154	133,055	168,001	170,666	
Federal Funds	348,730	369,815	463,609	470,967	
Colorado Commission on Aging	70,431	69,695	75,831	77,005	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	17,547	17,359	19,506	19,808	
Federal Funds	52,884	52,336	56,325	57,197	
Senior Community Services Employment - Federal Funds	875,405	869,452	860,537	861,146	
FTE	0.4	0.0	0.5	0.5	
Older Americans Act Program	10,467,590	9,800,886	13,421,987	13,421,987	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	576,744	544,537	489,694	489,694	
Cash Funds Exempt	87,053	0	3,126,763	3,126,763	
Federal Funds	9,803,793	9,256,349	9,805,530	9,805,530	
National Family Caregiver Support Program	<u>2,018,406</u>	<u>1,984,507</u>	<u>1,420,414</u>	<u>1,420,414</u>	
General Fund	355,103	140,792	142,041	142,041	
Cash Funds Exempt	0	213,062	213,062	213,062	
Federal Funds	1,663,303	1,630,653	1,065,311	1,065,311	
State Ombudsman Program	<u>222,031</u>	<u>222,031</u>	<u>222,031</u>	<u>222,031</u>	
General Fund	61,898	61,898	61,898	61,898	
Cash Funds Exempt	1,800	1,800	1,800	1,800	
Federal Funds	158,333	158,333	158,333	158,333	
*Medicaid Cash Funds	0	1,800	1,800	1,800	
*Net General Fund	61,898	62,798	62,798	62,798	

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
State Funding for Senior Services	3,000,000	3,250,000	5,000,000	5,000,000	
General Fund	1,347,134	1,250,000	2,000,000	2,000,000	
Cash Funds	1,517,263	2,000,000	3,000,000	3,000,000	
Federal Funds	135,603	0	0	0	
Area Agencies on Aging Administration - Federal Funds	1,183,339	1,018,194	981,915	981,915	
					Request vs. Appropriation
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (D) Community Services for the Elderly	18,312,086	17,717,635	22,614,325	22,626,131	0.1%
FTE	<u>7.9</u>	<u>7.2</u>	<u>8.5</u>	<u>8.5</u>	0.0%
General Fund	2,484,580	2,147,641	2,881,140	2,884,107	0.1%
Cash Funds	1,517,263	2,000,000	3,000,000	3,000,000	0.0%
Cash Funds Exempt	88,853	214,862	3,341,625	3,341,625	0.0%
Federal Funds	14,221,390	13,355,132	13,391,560	13,400,399	0.1%
*Medicaid Cash Funds	0	1,800	1,800	1,800	0.0%
*Net General Fund	2,484,580	62,798	62,798	62,798	0.0%
					Request vs. Appropriation
TOTAL - (10) ADULT ASSISTANCE PROGRAMS	119,362,241	121,683,895	132,045,378	133,675,806	1.2%
FTE	<u>23.6</u>	<u>23.1</u>	<u>28.5</u>	<u>28.5</u>	0.0%
General Fund	16,264,551	15,326,903	25,992,575	25,996,182	0.0%
Cash Funds	72,661,109	76,526,614	81,808,762	83,417,765	2.0%
Cash Funds Exempt	15,891,928	16,180,501	10,504,986	10,507,058	0.0%
Federal Funds	14,544,653	13,649,877	13,739,055	13,754,801	0.1%
*Medicaid Cash Funds	0	1,800	1,800	1,800	0.0%
*Net General Fund	16,264,551	13,242,060	23,174,233	23,174,873	0.0%

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

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	
	Actual	Actual	Appropriation	Request	Change Request
TOTAL - HUMAN SERVICES - OITS/CA/SS/AA	449,688,359	483,128,649	513,555,900	516,557,538	0.6%
FTE	<u>374.1</u>	<u>403.7</u>	<u>462.9</u>	<u>469.9</u>	1.5%
General Fund	63,549,438	63,140,382	75,993,154	76,401,444	0.5%
Cash Funds	75,379,342	78,955,944	90,249,768	91,865,711	1.8%
Cash Funds Exempt	96,131,572	107,818,820	62,119,198	62,375,204	0.4%
Federal Funds	214,628,007	233,213,503	285,193,780	285,915,179	0.3%
<i>*Medicaid Cash Funds</i>	<i>23,094,162</i>	<i>25,751,906</i>	<i>8,054,974</i>	<i>8,068,316</i>	0.2%
<i>*Net General Fund</i>	<i>73,362,215</i>	<i>65,663,851</i>	<i>70,119,001</i>	<i>70,436,284</i>	0.5%

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

FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Office of Information Technology Services,
County Administration, Self-Sufficiency, and Adult Assistance Programs
Footnote Update

- 46 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. In response to staff inquiry, the Department reported that in both FY 2004-05 and FY 2005-06, additional recoveries were made and distributed.

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

Comment: This footnote does not request the Department to file a report. In response to staff inquiry, the Department reported that in both FY 2004-05 and FY 2005-06, additional recoveries were made and distributed.

- 54a Department of Human Services, Office of Self Sufficiency, Colorado Works Program** -- It is the intent of the General Assembly that no State services will be provided for persons who are in the United States illegally or are otherwise ineligible under federal law to receive those benefits.

Comment: This footnote does not request the Department to file a report. In response to staff inquiry, the Department stated that the Colorado Works program does not provide assistance to those who are in the country illegally, or are not eligible under federal law. The need for this footnote appears to have been superseded by H.B. 06S-1023.

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: *The Governor vetoed this footnote on the grounds that it constitutes substantive legislation and that it violates the separation of powers. In his letter to the General Assembly concerning the Long Bill, the Governor indicated that he would instruct the Department to comply with the intent of the footnote to the extent feasible. 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 footnote number 82. In response to staff inquiry, the Department also provided the per-county TANF allocation information necessary to calculate the transfer percentages. The county-by-county information is provided in the following table. The percentages transferred by counties range from a high of 39.1% to a low of zero, indicating that the Department has conformed to the footnote instruction. For the state as a whole, 12.7% of the funds are transferred.*

County	Transfer to CCDF	Transfer to Title XX	Total Transfer	TANF Allocation	Percent Transfer
Adams	\$200,100	\$1,440,396	\$1,640,496	\$11,213,298	14.63%
Alamosa	\$0	\$0	\$0	\$1,257,994	0.00%
Arapahoe	\$0	\$0	\$0	\$11,208,201	0.00%
Archuleta	\$21,409	\$26,579	\$47,988	\$271,846	17.65%
Baca	\$42,648	\$21,324	\$63,972	\$218,095	29.33%
Bent	\$20,000	\$0	\$20,000	\$633,882	3.16%
Boulder	\$1,215,215	\$516,250	\$1,731,465	\$6,200,833	27.92%
Chaffee	\$73,389	\$35,000	\$108,389	\$375,301	28.88%
Cheyenne	\$17,677	\$5,892	\$23,569	\$60,265	39.11%
Clear Creek	\$0	\$0	\$0	\$181,798	0.00%
Conejos	\$0	\$0	\$0	\$775,309	0.00%
Costilla	\$80,000	\$42,950	\$122,950	\$335,086	36.69%

County	Transfer to CCDF	Transfer to Title XX	Total Transfer	TANF Allocation	Percent Transfer
Crowley	\$10,000	\$45,000	\$55,000	\$480,711	11.44%
Custer	\$0	\$0	\$0	\$86,137	0.00%
Delta	\$12,000	\$150,000	\$162,000	\$1,255,907	12.90%
Denver	\$5,000,000	\$287,710	\$5,287,710	\$37,205,546	14.21%
Dolores	\$0	\$0	\$0	\$39,498	0.00%
Douglas	\$0	\$0	\$0	\$330,225	0.00%
Eagle	\$155,000	\$0	\$155,000	\$451,351	34.34%
Elbert	\$0	\$3,034	\$3,034	\$405,070	0.75%
El Paso	\$1,000,000	\$2,605,749	\$3,605,749	\$20,285,566	17.77%
Fremont	\$0	\$0	\$0	\$1,800,654	0.00%
Garfield	\$270,000	\$130,000	\$400,000	\$1,313,564	30.45%
Gilpin	\$14,859	\$7,429	\$22,288	\$75,986	29.33%
Grand	\$0	\$0	\$0	\$114,825	0.00%
Gunnison	\$0	\$0	\$0	\$172,823	0.00%
Hinsdale	\$0	\$0	\$0	\$21,078	0.00%
Huerfano	\$0	\$0	\$0	\$605,111	0.00%
Jackson	\$0	\$0	\$0	\$38,836	0.00%
Jefferson	\$0	\$500,000	\$500,000	\$9,553,329	5.23%
Kiowa	\$0	\$0	\$0	\$44,008	0.00%
Kit Carson	\$0	\$16,952	\$16,952	\$132,238	12.82%
Lake	\$45,000	\$2,028	\$47,028	\$169,230	27.79%
La Plata	\$50,000	\$50,000	\$100,000	\$1,031,738	9.69%
Larimer	\$2,913,491	\$0	\$2,913,491	\$8,004,009	36.40%
Las Animas	\$175,721	\$0	\$175,721	\$917,641	19.15%
Lincoln	\$0	\$0	\$0	\$318,380	0.00%
Logan	\$0	\$108,036	\$108,036	\$842,880	12.82%
Mesa	\$0	\$0	\$0	\$5,632,378	0.00%
Mineral	\$2,540	\$0	\$2,540	\$13,969	18.18%
Moffat	\$35,290	\$41,727	\$77,017	\$426,768	18.05%
Montezuma	\$0	\$0	\$0	\$863,140	0.00%
Montrose	\$75,000	\$50,000	\$125,000	\$1,322,288	9.45%
Morgan	\$0	\$0	\$0	\$1,074,410	0.00%

