This link includes the following presentations:

1. Human Services Late FY 2008-09 Supplementals and FY 2009-10 Budget Amendments, April 19, 2009 (pp. 2-9).

2. Human Services Late FY 2008-09 Supplemental, March 26, 2009 (pp. 10-21).

3. Staff Comebacks to Figure Setting for Department of Human Services on March 4, 2009 and February 18, 2009, March 19, 2009 (pp. 22-73).

4. Figure setting for the Department of Human Services, Office of Operations and Services for People with Disabilities, March 4, 2009 (pp. 74-208).

5. Figure setting for the Department of Human Services, Division of Child Welfare and Division of Child Care, February 18, 2009 (pp. 209-324).

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

SUPPLEMENTAL REQUESTS FOR FY 2008-09
AND LATE BUDGET AMENDMENTS FOR FY 2009-10

DEPARTMENT OF HUMAN SERVICES

(Division of Child Welfare and Division of Child Care)

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

Prepared By:
Amanda Bickel, JBC Staff
April 20, 2009

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DEPARTMENT OF HUMAN SERVICES
FY 2008-09 SUPPLEMENTAL AND FY 2009-10 BUDGET AMENDMENT RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

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DEPARTMENT OF HUMAN SERVICES
FY 2008-09 SUPPLEMENTAL AND FY 2009-10 BUDGET AMENDMENT RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Prioritized Supplementals

Supplemental/Budget Amendment Request, Department Priority #56
Refinance Child Welfare Services with Federal Funds

	Request FY 08-09	Recommend FY 2008-09	Request FY 09-10	Recommend FY 2009-10
Total	$0	No change	$0	No change
FTE	0.0	Recommended to	0.0	Recommended to
General Fund	(2,933,354)	Prior Action	(3,911,138)	Prior Action
Federal Funds	2,933,354	Taken	3,911,138	Taken

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforseen contingency.]	NO
The Department submitted this request on the basis of new data. Staff does not believe the new data differs substantially from the data available when JBC staff made related recommendations and the JBC took action on March 20, 2009. In light of this, staff does not believe that submission of a new supplemental and budget amendments after the Long Bill has introduced is consistent with supplemental criteria.	

Department Request: The Department requests to refinance General Fund with federal Title IV-E funds in the amounts of $2,933,354 in FY 2008-09 and $3,911,138 in FY 2009-10, based on an increase in the federal match rate (FMAP) for Title IV-E funds by 6.2 percentage points for three quarters in FY 2008-09 and four quarters in FY 2009-10 (from 50 percent federal share to 56.2 percent federal share). The request proposes to replace related JBC action taken on March 20, 2009.

Staff Analysis and Recommendation: The table below compares the current request with JBC action taken March 20, 2009, based on the 6.2 percent FMAP adjustment

	General Fund Refinanced March 20, 2009	Refinance Request April 13, 2009	Difference - Additional General Fund required if approve request
FY 2008-09	($3,339,847)	($2,933,354)	**$406,493**
FY 2009-10	($3,911,137)	($3,911,137)	**$0**

As reflected in the table, if the JBC wishes to approve the Executive Request, it will require an additional $406,493 General Fund for FY 2008-09. **Staff does not recommend this adjustment.**

This is for the following reasons:

- **The Department's request is not timely.** It is not practical for the JBC to continually adjust budgets (and particularly General Fund appropriations) after the Long Bill is introduced. Staff believes such adjustments should be reserved for substantial new information (*e.g.*, final judgement on a major lawsuit released after introduction and before the bill is finalized). Staff does not believe the "new information" in this request rises to this level.

- **It is not clear that the Department's recent estimate will be more accurate than the previous staff estimate.** Specifically, the previous JBC staff recommendation for FY 2008-09, and Committee action, was based on additional federal FMAP payments released for the first two quarters of 2008-09 ($2,223,898), extrapolated to a third quarter. Thus, staff relied on the federal estimate of the additional funds that would be provided to Colorado. The Department request is based on actual Title IV-E -eligible expenditures from October 2008 through January 2009, from which it estimates a smaller impact from the FMAP adjustment for the final three quarters of FY 2008-09.

- **If the Department estimate for Title IV-E receipts for FY 2008-09 is more accurate than the staff estimate reflected in the Long Bill, county allocations from the Excess Federal Title IV-E Cash Fund for FY 2009-10 will be automatically reduced by $406,493 without any further budget action.** Staff believes this is a reasonable, if not desirable, outcome. It will not be clear until after the close of FY 2008-09 to what extent there will be Excess Federal Title IV-E receipts deposited into the Excess Federal Title IV-E Cash Fund. The Department previously estimated (3/15/09) that $657,958 would be deposited to the cash fund by the end of FY 2008-09 and has indicated that this figure is falling. (Staff had estimated in February that $935,366 would be available.) In a worst case scenario, if final federal receipts are so low that there is no excess deposited to the Excess Federal Title IV-E Cash Fund and federal receipts do not cover FY 2008-09 Title IV-E appropriations, counties might face a small reduction to their FY 2008-09 Child Welfare Block allocations.

Supplemental/Budget Amendment Request, Department Priority #57
Child Care Development Block Grants -- Stimulus Funds

	Request FY 08-09	Recommend FY 2008-09	Request FY 09-10	Recommend FY 2009-10 ADJUST PRIOR
Total	$10,663,199	No change	$13,782,268	No change
FTE	0.0	Recommended to	0.0	Recommended to
General Fund	0	Prior Action	0	Prior Action
Federal Funds	10,663,199	Taken	13,782,268	Taken

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforseen contingency.]	**NO**
The Department submitted this request on the basis of new data. Staff does not believe the new data differs substantially from the data available when JBC staff made related recommendations and the JBC took action on March 20, 2009. In light of this, staff does not believe that submission of a new supplemental and budget amendments after the Long Bill has introduced is consistent with supplemental criteria..	

Department Request: The Department requests the following appropriations:

- $10,663,199 for FY 2008-09 in a new Child Care Assistance Program Stimulus Funding line item.
- $10,663,199 for FY 2009-10 in a new Child Care Assistance Program Stimulus Funding line item.
- $3,119,070 for FY 2009-10 in a new Quality and Infant/Toddler Targeted Stimulus Funding line item.

The request proposes to replace related JBC action taken on March 20, 2009.

The request includes the following additional information about the proposed use of the funds:

<u>Child Care Assistance Program</u>
The Department proposes to put forth an emergency rule to change the length of time that families can receive child Care assistance while in job search from 30 days to 180 days.

The request notes that there has been a 12 percent increase in the child Care assistance caseload for FY 2008-09. An estimated increase of 1,376 cases will be served each year through the use of the stimulus funds, with an average cost of $7,749 per case in both FY 2008-09 and FY 2009-10.

Quality and Infant/Toddler Targeted Funding
The Department did not provide a specific proposal on the use of the funds, but rather provided examples of how the department may potentially use the funds. Examples included:

- Qualistar Early Learning contract - Child Care Resource and Referral Activities: Increase the amount of funding currently made available to Colorado child Care resource and referral network agencies.

- Colorado Department of Education contract - Early Childhood Councils: Increase funds available to the Early Childhood Councils for activities such as professional development of providers, quality rating of child Care facilities, development of Council staff.

- Colorado Department of Education contract - Infant/Toddler Outcomes and Training: Enhance existing programs to provide professional development opportunities to locally-based child Care providers and to develop quantifiable outcomes.

All proposed funding is intended to supplement existing programs. The infusion of one-time funds will not need to be sustained by the Department.

Staff Analysis and Recommendation: The table below compares the current request with JBC action taken March 20, 2009 to reflect additional stimulus funds and with recently-released final federal figures on the amount of stimulus funds Colorado will actually receive.

	Federal Stimulus Funding Included March 20, 2009	Federal Stimulus Funding Request April 13, 2009	Final Federal Stimulus Figures	Difference final federal figures and Long Bill
FY 2008-09				
Child Care Assistance Program - Federal Stimulus*	$11,064,462	$10,663,199	**$10,569,228**	($495,234)
FY 2009-10				
Child Care Assistance Program - Federal Stimulus*	$11,064,462	$10,663,119	**$10,569,227**	($495,235)
Quality and Infant/Toddler Targeted Stimulus Funding**	$2,805,076	$3,119,070	**$3,173,850**	$368,774
TOTAL	**$24,934,000**	**$24,445,388**	**$24,312,305**	**($621,695)**

*The Long Bill includes amounts for FY 2008-09 and FY 2009-10 in line items entitled: Child Care Assistance Program - American Recovery and Reinvestment Act Funding.
**The Long Bill includes an amount in a line item for FY 2009-10 entitled: Grants to Improve the Quality and Availability of Child CARE and to Comply with Federal Targeted Funds Requirements - American Recovery and Reinvestment Act Funding.

Staff does not recommend any adjustment to the Long Bill at this time:

- **The Department's request is not timely.** It is not practical for the JBC to continually adjust budgets after the Long Bill is introduced. Staff believes such adjustments should be reserved for substantial new information (*e.g.*, final judgement on a major lawsuit released after introduction and before the bill is finalized). Staff does not believe the "new information" in this request rises to this level.

- **As can be seen in the table, the figures included in the Long Bill are reasonably close to the final federal figures approved and, with respect to FY 2008-09, are higher than the federal figures.** Failure to adjust the figures at this time should not substantially constrain the use of the federal stimulus funds.

- **The most significant difference between the Long Bill and final federal action is with respect to the funds set aside for quality (the Long Bill is $369,000 too low)**. Staff would have considered recommending an adjustment if the Department's budget request had actually specified how the funds will be used. As the request only specifies "possible" uses of the dollars, staff believes the General Assembly should wait for a formal request that provides a plan for spending the dollars on quality activities before making any budget adjustments.

- **Staff anticipates that the Department will submit a supplemental request, through the normal, January 1 supplemental process**, to true-up appropriations with federal allocations, based on specific proposals for spending the federal dollars. Staff notes that the General Assembly has authority to appropriate these funds and is not simply reflecting amounts for informational purposes.

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

SUPPLEMENTAL REQUESTS FOR FY 2008-09

DEPARTMENT OF HUMAN SERVICES
(Services for People with Disabilities)

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

Prepared By:
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March 26, 2009

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DEPARTMENT OF HUMAN SERVICES
FY 2008-09 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Supplemental Request
Regional Centers Prior Year Accounting Issues

DHS+HCPF	Request	Recommendation
Total	$5,108,544	$10,332,917
FTE	0.0	0.0
General Fund	0	4,329,881
Reappropriated Funds	4,005,696	4,900,188
Federal Funds	1,102,848	1,102,848

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforseen contingency.]	**NO, due to date**
The Department requested this based on a technical error. This error was not in the appropriation but in the Department's accounting and management of the program over several years. Staff believes the request is based on data not available when the original appropriation was made; however, this data was, or should have been, available at the time of regular, January 2, 2009 supplemental submissions.	

Department Request: The Department request is to reallocate existing appropriations within the Department of Human Services to address an $8.1 million budget shortfall created due to accounting and fiscal management errors at the regional centers for people with developmental disabilities over several years. The request identifies internal sources of funds to address the needs identified in this request. The Department explains its late submission as follows: "Because resources available this fiscal year will not be available in the future and because of the magnitude of these prior year adjustments..."

Staff Analysis and Recommendation: In sum:

- **The timing of the submission is highly problematic** (submission March 24), particularly given that staff raised related concerns in the staff budget briefing in November 2008 and initiated meetings in November 2008 to request the Department examine the issue.

- **The content of the request raises concerns about the fiscal management of the regional centers.** The problems identified at the regional centers, which go back to FY 2006-07 and FY 2007-08, drive total additional appropriations in FY 2008-09 of $8.1 million, including

$5.7 million General Fund. The entire "net" General Fund appropriation for the regional centers was $22.5 million General Fund. **Thus, this request represents a 25 percent increase in the annual General Fund appropriation for the regional centers.** The nature of the problems, described in more detail below, are equally troubling. In combination with a variety of other recent budgetary and programmatic issues at the regional centers, **staff believes this request raises serious questions about the state's ability to manage these facilities.**

- **Staff nonetheless sees no option but to recommend the request in large part.** The request relates to payments for staff and services that have already been delivered and problems related to the state's <u>billing of itself.</u> If the funding is not provided, it is not clear to staff how the Department and the Controller would respond or manage. Covering these costs within the regional center budget would appear to require shutting down all regional centers for the final quarter of the year, which staff does not consider to be a realistic option.

- While staff essentially recommends the request, staff also recommends:

  (1) **A letter to the Executive Director** of the Department of Human Services and the Director of the Office of State Planning and Budgeting expressing the Committee's displeasure regarding this situation and an explanation of the steps the Department is taking to ensure this is not repeated. If desired, this could include a request that the Executive explore the programmatic and fiscal implications of closing regional centers.

  (2) **A cut of $419,000 total Medicaid funds in FY 2009-10** to regional center personal services as a "fine" of $5,000 per day for the 83-day time period between January 2, 2009, when this request should have been submitted and the actual submission date (4:00 pm on March 25, 2009).

- The reason the Department request appears to be for $0 General Fund and the staff recommendation reflects a need for $4.3 million General Fund is that the Department's request included savings from a reduction to FY 2008-09 developmental disability "hold harmless" appropriation. The Committee has already included these reductions in the FY 2008-09 budget and they cannot be taken twice. Further, the staff recommendation reflects allowing the Department to reallocate moneys within the Human Services section of the HCPF budget via footnote, rather than making the array of different line item adjustments included in the request within HCPF. Regardless, staff emphasizes that the <u>true cost of the regional center issues is $5.7 million General Fund, however it is financed</u>.

Additional Background and Explanation of the Request and Recommendation:

Explanation of Request. The request identifies the total regional center shortfall in the Department of Human Services (DHS) as $8,127,221, including $4,900,188 Medicaid reappropriated funds and $3,227,033 General Fund. The Medicaid and General Fund components have separate explanations.

Medicaid shortfall: The $4.9 million Medicaid funds ($2.4 million "net General Fund) represents amounts that were appropriated to the Department of Health Care Policy and Financing (HCPF) in FY 2006-07 and FY 2007-08 for the regional centers that were reverted in prior years because amounts reflected were not paid out by HCPF during the correct fiscal year.

As previously discussed with the Committee, the regional centers operate on an accrual basis in Human Services, but HCPF operates on a cash basis. Thus, amounts can be fully expended in DHS even if associated bills have not been paid by HCPF. This portion of the request is tied to a gap in time between when services were delivered in the Department of Human Services and when Medicaid bills were submitted to and paid by the Department of Health Care Policy and Financing. In the Department of Human Services, bills not yet paid are reflected as "incurred but not received" or IBNR. The Department is now attempting to correct/ "catch up" the IBNR amount to an appropriate ongoing level. The intent is that after the current balance is paid, annual expenditures in the two departments will match, despite the payment time-lag, and the State will no longer face reversions or over-expenditures in HCPF related to ongoing Human Services funding levels.

Prior Authorization: The $3.2 million General Fund portion of the request represents expenditures that cannot be offset with Medicaid revenues. Thus, this amount represents bills that should have been paid by Medicaid (50 percent General Fund/50 percent federal funds) but which are instead being paid by 100 percent General Fund due to Department errors. These amounts represent Human Services claims not paid by the Department of Health Care Policy and Financing Medicaid for reasons such as: Prior Authorization Review (PARs) which had exhausted approved limits, gaps in approval periods while awaiting PAR approvals, residents not approved for PARs for some services rendered, billed, and recorded.

Essentially, the Department's own facilities failed to make the proper modifications to comply with the federally-required Medicaid system changes that affected the community centered boards.

The request indicates that the Department is implementing significant changes to correct these problems and will be examining the financial oversight of the regional centers immediately.

Staff Observations. These problems have been brewing for over two years and were not addressed properly or promptly. Instead, those responsible apparently concealed the problems until matters came to a head. The issue related to prior authorizations is particularly troubling, given that the

Department was requiring community centered boards and providers to adjust to a new interim rate structure for the Medicaid waiver in FY 2006-07 and FY 2007-08, *i.e.*, if any entity should have known what was involved in system conversion, it should have been the Department. Because of these errors, the State (HCPF) is now requiring itself (DHS) to pay 100 percent General Fund for services that should have received a federal match.

Furthermore, with respect to timing of the request, staff has been asking questions about the regional center reversions in the Department of Health Care Policy and Financing since FY 2007-08. Staff actively raised a concern and organized meetings related to the issue in November 2008. Nonetheless, no request was submitted until March 25, 2009. Because of the pace of the JBC's work, this essentially required JBC staff to complete this write-up in less than 24 hours.

Pursuant to Section 24-37-304, C.R.S., the Office of State Planning and Budgeting is required to ensure submission to the JBC of all agency requests for supplemental appropriations for the current fiscal year by January 1 of each year. The statute allows for later submission for "a supplemental appropriation based upon circumstances unknown to, and not reasonably foreseeable by, the requesting agency at the time of submission of the agency's original request for supplemental appropriations". However, due to JBC staff's efforts to focus attention on the issue, this issue was known to the agency before January 1.

Finally, staff believes that the regional center failures on this issue must be examined in the context of other recent regional center problems. In particular:

(1) Over-expenditures so massive in early FY 2007-08 that they required the Department to: (a) freeze new admissions and new hires during the second half of the year; and (b) approach the JBC (again at the eleventh-hour, in March 2008) for more than 40 new FTE for the year.

(2) Numerous violations from the Department of Public Health and Environment related to quality of care. Issues were reportedly so severe that the institutions might have been shut down if they had been privately operated.

(3) The Department's plans to address quality-of-care problems (via both staffing increases and downsizing) are expected to drive regional center costs to about $250,000 per person per year. While regional center clients have serious needs, this expenditure level raises the question of whether a non-state entity might be able to provide similar or better services for less money.

Details of Request and Recommendation. The attached numbers pages provide additional detail on the specific line item adjustments proposed and recommended. The request includes:

- Increase the regional centers personal services line item by $7.2 million, including $3.2 million General Fund and $4.0 million reappropriated Medicaid funds ($5.3 million "net" General Fund).

- Finance this increase via: (1) "hold harmless" developmental disability program cost amounts not needed in FY 2008-09 ($4.3 million General Fund); (2) Medicaid indirect costs ($600,000 General Fund) that have been reverting in recent years; and (3) appropriations to the regional center depreciation and annual adjustments line item--amounts that are supposed to draw down federal matching federal funds and then revert to the General Fund ($300,000 General Fund).

- While the request indicates a need for $8.1 million and only asks for $7.2 million, it indicates that the remaining shortfall, including $447,246 General Fund, will be managed within existing resources at year-end close. Staff understands that the Department could approach the Committee in June 2009 for budget adjustments to facilitate this.

The recommendation includes:

- Increase the Human Services regional center appropriation by the $8.1 million reported to be required (rather than the $7.2 million), including $3.2 million General Fund and $4.9 million Medicaid reappropriated funds. Do this in a new line item entitled: "Prior Year Accounting Errors and Federal Disallowances" rather than in the personal services line item.

- Add $2.2 million total funds, including $1.1 million General Fund, to the appropriation for the regional centers in the Department of Health Care Policy and Financing. This is the total net increase for Health Care Policy and Financing included in the request, after various offsetting adjustments.

- Add a footnote in the Department of Health Care Policy and Financing specifying that up to $2.7 million total funds, including $1.3 million General Fund, may be transferred within section (6) of the HCPF Long Bill (the Department of Human Services Medicaid-funded Programs section) to address regional center shortfalls. Allow transfers up to $2.7 million from line items for the DHS Executive Director's Office, Office of Operations, and Regional Center Depreciation and Annual Adjustments. Staff anticipates this flexibility will eliminate the need for a June 2009 request for interim supplemental adjustments.

- Write a letter and take a reduction of $415,000 in FY 2009-10 to reflect the Committee's concerns about the situation.

The text of the recommended FY 2008-09 footnote would be as follows:

16a Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs, Executive Director's Office - Medicaid Funding; Office of Operations - Medicaid Funding; and Services for People with Disabilities - Medicaid Funding, Regional Centers, and Regional Center Depreciation and Annual Adjustments -- Up to $2,694,491 total funds, including $1,347,246 General Fund, appropriated in the Department of Human Services Medicaid-funded Programs section to the Executive Director's Office - Medicaid Funding, Office of Operations - Medicaid Funding, and Services for People with Disabilities - Medicaid Funding, Regional Center Depreciation and Annual Adjustments line items may be transferred to the Department of Human Services Medicaid-funded Programs, Services for People with Disabilities - Medicaid Funding, Regional Centers line item to address prior year accounting errors and federal disallowances.

	FY 2007-08 Actual	FY 2008-09 Appropriation	Fiscal Year 2008-09 Supplemental Requested Change	Recommended Change	New Total with Recommendation	FY 2009-10 Budget Recommended Change
DEPARTMENT OF HUMAN SERVICES						
Executive Director - Karen Beye						
(9) SERVICES FOR PEOPLE WITH DISABILITIES						
(A) Community Services for People with Developmental Disabilities						
(2) Program Costs						
Adult Comprehensive Services	208,655,652	249,029,365	(4,329,881)	0	249,029,365	0
General Fund	1,523,193	1,650,459	(4,329,881)	0	1,650,459	0
Cash Funds	0	28,340,125	0	0	28,340,125	0
CFE/Reappropriated Funds	207,132,459	219,038,781	0	0	219,038,781	0
(B) Regional Centers for People with Developmental Disabilities						
(1) Medicaid-funded Services						
Personal Services	43,284,413	45,597,117	7,232,729	0	45,597,117	(415,000)
FTE	935.6	955.3	0	0	0	0
General Fund	0	0	3,227,033	0	0	0
Cash Funds	2,654,879	2,691,276	0	0	2,691,276	0
Reappropriated Funds (Medicaid)	40,629,534	42,905,841	4,005,696	0	42,905,841	(415,000)
Net General Fund	*20,314,767*	*21,452,921*	*5,229,881*		*21,452,921*	*(207,500)*
Prior Year Accounting Errors and Federal Disallowances [new line item]	0	0	0	8,127,221	0	0
General Fund				3,227,033		
CFE/Reappropriated Funds (Medicaid)				4,900,188		
Net General Fund				*5,677,127*		
Subtotal - Department of Human Services	n/a	n/a	2,902,848	8,127,221	n/a	(415,000)
FTE			0.0	0.0		0.0
General Fund			(1,102,848)	3,227,033		0
Cash Funds			0	0		0
Reappropriated Funds			4,005,696	4,900,188		(415,000)
Federal Funds			0	0		0

	FY 2007-08 Actual	FY 2008-09 Appropriation	Fiscal Year 2008-09 Supplemental Requested Change	Recommended Change	New Total with Recommendation	FY 2009-10 Budget Recommended Change
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
Executive Director - Joan Henneberry						
(6) DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS						
(A) Executive Director's Office -						
Medicaid Funding	n/a	14,426,718	(360,000)	0	14,426,718	0
General Fund		7,141,131	(180,000)		7,141,131	
Reappropriated Funds		388	0		388	
Federal Funds		7,285,199	(180,000)		7,285,199	
(C) Office of Operations -						
Medicaid Funding	n/a	6,054,395	(840,000)	0	6,054,395	0
General Fund		3,027,198	(420,000)		3,027,198	
Federal Funds		3,027,197	(420,000)		3,027,197	
(F) Services for People with Disabilities --						
Medicaid Funding	n/a					
Regional Centers		46,137,930	4,005,696	2,205,696	48,343,626	(415,000)
General Fund		22,089,464	2,002,848	1,102,848	23,192,312	(207,500)
Reappropriated Funds		979,501	0	0	979,501	0
Federal Funds		23,068,965	2,002,848	1,102,848	24,171,813	(207,500)
Regional Center Depreciation and Annual Adjustments		1,142,912	(600,000)	0	1,142,912	0
General Fund		571,456	(300,000)		571,456	
Federal Funds		571,456	(300,000)		571,456	
Subtotal - Department of Health Care Policy	n/a	n/a	2,205,696	2,205,696	n/a	(415,000)
FTE			0.0	0.0		0.0
General Fund			1,102,848	1,102,848		(207,500)
Cash Funds			0	0		0
Reappropriated Funds			0	0		0
Federal Funds			1,102,848	1,102,848		(207,500)

	FY 2007-08 Actual	FY 2008-09 Appropriation	Fiscal Year 2008-09 Supplemental Requested Change	Recommended Change	New Total with Recommendation	FY 2009-10 Budget Recommended Change
Grand Total - Regional Center Errors	n/a	n/a	5,108,544	10,332,917	n/a	(830,000)
FTE						
General Fund			0	4,329,881		(207,500)
Cash Funds			0	0		0
Reappropriated Funds			4,005,696	4,900,188		(415,000)
Federal Funds			1,102,848	1,102,848		(207,500)

STATE OF COLORADO

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DRAFT

March 30, 2009

Ms. Karen Beye
Executive Director
Department of Human Services
1575 Sherman Ave.
Denver, CO 80203

Mr. Todd Saliman
Director
Governor's Office of State Planning and Budgeting
State Capitol Building, Room 111
Denver, CO 80203

Dear Ms. Beye and Mr. Saliman:

The Joint Budget Committee has received an FY 2008-09 Department of Human Services (DHS) supplemental budget request dated March 25, 2009 addressing prior year accounting issues for the regional centers for people with developmental disabilities. The problem this request seeks to address requires an additional appropriation for the regional centers of $8.1 million, including $5.7 million General Fund. This General Fund amount represents almost 25 percent of the entire regional center General Fund appropriation.

We are particularly concerned about two elements of the request:

Date of Submission: The submission date of this supplemental is very problematic. A large part of this supplemental addresses a gap between when regional center services are billed by DHS (on an accrual basis) and paid by the Department of Health Care Policy and Financing (HCPF) on a cash basis. Much of this request is for General Fund amounts that were reverted from prior year HCPF budgets. The JBC staff identified this problem in the staff November 19, 2008 budget briefing. Our staff also arranged meetings between HCPF and DHS staff in November 2008 to highlight the problem. In light of this, it is disturbing that DHS and OSPB have submitted this request almost two months after the supplemental deadline of January 1, 2009. We have elected to reduce the appropriation to the regional centers for FY 2009-10 by $419,000, reflecting a fine of $5,000 per day between when the request should have been submitted and the actual submission date.

Medicaid Disallowances: Of the total request, $3.2 million General Fund is required because the regional centers failed to follow the state's own rules and requirements for billing for Medicaid waiver program services. If Medicaid had paid for these services, the cost to the General Fund would have been only $1.6 million. Given the state's revenue situation, the State cannot afford errors of this sort.

We understand that you are taking steps to ensure that such problems will not occur in the future. We request that you keep us updated on these efforts. Further, given the array of fiscal, programmatic, and management problems experienced at the regional centers in recent years, we also request that you explore the programmatic and fiscal implications of closing one or more regional center facilities.

Sincerely,

Moe Keller
Chairman
Joint Budget Committee

cc:
Will Kugel, DHS
Tim Hall, DHS
Susan Hunt, DHS
Sharon Jacksi, DHS
Joan Henneberry, HCPF
John Bartholomew, HCPF
Sarah Sills, OSPB

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Comebacks to Figure Setting for Department of Human Services on March 4, 2009 and February 18, 2009**

DATE: March 19, 2009

This memorandum covers substantive issues not yet voted on by the JBC and minor technical corrections/clarifications to staff's figure setting packet. Items include:

1. Community Centered Board for El Paso, Park, and Teller Counties;
2. Developmental Disability Hold Harmless Funding: FY 2008-09 Reduction Recommended;
3. Staff Proposed Amendment to H.B. 09-1222 Concerning the Administration of Appropriated Moneys (Ferrandino/Keller);
4. Child Welfare: Title IV-E Receipts and Staff Recommendation, Including Statutory Change;
5. Child Care - Proposed Adjustment for Anticipated Federal Stimulus Funds;
6. Office of Operations, Vehicle Lease Recommendation;
7. Child Welfare Information Request;
8. Minor Technical Corrections to Staff Figure Setting Packets.

COMMUNITY CENTERED BOARD FOR EL PASO, PARK, AND TELLER COUNTIES

In late January 2009, the Department requested that it be authorized to use $726,000 General Fund available in its appropriation for developmental disability services, Program Costs (FY 2007-08 appropriation rolled forward to FY 2008-09) to **either** to assist the current community centered board (CCB) for El Paso, Teller, and Park counties in becoming viable **or** as start-up costs should it be necessary to secure a new community centered board contractor.

Based on this, on February 2, 2009, staff recommended and the Committee approved:

- Committee authorization for the request, pending additional information on specific plans and associated costs.

- The Department be asked to provide an update by February 27, 2009 on planned use of approximately $1.0 million in remaining General Fund, so that the response may be considered as part of FY 2009-10 figure setting.

- The footnote authorizing an FY 2007-08 roll-forward of $1,966,000 General Fund from FY 2007-08 to FY 2008-09 not specify the purpose for which the FY 2007-08 roll-forward is expected to be used. This was reflected in an FY 2007-08 add-on to the Department of Human Services FY 2008-09 supplemental. bill.

<u>February 27, 2009 Department Letter</u>: On February 27, 2009, the Department submitted an update on its plans. In this letter, the Department reported that it had received a letter during a meeting with The Resource Exchange on February 11, 2009 stating that the Board had decided not to apply for designation as the community centered board for El Paso, Park and Teller counties. The Board indicated that the organization could sustain viability for approximately sixty days. The Department was exploring transition options, including: Issuing a request for proposal to solicit vendors to provide the services; direct delegation of the service area to an existing CCB or combination of CCBs; direct oversight and management by the Department; separation of the three counties in the service area and assignment to existing CCBs or new vendors. The Department indicated implementation of any option would require funding from the remaining $726,000 to coordinate and manage the transition, which might include case management ($425,000), service director ($50,000), accounting ($80,000), direct service staff ($81,000) and operating expenses for training, travel, and infrastructure start-up ($90,000). It also indicated that actual costs would depend upon the option selected and that the Department may require roll-forward of these funds to FY 2010-11 (not explicitly requested).

<u>March 3, 3009 Letter</u>: On March 3, 2009, the Department sent another letter indicating that, pursuant to Section 27-10.5-103, C.R.S., the Department planned to designate Developmental Pathways as the Community Centered Board for El Paso, Park, and Teller counties. This designation adds these counties Pathways' existing CCB services area of Arapahoe and Douglas counties, and the City of Aurora. The letter indicated:

- The option was chosen to assure continuity of case management and direct service provision for individuals in the area. The Department believes this is the best choice at this time.
- Pathways has a successful history of operating a large case management and single entry point system for individuals with developmental disabilities.
- The Board of Directors of the Resource Exchange recommended and supports designations of Pathways as the CCB for the service area has expressed its commitment to a smooth transition.
- Pathways current Board of Directors will be the governing board for the expanded CCB service area. Pathways will develop one or more local advisory groups.
- Pathways will fully assume all CCB functions for the area by May 2, 2009, although

transition will require 6-18 months to complete in full.

- The plan is contingent on the availability of the remaining $726,000 in previously authorized funds to assist Pathways. No additional transition funds should be required.

Staff recommendation. Staff recommends the following:

- The JBC authorize the Department's use of $726,000 General Fund (appropriated in FY 2007-08 and rolled-forward to FY 2008-09) to ensure an orderly transition from The Resource Exchange to another entity that will be the community centered board for El Paso, Park, and Teller counties.

- The JBC **neither endorse <u>nor</u> oppose** the Department's choice to designate Developmental Pathways as the CCB for the former Resource Exchange Service area.

- The JBC provide additional roll-forward authorization for the remaining $726,000 General Fund from FY 2008-09 to FY 2009-10, to provide additional flexibility to the Department in whatever transition process it elects to implement.

- The Department should be asked to continue to report back periodically (with a next report due on or before June 1, 2009) on the transition process.

The basis for the recommendation is as follows:

<u>Administering appropriation</u>. Pursuant to Section 27-10.5-103 (1) (e) and (2) (b), C.R.S., the Executive Director of the Department of Human Services is responsible for designating a community centered board in each designated service area of the state and establishing rules for "the designation of community centered boards and the organization of those entities, including standards of organization, staff qualifications, and other factors necessary to ensure program integrity". Current rules at 16.210 require agencies to annually submit applications to be CCBs and establish standards on which applications are to be evaluated. The rules specify that designation may be revoked based on failure to comply with the provisions of Section 27-10.5-101, C.R.S., or other state and federal laws, or the Department's rules, and enable the Executive Director to designate another entity. Staff believes the designation of community centered board is appropriately an administrative decision.

<u>Concerns and alternatives available</u>. Advocates and other interested parties have raised a variety of concerns about the Department's <u>process</u> for selecting a replacement community centered board for El Paso, Park, and Teller counties, as well as the <u>entity</u> it has selected (Developmental Pathways). Staff believes some of these concerns are valid. Ideally, the Department's process for selecting a new

CCB would have been more open (*e.g.*, via a request for proposals). Staff notes that Developmental Pathways has been a frequent target of advocate complaints. Staff also continues to have concerns about the size of an expanded Developmental Pathways, which will be responsible for about 35 percent of the state's population and far more than any other community centered board. However, it is also not clear to staff that the Department has another good option, particularly given the extremely short time-frames it faces for replacing The Resource Exchange as a CCB.

The Executive Director of the Department of Human Services has indicated that she expects all CCBs for the state to be rebid within the next two to three years. Thus, any decision made now will be reconsidered within two to three years at the very latest. Further, additional information should be available in April 2009 regarding the costs associated with CCB case-management functions that are not being fully reimbursed. The Resource Exchange attributed its fiscal problems to insufficient reimbursement for state-required activities.

<u>Existing Appropriation and Roll-forward Authority</u>. The Department has consistently indicated that no matter what process/entity is used to replace The Resource Exchange, transition funding will be required. Given this, staff believes the General Assembly can approve funding and a roll-forward without specifically taking a position on the Department's selection process or choice of Developmental Pathways.

For reasons staff does not understand, the Executive has not submitted a request for authority to roll-forward any of the funding associated with a transition from The Resource Exchange to another entity, despite its statement in its letter of March 3, 2009 that transition is expected to take 6 to 18 months. In staff's opinion **it would be poor public policy for the State to make a lump sum payment before a successful transition is completed. In staff's opinion, payments should be made for services delivered, based on standards of performance**. If a lump sum payment has been made (or encumbered), the State loses its leverage in monitoring performance. Further, the *absence* of roll-forward authority will tie the Department's hands further with respect to selecting an alternative transition process or entity, should it choose to do so.

<u>Additional note regarding roll-forward funds</u>: In a staff memo dated February 2, 2009, staff noted that funding closer to $1.0 million General Fund actually remained of the total $1,966,000 rolled forward from FY 2007-08 to FY 2008-09. While this is accurate, the Department appears to be "renaming" any portion of this $1.97 million appropriation that remains above the $726,000 General Fund referenced in its letter (about $300,000) and proposing alternative uses. Specifically, it is now

calling such excess funds "hold harmless".[1] Regardless whether these roll-forward funds are now called "hold harmless" or "Colorado Springs transition" funds, they will not be fully used in FY 2008-09 for either of those purposes, and the General Assembly will have the opportunity to assign alternative uses, as discussed below.

DEVELOPMENTAL DISABILITY HOLD HARMLESS FUNDING
FY 2008-09 REDUCTION RECOMMENDED

In response to Committee and staff questions, the Department has providing information indicating that a significant amount of FY 2008-09 funding designated for "hold harmless" will not be needed for this purpose in FY 2008-09. The table below summarizes the information provided.

	Amount
Hold harmless roll-forward funding available in FY 2008-09 (1)	$6,345,439
Hold harmless need related to new comprehensive rates (Jan-Jun 2009) (2)	(1,300,731)
Hold harmless need related to prior interim rates (July-Dec 2008) (2)	(704,827)
Remaining funds not needed for hold harmless in FY 2008-09	$4,339,881

Notes: (1) The hold harmless roll-forward amount is lower than the $6.5 million originally approved due to accounting errors that led some funds to be reverted. It is higher than the $6.0 million identified by staff earlier in the year based on additional roll-forward authority specified in an FY 2007-08 add-on to the FY 2008-09 supplemental (SB 09-189).[2] (2) The amounts identified are based on a survey of service providers. The Department particularly notes that the delay in implementing

[1] Almost $500,000 of the $6.5 million supposed to be available for hold harmless in FY 2008-09 was reverted due to accounting errors. Thus, the portion of the $1.97 million roll-forward for the Colorado Springs CCB that is not being used is being "renamed" to address the "shortfall" in the hold-harmless" roll-forward.

[2] The Department has renamed/reclassified as "hold harmless" a portion of the $1.97 million roll-forward originally anticipated to address CCB problems in the Colorado Springs areas. The footnote authorizing this roll-forward did not specify how it would be used (consistent with a JBC vote to leave this unspecified).

the new rates negatively affected some service providers in the first half of FY 2008-09, some to the point of jeopardizing their financial viability.