County	Transfer to CCDF	Transfer to Title XX	Total Transfer	TANF Allocation	Percent Transfer
Otero	\$0	\$0	\$0	\$1,174,117	0.00%
Ouray	\$0	\$0	\$0	\$32,062	0.00%
Park	\$29,439	\$11,741	\$41,180	\$117,911	34.92%
Phillips	\$0	\$0	\$0	\$76,634	0.00%
Pitkin	\$14,786	\$4,929	\$19,715	\$50,409	39.11%
Prowers	\$256,953	\$0	\$256,953	\$1,314,020	19.55%
Pueblo	\$0	\$0	\$0	\$6,245,843	0.00%
Rio Blanco	\$27,500	\$13,840	\$41,340	\$141,558	29.20%
Rio Grande	\$100,000	\$100,000	\$200,000	\$1,226,217	16.31%
Routt	\$66,106	\$0	\$66,106	\$225,369	29.33%
Saguache	\$0	\$25,000	\$25,000	\$481,746	5.19%
San Juan	\$13,066	\$0	\$13,066	\$44,545	29.33%
San Miguel	\$0	\$0	\$0	\$30,902	0.00%
Sedgwick	\$21,140	\$0	\$21,140	\$72,071	29.33%
Summit	\$0	\$0	\$0	\$169,582	0.00%
Teller	\$0	\$0	\$0	\$507,334	0.00%
Washington	\$15,000	\$11,931	\$26,931	\$122,028	22.07%
Weld	\$0	\$0	\$0	\$3,754,571	0.00%
Yuma	\$10,000	\$10,000	\$20,000	\$246,455	8.12%
Broomfield	\$25,000	\$67,106	\$92,106	\$686,338	13.42%
Total	\$12,008,329	\$6,330,603	\$18,338,932	\$144,480,914	12.69%

56 Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants -- It is the intent of the General Assembly that the appropriation of local funds for Colorado works program county block grants may be decreased by a maximum of \$100,000 to reduce one or more small counties' fiscal year 2006-07 targeted or actual spending level, pursuant to section 26-2-714 (8), C.R.S.

Comment: The Works Allocation Committee is authorized to mitigate (reduce) a small county's targeted and/or actual spending level, up to a maximum amount identified in the Long Bill [Section 26-2-714 (8), C.R.S.]. A small county is one with less than 0.38% of the total statewide Works caseload, as determined by the Department of Human Services. This footnote authorizes the Works Allocation Committee to approve a maximum of \$100,000 in mitigation. This is the same amount that has been allowed annually since FY 1997-98.

During the first three years of implementing the Colorado Works program, the Works Allocation Committee approved mitigation for 15 counties totaling \$270,000. No mitigation has been approved since FY 1999-00.

The purpose of the current statute appears to be to provide the General Assembly the flexibility to determine, each year, through this footnote, whether more, less or no mitigation expenditures are to be allowed. This flexibility has not been exercised: no figure other than \$100,000 has ever been used, and no mitigation at all has been approved during the last six years. The Joint Budget Committee may wish to consider sponsoring legislation that would remove the need for this footnote.

82 Department of Human Services, Totals -- The General Assembly requests that the Executive Director of the Department submit annually, on or before November 1, a report to the Joint Budget Committee concerning the amount of federal Temporary Assistance for Needy Families (TANF) funds available in the Long-term Works Reserve Fund. The requested report should include the following: (a) The amount of TANF funds expended, by Long Bill line item, for FY 2005-06; (b) the amount of federal TANF funds transferred by each individual county, for FY 2005-06, including details regarding the program area to which each county transferred such funds; (c) the amount of any prior year appropriations of federal TANF funds that have been rolled forward to the current state fiscal year; (d) estimated expenditures of federal TANF funds for the current year and immediately following state fiscal year; (e) the total amount of TANF funds available to Colorado for state fiscal years FY 2005-06, FY 2006-07 and FY 2007-08, including funds rolled forward from previous state fiscal years; (f) the amount of federal TANF funds that remain available in each county's Works Program Reserve Account as of July 1 of the current state fiscal year; and (g) a demonstration that the information provided in the report is consistent with related financial information reported to the federal government.

Comment: The Department is in compliance with this footnote request. The information provided by the Department is summarized in the following several tables. The first table is in response to item (a), TANF expenditures by Long Bill line item for FY 2005-06.

TANF Funds Expended in FY 2005-06	
Long Bill Line Item	Amount Expended
EDO - Admin - Personal Services	\$708,208
EDO - Workman's Compensation	\$15,601
EDO - Risk Management	\$1,329
ITS - CBMS Eligibility Audit	\$68,250
ITS - Admin-Purch.Svcs.-GGCC	\$129,170
ITS - Colorado Trails	\$1,129,253

TANF Funds Expended in FY 2005-06	
Long Bill Line Item	Amount Expended
ITS - SAS-70 Audit	\$44,666
ITS - Colorado Benefits Management System	\$6,067,121
ITS - CBMS Program Costs	\$548,852
ITS - CBMS Roll Forward	\$141,604
OPS - Admin-vehicle Lease Payments	\$39
OSS - Admin - Personal Services	\$931,428
OSS - Admin - Operating	\$49,181
OSS - Funds to Help Hurricane Katrina Victims	\$265,006
OSS - Domestic Violence Training	\$110,976
OSS - County Block Grant	\$97,870,098
OSS - Workforce Development Council	\$64,007
OSS - Short-term Works Emergency Fund	\$8,566
OSS - Reimbursement to counties for prior year expenditures due to reduction in federal maintenance of effort requirement	\$5,524,726
OSS - County Training	\$337,411
OSS - Works program Evaluation	\$491,360
OSS - Low Income Energy Assistance Program	\$1,500,000
OSS - Refuge Assistance	\$342,849
OSS - Domestic Abuse Program	\$650,000
OSS - Electronic Benefits Transfer service	\$177,220
OSS - Works programEvaluation Roll Forward	\$268,297
CFMS audit adjustments	(\$61,021)
Total TANF Funds	\$117,384,197

The next table summarizes the county-specific information requested in items (b) and (f). Item (b) requested the transfers of TANF funds to Child Care and Child Welfare and item (f) requested the counties' reserve fund balances. TANF transfers are also the subject of footnote 55, which potentially relaxes the limits on how much of its TANF funds a county may transfer.

County	Total Transfers to Child Care (CCDF)	Total Transfers to Child Welfare (Title XX)	Total Transfers	County Reserve Balance June 30, 2006
Adams	\$200,100	\$1,440,396	\$1,640,496	\$4,032,815
Alamosa	\$0	\$0	\$0	\$733,289
Arapahoe	\$0	\$0	\$0	\$304,578
Archuleta	\$21,409	\$26,579	\$47,988	\$0
Baca	\$42,648	\$21,324	\$63,972	\$281,166
Bent	\$20,000	\$0	\$20,000	\$679,528
Boulder	\$1,215,215	\$516,250	\$1,731,465	\$5,187,673
Chaffee	\$73,389	\$35,000	\$108,389	\$204,944
Cheyenne	\$17,677	\$5,892	\$23,569	\$38,703
Clear Creek	\$0	\$0	\$0	\$169,008
Conejos	\$0	\$0	\$0	\$1,275,703
Costilla	\$80,000	\$42,950	\$122,950	\$238,368
Crowley	\$10,000	\$45,000	\$55,000	\$528,811
Custer	\$0	\$0	\$0	\$152,157
Delta	\$12,000	\$150,000	\$162,000	\$858,891
Denver	\$5,000,000	\$287,710	\$5,287,710	\$14,147,896
Dolores	\$0	\$0	\$0	\$16,334
Douglas	\$0	\$0	\$0	\$147,325
Eagle	\$155,000	\$0	\$155,000	\$290,637
Elbert	\$0	\$3,034	\$3,034	\$65,976
El Paso	\$1,000,000	\$2,605,749	\$3,605,749	\$4,068,108
Fremont	\$0	\$0	\$0	\$47,284
Garfield	\$270,000	\$130,000	\$400,000	\$366,925
Gilpin	\$14,859	\$7,429	\$22,288	\$14,491
Grand	\$0	\$0	\$0	\$44,445
Gunnison	\$0	\$0	\$0	\$60,117
Hinsdale	\$0	\$0	\$0	\$3,347
Huerfano	\$0	\$0	\$0	\$247,913
Jackson	\$0	\$0	\$0	\$26,183
Jefferson	\$0	\$500,000	\$500,000	\$3,570,078
Kiowa	\$0	\$0	\$0	\$0

County	Total Transfers to Child Care (CCDF)	Total Transfers to Child Welfare (Title XX)	Total Transfers	County Reserve Balance June 30, 2006
Kit Carson	\$0	\$16,952	\$16,952	\$127,429
Lake	\$45,000	\$2,028	\$47,028	\$0
La Plata	\$50,000	\$50,000	\$100,000	\$348,977
Larimer	\$2,913,491	\$0	\$2,913,491	\$0
Las Animas	\$175,721	\$0	\$175,721	\$671,291
Lincoln	\$0	\$0	\$0	\$0
Logan	\$0	\$108,036	\$108,036	\$523,580
Mesa	\$0	\$0	\$0	\$1,778,668
Mineral	\$2,540	\$0	\$2,540	\$27,827
Moffat	\$35,290	\$41,727	\$77,017	\$300,643
Montezuma	\$0	\$0	\$0	\$1,025,667
Montrose	\$75,000	\$50,000	\$125,000	\$565,200
Morgan	\$0	\$0	\$0	\$638,952
Otero	\$0	\$0	\$0	\$893,918
Ouray	\$0	\$0	\$0	\$76,014
Park	\$29,439	\$11,741	\$41,180	\$48,784
Phillips	\$0	\$0	\$0	\$13,935
Pitkin	\$14,786	\$4,929	\$19,715	\$31,667
Prowers	\$256,953	\$0	\$256,953	\$117,366
Pueblo	\$0	\$0	\$0	\$1,349,563
Rio Blanco	\$27,500	\$13,840	\$41,340	\$380,679
Rio Grande	\$100,000	\$100,000	\$200,000	\$909,515
Routt	\$66,106	\$0	\$66,106	\$111,918
Saguache	\$0	\$25,000	\$25,000	\$512,971
San Juan	\$13,066	\$0	\$13,066	\$66,509
San Miguel	\$0	\$0	\$0	\$58,548
Sedgwick	\$21,140	\$0	\$21,140	\$42,079
Summit	\$0	\$0	\$0	\$141,722
Teller	\$0	\$0	\$0	\$255,004
Washington	\$15,000	\$11,931	\$26,931	\$75,463
Weld	\$0	\$0	\$0	\$1,659,669

County	Total Transfers to Child Care (CCDF)	Total Transfers to Child Welfare (Title XX)	Total Transfers	County Reserve Balance June 30, 2006
Yuma	\$10,000	\$10,000	\$20,000	\$157,768
Broomfield	\$25,000	\$67,106	\$92,106	\$959,534
Total	\$12,008,329	\$6,330,603	\$18,338,932	\$51,673,553

The next table shows the Department's response to item (c), the amount of TANF funds rolled forward from FY 2005-06 to FY 2006-07.

Appropriation	Amount Rolled Forward
Funds for Hurricane Katrina Victims (Appr. 466)	\$234,994
CBMS Capital Construction Fund 461	\$548,517
Total	\$783,511

The next table summarizes the information for item (d), the estimated expenditures of TANF funds for the current fiscal year and the immediately following fiscal year. The Department provided the information by Long Bill line item, with some of the smaller line items rolled up.

Long Bill Line Item	Estimated Expenditures	
	FY 2006-07	FY 2007-08
EDO - Various Lines	\$707,332	\$707,332
ITS - Various Lines	\$1,243,654	\$1,243,654
ITS - Colorado Trails	\$1,364,225	\$1,364,225
ITS - CBMS	\$6,190,111	\$6,190,111
OPS - Admin-Vehicle Lease	\$4,000	\$4,000
OSS - Colorado Works Administration	\$1,069,221	\$1,069,221
OSS - Domestic Violence Training	\$124,336	\$124,336
OSS - County Block Grant	\$128,490,913	\$128,490,913
OSS - Workforce Development Council	\$65,000	\$65,000
OSS - Short-Term Works Emergency Fund	\$1,000,000	\$1,000,000
OSS - Reimbursement to counties for prior year expenditures due to recution in federal maintenance of effort requirement	\$5,524,726	\$5,524,726

Long Bill Line Item	Estimated Expenditures	
	FY 2006-07	FY 2007-08
OSS - County Training	\$390,134	\$390,134
OSS - County Reserve Accounts	\$35,471,635	\$35,471,635
OSS - Works Program Evaluation	\$500,000	\$500,000
OSS - Low Income Energy Assistance Program	\$1,500,000	\$1,500,000
OSS - Refugee Assistance	\$457,132	\$457,132
OSS - Domestic Abuse Program	\$650,000	\$650,000
OSS - Electronic Benefits Transfer Service	\$204,679	\$204,679
OSS - Funds to Help Hurricane Katrina Victims	\$234,994	\$0
CBMS Capital Construction (Fund 461)	\$548,517	\$0
Total	\$185,740,609	\$184,957,098

The next table shows the information provided by the Department for item (e), the amount of TANF funds available to the state for Fys 2005-06, 2006-07, and 2007-08. Staff notes that the amount shown for FY 2007-08 in this response does not match the amount shown for the same fiscal year in the response to footnote 83, which appears later in this section.

SFY 2005-06	
2004 TANF Grant Unspent Balance on July 1, 2005	\$79,410,087
2005 TANF Grant Unspent Balance on July 1, 2005	\$104,182,358
Remaining Balance on FFY 2005 Award	\$44,887,914
Amount of FFY 2006 TANF Grant Available Through June 30, 2006	\$112,219,786
Total Funds Available to the State For SFY 2005-06	\$340,700,145
SFY 2006-07	
2005 TANF Grant Unspent Balance on July 1, 2006	\$34,855,849
2006 TANF Grant Unspent Balance on July 1, 2006	\$79,339,765
Remaining Balance on FFY 2006 Award	\$0

SFY 2005-06	
<i>Estimated</i> Amount Available on the FFY 2007 Grant through June 30, 2007	\$112,219,786
Total Funds Available to the State For SFY 2006-07	\$226,415,400
SFY 2007-08*	
Estimated Amount Remaining on FFY 2007 Grant July 1, 2007	\$78,081,386
Estimated Amount Available on FFY 2007 Grant through June 30, 2008	\$112,219,786
Total Funds Available to the State For SFY 2007-08	\$190,301,172

* Estimates based on projected spending in SFY 2006-07 and before any transfers to Child Care or Child Welfare.

The last table contains the data provided by the Department in response to item (g), a demonstration that the information provided in the report is consistent with related financial information reported to the federal government. The Department provides the following explanation of the variance: "Please note the federal report submitted for the quarter ending 6/30/2006 is due to the DHHS Regional Office prior to the close of SFY 2006. As a result there are times when the TANF expenditures are adjusted in COFRS after the federal report is submitted. This will result in variances between the two sources." The Department also provided copies of the quarterly financial reports from the federal government, which are not reproduced in this document but are on file at the JBC office.

TANF Grants By Year	Amount Reported Expended on 6/30/05 Federal Report	Amount Reported Expended on 6/30/06 Federal Report	Amount Spent in SFY 2006 per the Federal Reports
FFY 2006 Grant (Katrina)	\$0	\$265,006	\$265,006
FFY 2006 Grant	\$0	\$46,719,505	\$46,719,505
FFY 2005 Grant	\$45,444,023	\$69,882,618	\$24,438,595
FFY 2004 Grant	\$87,904,324	\$125,741,361	\$37,837,037
FFY 2003 Grant	\$132,244,147	\$140,253,427	\$8,009,280
Total Amount Spent Based on the Federal Reports			\$117,269,423
Total Amount Reported Spent in COFRS for SFY 2005-06			\$117,384,197
Variance Between COFRS and Federal Reports			(\$114,774)

83 Department of Human Services, Totals -- The General Assembly requests that the Department submit to the Joint Budget Committee, on or before November 1, 2006, a summary, by Long Bill line item, of federal Temporary Assistance for Needy Families (TANF) funds requested in its annual budget request for state fiscal year 2007-08. The General Assembly further requests that the Department include information demonstrating that the total amount of federal TANF funds requested in its annual budget request for state fiscal year 2007-08 does not exceed the amount anticipated to be available to the State.

Comment: The Department is in compliance with this footnote request. The Department's report provided the detailed information on TANF funds requested and estimated to be available for FY 2007-08 shown in the following tables. Total requested funds are \$185,032,070 and the estimate of funds that will be available is \$222,943,186.

TANF Funds Requested in FY 2007-08	
Long Bill Line Item	Request
EDO - Various lines	\$707,332
ITS - Various lines	\$1,271,294
ITS - Colorado Trails	\$1,371,238
ITS - CBMS	\$6,202,731
OPS - Admin-vehicle lease payments	\$4,000
OSS - Income tax offset	\$4,128
OSS - Colorado Works admin	\$1,161,307
OSS - County block grant	\$128,490,913
OSS - Workforce Development Council	\$65,000
OSS - Short-term Works emergency fund	\$1,000,000
OSS - Reimbursement to counties for prior year expenditures due to reduction in federal maintenance of effort requirement	\$5,524,726
OSS - County training	\$445,955
OSS - County reserve accounts	\$35,471,635
OSS - Works program evaluation	\$500,000
OSS - Low income energy assistance program	\$1,500,000
OSS - Refuge assistance	\$457,132
OSS - Domestic abuse program	\$650,000
OSS - Electronic Benefits Transfer service	\$204,679
Total TANF Funds	\$185,032,070

Estimated TANF Funds Available in FY 2007-08	
Estimated long-term reserve balance on June 30, 2007	\$21,643,249
TANF funds held in county reserve accounts	\$51,673,556
25% of FFY 2007 TANF grant (estimate)	\$37,406,595
75% of FFY 2008 TANF grant (estimate)	\$112,219,786
Total estimated TANF funds available	\$222,943,186

**FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Performance Measures**

ISSUE:

Department of Human Services, Divisions of Information Technology Services, County Administration, Self Sufficiency, and Adult Assistance, Performance Measures

DISCUSSION:

Department Mission

Mission Statement:

Our mission is to design and deliver quality human services that improve the safety and independence of the people of Colorado.

Goals and Performance Measures

The Department's documents that cover the strategic plan as well as goals, objectives, and performance measures total some 199 pages. Large portions of that provide background information such as demographic trends that are relevant to the many programs operated by the Department. The Department employs a balanced scorecard methodology to organize their strategic goals into four different categories or "quadrants", with each category providing a different perspective. The balanced scorecard approach to strategic management was developed in the early 1990s as a tool for use in the private sector, but the methodology has also been applied extensively within the public sector. The four perspectives, containing a total of 11 goals, are:

- Public value and stakeholder,
- Consumer,
- Process, and
- Organizational capacity.

Each of the 11 goals has from two to five strategic objectives associated with it, for a total of 25 objectives. For each objective, there are a number of specific measurements, providing a set of some 169 measurements in all. Each measurement is presented in a format that identifies the quadrant, goal, objective, organization and program to which it applies. Measurement data for fiscal years 2004, 2005 and 2006 are given (where available), as well as targets for fiscal years 2007, 2008 and 2009 (where appropriate).

This staff issue focuses on the goals, objectives and measurements for the divisions of Information Technology Services, County Administration, Self Sufficiency, and Adult Assistance.

Staff Analysis

Joint Budget Committee staff reviewed these divisions' performance measures submitted in the budget. Staff assessed these performance measures using the following common checklist:

1. Do the goals and performance measures correspond to the program's directives provided in statute?
2. Are the performance measures meaningful to stakeholders, policymakers, and managers?
3. Does the Department use a variety of performance measures (including input, output, efficiency, quality, outcome)?
4. Do the performance measures cover all key areas of the budget?
5. Are the data collected for the performance measures valid, accurate, and reliable?
6. Are the performance measures linked to the proposed budget base?
7. Is there a change or consequence if the Department's performance targets are not met?

For the most part, the document describes in considerable detail the current state of the Department's programs and the recent history leading up to this point. If one believes that a strategic plan should describe a path forward towards a specific vision, the Department's documentation fails to do that. That is, if one asks the question, "How will the Department that exists five years from now differ from today's Department?", the document does not provide a meaningful answer. Instead, perhaps as a consequence, the measurements tend to be concerned with maintaining the here and now, rather than tracking progress towards a specified future state.