Staff recommendation. Staff recommends that the Committee take a **reduction to the Developmental Disabilities Program Costs line item for FY 2008-09 of $4,339,881 General Fund based on the availability of FY 2007-08 roll-forward amounts to offset the cut**. This reduction would be implemented via a reduction to the FY 2008-09 appropriation for the Family Support Services Program section of the Program Costs line item. A footnote would clarify that the reduction shown is anticipated to be backfilled with funds rolled-forward from prior years. Issues and caveats:

- The Department previously projected that it would be short of Medicaid funds by about $4.0 million total funds in the Developmental Disability Program Costs line item and proposed to use $2.0 million General Fund from hold harmless roll-forward amounts to cover this shortfall. Based on final supplemental action by the General Assembly and additional analysis, staff does <u>not</u> project a FY 2008-09 Medicaid shortfall. However, due to the changes in rate structure for the comprehensive Medicaid waiver program implemented in January 2009, there is substantial uncertainty and thus a risk of over- (or under-) expenditure. If the General Fund hold harmless amounts are re-allocated, there will be no safety net to address Medicaid over-expenditures, and any over-expenditure would need to come from General Fund reserves.

- Providers have expressed significant concern about the transition to a new rate structure for the supported living program effective July 1, 2009. Due to the state's revenue situation, the Department has not requested related "hold harmless" funding for this FY 2009-10 transition and staff has not recommended an associated appropriation.

- Staff understands that the Department of Human Services may be developing a FY 2008-09 supplemental request related to the regional centers that may be "financed" with some or all of the associated FY 2008-09 hold harmless savings. Staff believes any request for the regional centers must be considered independently of the availability--or not--of unused "hold harmless" funding, particularly as no supplemental request has been submitted to date. Staff assumes that the General Assembly will take General Fund cuts where available and make appropriations where needed if, statewide, there is adequate General Fund available.

Staff also recommends the modification of prior year footnotes and addition of a new FY 2008-09 footnote. Please note that the final footnote (a proposed FY 2008-09 footnote) also incorporates the recommended roll-forward to FY 2009-10 for Colorado Springs CCB transition costs and includes information on other roll-forward amounts anticipated to augment the FY 2008-09 appropriation.

From FY 2006-07 Long Bill, as amended in an add-on to S.B. 07-239 (the FY 2007-08 Long Bill):

68a Department of Human Services, Services for People with Disabilities, Developmental Disability Services, Community Services, Adult Program Costs -- Of the total appropriation in this line item, up to $5,261,338 General Fund, if not expended prior to June 30, 2007, may be rolled forward for expenditure in FY 2007-08. It is the intent of the General Assembly that said amount be used on a one-time basis as "hold harmless" funds to assist developmental disability consumers and providers negatively affected by the conversion to a statewide rate structure for developmental disability Medicaid waiver services OR FOR SUCH OTHER DEVELOPMENTAL DISABILITY PROGRAM COSTS PURPOSES AS MAY BE AUTHORIZED BY THE GENERAL ASSEMBLY. The General Assembly notes that an additional $3,667,868 that would have been available for "hold harmless" is not available for this purpose because it is used to provide a community provider cost-of-living increase in FY 2006-07.

From FY 2007-08 Long Bill, as amended in an add-on to H.B. 08-1375 (FY 2008-09 Long Bill):

79a Department of Human Services, Services for People with Disabilities, Developmental Disability Services, Community Services, Program Costs -- Of the hold harmless appropriation included in this line tem for FY 2007-08, $1,238,162 General Fund, if not expended prior to July 1, 2008, may be rolled forward for expenditure in FY 2008-09. In addition, $5,261,338 General Fund, that was appropriated in the Developmental Disability Services, Community Services, Adult Program Costs line item in FY 2006-07 and rolled forward to FY 2007-08 for this purpose, shall be further rolled-forward to FY 2008-09, so that a total of up to $6,500,000 shall be available for hold harmless, OR FOR SUCH OTHER DEVELOPMENTAL DISABILITY PROGRAM COSTS PURPOSES AS MAY BE AUTHORIZED BY THE GENERAL ASSEMBLY, in FY 2008-09. The purpose of ~~this~~ A hold harmless appropriation is to assist developmental disability consumers and providers negatively affected by the conversion to a statewide rate structure for developmental disability Medicaid waiver services.

Proposed addition to FY 2008-09 Long Bill, to be amended via add-on to the FY 2009-10 Long Bill.

39a Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs-- The calculations in this line item reflect the assumptions that: (1) $5,057,748 Medicaid reappropriated funds, rolled forward from FY 2007-08, is available to augment the adult comprehensive services appropriation; (2) $4,339,881 General Fund, rolled forward from FY 2007-08, is available to augment the family support services appropriation; (3) $2,005,558 General Fund, rolled forward from FY 2007-08, is available as "hold harmless" funding to assist developmental disability consumers and providers negatively affected by the conversion to a statewide rate structure for developmental disability Medicaid waiver services: (4) up to $1,966,000 General Fund, rolled forward from FY 2007-08, is available to address costs associated with maintaining adequate community centered board services for El Paso, Park, and Teller counties or for such other developmental disability program costs purposes as may be authorized by the General Assembly. Of this last amount, up to $726,000 General Fund, if not expended prior to July 1, 2009, may be further rolled forward for expenditure in FY 2009-10.

STAFF PROPOSED AMENDMENT TO H.B. 09-1222 CONCERNING THE ADMINISTRATION OF APPROPRIATED MONEYS (FERRANDINO/KELLER)

During the staff figure setting presentation on March 4, 2009, staff recommended that the JBC consider statutory change that would clearly authorize transfers of General Fund between the Departments of Health Care Policy and Financing and Human Services under certain circumstances where statutory authority is not presently clear under Section 24-75-106, C.R.S.

> "**24-75-106. Transfers between departments of health care policy and financing and human services for medicaid programs- repeal.** (1)...the governor may transfer unlimited amounts of general fund and reappoprirated funds to and from the departments of health care policy and financing and human services when required by changes from the appropriated levels in the amount of medicaid cash funds earned through programs or services provided under the supervision of the department of human services or the department of health care policy and financing."

The Office of Legislative Legal Services has raised a concern on a number of occasions that transfers may not be authorized unless the reason for the transfer is "changes from the appropriated levels in the amount of Medicaid cash funds earned...". In addition, the Controller's Office reads the language to exclude any transfers for administrative purposes. Based on work with OLLS, the Controller, and the Departments of Human Services and Health Care Policy and Financing, staff is recommending that the Committee add a new section of statute to address this issue and clarify the existing statute. Specifically:

- Continue to allow unlimited inter-departmental transfers based on changes in the Medicaid amounts earned for programs and services. Such transfers would include those that are not administrative and those where the purpose of the funding transferred is similar. Existing statute would be modified to clarify this.

- Where the "unlimited" authority does not apply, allow the Governor to authorize additional transfers of General Fund and reappropriated funds between corresponding line items in

HCPF and DHS if authorized by Long Bill footnote.

The staff proposal would simply clarify the current statute and provide another tool for the General Assembly to use to ensure that scarce General Fund is used as efficiently as possible. For example, in FY 2007-08, the Department of Human Services over-expended its utilities line item but reverted General Fund appropriated in the Department of Health Care Policy and Financing that was for transfer to the Department of Human Services for Medicaid-funded utilities. In other words, General Fund was over-expended in one department and under-expended in linked line items in the second department although the funding was appropriated for the same basic function (Human Services utilities). This statutory modification would provide a means for addressing this situation.

The JBC is currently sponsoring H.B. 09-1222, Concerning the Administration of Appropriated Moneys (Ferrandino/Keller), which extends the statutory deadlines for various statutes including Section 24-75-106, C.R.S. Staff recommends that the bill be amended consistent with the proposal outlined above. The bill could be amended in Senate Appropriations if desired. Draft language from the Office of Legislative Legal Services for such an amendment is being provided for the Committee's review.

Additional background. This proposal originated from an Executive request, discussed in staff's March 4, 2009 figure setting packet, that the Department be granted authority to transfer some of the developmental disability "hold harmless" funding rolled forward from prior years to address any shortfalls of Medicaid funding for Developmental Disability Program Costs. The Office of Legislative Legal Services indicated that it did not believe such authority could be granted, even via Long Bill footnote, based on current statute. The current staff recommendation for the Developmental Disability Program Costs line item no longer relies on this recommended statutory change. Nonetheless, staff believes that the proposed statutory change may prove useful.

CHILD WELFARE: TITLE IV-E RECEIPTS AND STAFF RECOMMENDATION, INCLUDING STATUTORY CHANGE

During the staff figure setting presentation on February 18, 2009, staff made various preliminary suggestions related to the recently-enacted federal stimulus legislation. At the time, staff recommended that the Committee wait to take action on these items, as no related Executive requests had been received. Given that, as of March 18, 2009, there is still no related Executive request, staff recommends that the JBC proceed to take action. Based on further consideration of the issues, staff recommends both appropriation adjustments for FY 2008-09 and FY 2009-10 and a statutory change, as outlined below.

Background: Title IV-E in The American Recovery and Reinvestment Act of 2009. States are allowed to earn federal Title IV-E funds for a number of activities associated with providing services to certain children who are placed outside their own homes. Specifically, states may earn Title IV-E funds for the "room and board" costs of providing out-of-home care, for related administrative costs, and for costs associated with training staff and service providers. The federal Title IV-E program is an open-ended entitlement program, so there is no dollar limit on what any state may earn. Federal Title IV-E funds are earned on a matching basis, and the match ratio varies by activity. In general, Title IV-E funds are provided on a 50/50 basis, Title IV-E funds are appropriated directly throughout the Division of Child Welfare and the Department of Human Services to reflect anticipated federal reimbursements.

The American Recovery and Reinvestment Act of 2009 enhances the match rate for Title IV-E foster care payments that is similar to the adjustment provided for the Medicaid program for room and board costs only, resulting in an increase to 56.2 federal funds/ 43.8 non-federal funds for the same period as the increase for the Medicaid program (3 quarters in SFY 2008-09, 4 quarters in FY 2009-10, 2 quarters in FY 2010-11). This funding applies only to "maintenance" (room and board) payments. In response to staff questions, the Department has estimated that the additional federal funds to be received in FY 2008-09 will range from **$2,933,354 to $3,829,932.** Based on this staff would project also that the additional funds to be received for FY 2009-10 would range from **$3,911,137 to $5,106,576.** The federal government has reported that, for FY 2008-09, $2,223,898 has been paid out for the first two quarters, suggesting **FY 2008-09 receipts may total $3,335,847**--essentially in the middle of the state's estimate range.

Unlike Medicaid line items, program line items that earn federal Title IV-E revenue do not carry an "M" notation. As a result, current appropriations will need to be adjusted to reflect higher anticipated federal revenues and a lower share of General Fund appropriations. **If such adjustments are not made, all additional federal funds received will be deposited in the Excess Federal Title IV-E Reimbursements Cash Fund. Current statute requires that the contents of the Excess Title IV-E Cash Fund be appropriated for allocation to counties**. In light of this, staff is recommending:

- FY 2008-09 and FY 2009-10 appropriations adjustments to increase the anticipated share of federal funds and decrease the share of General Fund for line items that rely on federal Title IV-E revenue.

- A **change to current statute** so that *if* federal Title IV-E funds flow into the Excess Title IV-E cash fund beyond the level currently anticipated, the General Assembly can choose to appropriate those funds for various purposes in the subsequent year and not solely to line items that are pass-through to the counties.

Statutory Change. Staff recommends a modification to Section 26-1-111 (2) (d) (II) (C) to enable the General Assembly to appropriate funds in the Excess federal Title IV-E Cash Fund for any purpose deemed appropriate by the General Assembly**.** This might include transfer to the General Fund. (Mechanisms and specific language would need to be worked out further in consultation with the Office of Legislative Legal Services.)

Pursuant to Section 26-1-111 (2) (d) (II) (C), C.R.S., federal funds earned in excess of these direct appropriations are deposited each year into the Excess Federal Title IV-E Cash Fund. Such funds are appropriated in the subsequent year for distribution to counties, including for county administrative activities related to Title IV-E. Thus, funds available for appropriation in FY 2009-10 are based on the Excess federal Title IV-E funds earned in FY 2008-09.

The current language of 26-1-111 (2) (d) (II) (C), C.R.S. is reflected below. The staff suggestion would be to strike language limiting appropriations to the purpose of "allocations to counties", at least for the period from FY 2008-09 through FY 2010-11. The Committee might also wish specific authority to transfer amounts in the fund to the General Fund.

> (C) For fiscal year 2003-04 and each fiscal year thereafter, after the amounts described in sub-subparagraph (A) or (B) of this subparagraph (II) are set aside *[direct appropriations]*, the total amount of moneys remaining shall be transmitted to the state treasurer, who shall credit the same to the excess federal Title IV-E reimbursements cash fund, which fund is hereby created and referred to in this sub-subparagraph (C) as the "fund". The moneys in the fund shall be subject to annual appropriation by the general assembly to the state department **for allocation to counties** to help defray the costs of performing administrative functions related to obtaining federal reimbursement moneys available under the Title IV-E program. In addition, the general assembly may annually appropriate moneys in the fund to the state department **for allocation to the counties** for the provision of assistance, as defined in section 26-2-703 (2), child care assistance, as described in section 26-2-805, social services, as defined in section 26-2-103 (11), and child welfare services, as defined in section 26-5-101 (3). For fiscal year 2004-05, and in subsequent years if so specified by the general assembly in the annual appropriations act, the counties shall expend the moneys allocated by the state department for the provision of assistance, child care assistance, social services, and child welfare services pursuant to this sub-subparagraph (C) in a manner that will be applied toward the state's maintenance of historic effort as specified in section 409 (a) (7) of the federal "Social Security Act", as amended. Any moneys in the fund not expended for the purposes specified in this sub-subparagraph (C) may be invested by the state treasurer as provided by law. All interest and income derived from the investment and deposit of moneys in the fund shall be credited to the fund. Any unexpended and unencumbered moneys remaining in the fund at the end of a fiscal year shall remain in the fund and shall not be credited or transferred or revert to the general fund or another fund. [emphasis and comment added]

Updated Department Analysis of FY 2008-09 Title IV-E Receipts. Since staff's figure setting presentation on February 18, 2009, the Department has developed an updated projection for Title IV-E revenue and expenditures. Staff has not had an opportunity to update the previous staff projection. However, as reflected in the staff figure setting presentation, staff previously projected Title IV-E excess revenue of $935,366 for FY 2008-09 and $974,031 for FY 2009-10, prior to any federal FMAP adjustment. Thus, previous staff estimates would be for about $277,000 more "excess" for FY 2008-09 and $800,000 more for FY 2009-10 than shown in the table below.

Department Estimate: Title IV-E Revenue and Expenditures (3/16/09)					
	Revenue Needed Year End	Revenue Projected (without FMAP adjust)	(Over)/Under Applied	Estimated FMAP Adjustment*	Total to Excess Federal Title IV-E Cash Fund**
FY 2008-09	84,110,889	84,768,847	(657,958)	(3,829,932)	(4,487,890)
FY 2009-10	85,291,672	85,465,639	(173,967)	(5,106,576)	(5,280,543)

*Amounts shown reflect the high end of ranges of $2,933,354 to $3,829,932 for FY 2008-09 and $3,911,138 to $5,106,576 for FY 2009-10.

**Based on current law, amounts shown would be deposited to the Excess Federal Title IV-E Reimbursements Cash Fund and would be available for appropriation to counties in the subsequent fiscal year (i.e., FY 2009-10 for FY 2008-09 cash fund totals and FY 2010-11 for FY 2009-10 cash fund totals).

FY 2008-09 Supplemental Adjustment.

<u>Alternative #1 (recommended)</u>:

- Allow $800,000 of the additional Excess Federal; Title IV-E revenue anticipated to "spill over" into the Excess Title IV-E Cash Fund and use this for allocation to counties. This will allow full (or almost full) funding of the Title IV-E Distributions for Related County Administrative Functions line item for FY 2009-10, consistent with the FY 2009-10 figure setting action taken.

Depending upon the Committee's balancing needs, use one of the following options for the remaining funds:

- Use the balance of FY 2008-09 additional revenue to increase Child Welfare federal funds appropriations and decrease General Fund appropriations in FY 2008-09. Given the uncertainties regarding Title IV-E revenue, staff would recommend a direct offset using a low estimate of additional federal revenues ($2,933,354-$800,000=**$2,133,354 FY 2008-09 General Fund reduction**/federal Title IV-E increase); if additional funds are ultimately received, they could be redirected for FY 2009-10 using the statutory change suggested.

- Allow revenue above the $800,000 ($2 to $3 million estimated) to flow into the Excess Title IV-E Cash Fund but, with the statutory change recommended, either transfer the Excess moneys into the General Fund for use in FY 2009-10 or appropriate the moneys directly from the Excess federal Title IV-E Cash Fund to offset General Fund otherwise required in FY 2009-10.

Alternative #2:

- Use all additional Title IV-E revenue to increase Child Welfare federal funds appropriations and decrease General Fund appropriations in FY 2008-09, using low estimate of $2,933,354 for General Fund savings/federal funds increase.

FY 2009-10 Budget Adjustment. For FY 2009-10, the Committee could consider the following options for the estimated $3,911,138 to $5,106,576 in additional revenue:

Alternative #1 (recommended):

- Use all additional Title IV-E revenue to increase Child Welfare federal funds appropriations and decrease General Fund appropriations in FY 2008-09, using low estimate of **$3,911,138 for General Fund savings/federal funds increase**. Allow any additional amounts received to flow into the Excess Federal Title IV-E Reimbursements Cash Fund, with increased capacity to allocate the funding based on the recommended statutory change.

Please note that Committee action thus far for the Division of Child Welfare is $8.2 million General Fund greater than the Executive request. The JBC has not yet taken a vote on a bill related to the Executive proposal to save $8.0 million General Fund in Child Welfare based on moving the sunset date for S.B. 08-216 from FY 2010-11 to FY 2009-10 (would require counties to pay 20 percent, rather than 10 percent, of residential child care costs effective FY 2009-10). It also has not approved the Executive proposal to return provider rates to FY 2007-08 levels (a $3.2 million net General Fund impact in child welfare in FY 2009-10). However, it has approved Executive requests for various increases. In light of this, staff assumes that the Committee will need the entire $3.9 million additional federal funds to balance. Should the Committee choose to take some or all of the proposed Executive reductions or not to fund all of the requested Executive increases, the Committee might consider Alternatives #2 or #3.

Alternative #2:

- One option that could be considered that would require most or all of the amount ($4.0 million) would be to related to the proposed sunset of S.B. 08-216. For FY 2009-10 only, the Committee could require a county match of 15 percent, rather than 20 percent for residential child care programs. This would have the advantage that the funding, which is temporary, would be used for a temporary purpose.

From a balancing perspective, this option could be combined with approval of the proposed provider rate reduction for a net General Fund cost for Child Welfare similar to the Executive request.

Alternative #3:

- Use $1.0 million of the additional funds to enable a full 1.67 percent caseload funding increase for the child welfare line item.

- Allow $700,000 additional funds to spill into the Excess Federal Title IV-E Cash Fund for appropriation to counties for Title IV-E Related Administrative Activities in FY 2010-11.

- Use the balance of funds to offset General Fund otherwise required in Child Welfare Services. General Fund savings could be then be redirected to reduce the level of cuts required for Child Welfare Services or simply to address overall state balancing needs. Given the uncertainties regarding Title IV-E revenue, staff would recommend a direct offset using a low estimate of additional federal revenues ($3,911,138-$1,000,000-$700,000=**$2,211,138 FY 2008-09 General Fund reduction**/federal Title IV-E increase); if revenues ultimately received are higher, the recommended statutory change would allow the Committee to use these funds as needed in FY 2010-11.

CHILD CARE - PROPOSED ADJUSTMENT FOR ANTICIPATED FEDERAL STIMULUS FUNDS

During the staff figure setting presentation on February 18, 2009, staff made various preliminary suggestions related to the recently-enacted federal stimulus legislation. At the time, staff recommended that the Committee wait to take action on these items, as no related Executive requests had been received. Given that, as of March 18, 2009, there is still no related Executive request, staff recommends that the JBC proceed to take action. Based on further consideration of the issues, staff recommends both appropriation adjustments for FY 2008-09 and FY 2009-10.

2009 Economic Stimulus Bill. The American Recovery and Reinvestment Act of 2009 (the 2009 economic stimulus bill) includes an additional $2.0 billion for the period from October 1, 2008 though September 30, 2010 for the Child Care Development Fund block grant. The bill specifies that 11.25 percent of the additional funds will be reserved for quality-related activities, including 4.6 percent targeted to infant and toddler care. Per federal law, Child Care Development Fund moneys are subject to appropriation by state legislatures. Thus, the Executive will not be able to spend the related moneys without an appropriation.

The total federal increase of $2.0 billion essentially doubles the FFY 2009 "discretionary" portion of the Child Care Development Fund grant. Based on this, staff has assumed Colorado's share will be close to its FFY 2009 discretionary grant, or approximately $24,934,000. Off this amount, staff assumes that 11.25 percent, or $2,805,076 will need to be designated for "quality" activities. Based on this, **staff recommends**:

- **$2,805,076** be appropriated to the line item for Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Requirements for Targeted Funds **for FY 2009-10.**

- The remaining $22,128,924 be divided, with half appropriated to the Child Care Assistance Program line item for FY 2008-09 and half to the Child Care Assistance Program line item for FY 2009-10 **($11,064,462 in FY 2008-09 and in FY 2009-10**).

- Letter notes for these line items should clearly indicate that they include additional funding pursuant to the American Recovery and Reinvestment Act of 2009.

The basis for the recommendation is as follows:

- Given the magnitude of funds that would need to be spent relatively quickly, staff does not presently see an appropriate alternative. Counties are projected to over-spend their FY 2008-09 (and likely FY 2009-10) appropriations for the CCAP program by more than $15 million. Under normal circumstances, this over-expenditure would be covered by the transfer of funds from counties' TANF block grant at the close of the year. If the General Assembly uses the additional federal child care block grant funds to increase the appropriation for child care assistance, counties will not need to transfer such TANF funds, *i.e.*, the total amount of county TANF block grant funds available for counties would effectively increase by the amount of the child care block grant increase. This would increase the long term TANF reserves and would might result in additional TANF funds returned to state-controlled TANF reserves, under the provisions of S.B. 08-177.

- In general, expenditures for Child Care Assistance are both slow to grow and slow to decline: if a county increases the income eligibility limit for its program, it may take years for the full impacts of this to be seen; similarly it takes years to achieve decreases. Thus, staff believes that the primary use of the new federal funds should be to keep county eligibility relatively stable and discourage counties from sharply cutting program eligibility or provider reimbursements in response to other demands for public assistance and county TANF dollars.

- No increase in county child care contributions would likely be required, as the additional funds to include matching requirements, and the State would still be in compliance with federal maintenance-of-effort requirements.

- Staff assumes that there is not sufficient time to administer quality- related funding in FY 2008-09 and thus applies 11.25 percent of the total new funds to FY 2009-10.

OFFICE OF OPERATIONS, VEHICLE LEASE RECOMMENDATION

During figure setting on March 4, 2009, staff recommended, and the Committee approved, replacement of 61 of the 62 Department of Human Services vehicles requested (all except a replacement for Trinidad Nursing Home). Based on further review, the staff recommendation is **revised.**

Staff now recommends replacement of **51 of the 62** vehicles requested. Of the replacements requested, 27 did not meet the 100,000 mile standard established by the JBC. Staff requested further information. Human Services and DPA staff indicated that many vehicles were proposed to be replaced because they were light duty trucks that were 1996 or older models and that the replacements were based on the Governor's "greening government" initiatives. Efforts to reduce state carbon emissions may be appropriate, and older vehicles may require more maintenance. However, in light of the current state revenue situation, staff recommends that low-mileage, good-condition older vehicles which are fully paid-off be retained for the present. Staff requested that the Department of Human Services review the vehicles on the list and identify those that could reasonably be retained for a few more years. The revised staff recommendation is based on the Department's response, identifying 10 vehicles in better condition. In addition, consistent with the previous recommendation, staff is not recommending the replacement vehicle for Trinidad.

CHILD WELFARE INFORMATION REQUEST

During the staff briefing presentation, staff noted that it is difficult to compare county child welfare performance in part because of the impact of other funding streams that may provide services to the same or similar groups of children. In an effort to further examine this issue, **staff recommends the following information request be included** for the Departments of Human Services and Health Care Policy and Financing.

> Department of Health Care Policy and Financing, Medicaid Mental Health Services; and Department of Human Services, Division of Child Welfare, Mental Health and Alcohol and Drug Abuse Services, and Division of Youth Corrections - The departments are requested to provide the following data by September 1, 2009, by county, for the state's ten largest counties, using the most recent actual data consistently available:

(1) county child welfare expenditures, including both child welfare block and core services expenditures;
(2) youth corrections expenditures;
(3) mental health capitation payments to BHOs for children, identifying amounts for children in foster care and children served based on income (AFDC);
(4) number of children eligible for mental health capitation payments, identifying children based on foster care status and children eligible based on income (AFDC);
(5) mental health capitation encounter data (numbers receiving services and estimated expenditures) for children in foster care and children eligible based on income (AFDC);
(6) expenditures of Alcohol and Drug Abuse treatment dollars, by county, for children receiving child welfare services, specifying, at a minimum, funding allocated by the state for this specific purpose;
(7) Any other data, readily available, that might shed light on the extent to which multiple state funding sources support services for children currently in the child welfare system and those who exhibit similar needs to children in the child welfare system, although they may be served in other systems (such as youth corrections).

MINOR TECHNICAL CORRECTIONS TO STAFF FIGURE SETTING PACKETS

Staff identified the following minor errors/inconsistencies in numbers pages and written narrative after the documents were printed:

Division of Child Welfare, Training: The staff recommendation for the training decision item (DI #7) should have included $7,650, instead of $1,530 for lodging, based on lodging for 5 individuals at $85 per night, 36 nights per person per year x 6/12 months). This drives a total adjustment of $6,120 for FY 2009-10, including $3,458 General Fund.

Division of Child Care, Early Childhood Councils. The 1.0 FTE for this line item was inadvertently omitted from the numbers pages, although reflected in the narrative.

Office of Operations, Utilities - FY 2008-09 supplemental. The staff recommendation reflected rounding a General Fund reduction to the Colorado Works program and an associated increase to utilities from $405,504 to $405,500. However, this would leave a total of $4 General Fund in the Colorado Works line item for FY 2008-09. Staff is therefore recommending the requested reduction and associated increase of $405,504. This results in a total utilities appropriation of $8,015,303 for FY 2008-09.

Office of Operations, Utilities - FY 2009-10. The staff write-up for FY 2009-10 utilities indicated that staff did not recommended the requested increase of $117,547; however, the numbers pages incorrectly included the increase. The total FY 2009-10 recommendation for utilities is for $7,785,407, including $6,645,143 *net* General Fund (includes General Fund portion of Medicaid amounts).

Services for People with Disabilities, Regional Centers for People with Developmental Disabilities - FY 2009-10. The staff numbers pages, staffing summary table, and staff recommendation table for regional center FTE were not consistent. The correct FTE recommendation is in the staff recommendation table in the narrative (p. 98 of March 4, 2009 write-up) and in the attached, corrected numbers pages (995.3 FTE for the regional center personal services line item). In addition, in two regional center line items--personal services and leased space--the Medicaid portion of the line item was not correctly reflected (Medicaid should have equaled reappropriated funds). Finally, staff inverted two numbers in staff's spreadsheet related to the provider fee adjustment, so the adjustment was overstated by $20,000.

Services for People with Disabilities, Division of Vocational Rehabilitation. Fund splits between cash funds, reappropriated funds, and federal funds in the Rehabilitation Programs - Local Funds Match line item have been slightly adjusted, as reflected in the attached figures.

FY 2008-09 appropriated figures. In some cases, previously approved supplemental action was not correctly reflected in the numbers pages, usually because final legislative action differed from supplemental figures initially approved by the JBC.

In addition to the specific errors noted, in some instances the JBC took action after the staff presentation (*e.g.*, restoring the 1.0 percent base cut to personal services or the community provider rate reduction, vote to close the CMHIP general hospital), voted to approve an adjustment not reflected in the numbers pages (Medicaid indirect cost adjustment), or voted to approve figures different than those in the staff recommendation (child welfare administration). Staff has therefore attached a full set of numbers pages reflecting Committee action as of March 15, 2009. These figures are still interim: to the extent the JBC makes additional substantive changes today or in the next week, these figures will change.

FY 2009-10 Joint Budget Committee Staff Record of JBC Action as of March 15, 2009
Department of Human Services
(Divisions of Child Welfare and Child Care)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests
DEPARTMENT OF HUMAN SERVICES								
Executive Director: Karen Beye								

(1) EXECUTIVE DIRECTOR'S OFFICE
The primary function of this division is general department administration. This document includes Executive Director's Office, Special Purpose line items that are specifically related to child welfare services. This includes: staff responsible for periodically assessing all Colorado children placed in residential care as a result of a dependency and neglect or a delinquency proceeding to ensure counties' statutory and regulatory compliance; and funding to support staff who conduct background/employment screenings using records and reports of child abuse or neglect. Cash funds are from fees paid by those requesting background/employment checks. *The balance of Executive Director's Office line items are covered in other Department of Human Services briefing and figure setting documents.*

(B) Special Purpose

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests
Administrative Review Unit	1,762,416	1,859,239	2,005,901	S	2,544,031	A	2,245,353	DI 16, DI NP-1
FTE	20.2	20.9	23.0	S	28.8	A	25.2	SBA 2, SBA 3
General Fund	1,033,073	1,160,911	1,196,849		1,425,032	A	1,461,279	BA 54
Federal Funds	729,343	698,328	809,052	S	1,118,999	A	784,074	
Records and Reports of Child Abuse or Neglect	489,962	426,787	566,874		585,746		585,746	DI NP-2
FTE	6.0	6.5	7.5		7.5		7.5	
Cash Funds	163,038	73,771	566,874		585,746		585,746	
Cash Funds Exempt/Reappropriated funds [reserves]	326,924	353,016	0		0		0	
								Request v. Approp.
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	2,252,378	2,286,026	2,572,775	S	3,129,777	A	2,831,099	21.6%
FTE	26.2	27.4	30.5	S	36.3	A	32.7	5.8
General Fund	1,033,073	1,160,911	1,196,849		1,425,032	A	1,461,279	19.1%
Cash Funds	163,038	73,771	566,874		585,746		585,746	3.3%
Cash Funds Exempt/Reappropriated funds	326,924	353,016	0		0		0	n/a
Federal Funds	729,343	698,328	809,052	S	1,118,999	A	784,074	38.3%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests
(5) DIVISION OF CHILD WELFARE								
This division provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. Funding also supports training for county and state staff, direct care service providers (e.g. foster parents), and court personnel. Cash funds sources include county tax revenues, grants and donations, federal Title IV-E funds, and amounts from the Collaborative Management Incentives Cash Fund (primarily from civil docket fees). Reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing.								
Administration	2,281,207	2,380,105	2,847,537	S	3,938,448		3,606,903	DI 9, DI 6
FTE	25.1	22.3	31.5		40.3		36.5	DI NP-1, DI NP-2
General Fund	1,481,349	1,481,846	2,032,295	S	3,318,013	A	2,810,575	SBA 3
Cash Funds Exempt/Reappropriated funds	124,326	118,794	127,686	S	137,577		137,577	
Federal Funds	675,532	779,465	687,556	S	482,858	A	658,751	
*Medicaid Funds**	*128,349*	*118,794*	*127,686*	*S*	*137,577*		*137,577*	
*Net General Fund**	*1,545,524*	*1,541,243*	*2,096,140*	*S*	*3,386,804*	A	*2,879,366*	
Training	4,810,715	4,878,536	4,981,462		6,588,815		5,862,581	DI 7, DI NP-2
FTE	0	0	0		5.5		3.0	
General Fund	2,210,044	2,245,129	2,348,055		3,258,616		2,844,781	
Cash Funds	0	0	37,230		37,230		37,230	
Cash Funds Exempt/Reappropriated funds	37,230	37,230	0		0		0	
Federal Funds	2,563,441	2,596,177	2,596,177		3,292,969		2,980,570	
Foster and Adoptive Parent Recruitment, Training, and Support	298,396	297,020	333,812		337,717		337,717	DI NP-2
FTE	1.0	1.0	1.0		1.0		1.0	
General Fund	232,522	230,902	267,068		270,310		270,310	
Federal Funds	65,874	66,118	66,744		67,407		67,407	

FY 2009-10 Joint Budget Committee Staff Record of JBC Action as of March 15, 2009
Department of Human Services
(Divisions of Child Welfare and Child Care)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	JBC Action - as of 3/15/09	Change Requests
Child Welfare Services /a	318,923,705	337,446,740	347,487,969 S	348,757,863 A	353,575,261	DI 10
General Fund	156,513,669	168,846,941	176,085,248 S	169,214,301 A	179,889,010	BA 18, BA 22, SBA 3,
Cash Funds	0	0	56,844,011 S	64,841,689 A	57,919,007	BA 43, BA 51
Cash Funds Exempt/Reappropriated funds	68,020,139	75,949,417	18,334,048 S	18,173,694 A	18,746,950	BA NP-HCPF-2
Federal Funds	94,389,897	92,650,382	96,224,662 S	96,528,179 A	97,020,294	
*Medicaid Funds**	*16,074,967*	*13,778,035*	*18,334,048* S	*18,277,140* A	*18,746,950*	
*Net General Fund**	*164,551,152*	*175,735,959*	*185,252,268* S	*178,352,871* A	*189,322,947*	
Total Expenditures for Child Welfare Block [non-add]			Not appropriated;			
Transfer to Title XX from TANF (10 percent TANF)	10,766,387	11,542,622	see note a/ below			
County Funds	1,388,564	9,427,280				
Total Child Welfare Expenditures [non-add]	331,078,656	358,416,642				
Excess Federal Title IV-E Distributions for Related County Administrative Functions						
Cash Funds	0	0	1,735,971	1,710,316 A	1,735,971	BA 51
Cash Funds Exempt/Reappropriated funds	1,685,040	1,710,316	0	0		
Excess Federal Title IV-E Reimbursements						
Cash Funds	0	0	2,800,000	2,200,230 A	0	DI 16, BA 10
Cash Funds Exempt/Reappropriated funds	5,929,152	3,106,669	0	0		
Family and Children's Programs	44,131,490	46,094,857	45,464,574 S	45,014,018 A	48,971,791	BA NP-HCPF-2
General Fund	37,051,314	38,896,453	38,194,185 S	27,755,009 A	31,516,068	BA 36, BA 51
Cash Funds	0		5,188,271 S	5,136,901 A	5,863,297	
Cash Funds Exempt/Reappropriated funds	5,049,139	5,136,901	0	0	0	
Federal Funds	2,031,037	2,061,503	2,082,118 S	12,122,108 A	11,592,426	
*Medicaid Funds**	*0*	*0*	*0*	*0*	*0*	
*Net General Fund**	*37,051,314*	*38,896,453*	*38,194,185* S	*27,755,009* A	*28,883,469*	
Performance-based Collaborative Management Incentives						
Cash Funds	0	0	3,565,700	3,555,500	3,555,500	
Cash Funds Exempt/Reappropriated funds	2,075,000	1,358,989	0	0	0	
Integrated Care Management Program - Cash Funds Exempt	0	0	0	0	0	
Independent Living Programs - Federal Funds	2,899,637	2,142,031	2,826,582	2,826,582	2,826,582	
					4.0	

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Department of Human Services
(Divisions of Child Welfare and Child Care)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests
Promoting Safe and Stable Family Programs	4,659,067	4,980,103	4,457,659		4,461,376		4,461,376	
FTE	2.0	2.0	2.0		2.0		2.0	
General Fund	46,089	30,605	50,510		51,439		51,439	
Cash Funds	0	0	1,064,160		1,064,160		1,064,160	
Cash Funds Exempt/Reappropriated funds	1,064,160	1,064,160	0		0		0	
Federal Funds	3,548,818	3,885,338	3,342,989		3,345,777		3,345,777	
Federal Child Abuse Prevention and Treatment Act Grant - Federal Funds	347,977	553,757	378,332		386,067		386,067	DI NP-2
FTE	2.0	3.0	3.0		3.0		3.0	
Child Welfare and Mental Health Services Pilot (H.B. 08-1391) [new line]								
General Fund	n/a	n/a	0	S	0	A	0	BA 21
Child Welfare Action Committee (H.B. 08-1404) [new line item]	n/a	n/a	550,000		550,000		200,000	
General Fund			350,000		350,000		0	
Cash Funds			200,000		200,000		200,000	
Child Welfare Functional Family Therapy [new line item]	n/a	n/a	n/a		3,281,941		0	DI 4
FTE					0.5		0	
General Fund					2,632,599		0	
Cash Funds					649,342		0	
								Request v. Approp.
TOTAL - (5) CHILD WELFARE b/	388,041,386	404,949,123	417,429,598	S	423,608,873	A	425,519,749	1.5%
FTE	30.1	28.3	37.5		52.3		49.5	14.8
General Fund	197,534,987	211,731,876	219,327,361	S	206,850,287	A	217,382,183	-5.7%
Cash Funds	0	0	71,435,343	S	79,395,368	A	70,375,165	11.1%
Cash Funds Exempt/ Reappropriated Funds	83,984,186	88,482,476	18,461,734	S	18,311,271	A	18,884,527	-0.8%
Federal Funds	106,522,213	104,734,771	108,205,160	S	119,051,947	A	118,877,874	10.0%
*Medicaid Funds**	*16,203,316*	*13,896,829*	*18,461,734*	*S*	*18,414,717*	*A*	*18,884,527*	-0.3%
*Net General Fund**	*205,636,645*	*218,680,291*	*228,558,226*	*S*	*216,057,648*	*A*	*224,252,312*	-5.5%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

a/ Staff has reflected the actual expenditure of county funds and federal TANF funds that were transferred from County Block Grants or from County Reserve Accounts to the federal Title XX Social Services Block Grant in order to cover county expenditures related to child welfare. Note also that, for FY 2007-08, actual expenditures do not fully reflect the impact of transfers to and from the Department of Health Care Policy and Financing for Medicaid funds; expenditures therefore appear overstated.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests

b/ Actual expenditures for FY 2007-08 include multiple transfers, including those authorized pursuant to Long Bill footnote, transfers to and from the Department of Health Care Policy and Financing pursuant to Section 24-75-106, C.R.S., and transfers authorized by the Governor's Office (presumably pursuant to Section 24-75-108 (9)).