With respect to the questions listed above, the performance measures are, for the most part, of greater interest to managers than to stakeholders or policy makers. The measures generally seem to be more concerned with outputs than with outcomes. Some of the difficulty in that area may be due to the nature of the divisions covered in this briefing; their role is often that of supporting the counties in the delivery of social services, rather than in direct contact with those receiving the benefits. In addition to the outputs vs. outcomes consideration, targets for specific measurements often seem to be reactive in nature. For example, rather than determining what level of service would be in the best interests of the Department's Colorado stakeholders and clients, the target may be to match the average of other states' performance. All of the key budget areas appear to be covered by one or more measures; this is not surprising, given the large number of measurements used by the department. Staff found no reason to believe that the data collected for the measurements were not accurate.

The following are examples of goals and related performance measures from the divisions included in this briefing that illustrate some of the above criticisms.

Goal #4: Improve the overall health and well-being of individuals receiving CDHS services.

Division of Adult Assistance, Aging and Adult Services, Performance Measure

Percent of background checks conducted on Area Agency on Aging employees, volunteers and contractors of non-vouchered services (e.g., personal care, homemaker, adult day, transportation, home delivered meal, one-to-one legal, one-to-one counseling, chore, home modification, respite care and long-term ombudsman services).

The Department is required by statute [Section 27-1-110 (9), C.R.S.] to include a requirement that employees of outside agencies or firms with whom the Department contracts to provide services who are in unsupervised contact with vulnerable persons be submitted to a criminal background check. The statute was enacted in 1994. As noted by the Department, this measurement of compliance with the statute was added in response to recommendations made by the State Auditor in June 2004. The Auditor had determined, using a random sample, that not all of the required checks were being done. The table entry summarizing this measure is reproduced from the Department's documentation here. This measurement, with a current target goal of 100% and an achievement of 89% in FY 2005-06, provides a clear indicator of the degree to which the Department is in conformance with the statutory requirement.

Measure	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2008 Target	FY 2009 Target
Percentage of background checks conducted on Area Agency on Aging employees, volunteers and contractors of non-vouchered services	NA	70%	89%	100%	100%	100%

However, it is less clear whether this measurement directly addresses the desired outcome, which is to reduce the number of cases of abuse of vulnerable persons by service providers. Certainly there may be instances of people with a history of criminal abuse who would not have been put in an unsupervised position if the background check had been carried out. But there may also be instances of abusers who have no criminal record, and passed the check easily. It is appropriate that the Department take steps to insure that it is in compliance with statutory requirements such as this one. But it is also appropriate for the Department to measure the problem itself – the number of instances of abuse – and consider a wider variety of methods for reducing the number of such cases.

Goal #6: Promote self-sufficiency and provide financial assistance for children, adults and families.

Division of Self-Sufficiency, Child Support Enforcement Program, Performance Measures

Maintain at least 80% of the child support caseload with a support order established.

This goal is in the "consumers" group, which staff interpreted to mean that the goal should be considered from the perspective of the population that receives the benefit. The program addresses

the problem that there are many cases where the courts have established an order that child support payments should be made by an individual, but the support payments are not being made. The measurement here indicates what fraction of the total cases with such an order are included in the Department's caseload. The motivation for the measurement is clear: if the case is not reviewed, any failure to meet the ordered payments will not be detected. The past performance and future targets for this measure from the Department's documentation are shown in the following table.

Measure	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2008 Target	FY 2009 Target
Maintain at least 80% of the child support caseload with a support order established	84.7%	86.4%	86.2%	80.0%	80.0%	80.0%

The division has attained levels well above the target in each of the last three measurement periods. This measurement is accompanied by a note that begins, "Maintaining 80% is the maximum level for federal performance incentives." The implication would appear to be that the target is set in order to maximize the amount of federal incentive money obtained while minimizing the effort expended to do so. If the percent of orders which are examined for compliance drops from 86% to 80%, there will no doubt be more cases where payments are not being made that are not detected. For children that fall into that group of cases, the effect is not a decrease in support payment from 86% to 80%; the effect is quite possibly the loss of the entire support payment. Staff believes that setting the target in this fashion may be appropriate if the interest is in financial efficiency, but is inappropriate as the basis for setting a measurement target for *consumer* benefit.

Goal #6: Promote self-sufficiency and provide financial assistance for children, adults and families.

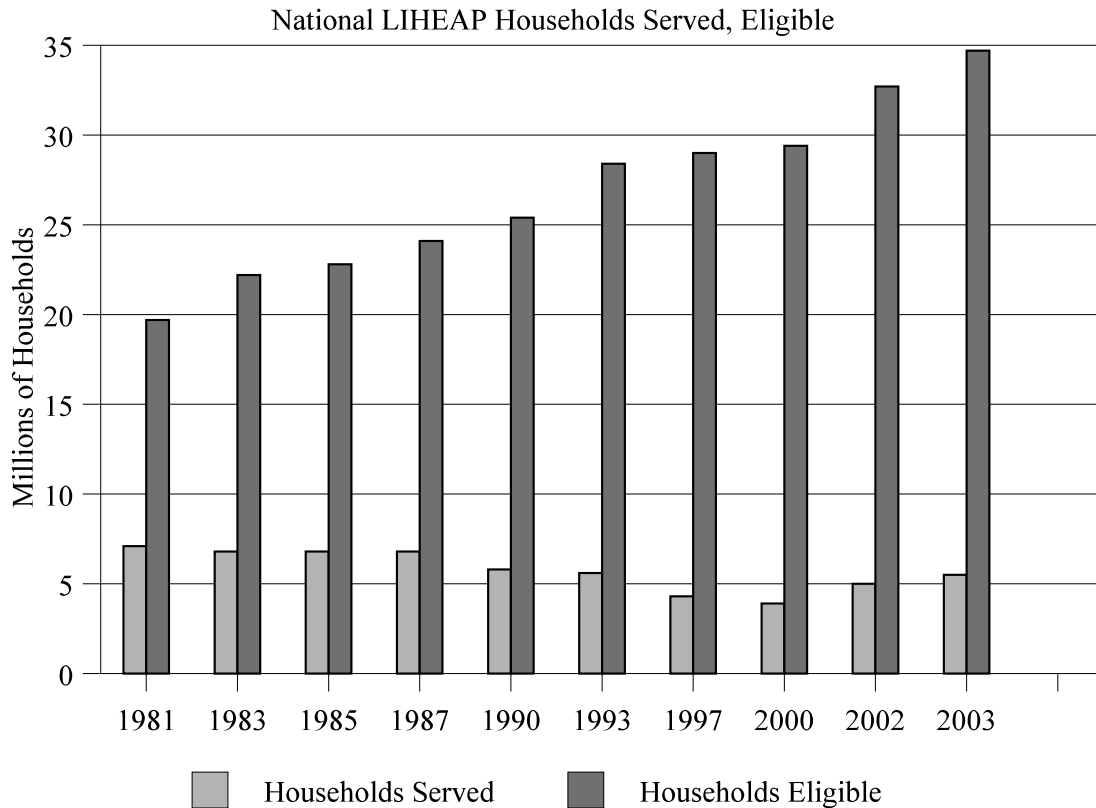
Division of Self Sufficiency, Food and Energy Assistance Programs, Performance Measure

Increase the number of households receiving benefits from the Low-Income Energy Assistance Program (LEAP).

This measure provides clear targets for increasing the number of households receiving this particular form of assistance. However, it is accompanied by an explanatory note that reads, "It is difficult to determine the total number of LEAP-eligible households... Reporting the number of households receiving benefits is a reliable way of looking at LEAP's success." Looking just at the number of households receiving benefits is one way of measuring the success of the program. However, at a national level, one of the difficulties faced by the LEAP parent program is that the *percentage* of eligible households that actually receive assistance has fallen dramatically since the program's inception. This aspect of the parent program's history is shown graphically below. Energy Outreach Colorado's 2005 annual report indicates that Colorado suffers from the same problem – a shrinking fraction of eligible households actually receiving benefits – that has occurred at the national level.

Staff believes that, despite the difficulties of estimating the number of eligible households, both the

absolute number of households and the percentage of eligible households receiving assistance are necessary to accurately measure the success of the program. Other measurements could also be useful in determining the overall effectiveness of the LEAP program. For example, the effects of inadequate heating are generally more severe for infants, the elderly, and adults with chronic respiratory illnesses. The Department might consider measures of the fraction of households receiving assistance which include such at-risk individuals.



Sources: LIHEAP Report to Congress for FY02, LIHEAP Home Energy Notebook for FY02. FY 2003 numbers subject to change.

Questions for Department

Staff recommends that the Committee discuss the following questions with the Department during the FY 2007-08 budget hearing:

1. How do your performance measures influence department activities and budgeting?
2. To what extent do the performance outcomes reflect appropriation levels?

3. To what extent do you believe that appropriation levels in your budget could or should be tied to specific performance measure outcomes?
4. As a department director, how do you judge your department's performance? What key measures and targets do you use?

**FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Federal TANF Reauthorization**

ISSUE:

The federal government reauthorized the Temporary Assistance for Needy Families program in 2006 and made significant changes in the rules which states must meet in order to receive their full block grant from the federal government. Effective October 1, 2006, when the new rules became effective, Colorado was out of compliance. The changes that Colorado must make to the Colorado Works program may have significant effects on both the allocation of TANF funds across different activities and the total amount that the state must spend.

RECOMMENDATIONS:

Staff recommends that the Committee request the Department discuss its plans for meeting the new federal TANF requirements, and the impact that the necessary changes are likely to have on the Colorado Works budget and on other programs that make use of TANF funds. Staff recommends the following list of specific questions:

1. What are the current work-participation rates for families in the Colorado Works program, using the new rules? What are the current trends in the participation rate? Is Colorado looking at reversing a deteriorating situation, or accelerating trends that were already headed in the right direction? When might it be reasonable to expect Colorado to achieve compliance with the federal requirements?
2. What fraction of Colorado's caseload involves hard-to-place individuals, such as those with substance-abuse problems? Can the State meet the new work-participation requirements without increasing the number of such individuals who succeed in finding and holding jobs? How much would it cost to move some of these individuals into parallel programs not subject to the federal requirements?
3. In order to meet a statewide target, between six and ten of the counties with the largest caseloads will have to meet the target. Under current statute, can the state government single those counties out and provide them with assistance not available to the other counties? Under current statute, can the state government single those counties out for particular penalties for failure to address a problem?

DISCUSSION:

TANF reauthorized in 2006. The federal government enacted welfare reform in 1996, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for

Needy Families (TANF) block grants. Where AFDC was an entitlement program, TANF established a limit on the total number of months in which a family could receive assistance and emphasized moving welfare recipients into the work force. TANF originally required reauthorization in 2002, but that did not occur. Federal funding for the program was continued on the basis of 10 short-term extensions. In December 2005, Congress did pass a reauthorization bill that made substantial changes in the program. President Bush signed the bill into law in February 2006. The federal Department of Health and Human Services (DHHS) issued new rules implementing the legislated changes, and those rules took effect on October 1, 2006.

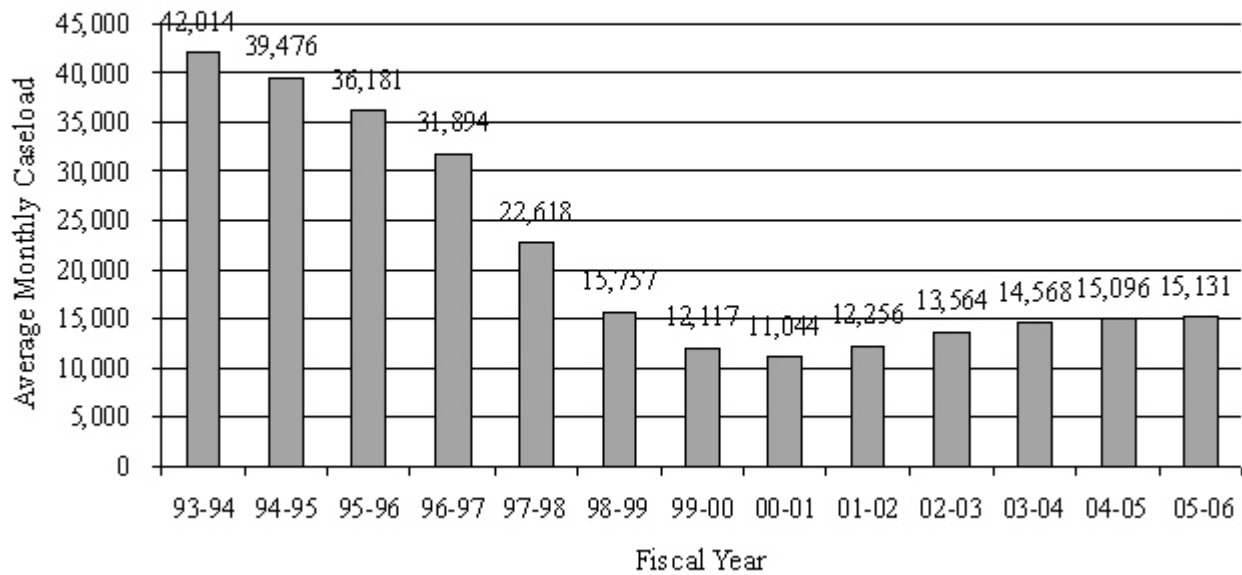
Colorado Works subject to federal requirements. The General Assembly created the Colorado Works program in 1997 in response to the 1996 reform. In order to receive the full amount of the federal block grant, Colorado Works must satisfy several federal requirements. Two of the most important are maintenance of effort (MOE) spending and recipients' participation in work activities. MOE requirements are intended to insure that states continue to spend their own funds at a reasonable level. The MOE annual spending level required for a state to receive its full TANF block grant is 80% of the amount the state spent on AFDC programs in FY 1993-94; for Colorado that level is \$88.4 million. Colorado must manage its programs so that specified percentages of the families receiving assistance are engaged in work participation activities.

Work participation requirements have been met using special credits in the past. The work participation requirements are intended to insure that states emphasize TANF's goals of moving recipients towards self-sufficiency through participation in the work force. For example, one of the specific requirements imposed on the states is that 50% of all families receiving TANF assistance must be participating in work activities for a specified number of hours per week. In addition to actual work, these can include a variety of activities that prepare recipients for work: training, job search, etc. *Prior to the recent reauthorization*, states received credits that reduced the 50% requirement if they had achieved caseload reductions *relative to 1995*. Colorado's caseload has decreased substantially since 1995, and remains well below that level. The caseload history is shown in the following chart. Because of caseload reduction credits, Colorado's all-family work activity participation requirement was effectively zero percent.

TANF funds have been used for a variety of types of assistance. The block grant nature of the TANF program is intended to provide states with the flexibility to tailor assistance programs to meet their unique needs within some federal restrictions. Under federal law, for example, a state may transfer up to 30 percent of its TANF block grant each year to Title XX Child Welfare and/or the Child Care Development Fund. The transfers to the Child Care Development Fund and the programs it supports are allowed in recognition of the fact that, for many single-parent households, lack of affordable child care is a serious impediment to accepting full-time employment.

Colorado not in compliance with new rules. The new rules issued by DHHS in accordance with the requirements of the new legislation make significant changes in the requirements placed on the states. In particular, the new rules place even greater emphasis on work participation. One very

AFDC / Colorado Works Caseload



significant change is to the base year used to calculate the credit applied to the work-participation requirement that can be taken for caseload reduction. Instead of comparing current caseloads to the caseload in 1995, the comparison is now to the caseload in 2005. The new DHHS rules also limit the types of activities that can be counted as work participation. Because of these changes, as of October 1, 2006, Colorado's status changed from comfortably meeting the all-family work-participation requirement to being significantly out of compliance with the federal target. States which do not meet the federal targets are potentially subject to reductions in their TANF block grant, starting at 5% of the total block grant amount and increasing to as high as 22% of the total.

Program changes are probably necessary to meet new requirements. Meeting the federal target will probably require Colorado to make some changes in its programs or program funding priorities in order to increase work participation. Other states have, in the past, used one or more of three different approaches to increasing their work participation figures.

1. In the original spirit of the federal block grant program, states have tried a variety of innovative approaches to successfully move recipients from welfare to work. These programs are often specialized, trying to address the problems that make it difficult for a particular group to get and hold a job. Substance-abuse treatment programs are an example of this. Such programs require funding; in order to create or expand them, Colorado might have to add state funding to the total, or adjust the level of funding for different programs, if the State chooses to put additional emphasis on this type of assistance.

2. Some states have moved aggressively to drop difficult clients from the caseload population. This helps them "make the number", but does not address the underlying problem. Children in the households that are dropped have not gone away, and are likely to appear as increases in the caseloads in other social service programs. It is difficult to predict such effects, or to determine whether states that take this approach have actually saved money compared to other alternatives.
3. Some states have instituted "parallel" programs with similar benefits that are funded with state-only dollars. Difficult clients are moved into these programs, which improves the numbers in the programs funded with federal dollars, without dropping the clients entirely. Some of the states that have created such programs also exploited a loophole in the original TANF legislation and counted this spending as part of the maintenance of effort requirement, but without counting the cases against the participation requirements. The TANF reauthorization has closed this loophole; if the dollars spent on a case are counted as MOE, then the case must be included in the work participation calculations.

Considerable program control is at the county level in Colorado. Colorado provides social services using a state-supervised county-administered approach. Just as the federal government recognizes that different states face different specific problems, Colorado recognizes that different counties may have quite different needs. As an illustration of the flexibility, Colorado as a state is allowed by federal statute to transfer up to 30 percent of its TANF funds into certain other programs. Individual Colorado counties may, by footnote in the Long Bill, transfer more than 30 percent of their TANF funds in this way, under supervision of the Department of Human Services, so long as all counties who wish to make such transfers are given the opportunity to do so and the total of all such transfers still meets the overall state requirement. In the most recent fiscal year, such county transfers ranged from zero to almost 40 percent; the state's overall transfer rate was a little less than 13 percent.

Some of the challenges that Colorado will face in bringing the Colorado Works program into alignment with the new federal TANF targets will be a consequence of the state/county split in responsibilities for the program, and decisions that were made at the county level. In the past, different counties have made different choices about the allocation of their state block grant funds. Some counties have used a portion of the funds to build programs that emphasize assisting people find and hold employment. Other counties have elected to emphasize cash assistance instead, with little attention paid to assistance in finding employment. So long as Colorado could meet its work participation targets by virtue of the state-wide caseload reduction since 1995, both strategies exposed the state to the same degree of risk of failing to meet its state-level requirement.

Which counties have made particular decisions will have an impact on the difficulty of solving the problems. The table below shows the size of the Colorado Works allocation, as a surrogate for the size of the caseload, for the counties receiving the largest amounts and for the state as a whole. The top ten counties account for over 80% of the total Colorado Works allocation, and the top six for over two-thirds. Unless these top counties meet the federal targets, or at least come very close to it,

it will not be possible for the state as a whole to meet its targets.

County	Colorado Works Allocation	Allocation as Percent of Total	Cumulative Allocation Percent
Denver	\$43,002,393	25.8%	25.8%
El Paso	\$23,446,178	14.0%	39.8%
Adams	\$12,960,397	7.8%	47.6%
Arapahoe	\$12,954,506	7.8%	55.3%
Jefferson	\$11,041,794	6.6%	62.0%
Larimer	\$9,251,081	5.5%	67.5%
Pueblo	\$7,218,982	4.3%	71.8%
Boulder	\$7,166,960	4.3%	76.1%
Mesa	\$6,509,936	3.9%	80.0%
Weld	\$4,339,555	2.6%	82.6%
Others	\$29,022,994	17.4%	100.0%
Total	\$166,914,776	100.0%	100.0%

Department is aware of the potential difficulties. The Department has informed JBC staff that they have established a state/county task force to look at the problems posed by the new TANF requirements. This task force has identified some opportunities for modifications in systems supporting the programs – in particular, modifications to CBMS, the Colorado Benefits Management System – that they believe would be helpful. CBMS already has a substantial backlog of pending change requests. Getting additional changes into the queue and implemented in a timely fashion may be a problem involving difficult choices. The task force has also identified some opportunities to make changes in statute that may make it easier to deal with the potential problems. Examples of these include the removal of eligibility "clutter" left over from AFDC days and (in the task force's opinion) overly-tight restrictions on how Colorado Works reserves must be handled.