(6) DIVISION OF CHILD CARE

This division includes funding and state staff associated with: (1) licensing and monitoring child care facilities; (2) the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program; and (3) the administration of various child care grant programs. Cash funds sources reflect fees and fines paid by child care facilities and county tax revenues.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests
Child Care Licensing and Administration	6,199,918	6,225,439	6,549,749	6,994,054	A	6,891,593	DI 8, DI 18,
FTE	59.7	63.0	65.5	68.5		67.1	DI NP-1, DI NP-2
General Fund	2,322,605	2,275,147	2,431,287	2,436,743	A	2,417,742	BA 39, BA 51, BA 54
Cash Funds (fees and fines)	472,330	459,748	731,546	851,840	A	870,841	
Cash Funds Exempt/Reappropriated Funds (local funds)	0	666	0	0		0	
Federal Funds (CCDF and Title IV-E)	3,404,983	3,490,544	3,386,916	3,705,471	A	3,603,010	
Fines Assessed Against Licensees - (CF)	0	0	18,000	18,000		32,000	
Child Care Licensing System Upgrade Project (Federal Funds - CCDF)	0	0	0	0		0	
Child Care Assistance Program Automated System Replacement (FF-CCDF)	0	0	47,685	103,246	A	103,246	SBA 4

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Department of Human Services
(Divisions of Child Welfare and Child Care)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	JBC Action - as of 3/15/09	Change Requests
Child Care Assistance Program (a)	73,435,733	75,668,324	75,868,579	75,474,529 A	75,618,195	DI 8, 18
General Fund	13,755,029	15,319,582	15,354,221	15,354,221	15,354,221	SBA 4
Cash Funds (local funds)	0	0	9,201,753	9,170,297	9,183,907	
Cash Funds Exempt/Reappropriated Funds (local funds)	9,184,636	9,181,497	0	0	0	
Federal Funds (CCDF and Title XX)	50,496,068	51,167,245	51,312,605	50,950,011 A	51,080,067	
Child Care Assistance Program expenditures using TANF transfers out of Works Program County Block Grants and County Reserve Accounts - (FF)	865,885	10,650,807	Not appropriated; see note b/ below			
Short-term Works Emergency Fund - (FF)	0	83,096				
Subtotal: Child Care Assistance Program expenditures, including all TANF transfers and allocations from the Short-term Works Emergency Fund for child care needs [non add]	74,301,618	86,402,227				
Grants to Improve Quality and Availability of Child Care - (FF - CCDF)	298,856	0	0	0	0	
Federal Discretionary Child Care Funds Earmarked for Certain Purposes - (FF -CCDF)	3,138,722	0	0	0	0	
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements (FF-CCDF)		3,453,140	3,473,633	3,473,633	3,473,633	
Early Childhood Councils Cash Fund - General Fund		1,022,168	0	0	0	
Early Childhood Councils [formerly Pilot for Community Consolidated Child Care Services]	972,438	3,016,775	2,984,761	2,985,201	2,985,201	
FTE	0	0.7	1.0	1.0	1.0	
General Fund	0	0	1,006,161	1,006,161	1,006,161	
Cash Funds Exempt/Reappropriated Funds (E.C. Councils Cash Fund)	0	1,022,168	0	0	0	
Federal Funds (CCDF)	972,438	1,994,607	1,978,600	1,979,040	1,979,040	
Early Childhood Professional Loan Repayment Program - (FF - CCDF)	1,000	0	0	0	0	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		JBC Action - as of 3/15/09	Change Requests
School-readiness Quality Improvement Program [formerly School-readiness Child Care Subsidization Program] - (FF - CCDF)	2,213,630	2,205,150	2,227,765		2,229,305		2,229,305	
FTE	0.8	0.7	1.0		1.0		1.0	
Early Childhool School Readiness Commission - CFE	0	0	0		0		0	
								Request v. Approp
(6) TOTAL - DIVISION OF CHILD CARE	86,260,297	87,115,688	91,170,172		91,277,968	A	91,333,173	0.1%
FTE	60.5	63.7	67.5		70.5		69.1	3.0
General Fund	16,077,634	17,594,729	18,791,669		18,797,125		18,778,124	0.0%
Cash Funds	472,330	459,748	9,951,299		10,040,137		10,086,748	0.9%
Cash Funds Exempt/Reappropriated Funds	9,184,636	9,181,497	0		0		0	n/a
Federal Funds	60,525,697	59,879,714	62,427,204		62,440,706	A	62,468,301	0.0%

a/ For FY 2006-07, the Department transferred $1.0 million of Title XX Social Security Block Grant Funds from this line item to the Division of Child Welfare. It also transferred $303,400 to Child Care Licensing and Administration. This eliminated a reversion and effectively forced some county expenditure of TANF transfer funds.

b/ Staff has reflected the actual expenditure of federal TANF funds that were transferred from County Block Grants or from County Reserve Accounts (both associated with the Works Program) to federal Child Care Development Funds in order to cover county expenditures related to child care.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		JBC Action - as of 3/15/09	Request v. Approp
TOTAL - HUMAN SERVICES - CHILD CARE AND CHILD WELFARE (INCLUDING EDO CHILD WELFARE LINE ITEMS)	476,554,061	494,350,837	511,172,545	S	518,016,618	A	519,684,021	1.3%
FTE	116.8	119.4	135.5	S	159.1		151.3	23.6
General Fund	214,645,694	230,487,516	239,315,879	S	227,072,444	A	237,621,586	-5.1%
Cash Funds	635,368	533,519	81,953,516	S	90,021,251	A	81,047,659	9.8%
Cash Funds Exempt/Reappropriated Funds	93,495,746	98,016,989	18,461,734	S	18,311,271	A	18,884,527	-0.8%
Federal Funds	167,777,253	165,312,813	171,441,416	S	182,611,652	A	182,130,249	6.5%
*Medicaid Funds**	*16,203,316*	*13,896,829*	*18,461,734*	S	*18,414,717*	A	*18,884,527*	-0.3%
*Net General Fund**	*222,747,352*	*237,435,931*	*248,546,744*	S	*236,279,805*	A	*244,491,715*	-4.9%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	Actual	Appropriation	Request	JBC Action as of 3/15/09	Change Requests

Beginning in FY 2008-09, appropriations reflect eliminating the cash funds exempt category of appropriation and replacing it with reappropriated funds. Reappropriated funds are those moneys that are appropriated for a second or more time in the same fiscal year. Cash funds exempt reflected cash funds that were estimated to be exempt from the limitations of Article X, Section 20 of the State Constitution (TABOR). Moneys that were previously categorized as cash funds exempt that were not reappropriated funds were characterized in the new budget format as cash funds, regardless of the TABOR status of the funds.

DEPARTMENT OF HUMAN SERVICES

EXECUTIVE DIRECTOR: Karen Beye

(1) EXECUTIVE DIRECTOR'S OFFICE [Disability line items ONLY]
Primary functions: general department administration. This document includes Executive Director's Office, Special Purpose line items that are specifically related to services for people with disabilities. *The balance of Executive Director's Office line items are covered in other Department of Human Services briefing and figure setting documents.*

(B) Special Purpose

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	JBC Action as of 3/15/09	Change Requests
Developmental Disabilities Council	686,224	843,825	861,654	883,974	883,974	DI #NP-2
FTE	5.1	5.0	6.0	6.0	6.0	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	0	0	0	0	0	
Federal Funds	686,224	843,825	861,654	883,974	883,974	
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	

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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Change Requests
Colorado Commission for the Deaf and Hard of Hearing**	593,922	736,159	785,920	788,181 A	793,850	DI #NP-2
FTE	2.0	1.9	2.8	2.8	2.8	BA #51
General Fund	93,692	131,161	131,164	126,838 A	132,507	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	500,230	604,998	654,756	661,343	661,343	
Federal Funds	0	0	0	0	0	
Medicaid Funds	0	0	0	0	0	
Colorado Commission for Individuals who are Blind or Visually Impaired**	n/a	0	112,067	112,067	112,067	
FTE		0.0	1.0	1.0	1.0	
General Fund		0	0	0	0	
Cash Funds		0	0	0	0	
Cash Funds Exempt/Reappropriated Funds		0	112,067	112,067	112,067	
Federal Funds		0	0	0	0	
Medicaid Funds		0	0	0	0	
						Rec. v. Approp.
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	686,224	1,579,984	1,759,641	1,784,222	1,789,891	1.7%
FTE	5.1	6.9	9.8	9.8	9.8	0.0
General Fund	0	131,161	131,164	126,838	132,507	1.0%
Cash Funds	0	0	0	0	0	*n/a*
Cash Funds Exempt/Reappropriated Funds	0	604,998	766,823	773,410	773,410	0.9%
Federal Funds	686,224	843,825	861,654	883,974	883,974	2.6%
** Medicaid Funds*	0	0	0	0	0	*n/a*
**Net General Fund*	0	131,161	131,164	126,838	132,507	1.0%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

** Shaded amounts from prior years were appropriated in the Division of Vocational Rehabilitation and are shown here [but not added in the Division total] for informational purposes.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests

(3) OFFICE OF OPERATIONS

Primary functions: Facility maintenance and management; accounting and payroll, contracting, purchasing, and field audits. Cash and reappropriated funds amounts are from multiple sources, including indirect cost revenue associated with programs throughout the Department.

Please note: funding splits are reflected below for informational purposes only; the Long Bill appropriation for this subsection reflects fund splits at the bottom-line only for the Administration Section. Fund split detail is therefore not included for actual years except in the bottom-line.

(A) Administration

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		JBC Action as of 3/15/09	Change Requests
Personal Services	21,720,844	22,458,476	23,172,777	24,364,223	A	24,049,459	BA #31, 52
FTE	430.0	441.6	453.6	460.7	A	461.6	
General Fund		9,277,458	11,037,620	11,710,563	A	11,735,799	
Cash Funds		582,553	1,715,675	1,738,241		1,738,241	
Cash Funds Exempt/Reappropriated Funds		10,097,291	8,754,581	9,171,987		8,831,987	
Federal Funds		2,501,174	1,664,901	1,743,432		1,743,432	
Medicaid Cash Funds		*4,393,460*	*3,858,962*	*4,025,882*		3,345,882	
Operating Expenses	2,355,060	2,639,457	3,435,663	3,716,180	A	3,720,857	DI #5, NP-1, NP-2
General Fund		2,150,375	2,203,926	2,482,730	A	2,487,407	BA #31, 52, 54
Cash Funds		5,465	13,743	13,787		13,787	
Cash Funds Exempt/Reappropriated Funds		482,696	1,015,538	1,017,075		1,017,075	
Federal Funds		921	202,456	202,588		202,588	
Medicaid Funds		*482,696*	*482,605*	*483,396*		*483,396*	

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	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	**Actual**	**Appropriation**	**Request**	**JBC Action**	**Change Requests**
					as of 3/15/09	
Vehicle Lease Payments	529,049	548,259	703,231	969,127		DI #7, NP-5
General Fund		355,104	430,575	606,298	PENDING	
Cash Funds		3,341	2,813	6,465		
Cash Funds Exempt/Reappropriated Funds		148,062	220,037	290,891		
Federal Funds		41,752	49,806	65,473		
Medicaid Funds		*123,551*	174,337	234,399		
Leased Space	2,361,427	2,466,827	2,537,805	2,537,805	2,537,805	
General Fund		823,401	619,746	619,746	619,746	
Cash Funds		11,569	16,936	16,936	16,936	
Cash Funds Exempt/Reappropriated Funds		0	46,162	46,162	46,162	
Federal Funds		1,631,857	*1,854,961*	1,854,961	*1,854,961*	
Medicaid Funds		*0*	*0*	*0*		
Capitol Complex Leased Space	1,103,065	1,274,122	1,267,295	1,267,295		
General Fund		1,274,122	633,647	633,647	PENDING	
Cash Funds		0	0	0		
Cash Funds Exempt/Reappropriated Funds		0	0	0		
Federal Funds		0	633,648	633,648		
Medicaid Funds		*0*	*0*	0		
Utilities	7,082,225	7,932,033	8,015,303 S**	7,898,954	7,785,407	DI #17
General Fund		6,612,995	6,105,793 S**	5,961,057	5,875,897	
Cash Funds		0	0	0	0	
Cash Funds Exempt/Reappropriated Funds		1,319,038	1,909,510	1,937,897	1,909,510	*6,645,143*
Federal Funds		0	0	0	0	*769,246*
Medicaid Funds		961,031	1,538,491	1,561,201	1,538,491	

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	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	Actual	Appropriation	Request	JBC Action as of 3/15/09	Change Requests
						Request v. Approp.
Subtotal - (A) Administration	35,151,670	37,319,174	39,132,074	40,753,584	38,093,528	-2.7%
FTE	430.0	441.6	453.6	460.7	461.6	8.0
General Fund	19,841,764	20,493,455	21,031,307	22,014,041	20,718,849	-1.5%
Cash Funds	529,059	602,928	1,749,167	1,775,429	1,768,964	1.1%
Cash Funds Exempt/Reappropriated Funds	10,903,547	12,047,087	11,945,828	12,464,012	11,804,734	-1.2%
Federal Funds	3,877,300	4,175,704	4,405,772	4,500,102	3,800,981	-13.7%
*Medicaid Funds**	*5,222,784*	*5,960,738*	*6,054,395*	*6,304,878*	*5,367,769*	-11.3%
*Net General Fund**	*22,453,156*	*23,473,824*	*24,058,505*	*25,166,480*	*23,402,734*	-2.7%
(B) Special Purpose						
Buildings and Grounds Rental	892,440	758,340	710,968	948,748	948,748	DI #22
FTE	5.0	5.5	6.5	6.5	6.5	
General Fund	0	0	*0*	0	0	
Cash Funds	224,261	188,641	710,968	948,748	948,748	
Cash Funds Exempt/Reappropriated Funds	668,179	569,699	*0*	0	0	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*0*	*0*	*0*	*0*	0	
State Garage Fund	618,888	611,905	733,187	1,292,096	733,187	DI #20
FTE	1.1	0.0	2.6	2.6	2.6	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	618,888	611,905	733,187	1,292,096	733,187	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Change Requests
						Rec v. Approp.
Subtotal - (B) Special Purpose	1,511,328	1,370,245	1,444,155	2,240,844	1,681,935	16.5%
FTE	6.1	5.5	9.1	9.1	9.1	0.0
General Fund	0	0	0	0	0	n/a
Cash Funds	224,261	188,641	710,968	948,748	948,748	33.4%
Cash Funds Exempt/Reappropriated Funds	1,287,067	1,181,604	733,187	1,292,096	733,187	0.0%
Federal Funds	0	0	0	0	0	n/a
*Medicaid Funds**	*0*	*0*	*0*	*0*	*0*	n/a
*Net General Fund**	0	0	0	0	0	n/a
						Rec v. Approp.
(3) TOTAL OFFICE OF OPERATIONS	**36,662,998**	**38,689,419**	**40,576,229**	**42,994,428**	**39,775,463**	-2.0%
FTE	**436.1**	**447.1**	**462.7**	**469.8**	**470.7**	8.0
General Fund	**19,841,764**	**20,493,455**	**21,031,307**	**22,014,041**	**20,718,849**	-1.5%
Cash Funds	**753,320**	**791,569**	**2,460,135**	**2,724,177**	**2,717,712**	10.5%
Cash Funds Exempt/Reappropriated Funds	**12,190,614**	**13,228,691**	**12,679,015**	**13,756,108**	**12,537,921**	-1.1%
Federal Funds	**3,877,300**	**4,175,704**	**4,405,772**	**4,500,102**	**3,800,981**	-13.7%
Medicaid Funds*	***5,222,784***	***5,960,738***	***6,054,395***	***6,304,878***	***5,367,769***	-11.3%
Net General Fund*	***22,453,156***	***23,473,824***	***24,058,505***	***25,166,480***	***23,402,734***	-2.7%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

**Includes supplemental recommended but not yet enacted.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Change Requests
(9) SERVICES FOR PEOPLE WITH DISABILITIES						
Primary functions: Administers community-based and institutional services for people with developmental disabilities, provides vocational rehabilitation services, and administers the Homelake Domiciliary and veterans nursing homes.						
(A) Community Services for People with Developmental Disabilities						
Primary functions: Funding for 20 Community Centered Boards (CCBs), and contracting service agencies, to: (1) deliver community-based residential and supported living living services for adults with developmental disabilities; and (2) deliver early intervention, family support services, and children's extensive support services for children with developmental disabilities and delays. Also funds associated case management by CCBs and state administration and oversight. Medicaid revenue is the primary source of reappropriated funds; local and client payments to CCBs are reflected as cash funds.						
(1) Administration						
Personal Services	2,533,798	2,441,163	2,639,111 S	2,923,535	2,923,535	
FTE	29.1	30.1	32.8	34.0	34.0	
General Fund	247,283	247,613	273,646	287,177	287,177	
Cash Funds	0	0	33,000	0	0	
Cash Funds Exempt/Reappropriated Funds	2,286,515	2,193,550	2,332,465 S	2,636,358	2,636,358	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*2,286,515*	*2,193,550*	*2,449,748*	*2,636,358*	*2,636,358*	
Operating Expenses	151,317	148,013	151,314	153,744 A	153,744	DI #NP-1, NP-2
General Fund	0		0	0	0	BA #54
Cash Funds	0		0	0	0	
Cash Funds Exempt/Reappropriated Funds	151,317	148,013	151,314	153,744 A	153,744	
Federal Funds	0		0	0	0	
Medicaid Funds	*151,317*	*148,013*	*151,314*	*153,744*	*153,744*	

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	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	Actual	Appropriation	Request	JBC Action as of 3/15/09	Change Requests
Community and Contract Management System	124,565	137,216	137,480	137,480	137,480	
General Fund	52,458	41,244	41,244	41,244	41,244	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	72,107	95,972	96,236	96,236	96,236	
Federal Funds	0	0	0	0	0	
Medicaid Funds	72,107	95,972	96,236	96,236	96,236	
Medicaid Waiver Transition Costs**	1,200,475	568,823	79,028	93,140	93,140	
General Fund	799,106	559,610	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	401,369	9,213	79,028	93,140	93,140	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*401,369*	*9,213*	*79,028*	*93,140*	*93,140*	
						Request v. Approp.
Subtotal - (1) Administration	4,010,155	3,295,215	3,006,933	3,307,899	3,307,899	10.0%
FTE	29.1	30.1	32.8	34.0	34.0	1.2
General Fund	1,098,847	848,467	314,890	328,421	328,421	4.3%
Cash Funds	0	0	33,000	0	0	-100.0%
Cash Funds Exempt/Reappropriated Funds	2,911,308	2,446,748	2,659,043	2,979,478	2,979,478	12.1%
Federal Funds	0	0	0	0	0	n/a
*Medicaid Funds**	*2,911,308*	*2,446,748*	*2,776,326*	*2,979,478*	*2,979,478*	7.3%
*Medicaid - General Fund portion**	*1,455,654*	*1,223,374*	*1,388,163*	*1,489,739*	*1,489,739*	7.3%
*Net General Fund**	*2,554,501*	*2,071,841*	*1,703,053*	*1,818,160*	*1,818,160*	6.8%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

**A total of $1,812,049 was appropriated for this line item in FY 2006-07; a portion was rolled forward for use in FY 2007-08

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	Actual	Appropriation	Request	JBC Action as of 3/15/09	Change Requests
(2) Program Costs						
Please note: amounts and funding splits by service category are reflected below for informational purposes only starting in FY 2007-08; the Long Bill appropriation for Program Costs reflects fund splits at the bottom-line only and provides the Department with authority to move amounts and fund sources among service categories in the Program Costs line item.						
Adult Program Costs*	279,728,279	0	0	0	0	
General Fund	18,177,319					
Cash Funds	0					
Cash Funds Exempt/Reappropriated Funds	261,550,960					
Federal Funds	0					
Medicaid Funds	*227,258,471*					
Medicaid - General Fund portion	*113,207,312*					
Net General Fund	*131,384,631*					
Adult Comprehensive Services		208,655,652	249,029,365 S	266,402,609 A	272,212,428	DI #3
General Fund		1,523,193	1,650,459	1,650,459	1,624,442	BA #19, 25, 33, 51
Cash Funds		0	28,340,125 S	33,123,921 A	30,382,059	
Cash Funds Exempt/Reappropriated Funds		207,132,459	219,038,781 S	231,628,229 A	240,205,927	
Medicaid Funds		207,132,459	*219,038,781* S	*231,747,410* A	*240,205,927*	
Medicaid - General Fund portion		103,566,230	*109,485,407* S	*115,839,722* A	*120,102,964*	
Adult Supported Living Services		46,431,134	52,240,309 S	57,045,150 A	54,167,273	DI #3
General Fund		7,403,678	7,974,941	7,974,941	7,974,941	BA #25, 33
Cash Funds		0	0 S	2,864,581	0	
Cash Funds Exempt/Reappropriated Funds		39,027,456	44,265,368 S	46,205,628 A	46,192,332	
Medicaid Funds		39,027,456	*44,265,368* S	*46,205,628* A	*46,192,332*	
Medicaid - General Fund portion		19,513,728	*22,132,684* S	*23,102,814* A	*23,096,167*	

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	Actual	Actual	Appropriation	Request	JBC Action as of 3/15/09	Change Requests
Early Intervention Services		10,809,324	11,098,328 S	11,663,694	11,098,328	
General Fund		10,809,324	11,098,328	11,098,328	11,098,328	
Cash Funds		0	0 S	565,366	0	
Cash Funds Exempt/Reappropriated Funds		0	0	0	0	
Medicaid Funds		0	*0*	*0*	*0*	
Medicaid - General Fund portion		0	*0*	*0*	*0*	
Family Support Services		6,028,673	6,507,966 S	7,117,269 A	6,507,966	DI #3
General Fund		6,028,673	6,507,966	6,773,394 A	6,507,966	BA #33
Cash Funds		0	0 S	343,875	0	
Cash Funds Exempt/Reappropriated Funds		0	0	0	0	
Medicaid Funds		0	*0*	*0*	*0*	
Medicaid - General Fund portion		0	*0*	*0*	*0*	
Children's Extensive Support Services		5,756,235	6,882,727 S	7,251,728 A	6,882,727	BA #25
General Fund		0	0	0	0	
Cash Funds		0	0 S	369,001	0	
Cash Funds Exempt/Reappropriated Funds		5,756,235	6,882,727 S	6,882,727 A	6,882,727	
Medicaid Funds		5,756,235	*6,882,727* S	*6,882,727* A	*6,882,727*	
Medicaid - General Fund portion		2,452,156	*2,934,897* S	*2,934,897* A	*2,897,625*	
Medicaid - Health Care Expansion Fund portion		454,743	*543,738* S	*543,738*	*543,738*	
Case Management and Quality Assurance		19,718,750	22,373,098 S	24,390,788 A	23,122,398	DI #3
General Fund		2,986,639	3,888,010	3,920,632 A	3,888,010	BA #25,33
Cash Funds		0	0 S	1,261,058	0	
Cash Funds Exempt/Reappropriated Funds		16,732,111	18,485,088 S	19,209,098 A	19,234,388	
Medicaid Funds		16,732,111	*18,485,088* S	*19,209,098* A	*19,234,388*	
Medicaid - General Fund portion		8,299,127	*9,170,656* S	*9,532,662* A	*9,581,046*	
Medicaid - Health Care Expansion Fund portion		3,179,101	*36,149* S	*36,149*	*36,149*	

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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		FY 2009-10 JBC Action as of 3/15/09	Change Requests
Special Purpose		320,982	1,057,693	S	1,064,342	A	890,158	
General Fund		320,982	360,844		360,844	A	360,844	
Cash Funds		0	0	S	6,649		0	
Cash Funds Exempt/Reappropriated Funds		0	696,849		696,849	A	529,314	
Medicaid Funds		0	*205,535*		*205,535*	A	*38,000*	
Medicaid - General Fund portion		0	*102,377*		*102,377*	A	*19,001*	
Hold Harmless [new subcomponent]		864,447	*0*		*0*		*0*	
General Fund		864,447	*0*		*0*		*0*	
Cash Funds		0	0		0		0	
Cash Funds Exempt/Reappropriated Funds		0	0		0		0	
Medicaid Funds		0	*0*		*0*		*0*	
Medicaid - General Fund portion		0	*0*		*0*		*0*	
								Rec v. Approp.
Subtotal - (2) Program Costs	279,728,279	298,585,197	349,189,486	S	374,935,579	A	374,881,278	7.4%
General Fund	18,177,319	29,936,936	31,480,548		31,778,598	A	31,454,531	-0.1%
Cash Funds	0	0	28,340,125	S	38,534,450	A	30,382,059	7.2%
Cash Funds Exempt/Reappropriated Funds	261,550,960	268,648,261	289,368,813	S	304,622,531	A	313,044,688	8.2%
Federal Funds	0	0	0		0		0	n/a
*Medicaid Funds**	*227,258,471*	*268,648,261*	*288,877,499*	S	*304,250,398*	A	*312,553,374*	8.2%
*Medicaid - General Fund portion**	*113,207,312*	*133,831,241*	*143,826,021*	S	*151,512,473*	A	*155,696,802*	8.3%
*Net General Fund**	*131,384,631*	*163,768,177*	*175,306,569*	S	*183,291,071*	A	*187,151,333*	6.8%

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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
(3) Other Community Programs						
Federal Special Education Grant for Infants, Toddlers and Their Families (Part C) - Federal Funds** [moved from Children's Section in FY 2007-08]	*See Services for Children and Families section below.*	6,659,417	6,832,502	6,852,497	10,410,498	DI #NP-2
FTE		6.3	6.5	6.5	6.5	
Federally-matched Local Program Costs	10,684,623	3,641,910	2,000,000	2,000,000	0	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	10,684,623	3,641,910	2,000,000	2,000,000	0	
Federal Funds	0	0	0	0	0	
Medicaid Funds (includes $0 General Fund)	*10,684,623*	*3,641,910*	*2,000,000*	*2,000,000*	*0*	
Custodial Funds for Early Intervention Services	n/a	130,345	2,813,085	2,813,085	2,813,085	
General Fund		0	*0*	*0*	*0*	
Cash Funds		0	2,813,085	*2,813,085*	2,813,085	
Cash Funds Exempt/Reappropriated Funds		130,345	0	0	0	
Federal Funds		0	0	*0*	0	
Medicaid Funds		*0*	*0*	*0*	*0*	
Preventive Dental Hygiene	62,449	63,386	64,337	63,494 A	64,337	BA #51
General Fund	58,842	59,725	60,621	59,827 A	60,621	
Cash Funds	0	0	3,716	3,667 A	3,716	
Cash Funds Exempt/Reappropriated Funds	3,607	3,661	0	0	0	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*0*	*0*	0	*0*	0	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
Developmental Disability Navigator Pilot (H.B. 08-1031)	n/a	n/a	0 S	*0*	0	
General Fund			0 S	*0*	0	
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						
						Rec v. Approp.
Subtotal - (3) Other Community Programs	10,747,072	10,495,058	11,709,924	11,729,076 A	13,287,920	13.5%
FTE	0.0	6.3	6.5	6.5 A	6.5	0.0
General Fund	58,842	59,725	60,621	59,827 A	60,621	0.0%
Cash Funds	0	0	2,816,801	2,816,752	2,816,801	0.0%
Cash Funds Exempt/Reappropriated Funds	10,688,230	3,775,916	2,000,000	2,000,000	0	-100.0%
Federal Funds	0	6,659,417	6,832,502	6,852,497	10,410,498	52.4%
*Medicaid Funds**	*10,684,623*	*3,641,910*	*2,000,000*	*2,000,000*	*0*	-100.0%
*Medicaid - General Fund portion**	*0*	*0*	*0*	*0*	*0*	n/a
*Net General Fund**	*58,842*	*59,725*	*60,621*	*59,827*	*60,621*	0.0%
						Rec v. Approp.
(A) Community Services for People with Developmental Disabilities	294,485,506	312,375,470	363,906,343	389,972,554 A	391,477,097	7.6%
FTE	29.1	36.4	39.3	40.5	40.5	1.2
General Fund	19,335,008	30,845,128	31,856,059	32,166,846 A	31,843,573	0.0%
Cash Funds	0	0	31,189,926	41,351,202 A	33,198,860	n/a
Cash Funds Exempt/Reappropriated Funds	275,150,498	274,870,925	294,027,856	309,602,009 A	316,024,166	7.5%
Federal Funds	0	6,659,417	6,832,502	6,852,497 A	10,410,498	52.4%
*Medicaid Funds**	*240,854,402*	*274,736,919*	*293,653,825*	*309,229,876* A	*315,532,852*	7.5%
*Medicaid - General Fund portion**	*114,662,966*	*135,054,615*	*145,214,184*	*153,002,212* A	*157,186,541*	8.2%
*Net General Fund**	*133,997,974*	*165,899,743*	*177,070,243*	*185,169,058* A	*189,030,114*	6.8%

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 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
(B) Regional Centers for People with Developmental Disabilities							
Primary functions: operates three regional centers that house and provide therapeutic and other services to individuals with developmental disabilities. Reappropriated funds amounts reflect Medicaid revenue. Cash amounts primarily reflect consumer payments for room and board.							
(1) Medicaid-funded Services							
Personal Services	40,837,901	43,284,413	45,597,117	50,317,708	A	50,139,821	DI #1
FTE	907.1	935.6	955.3	1,025.5	A	995.3	
General Fund	0	0	0	0		0	
Cash Funds	2,646,756	2,654,879	2,691,276	2,691,276		2,290,436	
Cash Funds Exempt/Reappropriated Funds	38,191,145	40,629,534	42,905,841	47,626,432	A	47,849,385	
Federal Funds	0	0	0	0		0	
Medicaid Funds	38,191,145	40,629,534	42,905,841	47,626,432	A	47,849,385	
Operating Expenses	2,317,046	2,327,065	2,550,164	2,860,961	A	2,760,399	DI #1, 17, NP-1, NP-2
General Fund	0	0	0	0	A	0	BA #54
Cash Funds	353	0	0	0		0	
Cash Funds Exempt/Reappropriated Funds	2,316,693	2,327,065	2,550,164	2,860,961		2,760,399	
Federal Funds	0	0	0	0		0	
Medicaid Funds	*2,316,693*	*2,327,065*	*2,550,164*	*2,860,961*	A	*2,760,399*	
Capital Outlay - Patient Needs	80,248	80,249	80,249	244,499		244,499	DI #5
General Fund	0	0	0	0		0	
Cash Funds	0	0	0	0		0	
Cash Funds Exempt/Reappropriated Funds	80,248	80,249	80,249	244,499		244,499	
Federal Funds	0	0	0	0		0	
Medicaid Funds	*80,248*	*80,249*	*80,249*	*244,499*		*244,499*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
Leased Space	195,088	200,209	200,209	200,209	72,820	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	195,088	200,209	200,209	200,209	72,820	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*195,088*	*200,209*	200,209	*200,209*	72,820	
Resident Incentive Allowance	138,176	138,176	138,176	138,176	138,176	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	138,176	138,176	138,176	138,176	138,176	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*138,176*	*138,176*	*138,176*	*138,176*	*138,176*	
Purchase of Services	262,661	263,291	263,291	263,291	263,291	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	262,661	263,291	263,291	263,291	263,291	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*262,661*	*263,291*	*263,291*	*263,291*	*263,291*	
(2) Other Program Costs						
General Fund Physician Services	n/a	244,460	155,127	88,009	88,009	
FTE		1.5	0.9	0.5	0.5	
General Fund		244,460	155,127	88,009	88,009	
ICF/MR Adaptations						
General Fund	*n/a*	*n/a*	240,000	0	0	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		FY 2009-10 JBC Action as of 3/15/09	Change Requests Rec v. Approp
(B) Sub-total Regional Centers	43,831,120	46,537,863	49,224,333	54,112,853	A	53,707,015	9.1%
FTE	907.1	937.1	956.2	1,026.0		995.8	39.6
General Fund	0	244,460	395,127	88,009		88,009	-77.7%
Cash Funds	2,647,109	2,654,879	2,691,276	2,691,276		2,290,436	-14.9%
Cash Funds Exempt/Reappropriated Funds	41,184,011	43,638,524	46,137,930	51,333,568	A	51,328,570	11.3%
Federal Funds	0	0	0	0		0	n/a
*Medicaid Funds**	*41,184,011*	*43,638,524*	*46,137,930*	*51,333,568*	A	*51,328,570*	11.3%
*Medicaid -- General Fund portion**	*19,849,009*	*20,997,594*	*22,089,464*	*24,689,150*	A	*23,571,404*	6.7%
Net General Fund	*19,849,009*	*21,242,054*	*22,484,591*	*24,777,159*		*23,659,413*	5.2%

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(*Former 3*) Services for Children and Families

This section was consolidated in the Developmental Disability Services, Community Services section in FY 2007-08. It formerly included funding to deliver early intervention, family support, and children's extensive support services to children and families in community settings. The primary source of cash funds exempt was Medicaid revenue; local match contributions to community centered boards were also reflected.