Staff recommends that the Committee request the Department discuss its plans for meeting the new federal TANF requirements, and the impact that the necessary changes are likely to have on the Colorado Works budget and on other programs that currently make use of TANF funds. Staff recommends the following list of specific questions:

1. What are the current work-participation rates for families in the Colorado Works program, using the new rules? What are the current trends in the participation rate? Is Colorado looking at having to reverse a deteriorating situation, or to speed up trends that were already headed in the right direction? When might it be reasonable to expect Colorado to achieve compliance with the federal requirements?
2. What fraction of Colorado's caseload involves hard-to-place individuals, such as those with

substance-abuse problems? Can the State meet the new work-participation requirements without increasing the number of such individuals who succeed in finding and holding jobs? How much would it cost to move some of these individuals into parallel programs not subject to the federal requirements?

3. In order to meet a statewide target, between six and ten of the counties with the largest caseloads will have to meet the target. Under current statute, can the state government single those counties out and provide them with assistance not available to the other counties? Under current statute, can the state government single those counties out for particular penalties for failure to address a problem?

**FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Supplemental Security Income Federal Maintenance of Effort**

ISSUE:

The State of Colorado must meet a federal maintenance of effort (MOE) requirement associated with state spending for recipients of federal Supplemental Security Income. For the past three calendar years, the State has failed to meet its maintenance of effort targets. Failure to comply puts *all* of the federal Medicaid funds received by the State at risk. Increasingly, the State has depended on programs that are poorly targeted to meet its MOE requirements, which further reduces flexibility in spending choices.

RECOMMENDATIONS:

Staff recommends that the Committee consider different options for changes that might allow the State to meet this MOE requirement in a simpler fashion, thereby reducing the risk of loss of large amounts of federal Medicaid funding. A meaningful study of the different options and their costs is beyond the scope of what could be expected from the Department by the time of their hearing. However, staff recommends that the Committee request the Department to respond to the following questions as a first step in the process.

1. Which of the programs used to meet this MOE requirement are well-targeted to that purpose? That is, which programs pay a large portion of their benefits to SSI recipients, and which do not?
2. Are there additional programs which could contribute to the MOE spending? Is the targeting of those programs towards SSI recipients better or worse than the programs that are already used in this fashion? Are the payments made by those programs stable and predictable from year to year? Could spending on those programs that would count towards the MOE target be used in place of spending in the programs currently used to meet the MOE target?
3. Given sufficient time, could the Department make a good estimate of the costs associated with switching from the expenditures test to the pass-along test? What factors would affect the one-time cost of making such a switch? What factors would affect the overall level of annual state spending required to meet the test after making such a switch?

DISCUSSION:

Colorado is subject to federal requirements on spending for the needy aged, blind and disabled. The federal Supplemental Security Income (SSI) program is administered by the Social Security Administration and provides assistance to the needy aged, blind, and disabled. States provide supplemental payments to SSI recipients who do not receive the maximum federal grant.

As is the case for many federal programs, states must spend their own funds at a particular level in order to qualify for federal dollars. Such requirements that states continue funding based on their past spending levels are called "maintenance of effort", or MOE. In this issue discussion, MOE means the SSI MOE requirement, rather than the MOE requirements for other programs, unless specifically noted.

Failure to meet federal requirements may result in very serious sanctions. Failure to meet MOE targets can result in the federal sanctions in the form of withheld federal funds. The potential consequences for failing to meet this MOE requirement are quite serious: the withholding of *all* Medicaid Federal Financial Participation (FFP) funds for a period of time. Such sanctions have been applied to at least two other states in the past. JBC staff estimate that Colorado receives FFP funds at a rate of about \$100 million per month. The shortest sanction period for failure to meet the MOE requirement is a calendar quarter. As a result, the *smallest* sanction that could be imposed would result in the loss of about \$300 million in Medicaid funding.

Colorado has missed its MOE target for the last three years. Colorado is on an expenditure test for MOE: the total state funds spent on SSI recipients each year must be at least as large as the highest amount spent in any previous year. The MOE test is applied on a calendar year basis. The current target is \$26,678,719. In CY 2003, Colorado missed the MOE target by \$4.3 million. In CY 2004, Colorado again missed the MOE requirement, this time by \$4.9 million. The situation improved somewhat in CY 2005, when Colorado missed the MOE requirement by only \$577,000. The Department reports that the State is currently on track to exceed its MOE requirement in CY 2006 by about \$800,000 in CY 2006. There is some degree of uncertainty because of variability in the amount of money that state programs deliver to SSI recipients each month. If these figures are accurate, and the state exceeds its MOE target by \$800,000, the target for the next year, and all following years, will be increased by that \$800,000 amount.

Colorado's MOE expenditures come from a variety of sources. State spending that is delivered to SSI recipients through a variety of other programs counts toward the MOE. For example, property tax rebates paid by the Department of Revenue count¹ towards the MOE target *if they are paid to an SSI recipient*. The programs that are used for MOE compliance, and their relative contributions to total MOE spending for CY 2005, are shown in the table below. Once the State begins using a program for MOE compliance, it must continue to use that program in the future.

Program	Contribution to MOE	Percentage of MOE
Old Age Pension	\$9,897,274	37.92%
Aid to the Needy Disabled	\$1,410,986	5.41%
Aid to the Blind	\$8,084	0.03%

¹Counting the property tax rebate required federal approval, which in turn required that the program be modified so that payments were made at least quarterly, rather than annually.

Program	Contribution to MOE	Percentage of MOE
Home Care Allowance	\$7,940,022	30.42%
Adult Foster Care	\$86,363	0.33%
Property/Rent Tax Rebate	\$6,948,789	26.62%
Offsets	(\$190,251)	(0.73)%
Total	\$26,101,267	100.00%

Nearly 65% of the MOE spending comes from the Old Age Pension and Property/Rent Tax Rebate programs. The level of spending on these programs is largely outside the control of the Department of Human Services. But because of the dependence, any consideration of reductions in those programs must include the effect on MOE spending and the potential risk to large amounts of Medicaid funding. The largest portion of the MOE shortfall in CY 2003 was due to reductions in the Home Care Allowance program, which was then under the Department of Health Care Policy and Financing (S.B. 06-219 transferred the program to the Department of Human Services). In general, this type of dependence reduces the General Assembly's flexibility in making allocations of funds across the various programs.

Some programs target SSI recipients poorly. Property tax rebates or other benefits paid to non-SSI individuals do not count towards the MOE requirement. Programs in which only a small fraction of the recipients are in the SSI group have limited use in making short-term adjustments to spending in order to meet the MOE target. In the Old Age Pension program, the MOE contribution is only about 14% of the total program expenditures. The State would have to increase spending in that program by roughly \$7 in order to increase MOE spending by \$1. While it may be useful to seek out existing spending which can be counted towards the MOE requirement, adding spending to programs that are not narrowly targeted could be a very expensive way to meet the goal.

An alternate form of MOE is available. Colorado's MOE is based on an expenditure test and measures the total amount spent, independent of the number of recipients. In the event that the caseload were to drop, the State would have to find ways to spend additional money on a per-recipient basis in order to maintain the necessary level of total expenditure. The federal government allows an alternative called the "pass along" method. Instead of monitoring total spending, this option applies directly to the state supplement of the federal SSI payment. Under the pass-along test, states must "pass along" any increases to the maximum federal grant (typically a cost-of-living increase) by increasing their own supplement by the same amount. States that operate under this test, and who pass the increase on properly, are in compliance regardless of the total that they spend or changes in caseload. Currently, 41 of the 50 states use the pass-along method.

States are allowed to switch from the expenditure test to the pass-along test. The federal government allows states to switch from the expenditure test to the pass-along test. The process is somewhat complex, involving a calculation of what the state's benefit level would be today if it had opted for the pass-along test at that point in time when it made the opposite decision. This

calculation depends on the level of the state supplement at that time, and the number and size of changes in the federal SSI benefit since then. At first glance, it might appear that making such a change must require the state to spend more money. That may not be the case, since other programs such as the Old Age Pension are means-tested, and an increase in the SSI supplemental benefit may lead to a corresponding decrease in the OAP payment for any one particular recipient. In addition to the change in ongoing expenses, there may be one-time expenses associated with such a change.

Staff recommends that the Committee consider different options for changes that might allow the State to meet this MOE requirement in simpler fashion. Colorado has missed its MOE target in each of the last three years. The amount of federal money that is potentially at risk is very large compared to the MOE target: the smallest sanction that can be applied is the entire federal Medicaid contribution, roughly \$100 million per month, for a period of three months. The current approach to MOE spending, based on a total expenditures test, has resulted in tying the federal requirement to the spending level in a variety of programs, thereby reducing the flexibility the General Assembly has to set funding levels for those programs.

Staff recommends that the Committee consider different options for changes that might allow the State to meet its MOE requirement in a simpler fashion, thereby reducing the risk of loss of large amounts of federal Medicaid funding. A meaningful study of the different options and their costs is beyond the scope of what could be expected from the Department by the time of their hearing. However, staff recommends that the Committee request the Department to respond to the following questions as a first step in the process.

1. Which of the programs used to meet this MOE requirement are well-targeted to that purpose? That is, which programs pay a large portion of their benefits to SSI recipients, and which do not?
2. Are there additional programs which could contribute to the MOE spending? Is the targeting of those programs towards SSI recipients better or worse than the programs that are already used in this fashion? Are the payments made by those programs stable and predictable from year to year? Are there ways in which spending on those programs that would count towards the MOE target could be used in place of spending in the programs currently used to meet the MOE target?
3. Given sufficient time, could the Department make a good estimate of the costs associated with switching from the expenditures test to the pass-along test? What factors would affect the one-time cost of making such a switch? What factors would affect the overall level of annual state spending required to meet the test after making such a switch?

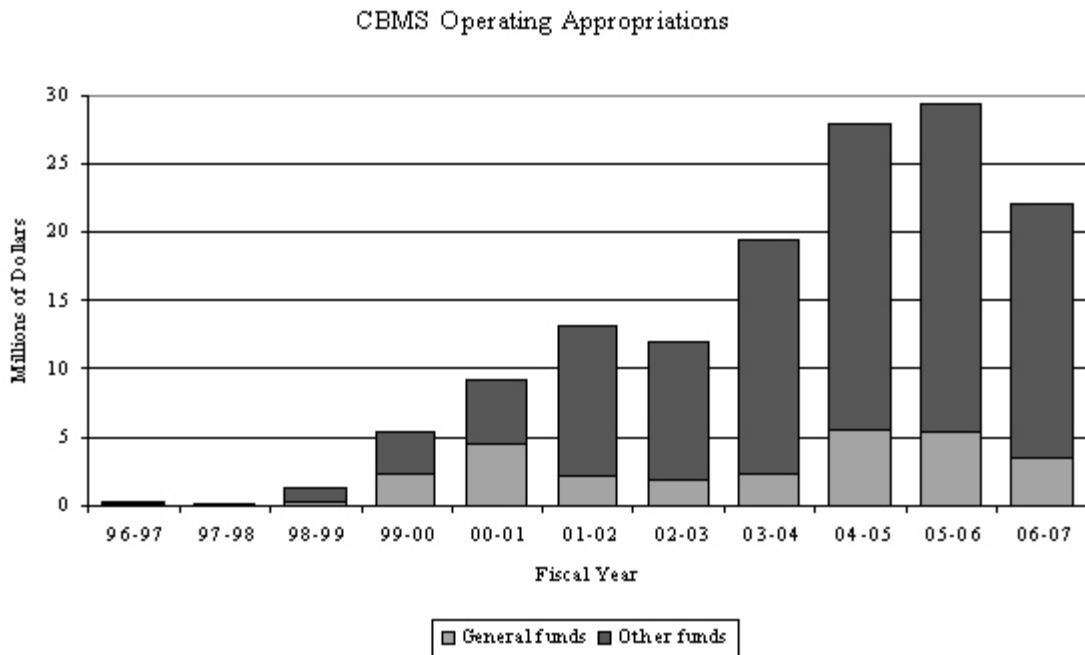
**FY 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Colorado Benefits Management System Update**

ISSUE:

The Colorado Benefits Management System (CBMS) has been one of the largest and most expensive IT acquisitions ever made by the State of Colorado. The initial deployment of the system suffered from a variety of problems that have required considerable additional spending to correct. The problems were widely publicized, and old information continues to appear in newspaper articles and elsewhere. Most of the problems have been resolved. This informational issue discussion is intended to provide the Committee with an up-to-date report on CBMS status.

DISCUSSION:

CBMS has been an expensive undertaking. Appropriations for CBMS since FY 1996-97 total \$229.7 million, including capital appropriations of \$89.7 million and operating appropriations of \$140.1 million (\$22.1 million for FY 2006-07). These appropriation figures include not only the cost of developing and maintaining the system, but added costs incurred during the roll-out: external audits, creation of the Office of CBMS within the Governor's Office, one-time funding to assist the counties with transition difficulties, and others. The operating budget portion of these appropriations over time is shown in the chart below. The final number for FY 2006-07 may end up higher than shown, as supplemental requests are processed.



CBMS is a critical piece of the infrastructure for delivering social services in Colorado. CBMS is involved in the distribution of over \$2 billion in benefits to just over 500,000 individual clients annually. Each month, the system is used to process approximately 30,000 new client applications and 40,000 client reauthorizations. In addition to these client-side functions, CBMS communicates with over 100 external systems. These system-to-system interactions occur on a wide range of time scales: real-time online access, nightly batch jobs, and weekly, bi-weekly, monthly, and quarterly report generation and distribution. The external systems with which CBMS communicates include other State of Colorado systems, systems operated by other states, and federal systems. CBMS's ability to support such system-to-system communication have enabled improvements in the client-side process. For example, CBMS is now capable of verifying Social Security numbers against the Social Security Administration's national data base during the application process.

CBMS is an official part of the infrastructure now. The system went into service in September 2004, but the delivery was not officially "accepted" by the State because of the large number of outstanding issues. Resolving these differences was one of the principle focuses of the Office of CBMS, a part of the Governor's Office. In June 2006, the State of Colorado officially accepted delivery of the system from EDS, the development vendor. Staff believes that the addition of the Office of CBMS, with authority to resolve issues between the different government agencies, as well as between the State and the developer, was an important part of resolving the issues involved in accepting the system.

CBMS appears to be functioning well. There are a number of ways that this could be measured. One simple way is to look at the nature and resolution of the calls received by the Department of Human Services' toll-free hotline. This is not a hotline dedicated to CBMS problems, but is for clients to report any sort of problem. In a recent month, the hotline took just over 500 calls. Of these, 30 were classified as an emergency. Of the emergency calls, none were the result of problems related to the computer system. The largest single cause of the reported problems was client error; for example, people who did not have adequate documentation when they first applied, and who neglected to make the necessary second trip to their county office.

CBMS appears to facilitate delivery of more services to clients. Many social services clients in Colorado qualify for benefits from multiple programs. One of the original goals for the CBMS system was to unify the application processes in order to help assure that clients received all of the assistance for which they were eligible. One measure of this is the average number of programs per client. At the time CBMS was initially deployed, the average across Colorado was 1.39 programs per client. At present, the average is 1.60 programs per client, a significant increase. Staff notes that factors other than CBMS may be responsible at least in part for this increase.

The training program has been significantly upgraded. One of the important lessons from the initial CBMS deployment is the importance of adequate training for the users of the system. The training program was initially developed by EDS, and included only two classes. There are now twelve different classes available. Twice as many people received training in 2006 as did in 2005. Turnover in the work force and the addition of new capabilities will require that training continue

to be performed, and that the training materials be continuously updated. One important aspect of the training changes that was pointed out to staff is the need to include not just the "how" material, but also the "why". Changes to the process for a client application were more easily accepted when, for example, material on the changes in federal requirements that had driven the process changes was also included.

The lawsuit appears to be winding down. The CBMS deployment has been embroiled in a lawsuit since 2004. The initial purpose of the lawsuit was to block the rollout of CBMS. The suit was later expanded to include recovery of damages for clients who had been improperly handled by the system. Early on, the court ordered the State to take a variety of actions; for example, the State was not allowed to collect overpayments in the Food Stamp program. This order created an expensive dilemma. The State could collect identified overpayments and find itself in contempt of court, or it could make no attempt to collect the overpayments and find itself forced to pay penalties to the federal government for disregarding federal regulations regarding overpayment recovery. The court has now removed these restrictions. The portion of the case related to damages was delayed in December 2005. It was delayed again in June 2006 and the two sides are now involved in mediated settlement discussions.

CBMS maintenance and support expenses will continue to be significant. CBMS is a large, *dynamic* system which must evolve to meet changing needs and requirements. New programs may be added, or old programs terminated. Eligibility rules for programs may be changed at the federal or state level. Reporting requirements are subject to change in many different ways: the frequency, the amount of detail, the means for transmission of the report. As these types of change occur in the social services system, CBMS must be changed accordingly. Because of its size – some three million lines of code and extensive data tables representing the different sets of rules which the system must apply in making decisions about cases – testing even small changes to CBMS can be a substantial undertaking.

Agreeing on, and prioritizing needed changes may continue to be a problem. In April 2006, the county departments of social services were asked to collectively put together a prioritized "top ten" list of changes they would like to have implemented in CBMS. As of the time this report was being written, the counties had been unable to agree on such a list. This type of disagreement has been and will continue to be a problem. A feature that one group of counties finds to be quite helpful may be considered a significant hindrance by other counties. At any given point in time, there is always going to be someone who is dissatisfied with some aspect of the system.

Expiration of the EDS contract in 2008 must be planned for. The development contract for CBMS signed with EDS included maintenance and operations support services to be provided after major development was completed and the system was deployed. The contract for these services expires July 15, 2008. The State must decide how it wishes to go forward from that point, and begin the planning and executing any changes that are necessary. Failure to do so in a timely fashion could lead to a situation where the State is trying to operate without adequate support for this large, critical system.

M E M O R A N D U M

TO: Joint Budget Committee

FROM: Michael Cain, Joint Budget Committee Staff

SUBJECT: Office of CBMS Funding for an RFP for New CBMS Maintenance and Operations Support Contract

DATE: December 11, 2006

Emergency Supplemental - Development of RFP for CBMS Maintenance and Operations Support

Applicable Supplemental Criteria:

- An Emergency or Act of God
- A Technical Error in Calculating the Original Appropriation
- Data Which Was Not Available When the Original Appropriation Was Made
- An Unforeseen Contingency

**Colorado Benefits Management System
Total Amounts of Supplemental Request**

	FY 2005-06 Actual	FY 2006-07 Appropriated	Supplemental Request	Staff Recommendation
SUBTOTAL	\$ 22,902,575	\$ 21,663,380	\$ 512,400	\$ 512,400
<u>FTE</u>	<u>54.7</u>	<u>61.1</u>	<u>0.0</u>	<u>0.0</u>
General Fund	7,966,640	6,880,878	163,741	163,741
Cash Funds	1,828,839	1,727,966	41,120	41,120
Cash Funds Exempt	272,159	572,931	10,640	10,640
Federal Funds	12,834,937	12,481,605	296,899	\$296,899

The figures in this table reflect the actual funding associated with CBMS and this supplemental request, traced back to their original sources in the Departments of Human Services and Health Care Policy and Financing. The specific line item changes in those departments and in the Governor's Office that are involved in this supplemental request will be shown later in the document. Staff

notes that the Schedule 6 accompanying this request contained technical errors that double-counted some funds, with the net result of doubling the amount actually being requested. OSPB staff agrees that the amounts shown in the table for the supplemental request are correct.

Department Supplemental Request

The Office of CBMS is requesting spending authority for \$512,400 in FY 2006-07 in order to hire an external vendor to prepare a request for proposals (RFP) for a new contract for maintenance and operations support for the Colorado Benefits Management System (CBMS). The Office of CBMS derives its funding indirectly from the Departments of Human Services and Health Care Policy and Financing; as a consequence of that arrangement, the request also includes increases in appropriations in those departments. In the remainder of this memo, the phrase "the departments" should be interpreted to mean all three organizations. The departments also request roll-forward authority for the amount of this request, in order to deal with the case where some payments are not due until FY 2007-08.

The Colorado Benefits Management System supports a large portion of the social services programs in the state of Colorado. CBMS is involved in the distribution of over two billion dollars in benefits to just over 500,000 individual clients. The system processes over 40,000 re-authorizations and 30,000 new applications each month. The state contracts for maintenance and operations support of the system with EDS, Inc., the original developer of the system. The current contract with EDS is scheduled to expire on July 15, 2008. The process of contracting with a (potentially) new vendor for such services is anticipated to be long and complicated. The departments do not believe that they have the in-house expertise to prepare an RFP that will result in high-quality responses and a good contract.