Program Funding	23,381,037	*appropriations moved to Community Services, Program Costs*	0
General Fund	16,872,836		
Cash Funds	0		
Cash Funds Exempt/Reappropriated Funds	6,508,201		
Federal Funds	0		
Medicaid Funds	5,273,063		
Medicaid - General Fund portion	2,362,986		
Net General Fund	*19,235,822*		

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
Federal Special Education Grant for Infants, Toddlers and Their Families (Part C) - Federal Funds	6,618,033			0	0	
FTE	6.5					
Child Find - General Fund	1,000,000		0	0	0	
						Request v. Approp.
Sub-total Services for Children and Families	30,999,070	0	0	0	0	n/a
FTE	6.5	0.0	0.0	0.0	0.0	n/a
General Fund	17,872,836	0	0	0	0	n/a
Cash Funds	0	0	0	0	0	n/a
Cash Funds Exempt/Reappropriated Funds	6,508,201	0	0	0	0	n/a
Federal Funds	6,618,033	0	0	0	0	n/a
*Medicaid Funds**	5,273,063	0	0	0	0	n/a
*Medicaid - General Fund portion**	2,362,986	0	0	0	0	n/a
*Net General Fund**	*20,235,822*	*0*	*0*	*0*	*0*	n/a

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	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	Actual	Appropriation	Request	JBC Action as of 3/15/09	Change Requests

(C) Work Therapy Program

Primary functions: Provide sheltered work opportunities to residents of state operated regional centers and the Mental Health Institute at Fort Logan. Cash amounts reflect payments from private businesses and government agencies for work completed.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Request v. Approp.
Program Costs	254,269	398,024	464,589	467,116	467,116	0.5%
FTE	1.5	1.5	1.5	1.5	1.5	0.0
General Fund	0	0	0	0	0	n/a
Cash Funds	237,879	305,646	464,589	467,116	467,116	0.5%
Cash Funds Exempt/Reappropriated Funds	16,390	92,378	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	n/a

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Rec. v. Approp.
Sub-total Developmental Disability Services [former section]	369,569,965	359,311,357	413,595,265	444,552,523	445,651,228	7.8%
FTE	944.2	975.0	997.0	1,068.0	1,037.8	40.8
General Fund	37,207,844	31,089,588	32,251,186	32,254,855	31,931,582	-1.0%
Cash Funds	2,884,988	2,960,525	34,345,791	44,509,594	35,956,412	4.7%
Cash Funds Exempt/Reappropriated Funds	322,859,100	318,601,827	340,165,786	360,935,577	367,352,736	8.0%
Federal Funds	6,618,033	6,659,417	6,832,502	6,852,497	10,410,498	52.4%
Medicaid Funds	*287,311,476*	*318,375,443*	*339,791,755*	*360,563,444*	*366,861,422*	8.0%
Net General Fund	*174,082,805*	*187,141,797*	*199,554,834*	*209,946,217*	*212,689,527*	6.6%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Change Requests
(D) Division of Vocational Rehabilitation						
(Primary functions: provides the services and equipment necessary to help individuals with disabilities secure and/or retain employment. Funds Independent Living Centers to provide assisted living and advocacy services						
Rehabilitation Programs - General Fund Match	23,421,414	23,689,950	18,825,738 S	24,767,824 A	19,812,812	DI #NP-1, NP-2
FTE	194.0	215.8	224.7	224.7	224.7	BA #51,54
General Fund	4,948,368	5,044,183	4,003,468 S	3,633,848 A	4,213,715	BA #44
Cash Funds	0	0	0	1,635,285 A	0	
Cash Funds Exempt/Reappropriated Funds	0	0	0	0	0	
Federal Funds	18,473,046	18,645,767	14,822,270 S	19,498,691 A	15,599,097	
Medicaid Funds	*0*	*0*	0	*0*	0	
Rehabilitation Programs - Local Funds Match	22,388,256	24,571,732	22,128,672 S	23,483,873 A	23,750,460	DI #NP-1, NP-2, NP-6
FTE	13.8	19.8	20.3 S	18.0	18.0	BA #51,54
General Fund	0	0	0	0	0	
Cash Funds	39,938	64,968	1,031,391 S	1,034,200	35,125	
Cash Funds Exempt/Reappropriated Funds	4,734,143	6,621,923	4,999,801 S	3,942,148 A	5,038,957	
Federal Funds	17,614,175	17,884,841	16,097,480 S	18,507,525 A	18,676,378	
Medicaid Funds	*0*	*0*	0	*0*	0	
American Reinvestment and Recovery Act - Vocational Rehabilitation Funding						
Federal Funds				0	3,653,522	
Business Enterprise Program for People who are Blind	1,463,596	791,220	904,065 S	967,779 A	967,779	DI #NP-1, NP-2
FTE	5.3	6.4	6.0	6.0	6.0	BA #54
General Fund	0	0	0	0	0	
Cash Funds	136,298	128,770	191,852 S	205,422 A	205,422	
Cash Funds Exempt/Reappropriated Funds	175,584	39,802	0	0	0	
Federal Funds	1,151,714	622,648	712,213 S	762,357 A	762,357	
Medicaid Funds	*0*	*0*	*0*			

	FY 2006-07	FY 2007-08	FY 2008-09		FY 2009-10		
	Actual	**Actual**	**Appropriation**		**Request**	**JBC Action as of 3/15/09**	**Change Requests**
Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits	630,175	319,843	659,000	0	659,000	659,000	
General Fund	0	0	0		0	0	
Cash Funds	412,676	161,169	477,990		477,990	477,990	
Cash Funds Exempt/Reappropriated Funds	55,528	26,644	0		0	0	
Federal Funds	161,971	132,030	181,010		181,010	181,010	
Medicaid Funds		0	0		0	0	
Independent Living Centers and State Independent Living Council	1,630,640	1,700,182	1,936,377		1,915,874	1,934,636	BA #51
FTE	0.0	0.0	0.0		0.0	0.0	
General Fund	1,266,648	1,366,848	1,487,351		1,466,848	1,487,351	
Cash Funds	0	0	44,902		44,902	29,621	
Cash Funds Exempt/Reappropriated Funds	44,902	44,902	0		0	0	
Federal Funds	319,090	288,432	404,124		404,124	417,664	
Medicaid Cash Funds	*0*	*0*	0		*0*	0	
Independent Living Centers - Vocational Rehabilitation Program	283,333	0	0		0	0	
FTE	0.0	0.0	0.0		0.0	0.0	
General Fund	62,501	0					
Cash Funds	0	0					
Cash Funds Exempt/Reappropriated Funds	0	0					
Federal Funds	220,832	0					
Medicaid Funds	*0*	*0*					

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
Appointment of Legal Interpreters for the Hearing Impaired (tranfer to EDO)	0	0	0	0	0	
General Fund	0	0				
Cash Funds	0	0				
Cash Funds Exempt/Reappropriated Funds	0	0				
Federal Funds	0	0				
Medicaid Funds	0	0				
Colorado Commission for the Deaf and Hard of Hearing	593,922	0	0	0	0	
FTE	2.0		0.0	0.0	0.0	
General Fund	93,692					
Cash Funds	0					
Cash Funds Exempt/Reappropriated Funds	500,230					
Federal Funds	0					
Medicaid Funds	*0*	*0*				
Colorado Commission for the Deaf and Hard of Hearing Cash Fund - Cash Funds	222,282		0	0	0	
Colorado Commission for Individuals who are Blind or Visually Impaired	n/a		0	0	0	
FTE						
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						

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	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Change Requests
Older Blind Grants	467,339	0	450,000	450,000	698,789	
General Fund	0		0	0	0	
Cash Funds	0		45,000	45,000	45,000	
Cash Funds Exempt/Reappropriated Funds	45,000		0	0	0	
Federal Funds	422,339		405,000	405,000	653,789	
Medicaid Funds	*0*	*0*	0	0	0	
Traumatic Brain Injury Trust Fund**	1,291,272	1,811,115	2,411,498	2,421,954 A	2,921,931	DI #19, NP-2
FTE	0.9	1.4	1.5	1.5	1.5	BA #54
General Fund			0	0	0	
Cash Funds	1,291,272	1,811,115	2,411,498	2,421,954 A	2,921,931	
Cash Funds Exempt/Reappropriated Funds	0	0	0	0	0	
Federal Funds	*0*	*0*	0	0	0	
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	
Estimated Federal Social Security Administration Reimbursement - Federal Funds	n/a	n/a	813,741	813,741	813,741	
Study of Employment of Persons with Developmental Disabilities (S.B. 08-04) -- General Fund	n/a	n/a	34,293	50,875	50,875	
FTE			0.5	1.0	1.0	
						Request v. Approp.
(D) Sub-total Vocational Rehabilitation	51,100,957	51,072,927	48,163,384 S	55,530,920 A	55,263,545	15.3%
FTE	215.1	242.0	253.0 S	251.2	251.2	(1.8)
General Fund	6,371,209	6,411,031	5,525,112 S	5,151,571 A	5,751,941	-6.8%
Cash Funds	811,194	354,907	4,202,633 S	5,864,753 A	3,715,089	39.5%
Cash Funds Exempt/Reappropriated Funds	5,555,387	6,733,271	4,999,801 S	3,942,148 A	5,038,957	-21.2%
Federal Funds	38,363,167	37,573,718	33,435,838 S	40,572,448 A	40,757,558	21.3%
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	n/a
Net General Fund	*6,371,209*	*6,411,031*	*5,525,112* S	*5,151,571* A	*5,751,941*	-6.8%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
**FY 2006-07 and FY 2007-08 actuals shown for informational purposes and not included in totals. The line item was located in the Mental Health and Alcohol and Drug Abuse Services section prior to FY 2008-09.						
(E) Homelake Domiciliary and State and Veterans Nursing Homes						
(1) Homelake Domiciliary						
Primary functions: operates a 46-bed assisted living facility for veterans. Cash funds exempt amounts reflect client fees.						
Note: This section is eliminated in FY 2007-08 in favor of a single General Fund line item for Homelake state subsidy.						
Personal Services	897,341	0	0	0	0	
FTE	15.6					
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						
Operating Expenses	271,217	0	0	0	0	
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						
Utilities	116,765	0	0	0	0	
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
(1) Sub-total Homelake Domiciliary	1,285,323	*see section total*	*see section total*	*see section total*	0	
FTE	15.6				0.0	
General Fund	176,154				0	
Cash Funds	0				0	
Cash Funds Exempt/Reappropriated Funds	785,246				0	
Federal Funds	323,923				0	
Medicaid Funds	*0*				*0*	
Net General Fund	*176,154*				*0*	

(2) State and Veterans Nursing Homes

Primary Functions: Operation and management of the six state and veterans nursing homes and Homelake Domiciliary. Cash Funds (formerly Cash Funds Exempt) reflect client fees. Cash funds and federal funds are for information only. The nursing homes are enterprises and have continuous spending authority.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	FY 2009-10 Change Requests
Homelake Domiciliary State Subsidy						
General Fund	n/a	178,888	186,130	186,130	186,130	
Legislative Oversight Committee on the State and Veterans Nursing Homes						
Cash Funds Exempt/Reappropriated Funds	18,748	0	0	0	0	
Nursing Home Consulting Services						
General Fund	391,253	195,627	195,627	195,627	195,627	
Nursing Home Indirect Cost Subsidy						
General Fund	n/a	541,925	800,000	800,000	800,000	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	**Actual**	**Appropriation**	**Request**	**JBC Action as of 3/15/09**	**Change Requests**
Program Costs	44,057,081	44,427,166	49,521,945	49,521,945	54,428,011	
FTE	640.0	625.3	673.4	673.4	673.4	
General Fund	0	0	0	0	0	
Cash Funds	92,280	1,871	38,627,117	38,627,117	42,453,849	
Cash Funds Exempt/Reappropriated Funds	34,227,193	34,601,827	0	0	0	
Federal Funds	9,737,608	9,823,468	10,894,828	10,894,828	11,974,162	
(2) Subtotal - State and Veterans Nursing Homes	44,448,334	*see section total*	*see section total*	*see section total*	*see section total*	
FTE	640.0					
General Fund	391,253					
Cash Funds	92,280					
Cash Funds Exempt/Reappropriated Funds	34,227,193					
Federal Funds	9,737,608					
Medicaid Funds	0					
Net General Fund	*391,253*					
						Request v. Approp.
(E) Total - Homelake Domiciliary and State and Veterans Nursing Homes	45,733,657	45,343,606	50,703,702	50,703,702	55,609,768	0.0%
FTE	655.6	625.3	673.4	673.4	673.4	0.0
General Fund	567,407	916,440	1,181,757	1,181,757	1,181,757	0.0%
Cash Funds	92,280	1,871	38,627,117	38,627,117	42,453,849	0.0%
Cash Funds Exempt/Reappropriated Funds	35,012,439	34,601,827	0	0	0	n/a
Federal Funds	10,061,531	9,823,468	10,894,828	10,894,828	11,974,162	0.0%
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	n/a
Net General Fund	*567,407*	*916,440*	*1,181,757*	*1,181,757*	*1,181,757*	0.0%

FY 2009-10 Joint Budget Committee Staff Record of JBC Action as of March 15, 2009
Department of Human Services
(Office of Operations, Services for People with Disabilities)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 JBC Action as of 3/15/09	Change Requests Request v. Approp.
(9) TOTAL - SERVICES FOR PEOPLE WITH DISABILITIES	**466,404,579**	**455,727,890**	**512,462,351**	**550,787,145**	**556,524,541**	**7.5%**
FTE	**1,814.9**	**1,842.3**	**1,923.4**	**1,992.6**	**1,962.4**	**69.2**
General Fund	**44,146,460**	**38,417,059**	**38,958,055**	**38,588,183**	**38,865,280**	**-0.9%**
Cash Funds	**3,788,462**	**3,317,303**	**77,175,541**	**89,001,464**	**82,125,350**	**15.3%**
Cash Funds Exempt/Reappropriated Funds	**363,426,926**	**359,936,925**	**345,165,587**	**364,877,725**	**372,391,693**	**5.7%**
Federal Funds	**55,042,731**	**54,056,603**	**51,163,168**	**58,319,773**	**63,142,218**	**14.0%**
Medicaid Funds*	***287,311,476***	***318,375,443***	***339,791,755***	***360,563,444***	***366,861,422***	**6.1%**
Net General Fund*	***181,021,421***	***194,469,268***	***206,261,703***	***216,279,545***	***219,623,225***	**4.9%**
GRAND TOTAL - EXECUTIVE DIRECTOR'S OFFICE (disability line items), OFFICE OF OPERATIONS, SERVICES FOR PEOPLE WITH DISABILITIES	**503,753,801**	**495,997,293**	**554,798,220**	**595,565,795**	**598,089,894**	**7.3%**
FTE	**2,256.1**	**2,296.3**	**2,395.9**	**2,472.2**	**2,442.9**	**76.3**
General Fund	**63,988,224**	**59,041,675**	**60,120,526**	**60,729,062**	**59,716,636**	**1.0%**
Cash Funds	**4,541,782**	**4,108,872**	**79,635,676**	**91,725,641**	**84,843,062**	**15.2%**
Cash Funds Exempt/Reappropriated Funds	**375,617,540**	**373,770,614**	**358,611,425**	**379,407,243**	**385,703,023**	**5.8%**
Federal Funds	**59,606,255**	**59,076,132**	**56,430,594**	**63,703,849**	**67,827,173**	**12.9%**
Medicaid Funds*	***292,534,260***	***324,336,181***	***345,846,150***	***366,868,322***	***372,229,191***	**6.1%**
*Net General Fund**	*203,474,577*	*218,074,253*	*230,451,372*	*241,572,863*	*243,158,466*	**4.8%**

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2009-10 STAFF FIGURE SETTING

DEPARTMENT OF HUMAN SERVICES

(Office of Operations and Services for People with Disabilities)

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

Prepared By:
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March 4, 2009

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FY 2009-10 Figure Setting
DEPARTMENT OF HUMAN SERVICES
Office of Operations and Services for People with Disabilities

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests

Beginning in FY 2008-09, appropriations reflect eliminating the cash funds exempt category of appropriation and replacing it with reappropriated funds. Reappropriated funds are those moneys that are appropriated for a second or more time in the same fiscal year. Cash funds exempt reflected cash funds that were estimated to be exempt from the limitations of Article X, Section 20 of the State Constitution (TABOR). Moneys that were previously categorized as cash funds exempt that were not reappropriated funds were characterized in the new budget format as cash funds, regardless of the TABOR status of the funds.

DEPARTMENT OF HUMAN SERVICES

EXECUTIVE DIRECTOR: Karen Beye

(1) EXECUTIVE DIRECTOR'S OFFICE [Disability line items ONLY]
Primary functions: general department administration. This document includes Executive Director's Office, Special Purpose line items that are specifically related to services for people with disabilities. *The balance of Executive Director's Office line items are covered in other Department of Human Services briefing and figure setting documents.*

(B) Special Purpose

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
Developmental Disabilities Council	686,224	843,825	861,654	883,974	883,974	DI #NP-2
FTE	5.1	5.0	6.0	6.0	6.0	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	0	0	0	0	0	
Federal Funds	686,224	843,825	861,654	883,974	883,974	
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		FY 2009-10 Recommend	FY 2009-10 Change Requests
Colorado Commission for the Deaf and Hard of Hearing**	593,922	736,159	785,920	788,181	A	793,850	DI #NP-2
FTE	*2.0*	1.9	2.8	2.8		2.8	BA #51
General Fund	*93,692*	131,161	131,164	126,838	A	132,507	
Cash Funds	*0*	0	*0*	0		*0*	
Cash Funds Exempt/Reappropriated Funds	*500,230*	604,998	654,756	661,343		661,343	
Federal Funds	*0*	0	0	0		0	
Medicaid Funds	*0*	*0*	*0*	*0*		*0*	
Colorado Commission for Individuals who are Blind or Visually Impaired**	n/a	0	112,067	112,067		112,067	
FTE		0.0	1.0	1.0		1.0	
General Fund		0	0	0		0	
Cash Funds		0	0	0		0	
Cash Funds Exempt/Reappropriated Funds		0	112,067	112,067		112,067	
Federal Funds		0	*0*	0		*0*	
Medicaid Funds		0	*0*	0		*0*	
							Rec. v. Approp.
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	686,224	1,579,984	1,759,641	1,784,222		1,789,891	1.7%
FTE	5.1	6.9	9.8	9.8		9.8	0.0
General Fund	0	131,161	131,164	126,838		132,507	1.0%
Cash Funds	0	0	0	0		0	*n/a*
Cash Funds Exempt/Reappropriated Funds	0	604,998	766,823	773,410		773,410	0.9%
Federal Funds	686,224	843,825	861,654	883,974		883,974	2.6%
** Medicaid Funds*	*0*	*0*	0	0		0	*n/a*
**Net General Fund*	*0*	*131,161*	131,164	126,838		132,507	1.0%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

** Shaded amounts from prior years were appropriated in the Division of Vocational Rehabilitation and are shown here [but not added in the Division total] for informational purposes.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		FY 2009-10 Recommend	FY 2009-10 Change Requests
(3) OFFICE OF OPERATIONS							

Primary functions: Facility maintenance and management; accounting and payroll, contracting, purchasing, and field audits. Cash and reappropriated funds amounts are from multiple sources, including indirect cost revenue associated with programs throughout the Department.

Please note: funding splits are reflected below for informational purposes only; the Long Bill appropriation for this subsection reflects fund splits at the bottom-line only for the Administration Section. Fund split detail is therefore not included for actual years except in the bottom-line.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		FY 2009-10 Recommend	FY 2009-10 Change Requests
(A) Administration							
Personal Services	21,720,844	22,458,476	23,172,777	24,364,223	A	24,431,299	BA #31, 52
FTE	430.0	441.6	453.6	460.7	A	463.1	
General Fund		9,277,458	11,037,620	11,710,563	A	11,777,639	
Cash Funds		582,553	1,715,675	1,738,241		1,738,241	
Cash Funds Exempt/Reappropriated Funds		10,097,291	8,754,581	9,171,987		9,171,987	
Federal Funds		2,501,174	1,664,901	1,743,432		1,743,432	
Medicaid Cash Funds		*4,393,460*	*3,858,962*	*4,025,882*		4,025,882	
Operating Expenses	2,355,060	2,639,457	3,435,663	3,716,180	A	3,726,102	DI #5, NP-1, NP-2
General Fund		2,150,375	2,203,926	2,482,730	A	2,492,652	BA #31, 52, 54
Cash Funds		5,465	13,743	13,787		13,787	
Cash Funds Exempt/Reappropriated Funds		482,696	1,015,538	1,017,075		1,017,075	
Federal Funds		921	202,456	202,588		202,588	
Medicaid Funds		*482,696*	*482,605*	*483,396*		*483,396*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
Vehicle Lease Payments	529,049	548,259	703,231		969,127		DI #7, NP-5
General Fund		355,104	430,575		606,298	PENDING	
Cash Funds		3,341	2,813		6,465		
Cash Funds Exempt/Reappropriated Funds		148,062	220,037		290,891		
Federal Funds		41,752	49,806		65,473		
Medicaid Funds		*123,551*	174,337		234,399		
Leased Space	2,361,427	2,466,827	2,537,805		2,537,805	2,537,805	
General Fund		823,401	619,746		619,746	619,746	
Cash Funds		11,569	16,936		16,936	16,936	
Cash Funds Exempt/Reappropriated Funds		0	46,162		46,162	46,162	
Federal Funds		1,631,857	*1,854,961*		1,854,961	*1,854,961*	
Medicaid Funds		*0*	*0*		*0*		
Capitol Complex Leased Space	1,103,065	1,274,122	1,267,295		1,267,295		
General Fund		1,274,122	633,647		633,647	PENDING	
Cash Funds		0	0		0		
Cash Funds Exempt/Reappropriated Funds		0	0		0		
Federal Funds		0	633,648		633,648		
Medicaid Funds		*0*	*0*		0		
Utilities	7,082,225	7,932,033	8,015,299	S**	7,898,954	7,898,954	DI #17
General Fund		6,612,995	6,105,789	S**	5,961,057	5,961,057	
Cash Funds		0	0		0	0	
Cash Funds Exempt/Reappropriated Funds		1,319,038	1,909,510		1,937,897	1,937,897	
Federal Funds		0	0		0	0	
Medicaid Funds		961,031	1,538,491		1,561,201	1,561,201	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
						Request v. Approp.*
Subtotal - (A) Administration	35,151,670	37,319,174	39,132,070	40,753,584	38,594,160	-1.4%
FTE	430.0	441.6	453.6	460.7	463.1	9.5
General Fund	19,841,764	20,493,455	21,031,303	22,014,041	20,851,094	-0.9%
Cash Funds	529,059	602,928	1,749,167	1,775,429	1,768,964	1.1%
Cash Funds Exempt/Reappropriated Funds	10,903,547	12,047,087	11,945,828	12,464,012	12,173,121	1.9%
Federal Funds	3,877,300	4,175,704	4,405,772	4,500,102	3,800,981	-13.7%
*Medicaid Funds**	*5,222,784*	*5,960,738*	*6,054,395*	*6,304,878*	*6,070,479*	0.3%
*Net General Fund**	*22,453,156*	*23,473,824*	*24,058,501*	*25,166,480*	*23,886,334*	-0.7%

*Pending Items are reflected as $0

(B) Special Purpose

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
Buildings and Grounds Rental	892,440	758,340	710,968	948,748	948,748	DI #22
FTE	5.0	5.5	6.5	6.5	6.5	
General Fund	0	0	*0*	0	0	
Cash Funds	224,261	188,641	710,968	948,748	948,748	
Cash Funds Exempt/Reappropriated Funds	668,179	569,699	*0*	0	*0*	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*0*	*0*	*0*	*0*	0	
State Garage Fund	618,888	611,905	733,187	1,292,096	733,187	DI #20
FTE	1.1	0.0	2.6	2.6	2.6	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	618,888	611,905	733,187	1,292,096	733,187	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
						Rec v. Approp.
Subtotal - (B) Special Purpose	1,511,328	1,370,245	1,444,155	2,240,844	1,681,935	16.5%
FTE	6.1	5.5	9.1	9.1	9.1	0.0
General Fund	0	0	0	0	0	n/a
Cash Funds	224,261	188,641	710,968	948,748	948,748	33.4%
Cash Funds Exempt/Reappropriated Funds	1,287,067	1,181,604	733,187	1,292,096	733,187	0.0%
Federal Funds	0	0	0	0	0	n/a
*Medicaid Funds**	*0*	*0*	*0*	*0*	*0*	n/a
*Net General Fund**	0	0	0	0	0	n/a
						Rec v. Approp.
(3) TOTAL OFFICE OF OPERATIONS	**36,662,998**	**38,689,419**	**40,576,225**	**42,994,428**	**40,276,095**	-0.7%
FTE	**436.1**	**447.1**	**462.7**	**469.8**	**472.2**	9.5
General Fund	**19,841,764**	**20,493,455**	**21,031,303**	**22,014,041**	**20,851,094**	-0.9%
Cash Funds	**753,320**	**791,569**	**2,460,135**	**2,724,177**	**2,717,712**	10.5%
Cash Funds Exempt/Reappropriated Funds	**12,190,614**	**13,228,691**	**12,679,015**	**13,756,108**	**12,906,308**	1.8%
Federal Funds	**3,877,300**	**4,175,704**	**4,405,772**	**4,500,102**	**3,800,981**	-13.7%
Medicaid Funds*	***5,222,784***	***5,960,738***	***6,054,395***	***6,304,878***	***6,070,479***	0.3%
Net General Fund*	***22,453,156***	***23,473,824***	***24,058,501***	***25,166,480***	***23,886,334***	-0.7%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

**Includes supplemental recommended but not yet enacted.

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	**Actual**	**Appropriation**	**Request**	**Recommend**	**Change Requests**

(9) SERVICES FOR PEOPLE WITH DISABILITIES
Primary functions: Administers community-based and institutional services for people with developmental disabilities, provides vocational rehabilitation services, and administers the Homelake Domiciliary and veterans nursing homes.

(A) Community Services for People with Developmental Disabilities
Primary functions: Funding for 20 Community Centered Boards (CCBs), and contracting service agencies, to: (1) deliver community-based residential and supported living living services for adults with developmental disabilities; and (2) deliver early intervention, family support services, and children's extensive support services for children with developmental disabilities and delays. Also funds associated case management by CCBs and state administration and oversight. Medicaid revenue is the primary source of reappropriated funds; local and client payments to CCBs are reflected as cash funds.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
(1) Administration						
Personal Services	2,533,798	2,441,163	2,639,111 S	2,923,535	2,923,535	
FTE	29.1	30.1	32.8	34.0	34.0	
General Fund	247,283	247,613	273,646	287,177	287,177	
Cash Funds	0	0	33,000	0	0	
Cash Funds Exempt/Reappropriated Funds	2,286,515	2,193,550	2,332,465 S	2,636,358	2,636,358	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*2,286,515*	*2,193,550*	*2,449,748*	*2,636,358*	*2,636,358*	
Operating Expenses	151,317	148,013	151,314	153,744 A	153,744	DI #NP-1, NP-2
General Fund	0		0	0	0	BA #54
Cash Funds	0		0	0	0	
Cash Funds Exempt/Reappropriated Funds	151,317	148,013	151,314	153,744 A	153,744	
Federal Funds	0		0	0	0	
Medicaid Funds	*151,317*	*148,013*	*151,314*	*153,744*	*153,744*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
Community and Contract Management System	124,565	137,216	137,480	137,480	137,480	
General Fund	52,458	41,244	41,244	41,244	41,244	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	72,107	95,972	96,236	96,236	96,236	
Federal Funds	0	0	0	0	0	
Medicaid Funds	72,107	95,972	96,236	96,236	96,236	
Medicaid Waiver Transition Costs**	1,200,475	568,823	79,028	93,140	93,140	
General Fund	799,106	559,610	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	401,369	9,213	79,028	93,140	93,140	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*401,369*	*9,213*	*79,028*	*93,140*	*93,140*	
						Request v. Approp.
Subtotal - (1) Administration	4,010,155	3,295,215	3,006,933	3,307,899	3,307,899	10.0%
FTE	29.1	30.1	32.8	34.0	34.0	1.2
General Fund	1,098,847	848,467	314,890	328,421	328,421	4.3%
Cash Funds	0	0	33,000	0	0	-100.0%
Cash Funds Exempt/Reappropriated Funds	2,911,308	2,446,748	2,659,043	2,979,478	2,979,478	12.1%
Federal Funds	0	0	0	0	0	n/a
*Medicaid Funds**	*2,911,308*	*2,446,748*	*2,776,326*	*2,979,478*	*2,979,478*	7.3%
*Medicaid - General Fund portion**	*1,455,654*	*1,223,374*	*1,388,163*	*1,489,739*	*1,489,739*	7.3%
*Net General Fund**	*2,554,501*	*2,071,841*	*1,703,053*	*1,818,160*	*1,818,160*	6.8%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

**A total of $1,812,049 was appropriated for this line item in FY 2006-07; a portion was rolled forward for use in FY 2007-08

	FY 2006-07	FY 2007-08	FY 2008-09		FY 2009-10			
	Actual	**Actual**	**Appropriation**		**Request**		**Recommend**	**Change Requests**
(2) Program Costs								
Please note: amounts and funding splits by service category are reflected below for informational purposes only starting in FY 2007-08; the Long Bill appropriation for Program Costs reflects fund splits at the bottom-line only and provides the Department with authority to move amounts and fund sources among service categories in the Program Costs line item.								
Adult Program Costs*	279,728,279	0	0		0		0	
General Fund	18,177,319							
Cash Funds	0							
Cash Funds Exempt/Reappropriated Funds	261,550,960							
Federal Funds	0							
Medicaid Funds	*227,258,471*							
Medicaid - General Fund portion	*113,207,312*							
Net General Fund	*131,384,631*							
Adult Comprehensive Services		208,655,652	249,029,365	S	266,402,609	A	272,212,428	DI #3
General Fund		1,523,193	1,650,459		1,650,459		1,624,442	BA #19, 25, 33, 51
Cash Funds		0	28,340,125	S	33,123,921	A	30,382,059	
Cash Funds Exempt/Reappropriated Funds		207,132,459	219,038,781	S	231,628,229	A	240,205,927	
Medicaid Funds		207,132,459	*219,038,781*	S	*231,747,410*	A	*240,205,927*	
Medicaid - General Fund portion		103,566,230	*109,485,407*	S	*115,839,722*	A	*120,102,962*	
Adult Supported Living Services		46,431,134	52,240,309	S	57,045,150	A	54,167,273	DI #3
General Fund		7,403,678	7,974,941		7,974,941		7,974,941	BA #25, 33
Cash Funds		0	0	S	2,864,581		0	
Cash Funds Exempt/Reappropriated Funds		39,027,456	44,265,368	S	46,205,628	A	46,192,332	
Medicaid Funds		39,027,456	*44,265,368*	S	*46,205,628*	A	*46,192,332*	
Medicaid - General Fund portion		19,513,728	*22,132,684*	S	*23,102,814*	A	*23,096,167*	

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	**Actual**	**Appropriation**	**Request**	**Recommend**	**Change Requests**
Early Intervention Services		10,809,324	11,098,328 S	11,663,694	11,098,328	
General Fund		10,809,324	11,098,328	11,098,328	11,098,328	
Cash Funds		0	0 S	565,366	0	
Cash Funds Exempt/Reappropriated Funds		0	0	0	0	
Medicaid Funds		0	*0*	*0*	*0*	
Medicaid - General Fund portion		0	*0*	*0*	*0*	
Family Support Services		6,028,673	6,507,966 S	7,117,269 A	6,507,966	DI #3
General Fund		6,028,673	6,507,966	6,773,394 A	6,507,966	BA #33
Cash Funds		0	0 S	343,875	0	
Cash Funds Exempt/Reappropriated Funds		0	0	0	0	
Medicaid Funds		0	*0*	*0*	*0*	
Medicaid - General Fund portion		0	*0*	*0*	*0*	
Children's Extensive Support Services		5,756,235	6,882,727 S	7,251,728 A	6,882,727	BA #25
General Fund		0	0	0	0	
Cash Funds		0	0 S	369,001	0	
Cash Funds Exempt/Reappropriated Funds		5,756,235	6,882,727 S	6,882,727 A	6,882,727	
Medicaid Funds		5,756,235	*6,882,727* S	*6,882,727* A	*6,882,727*	
Medicaid - General Fund portion		2,452,156	*2,934,897* S	*2,934,897* A	*2,897,625*	
Medicaid - Health Care Expansion Fund portion		454,743	*543,738* S	*543,738*	*543,738*	
Case Management and Quality Assurance		19,718,750	22,373,098 S	24,390,788 A	23,122,398	DI #3
General Fund		2,986,639	3,888,010	3,920,632 A	3,888,010	BA #25,33
Cash Funds		0	0 S	1,261,058	0	
Cash Funds Exempt/Reappropriated Funds		16,732,111	18,485,088 S	19,209,098 A	19,234,388	
Medicaid Funds		16,732,111	*18,485,088* S	*19,209,098* A	*19,234,388*	
Medicaid - General Fund portion		8,299,127	*9,170,656* S	*9,532,662* A	*9,581,046*	
Medicaid - Health Care Expansion Fund portion		3,179,101	*36,149* S	*36,149*	*36,149*	

	FY 2006-07	FY 2007-08	FY 2008-09		FY 2009-10				
	Actual	Actual	Appropriation		Request		Recommend	Change Requests
Special Purpose		320,982	1,057,693	S	1,064,342	A	890,158	
General Fund		320,982	360,844		360,844	A	360,844	
Cash Funds		0	0	S	6,649		0	
Cash Funds Exempt/Reappropriated Funds		0	696,849		696,849	A	529,314	
Medicaid Funds		0	*205,535*		*205,535*	A	*38,000*	
Medicaid - General Fund portion		0	*102,377*		*102,377*	A	*19,001*	
Hold Harmless [new subcomponent]		864,447	*0*		*0*		*0*	
General Fund		864,447	*0*		*0*		*0*	
Cash Funds		0	0		0		0	
Cash Funds Exempt/Reappropriated Funds		0	0		0		0	
Medicaid Funds		0	*0*		*0*		*0*	
Medicaid - General Fund portion		0	*0*		*0*		*0*	
								Rec v. Approp.
Subtotal - (2) Program Costs	279,728,279	298,585,197	349,189,486	S	374,935,579	A	374,881,278	7.4%
General Fund	18,177,319	29,936,936	31,480,548		31,778,598	A	31,454,531	-0.1%
Cash Funds	0	0	28,340,125	S	38,534,450	A	30,382,059	7.2%
Cash Funds Exempt/Reappropriated Funds	261,550,960	268,648,261	289,368,813	S	304,622,531	A	313,044,688	8.2%
Federal Funds	0	0	0		0		0	n/a
*Medicaid Funds**	*227,258,471*	*268,648,261*	*288,877,499*	S	*304,250,398*	A	*312,553,374*	8.2%
*Medicaid - General Fund portion**	*113,207,312*	*133,831,241*	*143,826,021*	S	*151,512,473*	A	*155,696,800*	8.3%
*Net General Fund**	*131,384,631*	*163,768,177*	*175,306,569*	S	*183,291,071*	A	*187,151,331*	6.8%

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	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10			
	Actual	**Actual**	**Appropriation**	**Request**		**Recommend**	**Change Requests**
(3) Other Community Programs							
Federal Special Education Grant for Infants, Toddlers and Their Families (Part C) - Federal Funds** [moved from Children's Section in FY 2007-08]	*See Services for Children and Families section below.*	6,659,417	6,832,502	6,852,497		10,410,498	DI #NP-2
FTE		6.3	6.5	6.5		6.5	
Federally-matched Local Program Costs	10,684,623	3,641,910	2,000,000	2,000,000		0	
General Fund	0	0	0	0		0	
Cash Funds	0	0	0	0		0	
Cash Funds Exempt/Reappropriated Funds	10,684,623	3,641,910	2,000,000	2,000,000		0	
Federal Funds	0	0	0	0		0	
Medicaid Funds (includes $0 General Fund)	*10,684,623*	*3,641,910*	*2,000,000*	*2,000,000*		*0*	
Custodial Funds for Early Intervention Services	n/a	130,345	2,813,085	2,813,085		2,813,085	
General Fund		0	*0*	*0*		*0*	
Cash Funds		0	2,813,085	*2,813,085*		2,813,085	
Cash Funds Exempt/Reappropriated Funds		130,345	0	0		0	
Federal Funds		0	0	*0*		0	
Medicaid Funds		*0*	*0*	*0*		*0*	
Preventive Dental Hygiene	62,449	63,386	64,337	63,494	A	64,337	BA #51
General Fund	58,842	59,725	60,621	59,827	A	60,621	
Cash Funds	0	0	3,716	3,667	A	3,716	
Cash Funds Exempt/Reappropriated Funds	3,607	3,661	0	0		0	
Federal Funds	0	0	0	0		0	
Medicaid Funds	*0*	*0*	0	*0*		0	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
Developmental Disability Navigator Pilot (H.B. 08-1031)	n/a	n/a	0 S	*0*	0	
General Fund			0 S	*0*	0	
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						
						Rec v. Approp.
Subtotal - (3) Other Community Programs	10,747,072	10,495,058	11,709,924	11,729,076 A	13,287,920	13.5%
FTE	0.0	6.3	6.5	6.5 A	6.5	0.0
General Fund	58,842	59,725	60,621	59,827 A	60,621	0.0%
Cash Funds	0	0	2,816,801	2,816,752	2,816,801	0.0%
Cash Funds Exempt/Reappropriated Funds	10,688,230	3,775,916	2,000,000	2,000,000	0	-100.0%
Federal Funds	0	6,659,417	6,832,502	6,852,497	10,410,498	52.4%
*Medicaid Funds**	*10,684,623*	*3,641,910*	*2,000,000*	*2,000,000*	*0*	-100.0%
*Medicaid - General Fund portion**	*0*	*0*	*0*	*0*	*0*	n/a
*Net General Fund**	*58,842*	*59,725*	*60,621*	*59,827*	*60,621*	0.0%
						Rec v. Approp.
(A) Community Services for People with Developmental Disabilities	294,485,506	312,375,470	363,906,343	389,972,554 A	391,477,097	7.6%
FTE	29.1	36.4	39.3	40.5	40.5	1.2
General Fund	19,335,008	30,845,128	31,856,059	32,166,846 A	31,843,573	0.0%
Cash Funds	0	0	31,189,926	41,351,202 A	33,198,860	n/a
Cash Funds Exempt/Reappropriated Funds	275,150,498	274,870,925	294,027,856	309,602,009 A	316,024,166	7.5%
Federal Funds	0	6,659,417	6,832,502	6,852,497 A	10,410,498	52.4%
*Medicaid Funds**	*240,854,402*	*274,736,919*	*293,653,825*	*309,229,876* A	*315,532,852*	7.5%
*Medicaid - General Fund portion**	*114,662,966*	*135,054,615*	*145,214,184*	*153,002,212* A	*157,186,539*	8.2%
*Net General Fund**	*133,997,974*	*165,899,743*	*177,070,243*	*185,169,058* A	*189,030,112*	6.8%

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 2006-07	FY 2007-08	FY 2008-09	FY 2009-10			
	Actual	Actual	Appropriation	Request		Recommend	Change Requests
(B) Regional Centers for People with Developmental Disabilities							
Primary functions: operates three regional centers that house and provide therapeutic and other services to individuals with developmental disabilities. Reappropriated funds amounts reflect Medicaid revenue. Cash amounts primarily reflect consumer payments for room and board.							
(1) Medicaid-funded Services							
Personal Services	40,837,901	43,284,413	45,597,117	50,317,708	A	50,159,821	DI #1
FTE	907.1	935.6	955.3	1,025.5	A	1,004.5	
General Fund	0	0	0	0		0	
Cash Funds	2,646,756	2,654,879	2,691,276	2,691,276		2,290,436	
Cash Funds Exempt/Reappropriated Funds	38,191,145	40,629,534	42,905,841	47,626,432	A	47,869,385	
Federal Funds	0	0	0	0		0	
Medicaid Funds	38,191,145	40,629,534	42,905,841	47,626,432	A	46,736,005	
Operating Expenses	2,317,046	2,327,065	2,550,164	2,860,961	A	2,760,399	DI #1, 17, NP-1, NP-2
General Fund	0	0	0	0	A	0	BA #54
Cash Funds	353	0	0	0		0	
Cash Funds Exempt/Reappropriated Funds	2,316,693	2,327,065	2,550,164	2,860,961		2,760,399	
Federal Funds	0	0	0	0		0	
Medicaid Funds	*2,316,693*	*2,327,065*	*2,550,164*	*2,860,961*	A	*2,760,399*	
Capital Outlay - Patient Needs	80,248	80,249	80,249	244,499		244,499	DI #5
General Fund	0	0	0	0		0	
Cash Funds	0	0	0	0		0	
Cash Funds Exempt/Reappropriated Funds	80,248	80,249	80,249	244,499		244,499	
Federal Funds	0	0	0	0		0	
Medicaid Funds	*80,248*	*80,249*	*80,249*	*244,499*		*244,499*	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
Leased Space	195,088	200,209	200,209	200,209	72,820	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	195,088	200,209	200,209	200,209	72,820	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*195,088*	*200,209*	200,209	*200,209*	200,209	
Resident Incentive Allowance	138,176	138,176	138,176	138,176	138,176	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	138,176	138,176	138,176	138,176	138,176	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*138,176*	*138,176*	*138,176*	*138,176*	*138,176*	
Purchase of Services	262,661	263,291	263,291	263,291	263,291	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt/Reappropriated Funds	262,661	263,291	263,291	263,291	263,291	
Federal Funds	0	0	0	0	0	
Medicaid Funds	*262,661*	*263,291*	*263,291*	*263,291*	*263,291*	
(2) Other Program Costs						
General Fund Physician Services	n/a	244,460	155,127	88,009	88,009	
FTE		1.5	0.9	0.5	0.5	
General Fund		244,460	155,127	88,009	88,009	
ICF/MR Adaptations						
General Fund	*n/a*	*n/a*	240,000	0	0	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
						Rec v. Approp
(B) Sub-total Regional Centers	43,831,120	46,537,863	49,224,333	54,112,853 A	53,727,015	9.1%
FTE	907.1	937.1	956.2	1,026.0	1,005.0	48.8
General Fund	0	244,460	395,127	88,009	88,009	-77.7%
Cash Funds	2,647,109	2,654,879	2,691,276	2,691,276	2,290,436	-14.9%
Cash Funds Exempt/Reappropriated Funds	41,184,011	43,638,524	46,137,930	51,333,568 A	51,348,570	11.3%
Federal Funds	0	0	0	0	0	n/a
*Medicaid Funds**	*41,184,011*	*43,638,524*	*46,137,930*	*51,333,568* A	*51,348,570*	11.3%
*Medicaid -- General Fund portion**	*19,849,009*	*20,997,594*	*22,089,464*	*24,689,150* A	*23,581,404*	6.8%
Net General Fund	*19,849,009*	*21,242,054*	*22,484,591*	*24,777,159*	*23,669,413*	5.3%

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(*Former 3*) Services for Children and Families

This section was consolidated in the Developmental Disability Services, Community Services section in FY 2007-08. It formerly included funding to deliver early intervention, family support, and children's extensive support services to children and families in community settings. The primary source of cash funds exempt was Medicaid revenue; local match contributions to community centered boards were also reflected.

	FY 2006-07		FY 2009-10 Recommend
Program Funding	23,381,037	*appropriations moved to Community Services, Program Costs*	0
General Fund	16,872,836		
Cash Funds	0		
Cash Funds Exempt/Reappropriated Funds	6,508,201		
Federal Funds	0		
Medicaid Funds	5,273,063		
Medicaid - General Fund portion	2,362,986		
Net General Fund	*19,235,822*		

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
Federal Special Education Grant for Infants, Toddlers and Their Families (Part C) - Federal Funds	6,618,033			0	0	
FTE	6.5					
Child Find - General Fund	1,000,000		0	0	0	
						Request v. Approp.
Sub-total Services for Children and Families	30,999,070	0	0	0	0	n/a
FTE	6.5	0.0	0.0	0.0	0.0	n/a
General Fund	17,872,836	0	0	0	0	n/a
Cash Funds	0	0	0	0	0	n/a
Cash Funds Exempt/Reappropriated Funds	6,508,201	0	0	0	0	n/a
Federal Funds	6,618,033	0	0	0	0	n/a
*Medicaid Funds**	5,273,063	0	0	0	0	n/a
*Medicaid - General Fund portion**	2,362,986	0	0	0	0	n/a
*Net General Fund**	*20,235,822*	*0*	*0*	*0*	*0*	n/a

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		
	Actual	**Actual**	**Appropriation**	**Request**	**Recommend**	**Change Requests**

(C) Work Therapy Program

Primary functions: Provide sheltered work opportunities to residents of state operated regional centers and the Mental Health Institute at Fort Logan. Cash amounts reflect payments from private businesses and government agencies for work completed.

						Request v. Approp.
Program Costs	254,269	398,024	464,589	467,116	467,116	0.5%
FTE	1.5	1.5	1.5	1.5	1.5	0.0
General Fund	0	0	0	0	0	n/a
Cash Funds	237,879	305,646	464,589	467,116	467,116	0.5%
Cash Funds Exempt/Reappropriated Funds	16,390	92,378	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	n/a

						Rec. v. Approp.
Sub-total Developmental Disability Services [former section]	369,569,965	359,311,357	413,595,265	444,552,523	445,671,228	7.8%
FTE	944.2	975.0	997.0	1,068.0	1,047.0	50.0
General Fund	37,207,844	31,089,588	32,251,186	32,254,855	31,931,582	-1.0%
Cash Funds	2,884,988	2,960,525	34,345,791	44,509,594	35,956,412	4.7%
Cash Funds Exempt/Reappropriated Funds	322,859,100	318,601,827	340,165,786	360,935,577	367,372,736	8.0%
Federal Funds	6,618,033	6,659,417	6,832,502	6,852,497	10,410,498	52.4%
Medicaid Funds	*287,311,476*	*318,375,443*	*339,791,755*	*360,563,444*	*366,881,422*	8.0%
Net General Fund	*174,082,805*	*187,141,797*	*199,554,834*	*209,946,217*	*212,699,525*	6.6%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
(D) Division of Vocational Rehabilitation						
(Primary functions: provides the services and equipment necessary to help individuals with disabilities secure and/or retain employment. Funds Independent Living Centers to provide assisted living and advocacy services						
Rehabilitation Programs - General Fund Match	23,421,414	23,689,950	19,409,647	24,767,824 A	19,812,812	DI #NP-1, NP-2
FTE	194.0	215.8	224.7	224.7	224.7	BA #51,54
General Fund	4,948,368	5,044,183	4,127,841	3,633,848 A	4,213,715	BA #44
Cash Funds	0	0	0	1,635,285 A	0	
Cash Funds Exempt/Reappropriated Funds	0	0	0	0	0	
Federal Funds	18,473,046	18,645,767	15,281,806	19,498,691 A	15,599,097	
Medicaid Funds	*0*	*0*	0	*0*	0	
Rehabilitation Programs - Local Funds Match	22,388,256	24,571,732	22,217,502 S	23,483,873 A	23,750,460	DI #NP-1, NP-2, NP-6
FTE	13.8	19.8	20.3 S	18.0	18.0	BA #51,54
General Fund	0	0	0	0	0	
Cash Funds	39,938	64,968	1,034,500	1,034,200	34,166	
Cash Funds Exempt/Reappropriated Funds	4,734,143	6,621,923	5,015,613 S	3,942,148 A	5,036,375	
Federal Funds	17,614,175	17,884,841	16,167,389 S	18,507,525 A	18,679,919	
Medicaid Funds	*0*	*0*	0	*0*	0	
American Reinvestment and Recovery Act - Vocational Rehabilitation Funding						
Federal Funds				0	3,653,522	
Business Enterprise Program for People who are Blind	1,463,596	791,220	943,822	967,779 A	967,779	DI #NP-1, NP-2
FTE	5.3	6.4	6.0	6.0	6.0	BA #54
General Fund	0	0	0	0	0	
Cash Funds	136,298	128,770	200,320	205,422 A	205,422	
Cash Funds Exempt/Reappropriated Funds	175,584	39,802	0	0	0	
Federal Funds	1,151,714	622,648	743,502	762,357 A	762,357	
Medicaid Funds	*0*	*0*	*0*			

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits	630,175	319,843	659,000	0	659,000	659,000	
General Fund	0	0	0		0	0	
Cash Funds	412,676	161,169	477,990		477,990	477,990	
Cash Funds Exempt/Reappropriated Funds	55,528	26,644	0		0	0	
Federal Funds	161,971	132,030	181,010		181,010	181,010	
Medicaid Funds		0	0		0	0	
Independent Living Centers and State Independent Living Council	1,630,640	1,700,182	1,936,377		1,915,874	1,934,636	BA #51
FTE	0.0	0.0	0.0		0.0	0.0	
General Fund	1,266,648	1,366,848	1,487,351		1,466,848	1,487,351	
Cash Funds	0	0	44,902		44,902	29,621	
Cash Funds Exempt/Reappropriated Funds	44,902	44,902	0		0	0	
Federal Funds	319,090	288,432	404,124		404,124	417,664	
Medicaid Cash Funds	*0*	*0*	0		*0*	0	
Independent Living Centers - Vocational Rehabilitation Program	283,333	0	0		0	0	
FTE	0.0	0.0	0.0		0.0	0.0	
General Fund	62,501	0					
Cash Funds	0	0					
Cash Funds Exempt/Reappropriated Funds	0	0					
Federal Funds	220,832	0					
Medicaid Funds	*0*	*0*					

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
Appointment of Legal Interpreters for the Hearing Impaired (tranfer to EDO)	0	0	0	0	0	
General Fund	0	0				
Cash Funds	0	0				
Cash Funds Exempt/Reappropriated Funds	0	0				
Federal Funds	0	0				
Medicaid Funds	0	0				
Colorado Commission for the Deaf and Hard of Hearing	593,922	0	0	0	0	
FTE	2.0		0.0	0.0	0.0	
General Fund	93,692					
Cash Funds	0					
Cash Funds Exempt/Reappropriated Funds	500,230					
Federal Funds	0					
Medicaid Funds	*0*	*0*				
Colorado Commission for the Deaf and Hard of Hearing Cash Fund - Cash Funds	222,282		0	0	0	
Colorado Commission for Individuals who are Blind or Visually Impaired	n/a		0	0	0	
FTE						
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
Older Blind Grants	467,339	0	450,000	450,000	698,789	
General Fund	0		0	0	0	
Cash Funds	0		45,000	45,000	45,000	
Cash Funds Exempt/Reappropriated Funds	45,000		0	0	0	
Federal Funds	422,339		405,000	405,000	653,789	
Medicaid Funds	*0*	*0*	0	0	0	
Traumatic Brain Injury Trust Fund**	1,291,272	1,811,115	2,411,498	2,421,954 A	2,921,931	DI #19, NP-2
FTE	0.9	1.4	1.5	1.5	1.5	BA #54
General Fund			0	0	0	
Cash Funds	1,291,272	1,811,115	2,411,498	2,421,954 A	2,921,931	
Cash Funds Exempt/Reappropriated Funds	0	0	0	0	0	
Federal Funds	*0*	*0*	0	0	0	
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	
Estimated Federal Social Security Administration Reimbursement - Federal Funds	n/a	n/a	813,741	813,741	813,741	
Study of Employment of Persons with Developmental Disabilities (S.B. 08-04) -- General Fund	n/a	n/a	34,293	50,875	50,875	
FTE			0.5	1.0	1.0	
						Request v. Approp.
(D) Sub-total Vocational Rehabilitation	51,100,957	51,072,927	48,875,880	55,530,920 A	55,263,545	13.6%
FTE	215.1	242.0	253.0	251.2	251.2	(1.8)
General Fund	6,371,209	6,411,031	5,649,485	5,151,571 A	5,751,941	-8.8%
Cash Funds	811,194	354,907	4,214,210	5,864,753 A	3,714,130	39.2%
Cash Funds Exempt/Reappropriated Funds	5,555,387	6,733,271	5,015,613	3,942,148 A	5,036,375	-21.4%
Federal Funds	38,363,167	37,573,718	33,996,572	40,572,448 A	40,761,099	19.3%
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	n/a
Net General Fund	*6,371,209*	*6,411,031*	*5,649,485*	*5,151,571* A	*5,751,941*	-8.8%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
**FY 2006-07 and FY 2007-08 actuals shown for informational purposes and not included in totals. The line item was located in the Mental Health and Alcohol and Drug Abuse Services section prior to FY 2008-09.						
(E) Homelake Domiciliary and State and Veterans Nursing Homes						
(1) Homelake Domiciliary						
Primary functions: operates a 46-bed assisted living facility for veterans. Cash funds exempt amounts reflect client fees.						
Note: This section is eliminated in FY 2007-08 in favor of a single General Fund line item for Homelake state subsidy.						
Personal Services	897,341	0	0	0	0	
FTE	15.6					
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						
Operating Expenses	271,217	0	0	0	0	
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						
Utilities	116,765	0	0	0	0	
General Fund						
Cash Funds						
Cash Funds Exempt/Reappropriated Funds						
Federal Funds						
Medicaid Funds						

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	FY 2009-10 Change Requests
(1) Sub-total Homelake Domiciliary	1,285,323	*see section total*	*see section total*	*see section total*	0	
FTE	15.6				0.0	
General Fund	176,154				0	
Cash Funds	0				0	
Cash Funds Exempt/Reappropriated Funds	785,246				0	
Federal Funds	323,923				0	
Medicaid Funds	*0*				*0*	
Net General Fund	*176,154*				*0*	
(2) State and Veterans Nursing Homes						
Primary Functions: Operation and management of the six state and veterans nursing homes and Homelake Domiciliary. Cash Funds (formerly Cash Funds Exempt) reflect client fees. Cash funds and federal funds are for information only. The nursing homes are enterprises and have continuous spending authority.						
Homelake Domiciliary State Subsidy						
General Fund	n/a	178,888	186,130	186,130	186,130	
Legislative Oversight Committee on the State and Veterans Nursing Homes						
Cash Funds Exempt/Reappropriated Funds	18,748	0	0	0	0	
Nursing Home Consulting Services						
General Fund	391,253	195,627	195,627	195,627	195,627	
Nursing Home Indirect Cost Subsidy						
General Fund	n/a	541,925	800,000	800,000	800,000	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
Program Costs	44,057,081	44,427,166	49,521,945	49,521,945	54,428,011	
FTE	640.0	625.3	673.4	673.4	673.4	
General Fund	0	0	0	0	0	
Cash Funds	92,280	1,871	38,627,117	38,627,117	42,453,849	
Cash Funds Exempt/Reappropriated Funds	34,227,193	34,601,827	0	0	0	
Federal Funds	9,737,608	9,823,468	10,894,828	10,894,828	11,974,162	
(2) Subtotal - State and Veterans Nursing Homes	44,448,334	*see section total*	*see section total*	*see section total*	*see section total*	
FTE	640.0					
General Fund	391,253					
Cash Funds	92,280					
Cash Funds Exempt/Reappropriated Funds	34,227,193					
Federal Funds	9,737,608					
Medicaid Funds	0					
Net General Fund	*391,253*					
						Request v. Approp.
(E) Total - Homelake Domiciliary and State and Veterans Nursing Homes	45,733,657	45,343,606	50,703,702	50,703,702	55,609,768	0.0%
FTE	655.6	625.3	673.4	673.4	673.4	0.0
General Fund	567,407	916,440	1,181,757	1,181,757	1,181,757	0.0%
Cash Funds	92,280	1,871	38,627,117	38,627,117	42,453,849	0.0%
Cash Funds Exempt/Reappropriated Funds	35,012,439	34,601,827	0	0	0	n/a
Federal Funds	10,061,531	9,823,468	10,894,828	10,894,828	11,974,162	0.0%
Medicaid Funds	*0*	*0*	*0*	*0*	*0*	n/a
Net General Fund	*567,407*	*916,440*	*1,181,757*	*1,181,757*	*1,181,757*	0.0%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend	Change Requests
						Request v. Approp.
(9) TOTAL - SERVICES FOR PEOPLE WITH DISABILITIES	**466,404,579**	**455,727,890**	**513,174,847**	**550,787,145**	**556,544,541**	**7.3%**
FTE	**1,814.9**	**1,842.3**	**1,923.4**	**1,992.6**	**1,971.6**	**69.2**
General Fund	**44,146,460**	**38,417,059**	**39,082,428**	**38,588,183**	**38,865,280**	**-1.3%**
Cash Funds	**3,788,462**	**3,317,303**	**77,187,118**	**89,001,464**	**82,124,391**	**15.3%**
Cash Funds Exempt/Reappropriated Funds	**363,426,926**	**359,936,925**	**345,181,399**	**364,877,725**	**372,409,111**	**5.7%**
Federal Funds	**55,042,731**	**54,056,603**	**51,723,902**	**58,319,773**	**63,145,759**	**12.8%**
Medicaid Funds*	***287,311,476***	***318,375,443***	***339,791,755***	***360,563,444***	***366,881,422***	**6.1%**
Net General Fund*	***181,021,421***	***194,469,268***	***206,386,076***	***216,279,545***	***219,633,223***	**4.8%**
GRAND TOTAL - EXECUTIVE DIRECTOR'S OFFICE (disability line items), OFFICE OF OPERATIONS, SERVICES FOR PEOPLE WITH DISABILITIES	**503,753,801**	**495,997,293**	**555,510,712**	**595,565,795**	**598,610,526**	**7.2%**
FTE	**2,256.1**	**2,296.3**	**2,395.9**	**2,472.2**	**2,453.6**	**76.3**
General Fund	**63,988,224**	**59,041,675**	**60,244,895**	**60,729,062**	**59,848,881**	**0.8%**
Cash Funds	**4,541,782**	**4,108,872**	**79,647,253**	**91,725,641**	**84,842,103**	**15.2%**
Cash Funds Exempt/Reappropriated Funds	**375,617,540**	**373,770,614**	**358,627,237**	**379,407,243**	**386,088,828**	**5.8%**
Federal Funds	**59,606,255**	**59,076,132**	**56,991,328**	**63,703,849**	**67,830,714**	**11.8%**
Medicaid Funds*	***292,534,260***	***324,336,181***	***345,846,150***	***366,868,322***	***372,951,901***	**6.1%**
*Net General Fund**	*203,474,577*	*218,074,253*	*230,575,741*	*241,572,863*	*243,652,064*	**4.8%**

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

(1) EXECUTIVE DIRECTOR'S OFFICE

(B) Special Purpose

Developmental Disabilities Council

This council of 24 appointed representatives is responsible for providing coordination, planning and advice on developmental disabilities services, including development of a state plan for developmental disability services.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
General Professional	4.0	5.0	5.0	5.0
Administrative Support	1.0	1.0	1.0	1.0
TOTAL	5.0	6.0	6.0	6.0

Staff recommends $883,974 federal funds for a continuation level of 6.0 FTE, calculated consistent with common policy. The total includes $427,877 for personal services, $132,626 for operating expenses, and $323,471 for grants. This figure includes $2,780 for postage (DI #NP-2), which is pending a common policy decision.

Colorado Commission for the Deaf and Hard of Hearing

Note: this line item was moved to the Executive Director's Office from the Division of Vocational Rehabilitation in FY 2007-08.

Created in FY 2000-01, the Colorado Commission for the Deaf and Hard of Hearing is codified at Section 26-21-101, et. seq., C.R.S. The Commission is responsible for: (1) facilitating the provision of general government services to persons who are deaf and hard of hearing; (2) distribution of telecommunications equipment for persons who are deaf and hard of hearing (pursuant to H.B. 02-1180); and, since FY 2006-07, (3) overseeing provision of legal interpreters for the hearing impaired (pursuant to S.B. 06-61). Funding is from the General Fund (for a portion of the legal interpreters program), and the balance reflects appropriations from the Colorado Disabled Telephone Users Fund

(DTUF) to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund for the Commission's use. The Commission may also receive and expend gifts, grants and donations.

Prior to FY 2006-07, the Commission was supported by ongoing and one-time transfers from the DTUF to the Commission Cash Fund that were fixed in statute; however, pursuant to S.B. 06-218, amounts from the DTUF to the Commission Cash Fund are based on annual appropriation. Note that S.B. 09-144, if enacted in its present form, would substantially increase the Commission's funding and staffing through increased appropriations from the DTUF.

The table below summarizes the request and recommendation.

	Request		Recommend	
	Amount	FTE	Amount	FTE
FY 2008-09 Long Bill	$785,920	2.8	$785,920	2.8
Common policy personal services adjustments	7,899	0.0	7,899	0.0
BA #51 provider rate decrease(legal interpreters only)	(5,669)	0.0	0	0.0
Postage increase - **pending**	31	0.0	31	0.0
Total	788,181	2.8	793,850	2.8

The recommendation includes $132,507 General Fund and $661,343 reappropriated funds from the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (transferred from the Disabled Telephone Users Fund). The calculation includes an increase for Decision Item NP 2, which is pending a common policy decision. As reflected in the table, the difference between the request and recommendation is that the request includes returning provider rates (for payment of legal interpreters) to FY 2007-08 levels. Per Committee common policy, staff has not reflected this reduction.

Staff Recommendation - Colorado Commission on the Deaf and Hard			
	General Fund	Reappropriated Funds	Total
Commission State Liaison/Outreach and Equipment Distribution Activities			
Personal Services	$0	$134,975	$134,975
FTE	0.0	2.0	2.0
Operating Expenses (postage increase included but pending)	0	19,709	19,709
Telecom. Equip. Grants	0	199,434	199,434

Staff Recommendation - Colorado Commission on the Deaf and Hard				
		General Fund	Reappropriated Funds	Total
	Subtotal	$0	$354,118	$354,118
Commission Legal Interpreter Duties per S.B. 06-61				
Personal Services		$43,803	$0	$43,803
FTE		0.8	0.0	0.8
Operating Expenses		1,960	0	1,960
Interpreter Contracts		86,744	296,825	383,569
Web Information System		0	10,400	10,400
	Subtotal	$132,507	$307,225	$439,732
Grand Total		**$132,507**	**$661,343**	**$793,850**

Appropriation in Department of Regulatory Agencies

The staff recommendation for this line item for reappropriated funds encompasses a matching cash funds appropriation to the Department of Regulatory Agencies, Public Utilities Commission, Colorado Commission for the Deaf and Hard of Hearing Cash Fund from amounts in the Disabled Telephone Users Fund.

Colorado Commission for Individuals who are Blind or Visually Impaired

Note: This program was created by H.B. 07-1274, which placed the initial FY 2007-08 appropriation for the program in the Division of Vocational Rehabilitation. Since FY 2008-09, the program has been reflected in the Executive Director's Office, Special Purpose section of the Long Bill.

This program was created effective September 1, 2007, by H.B. 07-1274. The duties of the Commission include providing advice on the provision of programs administered by the Division of Vocational Rehabilitation for individuals who are blind or visually impaired and serving as an information resource and liaison between the blind and visually impaired community and the executive and legislative branches. The appropriation for the Commission is from the Disabled Telephone Users Fund and is transferred from the Department of Regulatory Agencies, Public Utilities Commission up to a maximum of $112,067, per statutory restrictions.

The request and recommendation is for $112,067 reappropriated funds and 1.0 FTE, consistent with statutory limits. This amount includes $58,617 and 1.0 FTE, $500 for general operating costs, $45,000 for contract costs including reader services and assessment studies, and $7,950 for member reimbursement and meeting costs.

Appropriation in Department of Regulatory Agencies

The staff recommendation for this line item for reappropriated funds encompasses a matching cash funds appropriation to the Department of Regulatory Agencies, Public Utilities Commission, Colorado Commission for Individuals who are Blind or Visually Impaired from amounts in the Disabled Telephone Users Fund.

(3) OFFICE OF OPERATIONS

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
SES/Management Group Profile	1.8	2.0	2.0	2.0
Professional Engineer	4.2	4.0	4.0	4.0
Accounting	98.4	107.0	107.0	107.0
Architect	2.1	3.0	3.0	3.0
Program Assistant	8.9	11.0	11.0	11.0
Planner / Estimator	2.0	7.0	7.0	7.0
Electronics/Telecom Specialist	4.3	6.0	6.0	6.0
Electrical Trades	10.1	11.0	11.0	11.0
Pipefitter/Mechanical Trades/Utilities	58.2	65.0	65.0	65.0
Grounds keeper	17.4	15.0	15.0	15.0
Structural Trades	43.6	50.0	50.0	50.0
Administrative Assistant/Data specialist	10.4	14.0	14.0	14.0
Materials Handler	19.2	14.0	14.0	14.0
Equipment Operator	1.9	2.0	2.0	2.0
Custodian	115.6	100.6	110.1	110.1
Long Term Care Operations	12.6	12.0	12.0	12.0
General Professional	30.9	30.0	30.0	30.0
BA #31 (close general hospital)	n/a	n/a	(1.5)	pending
BA #52 (close TRCCF)	n/a	n/a	(0.9)	pending
TOTAL	441.6	453.6	460.7	463.1

The Office of Operations includes four divisions:

The Division of Facilities Management accounts for over 68 percent of the staff in the Office of Operations (316.7 FTE appropriated for FY 2007-08, including 9.1 in special purpose line items in the Office). The Division is responsible operating, cleaning, and maintaining all Department buildings and facilities, including youth correctional facilities, the two state mental health institute campuses, and three regional centers for the developmentally disabled, in addition to Department office buildings. Overall, the Division operates 299 buildings and over 3.25 million gross square feet of space. It is also responsible for acquisition, operation and management of utility services, planning, design and construction of capital construction and controlled maintenance projects, and the Department's commercial and vehicle leases.

The Division of Accounting includes 25 percent of the staff in the Office of Operations (116.0 FTE appropriated for FY 2008-09). The Division manages all departmental financial operations and resources, including payments to counties and service providers throughout the state for human services programs, Medicaid, Medicare and private party billing for the Department's various community and institutional programs, and overall accounts and controls over expenditures and revenues from multiple state and federal sources.

The Procurement Division includes 6 percent of Office of Operations appropriated staff (26.0 FTE). The Purchasing Unit has been delegated autonomous authority by the Department of Personnel and Administration and is responsible for purchasing goods and services for Departmental programs in excess of $35 million per year. The Materials Management Unit is responsible for providing warehouse and distribution for all Department programs which house direct care clients. This includes ordering and inventory control of food and non-food items through three primary warehouse and office facilities throughout the State.

The Contract Management Unit consists of 3.0 FTE or less than 1 percent of Office of Operations staff. It is responsible for managing the contracting process in the Department including development, approval, and oversight of performance of all Department contracts.

In addition, 1.0 FTE is assigned to overall management for the Office of Operations.

(A) Administration

Personal Services

The Department request and staff recommendation are compared in the table below. A narrative explanation of the differences is provided below.

	Request		**Recommendation**	
	Amount	FTE	Amount	FTE
FY 2008-09 Long Bill+special bills	$23,172,777	453.6	$23,172,777	453.6
FY 2008-09 Common policy salary survey	722,498	0.0	722,498	0.0
FY 2008-09 Common policy performance pay	339,452	0.0	339,452	0.0
FY 2008-09 performance pay annualized (-20%)	(67,890)	0.0	(67,890)	0.0
Annualize FY 2008-09 DI #1 (foresnics facility)	304,558	10.5	304,558	10.5
Annualize FY 2008-09 SBA #1 (food prep)	(40,096)	(1.0)	(40,096)	(1.0)
Budget Amendment #31 (Gen Hospital closure)- **pending**	(41,840)	(1.5)	0	0.0

	Request		Recommendation	
	Amount	FTE	Amount	FTE
Budget Amendment #52 (Close TRCCF) - **pending**	(25,236)	(0.9)	0	0.0
Total	$24,364,223	460.7	$24,431,299	463.1

Common Policy

The staff recommendation is calculated according to Committee common policy with respect to salary survey and performance pay.

Annualization of Prior Year Actions

The Department's request for Annualization of FY 2008-09 Decision Item #1B (Foresnics Facility) and Decision Item SBA #1 (Food Preparation) were consistent with amounts included in the FY 2008-09 request and figure setting presentation. Staff recommends the requested adjustments.

The Department did not request further annualization related to S.B. 07-228 (originally anticipated to require an additional $59,117 and 1.0 FTE in FY 2009-10). In light of this, staff has not reflected the adjustment.

Budget Amendments #31 and #52 - closure of units at mental health institutes

The Department has submitted requests to close units at the mental health institutes at Fort Logan and Pueblo. These requests include reductions in the Office of Operations for housekeeping staff. Staff anticipates that decisions on these requests will be made during the figure setting presentation for the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services. Thus, these components of the staff recommendation are shown as pending. Staff will reflect the Committee's final decisions on these items in the Long Bill, as introduced.

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Operating Expenses

The Department request and staff recommendation are outlined in the table below. Note that Decision item NP #1 (fleet fuel) for $56,810 was withdrawn via Budget Amendment #54; therefore it is not reflected in the table below.

	Request	Recommendation
FY 2007-08 Long Bill + Special Bills	$3,435,663	$3,435,663
Annualize FY 2008-09 DI #1 (foresnics facility)	(39,212)	(39,212)
Annualize FY 2008-09 SBA #1 (food prep)	(500)	(500)

		Request	Recommendation
Annualize H.B 08-1047 (DD set-aside)		(1,700)	(1,700)
Decision Item #5 (Increase operating)		327,459	327,459
Decision time NP #2 (postage) - **PENDING**		4,392	4,392
Budget Amendment #31 (Gen Hospital closure)-pending		(5,245)	0
Budget Amendment #52 (Close TRCCF) - pending		(4,677)	0
	Total	$3,716,180	$3,726,102

Annualization of Prior Year Actions

The Department's request for annualization of FY 2008-09 Decision Item #1B (Foresnics Facility), FY 2008-09 Decision Item SBA #1 (Food Preparation), and H.B. 08-1047 (Developmental Disability set-aside) were consistent with amounts included in the FY 2008-09 figure setting presentation for the decision items and the fiscal note for the bill.

The Department did not request further annualization related to S.B. 07-228. In light of this, staff has not reflected the adjustment.

Decision Item #5 - Increase Operating Appropriation

The Department requested increases in three program areas associated with ongoing maintenance costs, as reflected in the table below. The request indicates that the Department's direct care programs need to replace old, deteriorated furniture, fixtures and equipment for their respective client populations. The number and cost of items requiring replacement continues to grow. Because each component of the request is tied to a distinct set of operating needs, each component is dealt with separately. The first two components, that add funding for the Office of Operations and the regional centers, are addressed in this packet, while the component related to the mental health institutes is addressed in the figure setting presentation for the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services.

Decision Item #5 - REQUEST

	General Fund	Reapprop. Funds	Total Funds	"net" Genearl Fund
Office of Operations, Operating Expenses	$327,459	$0	$327,459	$327,459
Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes	77,650	0	77,650	77,650

Decision Item #5 - REQUEST				
	General Fund	**Reapprop. Funds**	**Total Funds**	**"net" Genearl Fund**
Services for People with Disabilities, Regional Centers, Capital Outlay	0	164,250	164,250	82,125
Total	$405,109	$164,250	$569,359	$487,234

Request for Office of Operations: The Office of Operations operating expenses appropriation provides for most of the non-personal services costs for facilities maintenance with the exception of leased space, leased vehicles, and utilities. The request notes that for FY 2007-08 the General Assembly provided partial funding for a similar request in this line item ($288,753 out of a total of $434,476 requested). The request is based on: (1) the $145,723 not previously funded in FY 2007-08, inflated by 12 percent (requested to be ongoing); and (2) an additional requested increase of $164,250 effective in FY 2009-10 and FY 2010-11; and expected to be annualized to $0 in FY 2011-12. The request will provide funding for replacement of critical capital outlay equipment supporting direct care services. The Department included a list of the kinds of items proposed to be purchased, as reflected in the table below. This request is to replace a portion of the most aged and failing components and equipment. There remain significant unmet needs for deferred maintenance throughout the Department. This request has been prioritized to address the most pressing needs.

Decision Item #5 - REQUEST Portion Requested as One-time (Year #1 of 2)			
	Unit Cost	**Quantity**	**Extended Cost**
Compressors, Fans, and Coils. Air conditioning compressor units at Adams DYC facility (8) and DD group homes (61) have exceeded their life expectancy of 15 years.	$5,000	10	$50,000
Pumps, Valves and Piping. Ft. Logan mental health center is 45 years old, Pueblo is 57 years old, average age of Grand Junction regional center is 60. Live expectancy for pumps, valves and piping is 15 years.	$5,000	20	100,000
Water heaters and fixtures. Of the 340 building in DHS, average age is 50.3. The life expectancy of a hot water heater is 10 years. Statewide replacement program of 3.0 percent of heaters each year is 10 per year.	$1,000	10	10,000
Cleaning equipment. Provide for new carpet extractor for mental health institute at Pueblo to meet accreditation standards.	$4,250	1	4,250

Decision Item #5 - REQUEST			
Portion Requested as One-time (Year #1 of 2)			
	Unit Cost	**Quantity**	**Extended Cost**
Total			$164,250
Portion of Request reflected as Ongoing Base Increase (based on FY 2007-08 Request)			
Replacement unsafe flooring in 6 DYC facilities		5,025 sq yd	163,209
			$327,459

Staff recommendation. Overall, the Department is requesting a 9.5 percent increase in the Office of Operations operating budget, half of which would be eliminated after FY 2010-11. Staff assumes that all of the increases detailed are presumably examples of the kinds of projects to be funded. In particular, staff notes:

- Proposed replacement of DYC facility flooring is clearly a one-time activity, and the project has already been partially completed. As this is a portion of the request identified as ongoing, staff assumes that the funds would be used for other projects in future years.
- The Department's FY 2007-08 requested base-funding increase for this line item also detailed the need for 17 compressors, 9 pumps, and 11 water heaters per year. If the Department is, for example, on a schedule to replace 3 percent of water heaters each year, resulting a need for 10 water heaters a year, this appears to be duplicating components of request that was previously funded.

Nonetheless, staff is recommending the request for the following reasons:

- The Department continues to face significant problems with regard to its facility maintenance, in light of its aging infrastructure. A 2002 building audit demonstrated that the condition of state facilities used by DHS programs is poor. The Facilities Condition Index is a number used by State Building Programs to gauge overall building condition throughout State Government. The 2002 audit showed Department buildings with a facilities condition index of 65.6 percent, the lowest of any state agency, and well below the statewide goal of 85 percent.
- The Department's deferred maintenance costs in FY 2003-04 totaled 49.7 percent of the value of its assets. Aging infrastructure has also resulted in substantial need for emergency funding. For example, for FY 2006-07, the Department received $5,429,669 in controlled maintenance funding. Although this was substantially higher than funds it had received in prior years, the appropriation was still about half of the Department's request and a fraction of its "identified need" of over $75 million.

A 2005 Facilities Benchmark Comparison study for which DHS contracted included the following observations:

'The [Division's] available funding ranges from 63 percent to 81 percent lower than the benchmark [for operating expenses]. This under funding of [the Division's] operating budget results in several consequences including lower productivity and delayed or deferred repair projects. This is caused in part by lack of up to date equipment for cleaning tasks. Currently the operating budget is allocated almost entirely to daily consumable supplies such as paper towels, toilet paper, mop heads, leaving very little funding for new equipment purchases or repair projects...the operating budget cost per square foot is significantly under funded and, if brought in line with benchmarks, would result in a long-term reduction in operating costs per square foot through increased productivity and reduced equipment age." (Integrated Companies Inc., 2005 Benchmarking Study).

- There is very little controlled maintenance funding available in the State, particularly in the current economic environment. Staff recommended only partial funding in FY 2007-08 based on the expectation that a portion of the request could be addressed through the Controlled Maintenance Trust Fund. Funding from this source has not been available. Furthermore, given the current economic environment, it seems unlikely that funds will be available to replace older buildings with newer ones in the foreseeable future.
- If the state is going to operate direct care facilities, it must have sufficient funding to maintain them at a safe level.
- The Department's ranking of this decision item (#5) and decision not to withdraw it despite severe statewide budget constraints, highlights the Department's view of the severity of its needs in this area.

Although staff is recommending this decision item, staff believes the Committee could choose not to fund it, to fund it at a lower level, or to add funds for only one or two years, if sufficient General Fund is not available/is not anticipated to be available in the future.

Decision Item NP-#2 (Postage Increase)

The Department has requested increase for postage, associated with a state-wide request in the Department of Personnel. Staff has included this increase in the recommended amounts for this and other line items. However, the Committee should note that this funding is pending a common policy decision by the Committee. Staff will reflect the Committee's final decision on this issue in the amounts in the Long Bill as introduced.

Budget Amendments #31 and #52 - Closure of units at mental health institutes

The Department has submitted requests to close units at the mental health institutes at Fort Logan and Pueblo. These requests included reductions in the Office of Operations for housekeeping costs.

Staff anticipates that decisions on these requests will be made during the figure setting presentation for the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services. Thus, these components of the staff recommendation are shown as pending. Staff will reflect the Committee's final decisions on these items in the Long Bill, as introduced.

Vehicle Lease Payments

The total staff recommendation for this line item is pending Committee common policy. The request and recommendation also reflect the vehicle portions of several decision items. The basis for the staff recommendation on these items is covered elsewhere in this packet and in other Department of Human Services figure setting packets.

The Department reported that its current fleet is 454 vehicles. **The Department's request reflects annualization of 56 replacement vehicles and six new vehicles added in FY 2008-09. For FY 2009-10, the request is for 62 replacement vehicles and three new vehicles included in a Decision Item (**Decision Item #7 - Child Welfare Training). In addition, although not correctly reflected in this line item, the Department requested three additional vehicles for SBA #2 - Administrative Review FTE.