The project schedule developed by the departments indicates that the outside experts who will be hired to write the RFP must start work by January 15, 2007. The departments believe that failure to start by that date will result in a lower-quality RFP and contract, and possibly jeopardize having an adequately prepared maintenance vendor in place by the time the current contract expires. In order to have RFP development begin on January 15, the departments believe they must have spending authorization in hand prior to that date. This is unlikely to occur in the normal supplemental process, so the departments have made the request in the form of a 1331 supplemental.

Staff Recommendation

Staff recommends that the Committee approve the request in the amount of \$512,400 using the funding sources identified by the departments. Staff recommends that the Committee not grant the roll-forward authority requested. This recommendation is based on the following considerations and analysis.

CBMS will require ongoing maintenance and operations support. CBMS is a large, complex, *dynamic* IT system. As previously mentioned, it is a component in the distribution of over two

billion dollars in annual benefits, maintains records for over 500,000 individual clients, and supports processing of some 40,000 reauthorizations and 30,000 new applications each month. Over 80 separate programs are affected in some way by the system. CBMS is required to interface with over 100 other IT systems. Any changes in eligibility requirements in any of those programs, in record-keeping required by state or federal statute or rules, or in the information that must be exchanged with external systems or the methods of exchange require modifications to code and/or data tables within CBMS. The contract with the current support vendor will expire on July 15, 2008. Staff believes that the risks of continuing operations without a new contract are unacceptable, and agrees that July 15, 2008 is currently a hard date by which new support arrangements must be in place.

Maintenance and operations support is a large job. CBMS consists of three million lines of source code, plus all of the fixed data tables that drive portions of the code. Because of the critical role that CBMS plays in the delivery of social services in Colorado, even small changes require that extensive testing be performed. The software engineering literature is filled with examples of systems in which small changes were made and put into service without adequate testing, and resulted in very large problems in the field. An extensive staff is required to handle the design, implementation and system testing of the ongoing changes that will be required. EDS, the developer of CBMS and the current support vendor, is scheduled to be paid \$8.7 million for such services in the upcoming fiscal year. Given the size of the payments involved, staff agrees that the departments should allow multiple vendors to bid for this work. As will be discussed below, allowing for the possibility that a new vendor will provide the maintenance service, and the time that a new vendor would require to learn the CBMS internals, is a dominant factor in the schedule that motivates the timing of the departments' request for funding.

The clarity and overall quality of the new contract will depend on the quality of the RFP, and the departments lack the expertise to prepare a high-quality RFP. An RFP that clearly spells out exactly what services the State requires from the vendor improves all of the subsequent steps of the process. The quality of the vendor responses is improved because they start with a better understanding of exactly what is expected of them. High-quality responses make the job of vendor selection easier by reducing the number of times the selection team may have to request additional or clarifying information. Finally, contract negotiations will be simpler if both parties already have a clear understanding of exactly which services are to be delivered. The departments state in their request that they lack the expertise to prepare a high-quality RFP, and staff has no reason to think that they are underestimating their own abilities. Preparing a high-quality RFP for an IT project is somewhat of an art, and experience is a significant advantage. The departments do not write RFPs for large IT projects often, so it is not surprising that they lack expertise in that particular area. Staff believes that hiring an external specialist firm to provide the necessary skills should greatly improve the quality of the RFP.

The departments' project schedule appears reasonable. The project activities along with their start and completion dates as listed by the departments are shown in the following table. The overall length of the schedule is dominated by the possibility that a vendor other than EDS will be selected. In order to accommodate that case, the schedule allows for a period where the new vendor works in

parallel with the current vendor in order to learn the details of the system. The project plan includes ten months of parallel operation.

Task	Start Date	End Date
Research best practices	04/01/06	07/01/06
Determine RFP Committee membership	06/01/06	07/01/06
RFP Research	07/14/06	10/25/06
Select RFP writing vendor	10/15/06	01/15/07
First RFP draft	01/15/07	04/13/07
Review by EDs and CIOs	03/15/07	05/07/07
Final RFP development start	03/15/07	04/13/07
Review by federal agencies	03/15/07	05/07/07
Review by EDs and CIOs	04/01/07	05/07/07
RFP released	05/14/07	05/14/07
RFP responses due	07/09/07	07/09/07
Review RFP responses	07/10/07	07/30/07
Award new contract	08/01/07	08/01/07
Contract negotiations	08/02/07	09/07/07
New contractor transition overlap	09/10/07	07/15/08
Start of new vendor support	07/01/08	

Ten months is not unreasonable for that portion of the project. The vendor must become familiar with the three million lines of source code that make up CBMS as well as the ways that Colorado makes use of the system. In addition to the code, many of the processes that CBMS implements are "data driven"; that is, data tables define the actual rules for eligibility and other conditions, and non-specialized code interprets those tables in order to make decisions. Under the current contract, many data tables are maintained by the State. The departments intend to include maintenance of the data tables as part of the responsibilities of the new vendor, increasing the amount that vendor will have to learn. A successful handover to a new vendor will be less likely if this part of the schedule is shortened. Staff agrees with the departments that, in order to maintain this schedule, the departments require funding for an RFP-writing vendor in hand before the normal supplemental process would make it available.

This supplemental request is based on new information. The current project schedule was developed in detail as part of the initial "researching best practices" task conducted from April to July of 2006. The departments state that only after the details of the current schedule were completed did they realize how soon the RFP writing task would have to begin. This new information is the reason for submitting the request as a 1331 emergency supplemental, rather than

waiting for the normal supplemental process. Staff believes that this situation meets the requirement for a 1331 supplemental.

The requested amount appears to be a reasonable minimum for what might be needed. The departments developed the \$512,400 figure for this supplemental request by estimating the levels of expertise that would be required (senior consultant, consultant, junior consultant), the number of hours that would be required in each of those categories, and the billing rates that a consulting firm would use for each category. As a sanity check, the departments cite the State's recent experience in hiring an outside RFP development company to write the RFP for the re-bid of Colorado's Medicaid Management Information System (MMIS). The total cost in that case was \$457,600. Staff's opinion is that the CBMS RFP will be at least as complex as the MMIS RFP, and probably more so. The departments point out that the actual cost for the CBMS RFP could be significantly higher than the amount they are requesting because vendors might consider writing an RFP associated with CBMS to be a high-risk undertaking. The departments estimate that the actual costs could be as high as \$2 million. The actual amount will not be known until after bids are received. However, with the requested amount in hand, the RFP writing process could begin.

Covering the costs out of existing appropriations is not possible. Historically, the departments have taken the approach of including only routine operations and small-scale developments in the base budget for CBMS. If and when more significant undertakings related to CBMS were necessary, the departments sought additional funding for those activities from the Legislature. In one case, such an undertaking was funded in part by the Governor's Office using flexible federal funds rather than by making a supplemental request. To staff's knowledge, such alternative funding sources are no longer available. This 1331 request is in line with that historical practice: the departments covered the early planning steps for the RFP process with their base budget, and are now seeking funding to execute a specific sizeable project.

Roll-forward spending authority should not be necessary. The project schedule calls for release of the RFP in mid-May 2007. Even with a one-month slip, the RFP preparation would be complete by mid-June, which is before the end of FY 2006-07. The emergency nature of this supplemental request is based on the need to keep the schedule intact. Failure to complete and release the RFP prior to the end of the fiscal year represents a relatively large slip in the schedule. The departments cannot have it both ways; if the schedule is so tight that funding must be obtained on an emergency basis in December, then it is so tight that the vendor needs to finish the RFP so that it can be released prior to the end of the fiscal year.

Other factors that may matter. The departments are considering the option of seeking a one-year extension of the current contract with EDS. If such an extension is obtained, then the time pressure for releasing an RFP would be relaxed considerably. Pursuing the extension requires both concurrence by all involved parties at the state level, and obtaining permission from the federal agencies that have funded much of the CBMS development. It is unlikely that the departments will know if the current contract will be extended prior to the scheduled beginning of the RFP writing. A one-year extension would only delay the need for an RFP, not eliminate it. A one-year delay

would not have large impacts on the content of the RFP, so preparing it in 2007 would not be a "wasted" effort.

Funding details. The details of the funding sources identified by the departments are shown in the following tables. Note that funds from the Department of Health Care Policy and Financing are transferred first to the Department of Human Services, where additional funding is added and the total amount of \$512,400 is then transferred to the Office of CBMS.

Governor's Office

(6) Office of Colorado Benefits Management System

Line item: Program Costs

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$0	\$0	\$512,400	\$0

Cash funds exempt are transferred from DHS

Department of Human Services

(2) Office of Information Technology Services

Line item: Colorado Benefit Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$80,422	\$41,120	\$177,854	\$213,004

Cash funds are from Old Age Pension Fund

Cash funds exempt are transferred from HCP&F

Federal funds are \$146,290 TANF and \$66,714 Food Stamps

Department of Health Care Policy and Financing

(6) Department of Human Services Medicaid-Funded Programs

(B) Office of Information Technology Services - Medicaid Funding

Line item: Colorado Benefits Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$177,854	\$83,319	\$0	\$10,640	\$83,895

Cash funds exempt are \$9,720 from Children's Basic Health Plan Trust Fund and \$920 from Old Age Pension Fund

Federal funds are Title XIX and Title XXI

Summary and recommendations. Staff believes that the important factors in deciding on this supplemental request are the following:

- Current contract for maintenance and operations support will expire July 15, 2008.
- Maintenance and operations support activities will have to continue, and a vendor must be hired to do that job.
- The schedule for hiring a vendor that allows for the time a new vendor would need to learn the system requires RFP writing to begin in January 2007, and is reasonable.
- The schedule provides previously unknown information and justifies a 1331 request.

- The same schedule requires that the RFP be released prior to the end of FY 2006-07, so roll-forward of the spending authority should not be needed.
- The amount of the request appears to be a reasonable estimate of the minimum amount that would be needed.

Based on these factors, staff recommends the Committee approve the departments' request in the amount of \$512,400. Staff further recommends that the Committee not approve roll-forward spending authority for these funds.