The staff recommendation is for:

(1) annualizaion of 56 replacement vehicles and four (not six) vehicles added in the FY 2008-09; only the vehicles added for the new forensics unit need to be annualized, as the two vehicles added associated with a child welfare decision item were funded for a full year in FY 2008-09;

(2) Replacement of 61 vehicles (all requested, except one replacement proposed for the Trinidad Nursing Home); and

(3) Addition of one new vehicle for 12 months (for SBA #2 - Administrative Review Unit) and three new vehicles for six months in FY 2009-10 pursuant to Decision Item #7 (Child Welfare Staff Training). All new vehicles recommended are hybrid sedans (not the requested Jeeps).

Staff notes that if the JBC proceeds with closure and downsizing of state facilities, *e.g.*, mental health institute units proposed to be closed and proposed reductions in the census for the regional centers, it may be appropriate to replace a smaller number of vehicles. Given a short time-frame, the Department was not able to provide an analysis on the number of vehicles required per staff or resident in the various state facilities. However, staff anticipates that the Department will develop additional information on this prior to FY 2010-11 figure setting to assist with an overall analysis of the Department's need for vehicles.

	Request	Recommendation
FY 2008-09 Long Bill	$703,231	$703,231

	Request	Recommendation
Vehicle Lease Adjustment:		
Annualize FY 2008-09 replacement leases	170,992	(56 vehicles)
Annualize FY 2008-09 new vehicles	16,552	(4 vehicles)
FY 2009-10 replacement leases (62; start April)	74,785	(61 vehicles)
Other DPA Adjustments	(4,929)	Pending
Decision Item #7 (3 vehic; 12 mo req. /6 mo rec.)	8,496	4,967
Decision Item #10/SBA #2 (rec: 1 vehic; 12 mo.)	0	3,311
Total	969,127	Pending

Leased Space

The Department's leased space request is for a continuation level of $2,537,805, based on leases for 143,827 square feet at an average cost of $18.23 per square foot. This reflects an increase over FY 2008-09 estimated costs of $17.35 per square foot. Note, further, that that the Department's current leased space appropriation, which is requested to be continued, is $84,664 total funds and $132,751 General Fund below its FY 2009-10 projection. Staff is not recommending an adjustment as the Department has reverted funds from this line item in the last two years and staff assumes adjustments will be made internally to maintain costs within the available funds.

The overall appropriation for this line item comprises funding for 45 leases throughout the State associated with nine major program areas (essentially the entire Department: Alcohol and Drug Abuse Services, Child Care, Disability Determination, Vocational Rehabilitation, Youth Corrections, etc.). The cost is considerably higher than state capitol complex leased space, but it appears to be consistent with the market, to the extent staff can determine this. According to one recent report, the average "Class B" commercial office space rental in metro Denver was $21.87 per square foot for the fourth quarter of 2008.[1]

Staff recommends the request for a continuation level of $2,537,805, including $619,746 General Fund.

Capitol Complex Leased Space

The Department requests a continuing level of $1,267,295 for capitol complex leased space. The overall request is for 99,087 square feet at 1575 Sherman Street in Denver and 3,104 square feet at the State Office Building in Grand Junction. **Staff recommends the Department's square**

[1]Grubb and Ellis, Office Market Snapshot Denver, Fourth Quarter 2008.

footage request, which is at a continuation level. The final dollar amount is pending Committee policy regarding capitol complex leased space rates.

Utilities

This line item funds utilities expenditures for the Department's institutional programs (Division of Youth Corrections facilities, mental health institutes, and regional centers for persons with developmental disabilities), as well as for office space located on the Fort Logan campus. Utilities costs for other programs are generally included in leased space and capitol complex leased space line items. The Department submitted both a decision item for FY 2009-10 and a late supplemental for FY 2008-09. Both items are reviewed below.

FY 2008-09 Late Supplemental Request

The Department submitted a late supplemental request for this line item on February 16, 2009. The Department proposes to reallocate various fund sources in various line items to provide an additional $445,504 General Fund for utility costs at residential facilities. The tables below summarize the proposal and the overall requested funding for FY 2008-09 for the utilities line item.

FY 2008-09 Supplemental Request S-2 (Feb 16, 2009)			
	General Fund	**Federal Funds**	**Total Funds**
Office of Operations, Utilities	$445,504	$0	$445,504
Division of Child Welfare, Administration	(40,000)	0	(40,000)
Office of Self Sufficiency, CO Works - County Block Grants	(405,504)	405,504	0
	$0	$405,504	$405,504

The reduction shown for Child Welfare Administration is based on new positions funded for FY 2008-09 that were not filled on a timely basis. The adjustment for the Colorado Works program would simply refinance a portion of the General Fund appropriation with federal TANF block grant long term reserves.

FY 2008-09 Utilities - Supplemental Request				
	General Fund	**Reapprop. Funds**	**Total Funds**	**Net General Fund**
FY 2008-09 Long Bill	$5,660,289	$1,909,510	$7,569,799	*$6,429,535*
Supplemental. S-2 Request	445,504	0	445,504	*445,504*

FY 2008-09 Utilities - Supplemental Request				
	General Fund	**Reapprop. Funds**	**Total Funds**	**Net General Fund**
Total - Revised Request	**$6,105,793**	**$1,909,510**	**$8,015,303**	***$6,875,039***
Restriction due to FY 2007-08 over expenditure	(596,627)	0	(596,627)	*(596,627)*
Funds available for expenditure FY 2008-09	$5,509,166	$1,909,510	$7,418,676	*$6,278,412*

The request indicates that the Department originally estimated a total utilities need for $7,961,743 in FY 2008-09, while the total currently available is $6,793,172 due to the restriction of $596,627 associated with the FY 2007-08 over-expenditure. The Department proposes to address this problem through:

- the requested reallocation of funds among line items to provide additional funding for the utilities budget (this supplemental request); and
- implementing utilities savings measures to lower the total projected utilities need for the year. This plan includes setting temperature zones for office personnel and non-critical patient areas at 70 degrees in winter and 78 degrees in summer, banning use of space heaters, resetting boilers and chillers, various steps to ensure staff turn of lights, computers, etcetera.

In response to staff questions, the Department provided further analysis of its need. This reflects a somewhat lower level of need than the original Department projection, but also indicates the Department will need conservation measures to address the shortfall. The Department provided a specific list of energy conservation actions and the amount of savings projected associated with each change.

Sources of Shortfall and Plans for Addressing (Mar. 2, 2009 analysis)	
	Total Funds
FY 2008-09 Projected Utilities Expenditures	$7,592,406
Funds available in FY 2008-09 Long Bill	7,569,799
Difference - Shortfall from Original Budget	**(22,607)**
FY 2007-08 Overexpenditure and shortfall for FY 2008-09 Restriction	(596,627)
Revised Funding Shortfall	**(619,234)**

Sources of Shortfall and Plans for Addressing (Mar. 2, 2009 analysis)	
	Total Funds
Supplemental request	445,504
Portion of shortfall Department intends to absorb through conservation measures	**($173,730)**

Staff Recommendation: Staff recommends the request with a minor adjustment for rounding. The staff recommendation is reflected in the table below.

FY 2008-09 Supplemental S-2 Recommendation			
	General Fund	**Federal Funds**	**Total Funds**
Office of Operations, Utilities	$445,500	$0	$445,500
Division of Child Welfare, Administration	(40,000)	0	(40,000)
Office of Self Sufficiency, CO Works - County Block Grants	(405,500)	405,500	0
	$0	$405,500	$405,500

Staff is concerned about the request for the following reasons:

- Staff does not believe there is justification for the lateness of this supplemental request. The Department was aware of the utilities over-expenditure restriction for FY 2008-09 as soon as the FY 2007-08 books closed and the FY 2007-08 over-expenditure became apparent. Staff noted this over-expenditure in the briefing presentation. **This supplemental would not have been required in the absence of the over-expenditure, and there is no reason the request could not have been submitted January 2, 2009.**

- The Department has broad statutory authority to internally address utilities shortfalls. Specifically, pursuant to Section 24-75-108 (3) (a) and (8), C.R.S., the Department may transfer unlimited amounts between operating expense and utilities line items.

Despite the above, staff is recommending the request for the following reasons:

- This line item is used to cover utilities expenses at the major department facilities and campuses (mental health institutes, regional centers for people with developmental disabilities, youth corrections facilities). While the Department has demonstrated some capacity to manage these expenses (*e.g.*, by not allowing custodians to over-ride automated settings), it cannot, for example, shut off air conditioning in a 24-hour facility serving a vulnerable population.

- The Department does not have internal capacity to "refinance" the Colorado Works General Fund appropriation with federal funds. Further, its authority to transfer funding from program line items such as Child Welfare Administration (as opposed to operating expense line items) to utilities is unclear. The Controller's Office has indicated that the Department would minimally be required to demonstrate that funds transferred were for operating expenses. Based on the Department's request, funds proposed to be transferred from Child Welfare Administration were not for operating expenses.

FY 2009-10 Utilities Line Item Request

The Department's FY 2009-10 utilities request is summarized below. As shown, it includes an increase associated with the opening of the new high security forensics facility on the Pueblo campus in late FY 2008-09 (*i.e.*, annualization of an FY 2008-09 decision item), and a 1.5 percent increase pursuant to Decision Item #17. Staff recommends annualizing the prior year decision item as requested, but does not recommend an increase pursuant to Decision Item #17, as discussed below..

	Request	**Recommendation**
FY 2008-09 Appropriation	$7,569,799	$7,569,799
Annualize FY 2008-09 DI #1A (forensics facility)	215,608	215,608
Decision Item #17(inflationary adjustment)	113,547	0
Total	7,898,954	7,785,407

Decision Item #17 - 1.5 Percent Utilities Increase

The Department's request indicated that it was "conservatively" requesting a 1.5 percent increase for all utilities ($113,547) based on the three-year average of expenses for major utilities. The Department provided no analysis of costs associated with this request.

Staff analysis and recommendation. Staff **does not recommend** this component of the request.

- The Department's most recent utilities projection for FY 2008-09 reflects a need for just $22,607 above the base appropriation excluding Department conservation measures. While the Department over-expended in FY 2007-08 by $596,627, this appears to have been in large part driven by a one-time event.

- The Department has identified over $170,000 in savings for FY 2008-09 related to specific energy savings measures. Staff assumes, if needed, these steps could also be used in FY 2009-10.
- The Department has projected significant savings for FY 2008-09 and FY 2009-10 associated with its ongoing energy efficiency initiatives (see below); this has helped it to contain costs despite sharp energy cost increases in recent years.
- Energy prices have been volatile and, in the current economic slowdown are, in some cases, falling sharply. Staff anticipates that if they should increase again and the Department cannot contain costs, it will submit an FY 2009-10 supplemental request.

> Natural gas prices at the Henry Hub have been at $4.35 to $5.04 per Btu during the first half of February 2009. Prices during the same period in February 2008 were between $8.0 and $9.0 per Btu. Natural gas prices comprise about 27 percent of the Department's utility budget.
>
> Electricity prices (39 percent of the Department's utilities budget) reflected significant increase from November 2007 to November 2008 (3.8 percent increase per Kwh in the mountain region for all sectors, on top of significant increase in the prior two years); however, demand for electricity has also been declining. The U.S. Energy administration notes that nationwide commercial electricity is projected to increase by 1 percent in 2009, having grown by 10 percent in 2008.
>
> Coal costs comprise 16 percent of the budget. The average delivered coal prices is estimated to have increased by 16 percent in 2008; however, prices are expected to be flat in 2009.

Energy Performance Contracts. Staff would also note that the Department has entered into an energy performance contract with Siemens Building Technologies, pursuant to Section 24-30-2001, C.R.S. Costs are offset by the anticipated energy savings budget in the near term and provide cost savings in later years; however, the Committee should be aware that, through these contracts, the Department is committing to long-term payments to the energy performance contractor (or, in practice, the finance company that has purchased the revenue stream from Siemens). Siemens' payment is paid based on projected energy cost savings realized from the retrofits it installs, and actual savings are confirmed over several years; however, if, for example, the State decided to abandon a building that had received a retrofit before Siemens/the finance company had been paid-off, the State would still be responsible for paying off the retrofit. Notably, **the State completed a retrofit of the Trinidad nursing home facility at a cost of $700,000 and is apparently now proposing to transfer title to the facility**; staff assumes that the balance of the retrofit loan would need to be paid out of any facility proceeds.

The contract was signed in March 2004, and Siemens completed the Phase I retrofit, covering Fort Logan and the Department's North Central Procurement facility, in October 2005. The first phase of the project consisted largely of lighting retrofits at these facilities. The cost for this first phase was $728,021, resulting in energy savings of $89,725 in the first year. The second phase, covering Wheat Ridge and Grand Junction Regional Centers, was completed in August 2007 at a cost of $1,123,289. Estimated energy savings were $103,032 per year. Siemens will be paid over time based on the demonstrated energy use savings associated with the retrofit. The anticipated payback period for these, including interest at 4.172 percent, is 8 to 10 years, after which the State (rather than Siemens) will benefit from the associated cost-savings. Additional phases of the performance contract will address youth correctional facilities and the Colorado Mental Health Institute at Pueblo. The total project, including 5 phases plus work at the state and veterans nursing homes, is now estimated to involve retrofits and upgrades valued at $31.9 million, including $9.3 million for the state operated nursing homes. Completion is now estimated in 2013. The actual value of the project may change, as it will depend upon the results of the energy audits for each phase. The Department now appears to be considering project components with payback of 15 years.

The Department reported savings of $459,989 in FY 2007-08 based on the impact of its energy performance contracts. This is based on reduce energy use in Department facilities since the baseline year of FY 2002-03. It projects overall savings of $1.9 million for FY 2008-09.

Administration Bottom Line

Staff Recommendation - Medicaid Indirect Costs Affecting Executive Director's Office and Office of Operations

For the last two years, General Fund appropriations to the Department of Health Care Policy and Financing for Human Services indirect costs have been over-budgeted. As a result, $500,000 to $1.0 million General Fund has reverted each year in the portion of the Health Care Policy and Financing budget used for transfers to Human Services. The reason is that the Department of Human Services has been appropriated General Fund in the Department of Health Care Policy and Financing associated with Human Services Medicaid indirect costs, but has actually been using General Fund appropriated in the Department of Human Services to match federal indirect costs. The matching federal funds have been flowing through a non-appropriated line item in the Department of Health Care Policy and Financing.

Staff recommends actions to generate General Fund savings of $500,00 and avoid reversions. Specifically, staff recommends:

- Reducing reappropriated funds appropriations in the Department of Human Services in the Office of Operations and the Executive Directors Office by $500,000 ($160,000 in the Executive Director's Office and $340,000 in the Office of Operations).

- Reducing General Fund and federal funds appropriations in the Department of Health Care Policy and Financing Department of Human Services Medicaid-funded Programs line items (Executive Director's Office and Office of Operations) by a total of $1,000,000, including $500,000 Genearl Fund $500,000 federal funds.

- Creating a new line item in the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs section consisting of $500,000 federal funds. This line item would be identified as Federal Medicaid Indirect Costs and would be informational only. These funds might increase or decrease based on actual federal indirect receipts for Human Services programs.

This action would essentially formalize the Departments' current practice. Please note that this adjustment is not yet reflected in the numbers pages for the Office of Operations but will be applied if approved by the Committee.

(B) Special Purpose

Buildings and Grounds Rental

The appropriation for this line item provides funding for the maintenance, repair, and upkeep of Department facilities and grounds rented to other public and private agencies. The Department leases space to public and private organizations for offices or for the direct provision of services. Most of these rentals are on the grounds of the Colorado Mental Health Institute at Fort Logan to agencies viewed as having missions compatible with the Department. Pursuant to Section 26-1-133.5, C.R.S., rents collected are deposited to the Buildings and Grounds Cash Fund, is to be used for the operating, maintaining, remodeling or demolishing the facilities of any properties rented. House Bill 08-1268 expanded the Department's authority to rent property, which was previously restricted to the Fort Logan campus.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
TOTAL	5.5	6.5	6.5	6.5

The Department's request and staff recommendation for this line item are reflected below.

	Request		Recommendation	
	Amount	FTE	Amount	FTE
FY 2008-09 Appropriation	$710,968	6.5	$710,968	6.5

	Request		Recommendation	
	Amount	**FTE**	**Amount**	**FTE**
Common policy salary survey	6,522	0.0	6,522	0.0
Common policy performance pay	3,608	0.0	3,608	0.0
Annualization perform pay (-20%)	(772)	0.0	(772)	0.0
Annualize FY 2008-09 DI #12	(251,894)	0.0	(251,894)	0.0
Decision Item #22	480,266	0.0	480,266	0.0
Total	$948,698	6.5	$948,698	6.5

Decision Item #22: The Department requested an increase of $480,266 in FY 2009-10 and $499,595 in FY 2010-11 to enable the Division to spend revenue generated through existing lease agreements. This includes spending associated with an agreement with the University of Health Sciences to address life safety improvements in buildings it leases. The Department also seeks to reflect a 3.0 percent annual increase in leases associated with cost increases. The table below reflects the multi-year request.

Decision Item #22 - REQUEST			
	FY 2008-09	**FY 2009-10**	**FY 2010-11**
Lease revenue	$471,729	$485,886	$500,462
Life safety improvements	181,992	237,358	237,358
Building improvements	47,199	216,006	220,759
Total spending authority needed	**700,920**	**939,250**	**958,579**
Less current spending authority	(710,968)	(458,984)	(458,984)
Requested Increase	($10,048)	$480,266	$499,595

The table below reflects the anticipated revenue and actual and requested expenditure for the buildings and grounds cash fund based on revised figures from the Department, modified by staff. As shown, the Department is requesting spending authority to essentially spend down the associated cash fund balance by the end of FY 2010-11.

Buildings and Grounds Cash Fund					
	Actual FY 06-07	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10*	Projected FY 10-11*
Cash balance beginning of year	691,923	668,392	936,510	697,271	243,907
Actual/anticipated cash inflow	930,985	1,124,595	471,729	485,886	500,462
Actual/appropriated/req cash outflow*	954,516	856,477	710,968	939,250	958,579
Actual/anticipated liquid fund balance	668,392	936,510	697,271	243,907	(214,210)
Difference - cash inflow less outflow	(23,531)	268,118	(239,239)	(453,364)	(458,117)

*FY 2009-10 and FY 2010-11 projected outflows include request for Decision Item #22 for $480,266 increase in FY 2009-10 and $499,595 in FY 2010-11. The Department reported estimated expenditures of $471,729 for FY 2008-09; however, staff has instead reflected the appropriation of $710,968.

Staff Recommendation. Staff recommends the requested Decision Item for FY 2009-10 but expects the Department submit another budget request for FY 2010-11, given the discrepancies in data provided regarding fund balances. **Staff also notes that in lieu of this request, the Committee could choose to take statutory action to transfer $500,000 from the Buildings and Grounds Cash Fund balance to the General Fund**. Staff has not recommended this, given the general disrepair of the Department buildings and the need to address life-safety and related maintenance issues in the rented buildings.

The overall recommendation for the line item includes $280,868 for personal services, with the balance of $667,380 for operating expenses, building supplies, and related costs.

State Garage Fund

The Department has an agreement with the Department of Personnel to operate vehicle maintenance and fueling stations at three state facilities, including the Mental Health Institutes at Fort Logan and Pueblo, and the Western District (Direct Services). The Department is reimbursed by divisions within the Department and by other state agencies for maintenance, repair, and storage of state-owned passenger motor vehicles. Revenues are deposited into the State Garage Fund. This line item provides the spending authority for the Department to receive and spend such reimbursement. Pursuant to Section 24-30-1104(2)(b), C.R.S., the Department of Personnel has the authority to use any available state facilities (and enter into contracts with such facilities) to establish and operate central facilities for the maintenance, repair and storage of state-owned passenger motor vehicles for the use of state agencies.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
TOTAL	0.0	2.6	2.6	2.6

The Department's request for $1,292,096 and 2.6 FTE, including Decision Item #20.

Decision Item #20 - Increase Garage Fund Spending Authority

The Department requests a $558,909 increase in reappropriated funds spending authority for the Office of Operations, State Garage Fund to address higher fuel costs. The Department indicated that in order to continue to perform vehicle maintenance and supply fuel for fleet vehicles in the Department of Human Services and other agencies additional spending authority is needed. The Department's calculations reflected average costs of $4.50 per gallon for FY 2009-10.

Staff Recommendation: Staff does **not** recommend this requested increase. As gas prices have fallen sharply since this request was developed, staff does not believe that the requested adjustment is necessary. The request indicates that the current budget includes an assumed cost of $2.65 per gallon. The U.S. Energy Administration projects that gasoline prices for CY 2009 will average $2.03 per gallon. In light of this, the average of $2.65 per gallon currently assumed for the spending authority in this line item will likely adequate. The Executive has withdrawn a similar statewide request to address increased fuel costs

The staff recommendation is for a continuation level of funding of $733,187 reappropraited funds, including $130,293 and 2.6 FTE for personal services and $602,894 for operating expenses.

Information Requests

There are no Long Bill footnotes associated with this division. Staff recommends that the following **information request** be **continued, as modified**.

35 **Department of Human Services, Office of Operations; Department Totals** -- The Department is requested to examine its cost allocation methodology and report its findings to demonstrate that all state-wide and departmental indirect costs are appropriately collected and applied. The Department is requested to submit a report to the Joint Budget Committee on or before November 15, ~~2008,~~ 2009, that should include: (1) Prior year actual indirect costs allocated by division and corresponding earned revenues by type (cash, reappropriated, and federal); (2) the amount of such indirect costs applied within each division and to Department administration line items in the Executive Director's Office, Office of Operations, and Office of Information Technology Services; (3) a comparison between indirect amounts applied and the amounts budgeted in the Long Bill; and (4) a schedule identifying areas in which collections could potentially be increased and a description of the obstacles to such increases where the discrepancy between the potential and actual collections is $50,000 or more.

Comment: The Department has consistently provided this information, which can be useful in setting figures for the Department.

(9) SERVICES FOR PEOPLE WITH DISABILITIES

The Services for People with Disabilities section includes: Services for People with Developmental Disabilities (includes community and institutional services for adults and children with developmental disabilities), the Division of Vocational Rehabilitation, and Homelake Domiciliary and the State and Veterans Nursing Homes.

(A) Community Services for People with Developmental Disabilities

The Department is responsible for managing the provision of state, federal, and Medicaid-funded services to people with developmental disabilities through 20 Community Centered Boards (CCBs) and service agencies throughout the state, as well as though three state-operated regional centers. The Community Services portion of the program includes the provision of residential and supported living (non-residential) services to over 7,800 adults with developmental disabilities and three programs for children with developmental disabilities and delays and their families: Early Intervention and federal "Part C" services (for children under the age of 3), the Family Support Services program, and the Children's Extensive Support program.

The vast majority of state services for persons with developmental disabilities are funded through three federal Medicaid waivers for home and community-based services: the adult comprehensive services waiver, the adult supported living services waiver, and the children's extensive support waiver. These Medicaid waivers enable the State to support services for persons with developmental disabilities using Medicaid funds that originate as 50 percent state General Fund and 50 percent federal funds. However, they differ from other parts of the Medicaid program in that the State may limit the total number of program participants. As a result, there are waiting lists for services.

The majority of funding for community-based services for persons with developmental disabilities is for residential services for adults with developmental disabilities. The table below reflects, for FY 2008-09, the total number of full year persons[2] funded, associated dollars, average cost per full-year participant, and waiting lists for community and institutional programs for persons with developmental disabilities. Adult Comprehensive Services, Adult Supported Living Services, and the Children's Extensive Support programs are funded primarily or entirely by Medicaid. Family Support Services are funded entirely with state General Fund and Early Intervention services are funded primarily by state General Fund.

[2] Funding for a "full year person" is the funding required to serve one individual for one full year (also referred to as a "resource").

People Funded, Waiting Lists, and Cost per Person - General Fund & Medicaid-funded Developmental Disability Programs	# Full Year Placements Funded (State) FY 2008-09	Waiting List June 2008, svc requested by FY 2008-09	Cost per Full Year Placement + case managemnt(a)	General Fund cost per Full Year Placement (a)
Adult Comprehensive Services	4,069	1,532	$66,369	$29,772
Adult Supported Living Services	3,827	2,506	$17,413	$8,707
Institutional: Regional Centers [b]	378	79	$182,750	$91,375
Early Intervention (ages 0-2)	2,176	n/a	$6,040	$5,895
Children's Extensive Support	395	191	$19,735	$6,591
Family Support Services[c]	1,226	4,811	$5,961	$5,961
Total	12,071	9,119		

a) Amounts shown include associated case management costs and reflect the estimated cost of adding an "average" new placement.. If Medicaid is an option, reflects costs associated with a new Medicaid placement. Amounts *exclude* local match funds which were eliminated per H.B 08-1220.

b) Includes funding appropriated in other sections of the budget for indirect costs, as well as direct appropriations

c) Funding is generally spread, so that actual children and families served with these dollars is over 3,500 and the amount provided per family is commensurately lower

Federally-required System Changes

From the late-1990s through FY 2005-06, the developmental disability system was managed pursuant to a systems change agreement between the Department of Human Services and the Joint Budget Committee. Systems change was pursued as an alternative to full-fledged managed care: the goal was to provide community centered boards with increased flexibility to manage developmental disability funding, programs, and services, resulting in lower service costs. The result was a quasi managed-care system, in which community centered boards received payment based on an average service rate for their region and number of persons served, and they negotiated agreements with individual providers based on the specific needs of the individuals they served. Because federal CMS indicated that this approach was no longer acceptable, it was abandoned beginning in FY 2006-07, and the overall developmental disability system been undergoing substantial restructuring.

Federal CMS required: (1) Colorado return to a "fee for service" billing structure through which costs for individuals could be tracked; (2) providers have the option of billing Medicaid services directly; they could not be required to bill through the community centered boards; (3) the state adopt a uniform rate structure; and (4) the Department of Health Care Policy and Financing provide further program oversight.

Pursuant to a Plan of Correction submitted to CMS in May, 2006, Colorado agreed:

- *Interim Solution:* By July 31, 2006, the State would establish and implement statewide interim uniform tiered rates based on analysis of existing rates. Providers would be given the option to enroll as Medicaid providers and to bill directly in time for submission of July 2006 claims.

- *Long-term Solution:* The State committed to selecting an intensity tool for use in identifying a client's reimbursement tier based upon client need and would administer the selected intensity tool to a sample of clients for purposes. This would be used for an actuarial study that would establish uniform tiered rates for residential services and day habilitation services.

The first set of changes, to an "interim rate structure" were implemented August 1, 2006. Implementation dates for the long-term solution were ultimately delayed to January 1, 2009 for the comprehensive program and July 1, 2009 for the supported living and children's extensive support programs. Staff notes that variety of questions are outstanding about the structure of the supported living program under the new, long-term rate structure and many providers have raised concerns about the impacts of these changes on consumers.

Costs to Eliminate Waiting Lists

Footnote 79 to the FY 2007-08 Long Bill requested recommendations for a five-year plan to address the elimination of all waiting lists for services for individuals with developmental disabilities. The Department's response to the footnote was submitted in January 2008. Staff subsequently requested that the Department update its analysis and combined this with staff-estimated costs per person. Additional information on the model assumptions are included in the staff briefing document dated November 19, 2009. Overall the analysis is designed to demonstrate additional costs of funding the waiting list <u>above the level of increases that have typically been provided in recent years</u>. Note that General Fund amounts for all programs except the Family Support Services program would be matched with equal amounts of federal funds.

In sum:

- The projection indicated a need starting at $26.0 million General Fund in the first year be added to the base each year for five years–beyond the usual rate of increase–to fully eliminate waiting lists over five years.

- If the State were to target solely the "high risk" adult population, the required increase to the base would start at $5.3 million General Fund per year. Serving the Children's Extensive Support population (also considered "high risk") would require an additional $1.2 million General Fund per year.

Developmental Disability Waiting Lists - Costs to Fund				
	Projected June 30, 2013 Wait List for needs through 2015	New persons to be served each year for five years to fund waiting list	General Fund increase required in first of five years to fund wait list (each year builds the base)	Total General Fund increase added to the base by 2013 for wait list
Adult Comprehensive	1,721	344	$10,241,568	$54,381,734
Adult Supported Living	3,871	774	6,739,218	35,773,043
Children's Extensive Support	863	173	1,200,620	6,356,740
Family Support Svces.	6,527	1,305	7,779,105	41,294,946
Total	12,982	2,596	**$25,960,511**	**$137,806,463**
High Risk Adult Comprehensive	533	107	$3,868,906	$20,454,825
High Risk Adult Supported Living	620	124	1,403,568	7,448,482
Total	1,153	231	**$5,272,474**	**$27,903,307**

(1) Administration

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
General Administration	30.1	32.8	34.0	34.0

Personal Services

This line item supports the staff of the Division for Developmental Disabilities who oversee state programs for persons with developmental disabilities, including services directly administered by community centered boards and services provided in the state-operated regional centers. As reflected below, **staff recommends the request, which is calculated consistent with Committee common policy.**

	Request		Recommendation	
	Amount	FTE	Amount	FTE
FY 2008-09 Appropriation excluding one-time sup. reduction	$2,756,394	32.8	$2,756,394	32.8
FY 08-09 Salary survey	100,935	0.0	100,935	0.0
FY 08-09 Performance based pay	40,308	0.0	40,308	0.0
Annualize performance pay (-20%)	(8,062)	0.0	(8,062)	0.0
Annualize FY 09 DI #6 (ICFMR)	(2,754)	0.0	(2,754)	0.0
Annualize SB 08-02 (family caregivers)	69,714	1.2	69,714	1.2
Annualize HB 08-1246 (abuse registry)	($33,000)	0.0	($33,000)	0.0
TOTAL	$2,923,535	34.0	$2,923,535	34.0
*Net General Fund**	*1,605,356*		*1,605,356*	

*Includes General Fund directly appropriated in the line item and the portion of Medicaid reappropraited funds that are initially appropriated as General Fund in the Department of Health Care Policy and Financing.

Operating Expenses

The Department's request for $153,774 includes a reduction of $510 associated with annualization of FY 2008-09 Decision Item #6 (regional center ICF/MR and staffing costs), an increase of $2,868 to annualize S.B. 08-02 (Family Caregiver), and $72 for Decision Item NP#2 (Postage Increase). **Staff recommends the request, pending a Committee common policy decision on the requested postage increase.**

Community and Contract Management System Replacement

This system is used to track individuals in the state-funded and Medicaid waiver programs, as well as individuals waiting for developmental disability services. It was originally intended to interface with the Medicaid Management Information System (MMIS), enabling community centered boards to "batch bill" to the MMIS system; however, due to system problems, this functionality is being discontinued and, during FY 2008-09, Community Centered Boards and other providers are transitioning to their own "batch billing" programs.

The Department requests, and staff recommends, ongoing funding of $137,480 for the community contract and management system maintenance. Staff notes that, when this system is stable, it may be appropriate to move the associated maintenance cost funding to the Department's Office of Information Technology Services. Further, given the discontinuation of "batch billing" functionality, it is possible that this level of ongoing funding may not be required.

Medicaid Waiver Transition Costs

This line item was first used in FY 2006-07 to reflect one-time state administrative costs associated with the Medicaid waiver system changes being required by federal authorities. For FY 2008-09, the Department requested that an ongoing funding level be set for this line item to reflect ongoing state costs associated with Medicaid waiver system changes. In FY 2008-09, staff recommended the request for $79,028 and also recommended that this funding by annualized to $93,140 in FY 2009-10. Consistent with this, the Department has requested $93,140 Medicaid funds for FY 2009-10. Staff recommends the request. Funding components are reflected in the table below. Amounts are based on the expectation that about 3,000 individuals with developmental disabilities will be assessed with the Supports Intensity Scale each year. Once it is clear whether the amounts shown are reasonable estimates of ongoing needs, this line item should be consolidated into the Personal Services and Operating Expenses line items in this section

	FY 2009-10 Amount
Supports Intensity Scale (SIS) SIS Product Costs	
SIS booklets at $1.50 each and SIS Online data entry fee at $4.38 each x 3,000 in FY 09-10 and future years	$17,640
SIS Online licensing fee at $110 per user per year x 200 users	22,000
Ongoing SIS Training and Quality Control	
DHS staff travel costs (20 days at $100 per day hotel/per diem)	2,000
Training for new trainers (5 trainers at $3,700 each, inc. lodging/per diem)	18,500
Training for new interviewers (25 interviewers at $1,000 each)	25,000
Materials, teleconference costs, and travel associated with training, technical assistance, and inter-rater reliability	8,000
Total	$93,140

(2) Program Costs

The former Adult Program Costs and Services for Children and Families, Program Funding line items were combined in this section starting in FY 2007-08. The line-item is broken out for informational purposes to reflect the programs and estimated numbers of individuals served by the funding. However, the section is considered a single line item, as the Department has flexibility to move funds among the various sub-components of the appropriation, and final expenditures are only controlled in the bottom line.

This line item reflects funding for services to over 7,800 adults determined to have a developmental disability under state eligibility criteria. Services are provided within local communities and coordinated through 20 Community Centered Boards (CCBs). The two types of services available to adults are supported living services (SLS) and comprehensive services. Supported living services provide services in the home to help individuals with aspects of daily living (i.e., eating, dressing etc.) and other activities including employment and recreation. Comprehensive services include both housing and support services. The comprehensive and supported living services programs are largely funded through Medicaid waiver programs, although some funds for individuals not eligible for Medicaid are also provided.

This line item also includes funding for early intervention services for children under the age of 3, family support services that offer flexible funding for families with a disabled child at home, and the Children's Extensive Support (CES) program, which provides various services for children who require nearly 24-hour supervision due to the severity of the child's developmental disability. The early intervention program is supported by the General Fund, but early intervention services are also supported through federal Part C dollars and insurance funds that are reflected in the "Other Community Programs" section. The Children's Extensive Support program is a Medicaid waiver program, and the Family Support Services Program is a General Fund program. The line item also includes some “special purpose” funding for activities such as the combined condensed audit of developmental disability programs and behavior pharmacology clinics.

Appropriations Overview

The Department request for this line item includes (1) a letter addressing FY 2008-09 supplemental needs (not a formal budget request); and (2) the FY 2009-10 request. In this write-up, staff first addresses the supplemental request, before presenting the overall FY 2009-10 request and recommendation.

FY 2008-09 SUPPLEMENTAL

Department Request. The Department submitted a letter on supplemental needs on February 20, 2009; however, it did not submit a formal request for a supplemental adjustment. The letter indicates the following:

- The Department's reduction proposals for FY 2008-09 (submitted January 15, 2009) are now estimated to have over-stated the savings available in the Program Costs line item by $4.0 million ($2.0 million General Fund).

- Rather than requesting additional General Fund, the Department proposes to use a portion of the "hold harmless" funding of $6.5 million General Fund which was appropriated in FY 2006-07 and FY 2007-08 and rolled-forward to FY 2008-09 to cover the FY 2008-09 General Fund shortfall it now projects.

- The Division proposes to distribute hold harmless funds to providers by March 30, 2009, once actual need is determined. It proposes that the balance of funds be used to draw down additional federal Medicaid matching funds to cover its projected budget shortfall.

- The Department requests the Committee's concurrence in ths plan.

The table below reflects the Department's projected FY 2008-09 expenditures for Developmental Disability Program Costs, as included in its February 20, 2009 letter.

Department of Human Services Assessment of FY 2008-09 DD Program Costs Funding Need
February 20, 2009

	Children's Extensive Support	Comprehensive Services	Supported Living Services	Targeted Case Management	Special Purpose (PASARR)	Total
Calculation of Funds Available						
FY 2008-09 Long Bill	$6,919,631	$230,688,249	$44,510,268	$18,579,926	$205,535	$300,903,609
FY 2007-08 Roll-forward	0	5,057,748	0	0	0	5,057,748
Total Funds Available prior to supplementals	6,919,631	235,745,997	44,510,268	18,579,926	205,535	305,961,357
January Supplemental Request						
New resource delays	0	(3,329,990)	0	0	0	(3,329,990)
Systems change	0	(5,294,920)	0	0	0	(5,294,920)
Client turnover	(36,904)	(1,291,720)	(244,900)	(94,838)	0	(1,668,362)
FY 2007-08 Roll-forward	0	(5,057,748)	0	0	0	(5,057,748)
Projected Funds Available	**6,882,727**	**220,771,619**	**44,265,368**	**18,485,088**	**205,535**	**290,610,337**
Expenditure Projection						
Projected Expenditures exc. new slots	6,660,375	214,893,220	43,857,767	18,722,363	36,123	284,169,848
Appropriation for new placements	0	10,317,009	3,467,350	921,750	0	14,706,109
Savings due to new resource vacancies		(775,008)	(608,454)	(127,260)		(1,510,722)
Savings due to restrictions on use of turnover placements		(2,152,800)	(493,875)	(162,750)		(2,809,425)
Projected Expenditures	**6,660,375**	**222,282,421**	**46,222,788**	**19,354,103**	**36,123**	**294,555,810**
Difference Funds Available and Expenditure Projection	**$222,352**	**($1,510,802)**	**($1,957,420)**	**($869,015)**	**$169,412**	**($3,945,473)**
Hold Harmless Funding						$1,972,736
Converted to Medicaid						$3,945,473

Summary of Staff Recommendation. Based on actions actually taken by the General Assembly regarding the January supplemental request (as opposed to the original request) and additional information from the Department regarding the impacts of some of these actions, **staff is not currently projecting that this line item will over-expend**. However, staff acknowledges that there are numerous uncertainties about the expenditures for the program in FY 2008-09. In sum, staff recommends:

- The JBC take action that will allow the "hold harmless" roll-forward funding to be used to backfill other Program Costs amounts if needed (requires modification to an FY 2007-08 Long Bill footnote and a statutory change);

- The JBC take additional action, as appropriate, based on information available after March 15, 2009 regarding the need for "hold harmless" funding.

JBC Staff Projection of FY 2008-09 Funding Available and Funding Needs. As reflected below, the staff projection is currently for a slight under-expenditure of this line item.

JBC Staff Assessment of FY 2008-09 DD Program Costs Funding Need

March 4, 2009

	Children's Extensive Support	Comprehensive Services	Supported Living Services	Targeted Case Management	Special Purpose (PASARR)	Total
Calculation of Funds Available						
FY 2008-09 Long Bill	$6,919,631	$230,688,249	$44,510,268	$18,579,926	$205,535	$300,903,609
FY 2007-08 Roll-forward	0	5,057,748	0	0	0	5,057,748
Total Funds Available prior to supplementals	6,919,631	235,745,997	44,510,268	18,579,926	205,535	305,961,357
January Supplemental ACTION						
New resource delays	0	0	0	0	0	0
Systems change	0	(5,300,000)	0	0	0	(5,300,000)
Client turnover	(36,904)	(1,291,720)	(244,900)	(94,838)	0	(1,668,362)
FY 2007-08 Roll-forward	0	(5,057,748)	0	0	0	(5,057,748)
Projected Funds Available	**6,882,727**	**224,096,529**	**44,265,368**	**18,485,088**	**205,535**	**293,935,247**
Expenditure Projection						
Projected Expenditures exc. new slots	6,660,375	214,893,220	43,857,767	18,722,363	36,123	284,169,848
Appropriation for new placements	0	10,306,900	3,467,350	921,750	0	14,696,000
Savings due to new resource vacancies	0	(775,008)	(608,454)	(127,260)	0	(1,510,722)
Savings due to time lags in billing for new resources (2 months; end of year)	0	(2,794,984)	(533,586)	(188,910)	0	(3,517,480)

Savings due to restrictions on use of turnover placements for 2 months	0	(215,280)	(190,965)	(38,850)	0	(445,095)
Projected Expenditures	**6,660,375**	**221,414,848**	**45,992,112**	**19,289,093**	**36,123**	**293,392,551**
Difference Funds Available and Expenditure Projection	**$222,352**	**$2,681,681**	**($1,726,744)**	**($804,005)**	**$169,412**	**$542,696**

Differences and similarities between the Department and staff analysis include the following:

- Staff has reflected final legislative action on the Department's January 2009 supplemental proposal. This action (including a Senate amendment sustained in the House) added back $3,300,000 that the Department had proposed be cut associated with new placements.
- Staff has used the Department's base expenditure projection (projection excluding impacts of new placements) and its estimate of savings due to new resource vacancies (*i.e.*, months of new placements that are not expected to be used).
- Staff is projecting substantial savings related to time lags in billing for new placements. This was not part of the Department's analysis.
- Staff differs from the Department's initial analysis on savings due to restrictions on turnover placements. The Department had reflected savings from "taking back" turnover placements; staff and the Department now anticipate more modest savings based on legislative action intended to lift these restrictions for the balance of the year.

Final legislative action. Final action on the supplemental by the General Assembly (amendment in the Senate) restored $3,300,000 Medicaid funds in the FY 2008-09 Developmental Disability Program Costs line item. The expressed intent of this action was that the Department not restrict roll-out of the 650 new Medicaid placements and that it not "take back" placements that became vacant in the community. The Department issued notice to the Community Centered Boards in mid-January of these restrictions. Staff assumes that the Department will shortly be notifying the Community Centered Boards that these restrictions are lifted, based on the Genearl Assembly's action and enactment of the supplemental bill. This changes the analysis of both funds available and savings that might be generated related to new placements.

Base expenditure projection: The Department projected total expenditures for FY 2008-09 based on FY 2008-09 expenditures for services provided July through November 2008 (five months) plus expenditures for FY 2007-08 services billed in FY 2008-09. It backed out any expenditures associated with new resources and applied a "straight line" projection for the balance of the year (i.e., it doubled these expenditures). This results in a projected expenditure of $284,169,848 Medicaid funds for the year, excluding the impact of new placements.

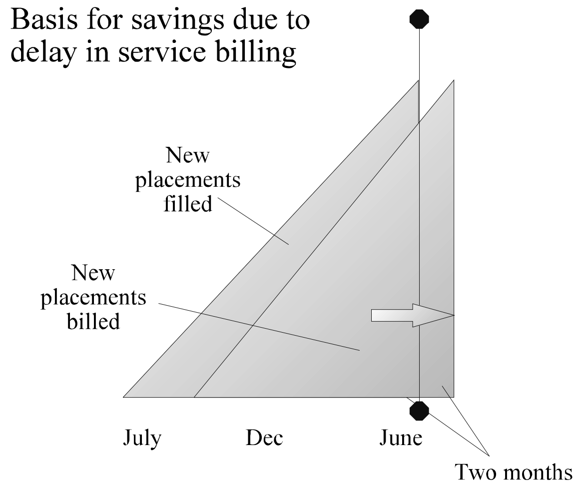
For comparison, staff also requested data on cash expenditures for July through December 2008. These expenditures totaled $143,114,405 for the first six months. Backing out $500,000 for the impact of new placements (based on the data in the Department's projection), this suggests total annual expenditures of $285,228,810 for FY 2008-09. This is sufficiently close to the Department's model as to suggest that the Department's figure is a reasonable estimate of costs for the year.

However, as previously noted to the Committee, there are many unknowns about FY 2008-09 expenditures for the balance of the year. **New rates** went into effect for the comprehensive residential program on January 1, and this program comprises 75 percent of the Medicaid budget in this line item. In addition, most providers are in the process of converting to **new "batch billing" systems**, as the Department has discontinued the use of the Community Contract and Management System. Larger providers have thus been required to obtain their own systems for batch billing to the Medicaid Management Information System. The roll-out of these new systems may also drive billing delays. As a result, it is extremely difficult to know whether this straight-line projection is appropriate. Staff anticipates that the new rate structure will drive up costs for the program overall for the last four to five months of the year; however, there may also be delays related to transition to the new rate structure and batch billing systems, which would drive down costs during this same period. Given these potentially conflicting impacts, staff and the Department are unable to quantify any appropriate adjustment.

<u>Savings due to new resource vacancies</u>: Staff asked the Department how recent legislative action might affect the estimated savings related to new resource vacancies. The Department responded that the overall estimate of placement "months" that will not be used for the 650 new placements funded in FY 2008-09 will not change significantly. This is because: (1) savings for new resource vacancies were already estimated to be small--just $1.5 million total funds, as most new placements had been assigned before January 2009; (2) if notice is provided in March that vacant placements may be filled, there will be time lags in filling the placements, and most will still not be filled in FY 2008-09. In light of this, staff has not changed this component of the estimate.

<u>Savings due to time-lag in delivering and billing for new services</u>: The Department did not build into its analysis any savings associated with a delay between when an individual is identified as "enrolled" in a new placement, when the first service is actually delivered, and when the first bill for the new service is actually paid. Community centered boards went to significant effort to use the new funding allocated and to enroll individuals in service consistent with timelines specified by the Department. However, "enrolling" an individual in a service has not corresponded closely to when the first service is actually delivered or billed.

Data provided by the Department for the first four months of the year indicated that there was a weighted average of 80 days (2.6 months) between what was identified as an individuals "start date" and the fist date when the state paid for a service. This reflected both some gaps between what the Department anticipated to be the start date and the actual first service date and significant gaps between the first date of service and the first day a payment was made for all individuals. This situation is underscored by data indicating that the Department has only paid out 2.7 percent of total funding for new placements during the first five months of the year, although staff would have expected 17.5 percent would have been expended by that point. In light of these factors, staff has assumed:



(1) 30 percent of funds for new comprehensive placements (after other reductions identified) will not be paid out in FY 2008-09. This corresponds to the share of expenditures associated with the last two months of the year, assuming that new comprehensive placements build from 0 at the beginning of the year to a full 305 placements at the end of the year (funding was provided for an average of six months).

(2) 20 percent of funds for new supported living services (after other reductions identified) will not be paid out in FY 2008-09. This is also designed to approximately correspond to the share of expenditures during the last two months of the year. Funding was provided for 228 placements for an average of six months and for 117 placements for a full year. Because of the number of placements available for a full year, staff has assumed the spread of supported living expenditure over the course of the year will be more even than for the comprehensive program. As a result, the share of total expenditures loaded into the last two months of the year is projected to be less.

(3) 25 percent of funds for new targeted case management services will not be paid out in FY 2008-09. These funds are tied to the supported living and comprehensive services amounts, with approximately half associated with the comprehensive placements and half with supported living.

<u>Savings due to restrictions on the use of turnover placements</u>: Staff also asked the Department how legislative action might affect savings related to the Department's "freeze" on turnover placements. In response, the Department indicated that it would expect approximately 40 months of savings in the Comprehensive residential program and 145 months of savings in the Supported Living program due to the impact on the temporary freeze in use of turnover placements, *i.e.*, placements that turned over in January and February were "frozen". Although the Department will lift the restriction, it assumes that these placements will take two months more than usual to fill. This drives modest savings in FY 2008-09, based on data from community centered boards on how quickly they will fill placements.

"Hold Harmless" Funding Need. The General Assembly set aside funds in FY 2006-07 and FY 2007-08 that were rolled forward to FY 2008-09 to address the impact of federally-required system changes. Although both interim and long-term rates under the new billing structure were designed to keep overall state funding levels consistent, the switch first to the interim structure and then to the long-term structure was expected to result in changes in how much was reimbursed to individual providers for services to individual consumers. To ease this transition, the General Assembly provided $1.7 million in FY 2006-07 and $1.7 million in FY 2007-08 to address the transition to the interim rate structure and to temporarily "hold harmless" providers from the impact of the change. It also identified funds to be rolled forward to FY 2008-09 for what was anticipated to be a full-year of "hold harmless" funding for the new long-term rate structure. The total set aside for the transition to the long-term rate structure was $6.5 million General Fund. Due to some technical accounting problems that resulted in the reversion of some funds in FY 2007-08, in the end, $6.0 million is actually available for "hold harmless" for FY 2008-09. At the same time, the new rate structure has only been in force since January, *i.e.*, there is only one-half year of impact of the new rate structure, rather than the full-year impact originally budgeted.

The Department's initial analysis of anticipated gains and losses by provider appears to indicate a need for only $411,486 per quarter or $822,972 for 6 months; however it does not believe this accurately captures the total picture. To determine the need for hold-harmless funding, the Department is distributing a questionnaire to all providers that will enable calculation of the providers' gains and losses associated with the transition to the new structure. The questionnaires are required to be completed by March 15, 2009, and the Department expects to distribute the related funding by March 30, 2009. Thus, in addition to uncertainty about the need for the overall Medicaid budget, there is also uncertainty about the need for FY 2008-09 "hold harmless" funding.

Office of Legislative Legal Services Concerns Regarding Department Proposal. The Office of Legislative Legal Services has indicated to staff that it does not believe current statutory authority is adequate to allow the Department the flexibility it has requested. It also does not believe such flexibility may be authorized by footnote. The relevant statute reads as follows:

> "**Section 24-75-106. Transfers between departments of health care policy and financing and human services for medicaid programs - repeal.** (1) Not withstanding the effects of the (M) provision in the 1990-91 and subsequent general appropriations acts, the governor may transfer unlimited amounts of general fund appropriations and reappropriated funds to and from the departments of health care policy and financing and human services <u>when required by changes from the appropriated levels in the amount of medicaid cash funds earned through programs or services provided under ths supervision of the department of human services or the department of health care policy and financing</u>."

The Office of Legislative Legal Services does not feel the language in the statute is designed to cover a situation in which General Fund essentially appropriated for a different purpose (such as "hold harmless" or the Family Support Services Program) is transferred to the Department of Health Care Policy and Financing to cover an over expenditure for the comprehensive residential Medicaid program. Staff is currently exploring with the Controller's Office how the Controller's Office interprets the statute. However, given OLLS advice, if the Committee wishes to provide the Department the flexibility requested, it might want to include a provision--at least to address FY 2008-09 and possibly FY 2009-10 close--that would more clearly allow for the Department's proposal. The Committee is already sponsoring H.B. 09-1222 to extend the repeal date for this section of statute. The bill is currently in House appropriations. **If the Committee wishes, staff will work with the Office of Legislative Legal Services to craft an amendment to the statute, via H.B. 08-1220, that will address OLLS's concerns.** For example, such an amendment might allow unlimited transfer of General Fund between the two departments for all line items with "like purposes" (as defined), given that a large set of line items exists within the Department of Health Care Policy and Financing specifically designated for the transfer of funds to specific line items within the Department of Human Services. These corresponding line items within the Department of Human Services often include direct General Fund appropriations to the Department of Human Services, in addition to appropriations of "reappropraited funds" transferred from the Department of Health Care Policy and Financing.

Staff Recommendation. Staff recommends that the Department of Human Services be requested to report to the Joint Budget Committee, by March 16, 2009, on requests it has received for "Hold Harmless" funding in FY 2008-09. This information can be used to make final balancing decisions. The Department will not, at that point, know whether it will fully approve all requests but it will at least know the outside limit of such potential expenditures. Staff anticipates that, based on this information (and the March 20 revenue forecast) the JBC might choose to take savings associated with hold harmless amounts. Based on information available at that point, staff will likely recommend:

(1) Modify statute to allow transfers as proposed by the Department to avoid any potential over-expenditure of the Program Costs line item Medicaid appropriation for FY 2008-09;

(2) Reduce the FY 2008-09 DD Program Costs appropriations by the amount of the General Fund hold-harmless roll-forward funds not required--possibly allowing the Department to retain some excess to address any Medicaid over-expenditure, given the differences between the Department and staff projections for the line item;

(3) If any potentially excess funding is retained in the Program Costs line item, either require any excess to be reverted or authorize the Department to allow hold-harmless amounts that are not needed for either FY 2008-09 hold-harmless or to address current Medicaid Program Costs to roll forward to FY 2009-10 **IF the state has received sufficient revenue to provide for a General Fund reserve for FY 2008-09 at the level set by the General Assembly** in statute.

In general, staff would like to see an end to the current "roll-forward" pattern, given the budgeting complexity it creates. Further, staff is opposed to any action that would give roll-forward of these funds to FY 2009-10 higher precedence than other critical FY 2008-09 funding needs. However, staff notes that the State will still be transitioning to a new long term rate structure--for supported living and children's extensive support programs--in July 2009. Thus, there is justification for making hold-harmless funds available for these programs if the state budget situation allows.

Pending statutory changes to address concerns raised by the Office of Legislative Legal Services, staff would recommend that the Committee take action to modify the following FY 2006-07 and FY 2007-08 footnotes, and add the following new FY 2008-09 footnote, as shown below. This would presumably allow the State to use roll-forward funds to address any Medicaid over-expenditure, as appropriate.

From FY 2006-07 Long Bill, as amended in an add-on to S.B. 07-239 (the FY 2007-08 Long Bill):

68a Department of Human Services, Services for People with Disabilities, Developmental Disability Services, Community Services, Adult Program Costs -- Of the total appropriation in this line item, up to $5,261,338 General Fund, if not expended prior to June 30, 2007, may be rolled forward for expenditure in FY 2007-08. It is the intent of the General Assembly that said amount be used on a one-time basis as "hold harmless" funds to assist developmental disability consumers and providers negatively affected by the conversion to a statewide rate structure for developmental disability Medicaid waiver services OR FOR SUCH OTHER DEVELOPMENTAL DISABILITY PROGRAM COSTS PURPOSES AS MAY BE AUTHORIZED BY THE GENERAL ASSEMBLY. The General Assembly notes that an additional $3,667,868 that would have been available for "hold harmless" is not available for this purpose because it is used to provide a community provider cost-of-living increase in FY 2006-07.

From FY 2007-08 Long Bill, as amended in an add-on to H.B. 08-1375 (FY 2008-09 Long Bill):

79a Department of Human Services, Services for People with Disabilities, Developmental Disability Services, Community Services, Program Costs -- Of the hold harmless appropriation included in this line tem for FY 2007-08, $1,238,162 General Fund, if not expended prior to July 1, 2008, may be rolled forward for expenditure in FY 2008-09. In addition, $5,261,338 General Fund, that was appropriated in the Developmental Disability Services, Community Services, Adult Program Costs line item in FY 2006-07 and rolled forward to FY 2007-08 for this purpose, shall be further rolled-forward to FY 2008-09, so that a total of up to $6,500,000 shall be available for hold harmless, OR FOR SUCH OTHER DEVELOPMENTAL DISABILITY PROGRAM COSTS PURPOSES AS MAY BE AUTHORIZED BY THE GENERAL ASSEMBLY, in FY 2008-09. The purpose of ~~this~~ A hold harmless appropriation is to assist developmental disability consumers and providers negatively affected by the conversion to a statewide rate structure for developmental disability Medicaid waiver services.

Proposed addition to FY 2008-09 Long Bill, to be amended via add-on to the FY 2009-10 Long Bill.

39a Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs-- The calculations in this line item reflect the assumption that $5,057,748 Medicaid reappropriated funds, rolled forward from FY 2007-08, are available to augment FY 2008-09 Medicaid appropriations for this line item. The calculations also reflect the assumption that [amount specified up to $6,000,000] General Fund, rolled forward from FY 2007-08, is available as "hold harmless" funding to assist developmental disability consumers and providers negatively affected by the conversion to a statewide rate structure for developmental disability Medicaid waiver services. Alternatively, such funds may be used to augment FY 2008-09 Medicaid appropriations for this line item, based on the transfer of General Fund to the Department of Health Care Policy and Financing, to avoid an over-expenditure of the Medicaid appropriation.

FY 2008-09 Department Request Concerning Colorado Springs Community Centered Board

In late January 2009, the Department requested that it be authorized to use $726,000 General Fund available in its appropriation for developmental disability services, Program Costs (FY 2007-08 appropriation rolled forward to FY 2008-09) for use **either** to assist the current community centered board (CCB) for El Paso, Teller, and Park counties in becoming viable **or** as start-up costs should it be necessary to secure a new community centered board contractor.

Based on this, staff recommended and the Committee approved:

- Committee authorization for the request, pending additional information on specific plans and associated costs.

- The Department be asked to provide an update by February 27, 2009 on planned use of approximately $1.0 million in remaining General Fund, so that the response may be considered as part of FY 2009-10 figure setting.

- The footnote authorizing an FY 2007-08 roll-forward of $1,966,000 General Fund from FY 2007-08 to FY 2008-09 not specify the purpose for which the FY 2007-08 roll-forward is expected to be used. This was reflected in an FY 2007-08 add-on to the Department of Human Services FY 2008-09 supplemental. bill.

On February 27, 2009, the Department provided the requested update on its plans. In this letter, the Department reported the following:

- It received a letter during a meeting with The Resource Exchange on February 11, 2009 stating that the Board had decided not to apply for designation as the community centered board for El Paso, Park and Teller counties. The Board indicated that the organization could sustain viability for approximately sixty days.

- The Department is now focusing attention on developing a transition plan and working to ensure the continuity of case management and direct service provision for clients served in the region. The Department is considering the feasibility of several options, including, but not limited to: Issuing a request for proposal to solicit vendors to provide the services; direct delegation of the service area to an existing CCB or combination of CCBs; direct oversight and management by the Department; separation of the three counties in the service area and assignment to existing CCBs or new vendors.

The Department indicates implementation of any option will require funding from the remaining $726,000 to coordinate and manage the transition. It estimates associated costs might include case management ($425,000), service director ($50,000), accounting ($80,000), direct service staff ($81,000) and operating expenses for training, travel, and infrastructure start-up ($90,000). It also indicated that actual costs will depend upon the option selected and that the Department may require roll-forward of these funds to FY 2010-11 (not explicitly requested).

Staff recommendation. Given what appears to be the uncertainty of the Department's plan, staff does not have a recommendation except to require that the Department continue to provide the Committee regular updates of its plans. Staff notes that staff has heard concerns raised from members of the community regarding any plans to "sole source" the CCB designation without a request for proposals process. Staff notes that **further budget action will be required for any roll-forward, which staff is not recommending until related decisions have been made and further information has been provided**.

FY 2009-10 PROGRAM COSTS APPROPRIATION

Overview of Request and Recommendation

The Department's request is for $374,935,579 including $183,391,071 net General Fund. This amount includes:

- $14.3 million ($6.6 million"net" General Fund) to annualize FY 2008-09 caseload increases provided for 6 months in FY 2008-09
- $1.9 million ($0.9 million"net" General Fund) for new caseload in FY 2009-10 (Decision Item #3, as amended by Budget Amendment #33)
- A reduction of $4.4 million ($2.1 million "net" General Fund) to eliminate the FY 2008-09 community provider cost of living increase
- Continuation of reductions of $7.0 million ($3.5 million net General Fund) in FY 2008-09 Medicaid program reductions associated with Medicaid systems change

The staff recommendation is for $374,881,278 including $187,151,331 "net" General Fund. Although total funds requested and recommended look similar, the staff General fund recommendation is greater than the request. Total funds amounts appear similar because the staff recommendation eliminates local funds pursuant to H.B. 08-1220, while the Department request does not. Thus, the Genearl Fund discrepancy is of more significance. The details of the request and the staff recommendation are reflected in the table on the following page. Detailed supporting spreadsheets, reflecting the components of the recommendation by fund source, are attached to the back of this figure setting packet.

In sum:

- Staff recommends $13.7 million to annualize caseload increases provided in FY 2008-09 for six months. This matches the request except that staff has not recommended annualization for the FY 2008-09 increase for the Family Support Services program ($265,428 net General Fund), due to statewide revenue constraints. Staff's calculations also do not include any local funds match, pursuant to H.B. 08-1220.
- Staff recommends the requested increase of $1.9 million ($0.9 million "net" Genearl Fund) for new caseload to be added for six months in FY 2009-10, with minor adjustments.
- Staff calculations do NOT include the requested reduction of $4.4 million ($2.1 million "net" General Fund) for a provider rate reduction, based on JBC common policy.
- Staff calculations do NOT include the proposed ongoing reduction of $5.3 million ($2.6 million "net" General Fund) associated with developmental disability systems change. The Department has not provided any rationale for why this reduction should be ongoing, given the new rate structure effective January 1, 2009. Staff assumes that to achieve such savings, real program cuts would need to be taken. Staff has identified options for alternative reductions at back of this packet.
- Staff recommends an increase of $0.7 million ($0.3 million net General Fund) for 20 new comprehensive placements for six months in FY 2009-10 to transition individuals from the regional centers. This is in lieu of a portion of Decision Item #1, requesting funding for additional staff at the regional centers.
- Staff recommends an adjustment associated with the Supplemental Security Income room and board increase to increase client cash amounts, and reduce Medicaid and General Fund appropriations, resulting in net General Fund savings of $773,322.
- Staff recommends small adjustments to Medicaid appropriations, including the Special Purpose appropriation, for a total reduction of $167,535 and a net General Fund decrease of ($50,927).

FY 2008-09 Request and Recommendation Overview

Program Costs - Funds Build-up FY 2009-10	Request Total	Request Net General Fund*	Recommendation Total	Recommendation Net General Fund*
FY 2008-09 Long Bill	$370,102,244	$181,316,312	$370,102,244	$181,316,312
Sup/BA #25 - Systematic turnover	(1,806,769)	(830,868)	(1,806,769)	(830,868)
Sup #26 - Roll forward savings	(5,057,748)	(2,528,874)	(5,057,748)	(2,528,874)
Sup/BA #19 - Waiver Transition	(5,300,000)	(2,650,000)	(5,300,000)	(2,650,000)
Technical Correction - Local Funds	(9,528,108)	0	(9,528,108)	0
SSI Room & Board Adjustment	779,867	0	779,867	0
FY 2008-09 Approp.	$349,189,486	$175,306,570	$349,189,486	$175,306,570
Annualize Sup #26 - Roll forward	5,057,748	2,528,874	5,057,748	2,528,874
Annualize Sup #19 - Waiver transition	0	0	5,300,000	2,650,000
SSI Room and Board Adjustment	0	0	(779,867)	(799,339)
Local Funds/other Dept base difference	8,891,728	2,539	0	0
Annualize FY 2008-09 Decision Items	14,250,212	6,627,351	13,699,489	6,329,300
Decision Item #3 (new caseload)	1,949,915	911,817	1,918,267	891,544
Staff Rec - RC transition caseload	0	0	663,690	295,310
Community Provider Rates	(4,403,510)	(2,086,081)	0	0
Technical Adjustments	0	0	(167,535)	(50,927)
Total	$374,935,579	$183,291,071	$374,881,278	$187,151,332
Change from FY 2008-09 Long Bill	4,833,335	1,974,759	4,779,034	5,835,020
Percent Change	1.3%	1.1%	1.3%	3.2%
Change from FY 2008-09 Approp.	25,746,093	7,984,501	25,691,792	11,844,762
Percent Change	7.4%	4.6%	7.4%	6.8%

*"Net" General Fund includes General Fund appropriated in the Department of Health Care Policy and Financing and transferred to the Department of Human Services.

Program Costs - Comparison by Program Category FY 2009-10	Request		Recommendation	
	Clients/ "resources"	Total	Clients/ "resources"	Total
Adult Comprehensive	4,219.5	$266,402,608	4,229.5	$272,212,428
Adult Supported Living	3,940.0	57,045,150	3,940.0	54,167,273
Early Intervention Services	2,176.0	11,663,694	2,176.0	11,098,328
Family Support Services	1,276.0	7,117,269	1,226.0	6,507,966
Children's Extensive Support Services	393.0	7,251,728	393.0	6,882,727
Case Management and Quality Assure.	12,004.5	24,390,788	11,964.5	23,122,398
Special Purpose		1,064,342		890,158
Total Clients*	12,004.5	374,935,579	11,964.5	374,881,278

*Total clients excludes the "double count" for case management/quality assurance; all consumers are allocated both direct service funds and case management/quality assurance funds

Note that Program Costs is a single line item. It is broken into sub-components in the Long Bill for informational purposes only. Therefore, the Department has flexibility to move both total funds amounts and fund sources among the sub-components.

Supplemental/Budget Amendment #25 - Developmental Disability Systematic Client Turnover

For FY 2008-09, the Department's requested, and the General Assembly approved, a reduction associated with the placement delays that occur when a developmental disability placement is vacated (often due to a client's death) and the placement is filled by another individual. As reviewed in the staff supplemental packet dated January 23, 2009, the Department estimates that a total of 8 Children's Extensive Support placements, 80 comprehensive residential placements, and 62 adult supported living placements turn over each year, with each turnover driving a three month vacancy. This equates on an annual basis to 2.0 Children's Extensive Support placements, 20.0 adult comprehensive placements, 15.5 supported living placements, and 37.5 case management placements, with associated dollars. Final action for FY 2008-09 was for $1,806,769 total funds, including $138,407 cash funds (client cash) and $1,668,362 Medicaid reappropriated fund ($830,868 net Genearl Fund). The Department's request did not include the cash funds reduction, but was otherwise identical. **Staff recommends that the FY 2008-09 action be continued in FY 2009-10, including the cash funds adjustment**.

Staff Initiated FY 2008-09 Technical Correction to Local Funds Match

Staff recommended, and the General Assembly approved, an adjustment to eliminate $9,528,108 cash funds (local matching funds) from this appropriation in FY 2008-09. **Staff recommends that this adjustment be continued in FY 2009-10 and that local funds not be included in the line item. This adjustment was not included in the Department's request for FY 2008-09 or FY 2009-10.**

House Bill 08-1220 eliminated the statutory requirement for a 5.0 percent local match for developmental disability programs. Based on federal requirements, the state was no longer able to require that all developmental disability funds passed through community centered boards; further, the Department had never imposed this figure as a "hard" match.

Annualize Supplemental #26 - Savings due to FY 2007-08 Roll-forward

The Department requested, and the Genearl Assembly approved, a reduction of $5,057,748 Medicaid reappropraited funds ($2,528,974 net Genearl Fund) based on the availability of Medicaid funds rolled forward from FY 2007-08. Per footnote 79b in H.B. 08-1375, the Department was allowed to roll forward up to 3.0 percent of unused Program Costs Medicaid funds from the FY 2007-08 budget. As projections indicated these funds were not needed in FY 2008-09, the General Assembly approved a reduction to the FY 2008-09 appropriation, based on funding available from the roll-forward. This was a one-time reduction. **The Department requests, and staff recommends, that the reduction be annualized (restored) in FY 2009-10.**

Supplemental/Budget Amendment #19 - Waiver Transition/Fee-for-service versus Bundled Billing

For FY 2008-09, the Department requested a reduction of $5,294,920 Medicaid funds ($2,647,460 net General Fund) associated with the overall transition-impact of converting from the previous "bundled billing"/quasi managed care structure to a fee-for-service billing system. This figure was backed-into, based on the Department's preliminary estimates of FY 2008-09 reversions of $10.3 million Medicaid funds and redactions it had identified under other titles that were also part of its overall reversion analysis. **The Department's request reflected continuing this reduction for FY 2009-10. Staff does not believe there is a rational basis for this, in light of recent changes to a long-term rate structure. As a result, staff recommends annualizing (restoring) the reduction taken for FY 2008-09.** This drives an increase of $5,300,000 ($2,650,000 "net General Fund) in the staff recommendation, compared to the request

Since the federally-imposed changes to the Medicaid waiver program were implemented in FY 2006-07 there has been a pattern of reversions totaling, in FY 2007-08, $12.2 million. The Department believes that reversions have been driven in part by the fact that, under a fee-for-service billing system, provider must demonstrate detailed services to draw down funds, whereas, under bundled billing, they need only indicate that services are being provided for an individual, without such detail. Associated with this, when the Department established interim rates for the comprehensive residential program in FY 2006-07 it allocated the total appropriation based on provider-reported information on services delivered, rather than any actual service billing history. To the extent providers reported providing more services than they would ultimately demonstrate in a true, fee-for-service environment, funding per service was set too low. This, in combination with other factors, resulted in reversions.

However, effective January 1, 2009, the comprehensive residential program is transitioning to a new long-term rate structure. Unlike the interim rate structure, the long-term rate structure was designed based on actual services billed under a fee-for-service billing system. The system-designers used information on the total funds available in the appropriation and the services billed under the interim billing system to develop billing rates. <u>If this was done properly, there should no longer be reversions associated with the conversion from bundled to fee-for-service billing</u>. Furthermore, as the new rate structure will have been in effect for six months at the beginning of FY 2009-10 for the comprehensive residential program, it seems likely that any major billing problems associated with the transition will have been resolved. Thus, staff does not feel there is a logical basis for identifying $5.3 million in savings in FY 2009-10.

Funding for this line item reflects a projection: thus, final costs in FY 2009-10 may be higher or lower than the appropriation. However, if the General Assembly wishes to include this component of the Department's projection in the budget, it runs a far greater risk of needing to provide a supplemental increase during FY 2009-10. Staff believes that the proposed reduction can only be guaranteed if accompanied by money-saving policy change, such as a rate or program reduction. Options for such redactions are included at the end of this packet.

SSI Room and Board Adjustment - FY 2008-09 Action and Staff Recommendation for FY 2009-10

In January, staff notified the Committee that, associated with federal action to increase the Supplemental Security Income (SSI) room and board rate in January 2009, there was a potential for a Medicaid/Genearl Fund offset and associated savings. The Committee chose instead to allow service providers to keep the room and board increase, without taking a Medicaid or General Fund offset. This was done by increasing the client cash appropriation to this line item by $779,867 cash funds. At the time, the Committee indicated that this action applied to FY 2008-09 and that it would separately consider whether or not to take a Medicaid/General Fund offset for FY 2009-10. **In light of other staff recommendations that will result in higher figures than the request, staff recommends that the Committee offset the SSI increase with a Medicaid/General Fund reduction for FY 2009-10. This provides net General Fund savings for FY 2009-10 of $799,339.** This will result in small decrease in rates for the comprehensive residential program based on room and board payments anticipated to be received, *i.e.,* the overall impact on providers from the SSI room and board increase is structured to net to $0.

Background. The Department issued notice to the Community Centered Boards in January 2009 indicating that, pursuant to a federal SSI increase from $637 to $674 per month, the personal needs allowance for SSI was being increased from $61 to $64 per month, and thus the room and board component was being increased from $576 per month to $609 per month (from $6,912 per year to $7,308). However, the Department failed to submit a supplemental request or budget amendment regarding the room and board share of the appropriation. The relevant portion of statute is reflected below:

> 27-10.5-104. Authorized services and supports - conditions of funding - purchase of services and supports - boards of county commissioners - appropriation. (7) (a) Each year the general assembly shall appropriate funds to the department of human services to provide or purchase

services and supports for persons with developmental disabilities pursuant to this section. Unless specifically provided otherwise, services and supports shall be purchased on the basis of state funding less any federal or cash funds received for general operating expenses from any other state or federal source, less funds available to a person receiving residential services or supports after such person receives an allowance for personal needs or for meeting other obligations imposed by federal or state law, and less the required local school district funds specified in paragraph (b) of this subsection (7). The yearly appropriation, when combined with all other sources of funds, shall in no case exceed one hundred percent of the approved program costs as determined by the general assembly....(Emphasis added.)

Unless the General Assembly authorizes an increase for the client cash share of the appropriation, statute would direct that the Medicaid and General Fund appropriations be reduced by the amount of this increase. The table below reflects the calculation.

General Fund and Medicaid Cash Offsets Associated with SSI Increase

	State Residential (General Fund)	Medicaid Residential (Medicaid Cash)	Total
(A) Number of Resources (FTE consumers)	66	3,924	3,990
(B) SSI Rate Increase per day	$1.08	$1.08	$1.08
FY 2009-10 (full year impact)			
(D) Effective Days (full year)	365	365	365
Increase Client Cash (A*B*D)	$26,017	$1,546,644	$1,572,661
Net General Fund savings	$26,017	$773,322	$799,339

	Total	General Fund	Cash Funds (Client Cash)	Reappropriated Funds (Medicaid)	"Net" Genearl Fund
FY 2009-10 Total SSI Adjustment	$0	($26,017)	$1,572,661	($1,546,644)	($799,339)
FY 2008-09 Supplemental Adjustment	779,867	0	779,867	0	0
SSI Annualization for FY 2009-10	($779,867)	($26,017)	$792,794	($1,546,644)	($799,339)

Annualize FY 2008-09 Caseload Increase

FY 2008-09 Decision Items #4 and #4a added 305.0 full time consumers ("resources") to the caseload for the comprehensive waiver program, 228.0 full time consumers to the caseload for the supported living program, and 100 families to the caseload for the Family Support Services Program. All were added for an average of 6 months in FY 2008-09. Therefore, the Department requested that the total appropriation be annualized to a full year (doubled) in FY 2009-10. This increases the comprehensive waiver program caseload reflected in the Long Bill by 152.5 (half of 305), the supported living caseload by 114 (half of 228), and the family support services case load by 50 (half of 100). This is because caseload is reflected based on full year persons funded, and the new placements were funded for only one-half year in FY 2008-09.

Staff recommends the requested annualization with the following adjustments:

- Staff has not included the local funds amounts that were included in the request, as staff is not recommending reflecting any local funds amounts in this appropriation. The request included $252,673 local funds.

- Staff does not recommend the requested annualization for the Family Support Services Program ($298,050 General Fund). Although this program is identified as intended to serve 1,226 families, total dollars are generally spread among more than 3,500. Thus, new funding is not truly associated with an increase of a certain number of individuals for a certain number of months; instead, a funding increase simply adds to the total dollars available to support families of children with developmental disabilities. While staff recognizes this funding benefits families, in light of the state's budget situation, staff is not recommending the "annualization" of the new family support services program funding added in FY 2008-09. Instead, staff recommends that the overall increase of $298,050 General Fund and 50.0 placements for FY 2008-09 simply be maintained.

Decision Item #3, as amended by Budget Amendment #33 - New Caseload

Consistent with past practice, the Department submitted a request for new developmental disability caseload for FY 2009-10 as part of the November 1 budget submission. It subsequently submitted a proposal to reduce the request, in response to statewide revenue constraints. The original request, for $5,919,630 ($2,908,497 net Genearl Fund), included funding for emergency comprehensive placements, waiting list placements for supported living and comprehensive residential programs, and family support services funding, as detailed in the staff briefing document. The budget amendment removed all components of the request except comprehensive foster care transition and supported living placements for individuals transitioning from the Children's Extensive Support program.

Staff recommends the revised request, with a minor modifications to reflect: (1) eliminating the local match component that was built into FY 2008-09 rates (rather than refinancing with Medicaid, as in the Department's request); and (2) reflecting the new, higher SSI room and board (client cash) amount, which offsets amounts otherwise required. Note that the caseload request is based on funding required to provide services and supports to one person for six months. **All costs associated with this decision item double in FY 2010-11, when full-year funding is required.**

Decision Item #3 as amended by #33 - New Caseload

	Request					Recommendation				
	FY 2009-10 (part year)			Full year FY 10-11		FY 2009-10 (part year)			Full year FY 10-11	
	Clients	Total	Net GF	Total	Net GF	Clients	Total	Net GF	Total	Net GF
Comprehensive Resources										
Foster care transition	37.0	1,684,130	778,925	3,368,260	1,557,850	37.0	1,665,778	765,299	3,331,556	1,530,598
Emergency	0.0	0	0	0	0	0.0	0	0	0	0
Waiting List	0.0	0	0	0	0	0.0	0	0	0	0
Adult Comprehensive	**37.0**	**1,684,130**	**778,925**	**3,368,260**	**1,557,850**	**37.0**	**1,665,778**	**765,299**	**3,331,556**	**1,530,598**
Supported Living	**29.0**	**265,785**	**132,892**	**531,570**	**265,784**	**29.0**	**252,489**	**126,245**	**504,978**	**252,490**
Total	66.0	1,949,915	911,817	3,899,830	1,823,634	66.0	1,918,267	891,544	3,836,534	1,783,088
Clients for 6 months	33.0					33.0				
Case management portion		*83,472*	*41,736*	*166,944*	*83,472*		*83,472*	*41,736*	*166,944*	*83,472*

DI #3, as amended: Foster Care Transition Resources

Foster care transition services are provided to individuals with developmental disabilities who have been served by Child Welfare social services, but who become ineligible for such services because they turn 21 years of age. Most of these individuals have been in out-of-home placements for several years. For a variety of reasons, typically abuse and neglect issues, or the inability of the natural family to provide for the complex needs of the child, returning to the natural family home is not a viable option or these young adults. In addition, due to their developmental disability and ongoing need for supervision and care, these individuals cannot be emancipated at age 21. These individuals "transition" into the Developmental Disabilities Community Programs system at that time. Foster care transition services include comprehensive residential, day program, case management, administration, and transportation. Preferably at least 12 to 18 months in advance, county departments of social services begin working with their local Community Centered Boards to complete the eligibility determination process and plan for services. Youths who will age out of child welfare services are identified through a cross check of Child Welfare's data and waiting list information maintained by Community Centered Boards. Historically, the Department's first priority for allocation of new placements has been in this category, and 35 to 60 new resources have been used for foster care transition each year over the last five years

The Department's request, and staff's recommendation, reflects a total of 37 youth who had been identified to age out of child welfare services during FY 2009-10. These individuals will transition into community adult services at different points of time during the year; therefore, the Department is requesting funding for an average of 6 months in FY 2009-10. The amounts would double in FY 2010-11.

The amount requested per person is based on the amount provided for foster care transition placements for FY 2009-10. Because the Department has been in the process of transitioning to a long-term rate-structure, it was not able to provide cost-estimates based on the individual consumer's levels of severity. Staff notes that the FY 2008-09 request was based on unusually high average severity during that year. <u>Staff assumes that, starting with any FY 2010-11 request, the Department will be submitting requests based on the needs of the specific foster care clients who are moving to this program</u>. The recommendation provides total funding at a rate of $90,042 total funds per person per full year, including $7,307 client cash (room and board) and $82,735 Medicaid reappropriated funds ($41,368 net General Fund per person per year). This corresponds to, approximately, a Tier 5 placement level (out of 7, with 7 being the highest need level) and includes $87,513 for direct services and $2,529 for case management.

DI #3, as amended: New Supported Living Resources Component

The Department's request is for 29 new supported living resources for an average of six months. The Department has identified these as being targeted at youth transitioning from the Children's Extensive Support (CES) program. It notes that, in addition to the waiting list for comprehensive services, the state has an extensive waiting list for supported living resources. These services are designed to provide supports to adults who either live independently or to provide supplementary support and resources to adults so that they can continue to live with a primary care giver (usually a family member) who provides 24-hour supervision and support. The level of support provided depends upon the individual's need and may include services ranging from personal care to home modification. The Department's request to fund 29 youth who age out of the CES program in FY 2009-10 is similar to the figure requested in past years.

The Department requested total funding at the same rate as was provided for FY 2008-09. Staff recommends the request with minor adjustments to eliminate the local funds component (the Department's request had inadvertently refinanced this with Medicaid)**.** This corresponds with the approximate average cost per Medicaid client in the supported living services program ($17,413 total funds ($8,707 net General Fund) per person per year, including $14,883 for direct services and $2,530 for case management. Staff notes that recent data for the Supported Living Services program indicates that program expenditures per person may be exceeding currently appropriated levels; however, the Department is also in the process of developing the long-term rate structure for the program that will roll-out July 1, 2009. Staff anticipates that, in the future, the Department may be able to provide more refined estimates of the amount required per person for this type of decision item.

Staff notes:

- Supported living resources cost, on average, 25 percent of the cost of a comprehensive resource.
- Department surveys indicate that individuals are less likely to pursue comprehensive services if they receive supported living services. In a 2004 survey, the Department found that 16 percent of those receiving SLS refuse comprehensive services when they are offered it, compared with 3 percent for those that are not receiving SLS. This suggests that SLS resources are a cost effective use of State resources, to the extent that they delay the demand for comprehensive resources.
- By targeting resources to families transitioning from the Children's Extensive Support program, the Department ensures that only families with the highest level of need and children with the highest level of demand for services will be targeted among those on the SLS waiting list. Children are only eligible for the Children's Extensive Support program if they require constant, high levels of supervision. It is likely that many of these families would accept comprehensive resources if offered, in light of the tremendous demands of their children; however, provision of SLS reduces the stress on the family and the risk that an emergency comprehensive placement will be required.

The Department did not request, and staff has not reflected a Medicaid premiums or mental health capitation adjustment associated with the request, as staff assumes that youth transitioning from foster care or from the Children's Extensive Support waiver are already enrolled in Medicaid State Plan services.

Staff Recommendation - Regional Center Transition Placements

The Department has submitted plans for addressing staffing and quality of care problems at the state-operated regional centers for people with developmental disabilities through a combination of increases in staff and reductions in the number of individuals served. These plans include a reduction of 20 individuals during FY 2009-10, based on persons the regional centers have identified as appropriate to serve in the community. (These plans are reviewed in detail under the Regional Center section of this packet, related to the Department's Decision Item #1 for new regional center staff.). Although the Department's November 1, 2008 budget request added sufficient numbers of new community placements to accommodate the transition of additional persons from the regional centers, its January 23, 2009 budget amendments eliminated all new community comprehensive residential placements except for those for individuals transitioning from foster care placement.

Staff believes that, in order for the regional centers to improve their quality of care, the proposed regional center downsizing is appropriate. In particular, staff believes those persons identified by the regional centers as suitable for community placement should be moved to the community as quickly as feasible, given the far lower placement costs in the community. Thus, in lieu of a portion of the Department's request for Decision Item #1 for the regional centers, staff recommends adding 20 new community placements for an average of six months to transition individuals to the community. The funding required for these new placements in FY 2009-10 is $663,690 total funds, including $73,070 cash funds and $590,620 Medicaid funds ($295,310 "net" Genearl Fund), based on an average cost of $66,469 total funds ($29,531 net General Fund) per person per year in the comprehensive residential program ($63,840 for direct services and $2,529 for case management).

Staff Recommendation - Regional Center Transition Caseload						
	FY 2009-10 (6 mos)			Full year FY 10-11		
	Clients	Total	Net GF	Clients	Total	Net GF
Adult Comprehensive						
RC Transition	20.0	$663,690	$295,310	20.0	$1,327,380	$590,620
Clients for 6 months	10.0					
Case management portion		*25,290*	*12,645*		*50,580*	*25,290*

Community Provider Cost of Living Adjustment

The Department requested that a portion of the 1.5 percent community provider cost of living increase provided for FY 2008-09 be eliminated for FY 2009-10: a reduction of $4,403,510 total funds ($2,086,081 net General Fund) requested. Consistent with Committee common policy, staff has not included this reduction. Note that, if the Committee ultimately does reduce rates, staff would anticipate greater savings than reflected in the request. A reduction of 1.48 percent to the current line item would provide savings of $5,056,185 total funds, including $2,753,027 net General Fund. Please note also that the Department's requested reduction was not distributed among the sub-sections to this line item but was only reflected for Comprehensive Services. This tends to distort the comparison between the request and recommendation.

Technical Adjustments

Staff has included a reduction of $167, 535 Medicaid cash funds to the special purpose line item to reflect the fact that billing for a type of screening included in this line item (PASARR) in FY 2007-08 was just under $38,000, rather than the $205,535 estimate included in this section of the line item. Staff has also made various adjustments throughout the line item to "true up" Medicaid match amounts so that Medicaid General Fund plus cash funds is consistently equal to federal funds (a 50/50 split). Although PASARR screening receives a higher match rate (75 percent federal) the total is so small as to make an associated adjustment impractical. Note that the (M) and (H) notations will be used to "capture" additional federal Medicaid match received as a result of the American Reinvestment and Recovery Act of 2009. The net result of these adjustments is a $50,927 decrease in "net" General Fund for the line item.

Post-Eligibility Treatment of Income

Federal regulations allow a State's Medicaid State Plan to include a special (higher) income limitation for the aged, blind, and disabled population if such persons are enrolled in a home and community based waiver, and their other income does not exceed 300% of the SSI standard maintenance allowance. The federal regulations require an individual who qualifies for Medicaid under the special income to pay for a portion of the cost of care. This assessment is known as Post Eligibility Treatment of Income (PETI.) Consumers are essentially allowed to retain $55 per month for personal care items. A portion of the balance is used to cover the client's room and board. Amounts beyond this are to be turned over to the provider to offset all other client care expenses.

In FY 1999 the Joint Budget Committee permanently reduced the Medicaid appropriation for Community Programs for Developmental Disabilities Services by $1,655,000 to account for these PETI assessments. The General Fund portion (approximately $827,500) was then returned to the General Fund to be used elsewhere. The Department expected the numbers of people to be assessed and the amount of the PETI assessments to decrease in FY 2001-02; however the amount of the assessments actually grew. As a result, the Department included as part of the budget reduction plan for FY 2002-03 an additional on-going decrease in the appropriation of $400,000 (MCF) and $200,000 (NGF). Further reductions of $300,000 were taken in FY 2004-05 and $80,000 in FY 2006-07 (which was used to fund new SLS resources). **Thus, the current appropriation is built on PETI of $2,432,000.**

Staff understands that the State may have requested and received a change to its Medicaid waiver so that PETI is no longer collected. Staff finds this very disturbing, as this revenue clearly offset funds otherwise required, the amount was specified in the Long Bill, and the Department sought no approval from the General Assembly for this change. In light of this, staff recommends that the letter note associated with this line item <u>continue</u> to reflect the assumption that

$2,432,000 for PETI assessments offset Program Costs otherwise required, whether or not the Executive arranges for such funds to be collected.

Roll Forward Issues

Staff is <u>not</u> recommending that the Program Costs line item be provided roll-forward authority from FY 2009-10 to FY 2010-11, given that (1) roll-forwards create budget complexity and limit transparency; and (2) the State will have completed its transition to the long-term Medicaid waiver program rate structure in FY 2009-10. Thus, the extraordinary circumstances that justified roll-forwards for several years should be at an end.

(3) Other Community Programs

<u>Federal Special Education Grant for Infants, Toddlers, and Their Families (Part C)</u>.

In addition to the federal grants available under Part B of the federal *Individuals with Disabilities Education Act (IDEA*), grants are available under Part C of *IDEA* to assist states in providing special education and related services to children with disabilities ages zero to three, and their families. Part C funds may be used to implement, maintain, and strengthen the statewide system of early intervention services for infants and toddlers with disabilities and their families. In addition, such funds may be used for direct early intervention services for infants and toddlers with disabilities and their families that are not otherwise funded through other public and private sources. Thus, Part C is the payer of last resort, and all other funding options must be explored before accessing available Part C funds for the provision of direct services. Federal Part C funds may not be commingled with state funds, and may not be used to supplant state and local funds expended for infants and toddlers with disabilities and their families. As school districts are not required to provide educational services to children under age three, Part C funds are not directly allocated to school districts. As a condition for receipt of the federal Part C grant, states must agree to a variety of federal requirements to provide a statewide, coordinated, interagency system to provide early intervention services for infants, toddlers and their families. This includes requirements to maintain state and local funding levels. Pursuant to draft federal rules for the Part C program (issued in May 2007; final rules not yet issued), the total amount of state and local funds budgeted in the current year must be at least equal to the total expended in the prior year, with limited exceptions related to changes in caseload or specific program expenditure needs.

On December 30, 2005, the Governor signed Executive Order D 017 05 that switched the lead agency for Part C from the Department of Education to the Department of Human Services, Division for Developmental Disabilities. Pursuant to the federal Part C legislation, the Governor of each state is authorized to identify the Part C lead agency. As a result of the Executive Order, the Part C program began to appear in the Department of Human Services' section of the Long Bill for FY 2006-07. Senate Bill 07-255 (a JBC bill) clarified the relative responsibilities for "child find" for children under the age of three between the two departments, leaving the Department of Education with many of the responsibilities for identifying and assessing young children's needs, while the Department of Human Services is responsible for ensuring infants ad toddlers receive appropriate services, using the various funding sources at its disposal including General Fund, federal Part C funds, and, pursuant to S.B. 07-4, private insurance funds.

The actual expenditure of Part C funds is approved by the Colorado Interagency Coordinating Council. For FY 2008-09, Part C funds have been budgeted as follows:

Expenditure of Part C Funds	FY 2008-09
State Program Administration (State staff and operating costs)	$657,798
Community Centered Board Management Fee	412,907
Statewide Systems Coordination (various grants and outreach activities)	1,205,070
Service Coordination (funding to CCBs)	2,155,219
Direct Services (funding through CCBs)	2,497,035
Unspecified	7,401
Total	$6,935,430

The largest single category of direct service is generally "developmental intervention". Speech-language pathology, occupational, and physical therapy are also significant components of direct service costs.

The Department would anticipate a similar allocation and spending plan for FY 2009-10. Note that the normal grant period for Part C grants can cover up to 27 months: the State has an initial 12 months to expend the funds per the grant application budget and an additional 12 months to encumber any unused funds that may have been budgeted but not spent. Amounts in the line are reflected for informational purposes, as the funds are considered federal custodial funds.

The Department request was for $6,852,497 and 6.5 FTE, reflecting a continuation base plus OSPB common policy personal services increases. The staff recommendation is to reflect $6,935,430 and 6.5 FTE, based on the federal projection for the State's "regular" FY 2008-09 Part C grant and to reflect an additional $3,475,068 associated with the American Reinvestment and Recovery Act (as discussed below) for a total of **$10,410,498 federal funds and 6.5 FTE.**

American Recovery and Reinvestment Act of 2009 and Funding Needs. Pursuant to the American Recovery and Reinvestment Act of 2009, Colorado expects to receive approximately $6,950,136 in additional fund for its Part C program--essentially doubling its current annual grant. Staff presumes these dollars will have usual Part C rules applied and thus will effectively be available over a two year period. In light of this, staff is recommending that, for informational purposes, an additional **$3,475,068** (50 percent of the total) be included in this line item for FY 2009-10 with a letter note specifying that this amount represents additional funding pursuant to the American Recovery and Reinvestment Act, and funding at this level is not anticipated to be available once federal funds are exhausted. Staff anticipates that 25 percent of the new funds may be spent in SFY 2008-09, to address current-year shortfalls reported, with a final 25 percent spent in FY 2010-11.

Staff notes that: (1) there has been very rapid growth in demand for early intervention services, leading community centered boards and the Department to project a need for increased funding; and (2) staff is deeply concerned that the additional federal funds being made available will create an expectation of ongoing, higher levels of funding that the State will not be in a financial position to address.

Federally-matched Local Program Costs

This line item provided spending authority to enable locally generated funds for developmental disability services to draw down a federal Medicaid match. Federal regulations allow the use of public funds as the State's share in claiming federal financial participation if they meet certain conditions. One of these allowable conditions is when the contributing public agency certifies these funds as representing expenditures eligible for federal financial participation. The Community Centered Boards in Colorado receive public funds through mill levies and other distributions from cities and counties for the provision of services to persons with developmental disabilities. The Centers for Medicare and Medicaid Services (CMS) previously approved Colorado's certification process to use these public funds as the State's share of match for services provided or purchased by the CCBs for persons enrolled in the Medicaid waiver programs for persons with a developmental disability, *e.g.*, comprehensive services, supported living services, children's extensive support and the targeted case management program.

Prior to FY 2006-07, funding in this line item included adjustments to Medicaid rates for individuals, in addition to services for new individuals. Beginning in FY 2006-07, pursuant to required Medicaid waiver program billing changes, all funding in this line item that increased amounts paid for individuals already enrolled in waiver programs was eliminated. This included a transfer of $15.2 million in expenditures to the Program Costs line item, at a cost of $7.6 million General Fund to the State and a further reduction of $5,424,038 that was previously spent in this line item in FY 2005-06, which was neither been transferred up to the Program Costs line item nor retained in this line item. Staff assumes that half of this amount ($2,712,019 originating as federal funds) is no longer available for developmental disability expenditure, while the other half is presumably being spent by community centered boards on developmental disability services that do not receive federal match.

Starting in FY 2006-07, the only payments made through this program were associated with the addition of new individuals into the waiver program at community centered board option. During FY 2007-08, federal authorities raised additional concerns about the flow of these locally certified funds and indicated that they were only willing to reflect these as locally certified amounts if the funds flowed directly from county governments to the State, rather than through the community centered boards. Counties were therefore given the option to continue the local match program by direct payment to the state or to discontinue participation in the program. To date, no counties have opted to continue by direct payment. Federal matching amounts for this program were terminated in December 2008.

House Bill 08-1220 added specific state statutory authorization for matching local funds with federal funds, to the extent feasible. However, at present, this program is not in operation. As a result, **staff recommends eliminating this line item from the Long Bill for FY 2009-10.**

Note that the majority of local funds generated and expended for services for people with disabilities is off-budget. For FY 2006-07, CCB audits reflected $67.9 million from sources other than the General Fund or Medicaid revenues. In addition to client payments for room and board ($10.7 million, which is on-budget), and $15.1 million from "other" sources (which may include CCB-run businesses), this included $37.3 million from city and county governments and other public sources and $4.8 million from donations. However, significant local funds are not available in all regions of the State. Four of the 20 CCBs receive no city or county funds and, among those that do receive such funds, the amount varies widely.

Custodial Funds for Early Intervention Services

This line item is the result of Senate Bill 07-04 (Shaffer/Todd): This bill required the Department of Human Services, in conjunction with other public and private entities, to develop a coordinated system of payment for early intervention services for infants and toddlers with developmental disabilities and delays, consistent with the requirements of Part C of the federal Individuals with Disabilities Education Act (IDEA). It required insurance coverage of such services without copayments or deductibles up to a maximum annual liability of $5,725 for affected policies and services and required the Department of Health Care Policy and Financing to make associated adjustments to the Children's Basic Health Plan and the Medicaid program. It also authorized the Department of Human Services to receive and expend custodial funds from insurance companies for early intervention services. This new line item reflects, for informational purposes, the estimated $2.8 million in custodial funds the Department of Human Services expects to receive from insurance companies for provision of early intervention services to young children. This is based on estimated insurance payments of $5,725 per child for 500 children.

Currently eight insurance companies participate in the Trust, and, as of mid-January 2009, there was $3.7 million in the Trust Fund, with expenditures of $530,000 during calendar year 2008. As of November 2008, 596 children were receiving services covered by the Trust. The Department has faced start-up challenges related to this program; however, it reported rapid growth in revenue to and expenditures from the Trust between July 2008 and December 2008. The Department expects expenditures to increase as billing and payment system issues related to the operation of the Community Contract and Management System are resolved and community centered boards gain additional expertise in related billing issues. The Department has also faced problems related to the fact that insurance companies are not required to use the fund and that some families have been unwilling to provide their insurance information. House Bill 09-1237 (Primavera/Shaffer), Concerning the Coordinated System of Payments for Early Intervention Services, would address some of these issues.

In FY 2007-08, an estimated 4 percent of early intervention services coordinated by CCBs were being covered by insurance funding, compared with 45 percent for state funds, 34 percent for federal Part C funds, 9 percent for Medicaid, and 8 percent for other funds. This program is anticipated to increase the insurance percentage.

The Department requested, and staff recommends, a continuation level of $2,813,085 Cash Funds. Because these amounts are custodial funds, they are shown for informational purposes only and are exempt from limitations on state fiscal year spending imposed by Article X, Section 20 of the State Constitution. This is reflected in the associated letter note.

Preventive Dental Hygiene

This line item provides funding to assist the Colorado Foundation of Dentistry for the Handicapped in providing special dental services for approximately 1,200 persons with developmental disabilities. This program provides dental evaluation, intervention, and advocacy designed to provide comprehensive prevention of oral disease. Dental services for adults are an optional program under federal Medicaid law in which the state has opted not to participate. Medicaid eligible children may receive dental screening under the EPSDT federal requirement, however. The Department requested $63,494, including $59,827 General Fund. This includes a reduction of $843 to eliminate the FY 2008-09 community provider rate increase. **Consistent with common policy, staff recommends a continuation level of $64,337, including $60,621 General Fund**. Pursuant to common policy, this does not include a provider rate decrease.

Long Bill Footnotes

Staff recommends that the following footnotes be **continued**:

38 **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs --** It is the intent of the General Assembly that expenditures for these services be recorded only against the Long Bill group total for Program Costs.

Comment: This provision enables the Department to treat Developmental Disability Program Costs as a single line item and to move funds as necessary to limit reversions and over-expenditures. As authorized, staff anticipates that actual amounts will be recorded only against the Long Bill group total within the state accounting system (COFRS). However, the Department has been providing additional detail on expenditures for the components of the Program Costs line item based on Medicaid Management Information System and Community Contract and Management System reports.

40 **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Other Community Programs, Preventive Dental Hygiene --** The purpose of this appropriation is to assist the Colorado Foundation of Dentistry in providing special dental services for persons with developmental disabilities.

Comment: The Department has indicated that this footnote assists it in issuing a single-source contract to the Colorado Foundation of Dentistry.

Staff recommends that the following footnote be **eliminated**:

39 **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs –** This appropriation includes funding for the following additional caseload: (1) comprehensive residential services for 305 adults for an average of six months, including 45 persons transitioning from foster care, 62 emergency placements, 78 "high risk" waiting list placements, and 120 regular waiting list placements; (2) supported living services for 345 adults, including 28 persons transitioning from the Children's Extensive Support program for an average of six months, 200 others added for an average of six months, and 117 added for a full year (12 months); and (3) family support services, for an average of six months, for 100 additional families.

Comment: This footnote was related to the large number of new placements provided for FY 2008-09. Given this year's much smaller request, staff does not believe such an informational footnote is needed this year.

Information Requests

Staff recommends that the following request for information be **eliminated**:

40 **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs** -- The Department is requested to provide a report to the Joint Budget Committee by October 1, 2008, concerning its plans for distributing this funding for new caseload and for ensuring that new placements are brought on-line as quickly as possible. It is the intent of the Joint Budget Committee that, in distributing funding to expand caseload, the Department take into consideration, among other factors, the need to reduce regional inequities in the numbers of persons served per capita of the general population.

Comment: This request was specific to the many new placements added for FY 2008-09. Staff does not believe a similar statement or request for information is needed given the much smaller request in the current year.

Note that staff is not recommending a formal request for information for FY 2009-10. However staff does anticipate that the Committee will want ongoing information from the Department on the selection of a community centered board for the Colorado Springs area.

(B) Regional Centers for People with Developmental Disabilities

The State operates three facilities for individuals with developmental disabilities, known as Regional Centers, in Grand Junction, Wheat Ridge and Pueblo. The Regional Centers have two methods of providing services: 1) Regional Centers operate residential and support services in large congregate settings on campus at the Grand Junction and Wheat Ridge centers (102 beds); and 2) Regional Centers operate group homes that provide services to 4-6 people per home in a community setting (227 beds or about two-thirds of the total for FY 2009-10). Many persons served by Regional Centers have multiple handicapping conditions, such as maladaptive behaviors or severe, chronic medical conditions that require specialized and intensive levels of services. The Regional Centers work closely with the Community Centered Board (CCB) system, which provides community-operated services for persons with developmental disabilities. Traditionally, the Regional Centers have served persons with developmental disabilities where appropriate community programs are not available.

They provide residential services, medical care, and active treatment programs based on individual assessments and habilitation plans.

Since April 2003, the regional centers have used the following admissions criteria: (1) individuals who have extremely high needs requiring very specialized professional medical support services; (2) individuals who have extremely high needs due to challenging behaviors; and (3) individuals who pose significant community safety risks to others and require a secure setting. The table below shows the number of beds previously allocated for each category at each of the regional centers.

Due to concerns related to the adequacy of staffing and quality of care, the Department began to restrict new admissions to the regional centers in late FY 2007-08. Plans are to reduce persons served so that only 307 beds will remain by the end of FY 2010-11. The tables below compare the bed allocation as of FY 2007-08 with beds currently projected for FY 2009-10.

Regional Center Beds by Client Category - As of FY 2007-08

	Grand Junction	Pueblo	Wheat Ridge	Total Beds
History of Sex Offense	16	0	25	41
Severe Behavioral/Psychiatric	64	74	67	205
Severe Medical	74	14	69	157
TOTAL	154	88	161	403

Regional Center Beds by Client Category - Projected FY 2009-10

	Grand Junction	Pueblo	Wheat Ridge	Total Beds
History of Sex Offense	17	0	30	47
Severe Behavioral/Psychiatric	50	53	40	143
Severe Medical	54	14	44	112
Long term one-to-one	11	7	9	27
TOTAL	132	74	123	329

Full Costs of Regional Center Placement. Only a portion of costs associated with the Regional Center are appropriated in the line items below. Costs associated with Regional Center physical plant maintenance and housekeeping, among other components, are centrally appropriated in the office of Operations, and other indirect amounts are charged to the Executive Director's Office and the Office of Information Technology Services. The Department's cost plan for the regional centers, which includes direct and indirect costs and is used as the basis for setting total associated Medicaid payments, reflects total costs of $69.1 million. If the regional centers were operating at full census, the cost per resident per year would be $171,413 in FY 2008-09. However, given 25 current vacancies in FY 2080-09, **the estimated cost is $182,750 per person for FY 2008-09**.

Regional Center Wait Lists. The August 2008 waiting list was comprised of 79 individuals, including 42 requiring a secure campus setting and 37 requiring group home services. It included 8 individuals in the mental health institutes, 15 individuals in the Department of Corrections or jail, one in foster care, two in youth corrections, and two in nursing facilities, with the remainder (52) in the community centered boards. Given downsizing plans, the regional centers are in most cases not accepting new admissions.

Impact of Federal Medicaid Waiver Changes/ Conversion to ICF/MR Licensure. The majority of regional center beds are operated under the same comprehensive home- and- community-based waiver program that supports most community-based residential services. In recent years, as the federal Centers for Medicare and Medicaid Services (CMS) has applied greater scrutiny to this Medicaid waiver program, the Department has faced a variety of associated problems. For example, due to federal requirements that waivers not cover services available through the Medicaid State Plan, the Department has been required to find outside providers for key services such as physician services, occupational, and physical therapy, and medical transportation. Unable to effectively access such services, the regional centers first requested direct General Fund support for physician services and, more recently, have expressed a desire to convert licensure for all regional center beds to "Intermediate Care Facilities for the Mentally Retarded" (ICF/MR) licensure.

The Department requested, and was approved, to convert all beds at the Wheat Ridge Regional Center to ICF/MR licensure over the course of FY 2008-09. A November 13, 2008 report from the Regional Center Work Group, convened in spring 2008 to address regional center over-expenditure and related problems, recommended that Grand Junction Regional Center be converted in FY 2009-10 and Pueblo Regional Center in FY 2010-11, if the General Assembly approved the Department's FY 2009-10 Decision Item #1 for additional regional center staff. However, a cover letter to the report from the Department's Executive Director indicated that related budget requests might be submitted on a longer time lines. Staff anticipates that any proposal for further ICF/MR conversion would require budgetary action to move funding among various line items, even if the statewide General Fund impact were zero. As no budget request has been submitted, the Department's plans are not clear.

Staff understands that, in the meantime, federal CMS has agreed to fund regional center residents in the waiver program as "tier 7" placements. "Tier 7" placement rates fall outside of the regular rate structure and will be funded based on individual need. In light of this, it is assumed that regional center costs will be fully covered under the waiver reimbursement, including indirect costs. The table below reflects what staff expects to be the licensure in place for FY 2009-10, in the absence of any further proposals for change.

Regional Center Beds Licensure - FY 2009-10				
	ICF/MR (on-campus and group homes)	Skilled Nursing (on-campus institutional)	HCBS waiver (group homes)	Total Beds
Wheat Ridge	123	0	0	123
Grand Junction	46	32	54	132
Pueblo	0	0	74	74
TOTAL	169	32	128	329

Recent budget history. The Department has faced major problems in recent years related to meeting the needs of regional center clients and addressing federally required changes. The table below summarizes some of the related budgetary actions.

Significant Adjustments to Regional Center Funding related to Staffing and Medicaid changes FY 2004-05 to Present			
	FTE	Total	"Net" General Fund
FY 04-05 & 05-06 - Move certain Medicaid amounts to Medicaid State Plan (related to federally-required waiver changes; primarily operating)	(3.4)	(964,169)	(482,085)
FY 05-06 late supplemental for costs for high-needs person (one time)	0.0	131,764	65,882
FY 06-07 supplemental, later annualized, for GF physician services	1.5	0	244,460
FY 06-07 operating expenses over-expenditure (one time)	0.0	112,253	0
FY 07-08 new staff (Decision Item #1), including annualization	29.0	836,597	418,299
FY 07-08 late supplemental, emergency funding needs (one-time)	39.4	1,472,988	668,647
FY 08-09 new staff /ICF conversion (Decision Item #6), annualized	68.7	3,034,498	1,357,387
Total related adjustment to base thus far (excludes one-time amounts)	**95.8**	**2,906,926**	**1,538,061**

Regional Center FY 2008-09 Budget Situation. In FY 2007-08, the legislature appropriated 39.4 new FTE and associated dollars on a late, emergency, basis (March 2008) to address regional center budget shortfalls. These additional funds were requested in combination with dramatic internal measures to freeze new admissions and new hires so that the regional centers could operate within their FY 2007-08 appropriation. The Department indicated it was forming a workgroup and suggested that a request for additional staff for FY 2008-09 might follow.

In June 2008, the Department informed the JBC that it had been authorized by the Office of State Planning and Budgeting to hire an additional 75.0 FTE during FY 2008-09. The letter indicated that t if supplemental funding for these additional new staff were not available and approved after January 2, 2009, the Department would take immediate action to reduce the client population in order to limit over-expenditures. The Department subsequently submitted a supplemental request for 75.0 FTE on January 2, 2009 but then withdrew it on January 15, 2009.

In response to staff questions, the Department reported that it has experienced high turnover and hiring difficulties, with 124 staff vacancies as of the end of December. As a result, the Department's original FY 2008-09 supplemental request was withdrawn. The Department noted that the current hiring situation is largely attributable to the hiring freeze from 2007-08 and resulting high levels of vacancies, hiring delays from the current freeze, employee uncertainty, and stress on employees associated with covering additional shifts. Data provided indicated that while the regional centers hired 111 new staff between July and December 2008, there were 88 staff departures during the same period, resulting in a net increase of just 23 staff. The regional centers were appropriated 955.3 FTE for the year--14 more than the final FY 2007-08 appropriation--but averaged 877.1 FTE for the first half of the year. Meanwhile, the regional centers have been reducing the number of clients served, and expect to reach 351 beds by the end of FY 2008-09.

The Department's current analysis indicates that **the Department projects a reversion of its operating expenses appropriation of $145,193, and a reversion of $20,319 in its leased space appropriation for FY 2008-09.** Half of these amounts originate as Genearl Fund. These are associated with: (1) delays in the conversion of Wheat Ridge Regional Center to ICF/MR; and (2) transfer of four Wheat Ridge leased homes to a private provider for the last quarter of the year (12 individuals living in three of the facilities are also transferring to the private provider).

Depending upon the state's budget situation for FY 2008-09, the Committee may wish to take the associated budget reductions or simply allow the Department to use these funds for internal transfers (*e.g.*, to address utilities). However, staff is also still exploring whether reappropriated funds savings identified by the Department of Human Services (which operates on accrual basis) will realistically correspond to savings in the Department of Health Care Policy and Financing (which is where the General Fund is located but which operates on a cash basis). In FY 2007-08, the Department of Human Services fully used its reappropriated funds appropriation for the regional centers--but reverted $3.0 million of the corresponding Genearl Fund appropriation in the Department of Health Care Policy and Financing (a month's worth of expenditures) due to billing and payment delays and the accrual/cash accounting differences between the department. Staff believes it is likely the Department of Human Services will require the entire General Fund amount appropriated for regional centers in the Department of Health Care Policy and Financing to help cover Medicaid regional center bills from FY 2007-08 that will be paid out by the Department of Health Care Policy and Financing in FY 2008-09.

Decision Item #1 - Regional Center Staffing and ICF/MR Conversion

The Department has requested 39.4 FTE and $1,503,502 Medicaid cash funds (including $751,751 "net" General Fund) for direct care staff in FY 2009-10. These staff support high needs individuals currently being served in regional centers for persons with developmental disabilities who require dedicated, ongoing one-to-one or greater staff supervision. The request annualizes to 43.0 FTE and $1,636,471 Medicaid cash funds ($818,236 "net" General Fund) in FY 2010-11.

The request identifies major issues and recommendations related to the regional center population. These include:

- **Inadequate staffing** associated with a more severe client population. In particular, an unexpected increase in the number of persons requiring one-to-one or greater supervision beginning in spring 2007.
- **Federally-imposed changes to the Medicaid waiver program** historically used to license 301 of the regional center beds. Due to these changes, the Division proposes to ultimately convert all regional center beds to ICF/MR "institutional" licensing; however, this also requires additional staff.
- **Recommendations of the Regional Center Work Group.** Among other recommendations, the work group agreed the regional centers' first priority should be to care for those already in their care, and recommended steps to reduce regional center capacity.

Decision Item #1 is to provide resources to serve approximately eight of the existing regional center clients who require one-to-one staffing, and does not provide for any new admissions. Each person needing such one-to-one supervision across all three shifts requires 5.4 FTE (three shifts x 1.79 coverage) and almost $185,000. The request includes general information about nine such individuals with complex, often violent behavior.

The decision item covers a portion of the overall staffing ratio needs outlined in the Department's 2008 staffing study. This study assumes that 27 individuals housed at the regional centers will require dedicated one-to-one staffing. However, it appears that, if combined with the Department's proposal to downsize to 307 clients over several years, the additional funds requested would: (1) almost entirely address the regional centers' direct care staffing needs; and (2) would likely enable it to convert all remaining regional beds to ICF/MR licensure, if the General Assembly approved other, related budget adjustments.

Additional Background: Regional Center Work Group and Staffing Study. On November 13, 2008, the JBC received the final Regional Center Policy Workgroup Report. The Workgroup was formed in the spring of 2008 and was part of the Department's efforts to proactively address regional center budget and quality of care issues in the face of huge cost overruns and a late FY 2007-08 supplemental. Key findings relevant to this request include the following:

<u>Increased Severity of Client Needs Requires Increased Staffing</u>. Between July 1, 2000 and June 30, 2008, 159 easier to serve individuals were discharged from the regional centers and replaced with

individuals with very high needs, based on acuity measures. The regional centers have been admitting more complex to serve individuals. For the 48 residents replaced since FY 2006-07, there has been a 50 percent increase in the number of individuals who have been convicted of crimes and a 57 percent increase in the number of behavior problems, to fill the beds vacated. Among other concerns, there is an increase in reportable incidents to the Department of Public Health and Environment, which cites staffing deficiencies. This could affect licensure and expose the state to legal action.

Staffing study**.** An update to the Department's 2006 staffing study identifies the need for one staff person for every three residents during the day, one staff at night for behavioral settings with a second staff floating between four homes, and two staff at night for medical settings. Additional staff positions are required to provide dedicated one-to-one staffing for 27 individuals and temporary one-to-one support for others, for community outings, to accompany residents on medical visits, and for staff in training. The detailed plan provided results in direct care staffing ratios of 2.5 to 2.6 FTE per client served.

Direct Care Staffing Study: Current FTE versus Required			
	Direct Care FTE as of FY 2007-08	**Required FTE per 2008 study**	**Increase Required, if no downsizing**
Wheat Ridge	350.9	394.2	43.3
Grand Junction	268.4	377.7	109.3
Pueblo	126.1	222.0	95.9
TOTAL	745.4	993.9	248.5

ICF/MR Licensure. The needs of many of the residents at the Regional Centers are so significant that the comprehensive level of services offered under ICF/MR licensure is critical to meeting the needs of the majority of regional center residents. The Work Group report proposed conversion of Grand Junction during FY 2009-10, if Decision Item #1 is approved, and conversion of Pueblo in FY 2010-11. However the cover letter to the report raised doubts about this timetable.

Downsizing. The State must reduce regional center capacity to serve existing residents without additional staff. The demand for services exceeds the current staff capacity. However, the state faces budget limitations, the majority of the demand is for the secure campus settings, and 71 regional center residents in group homes have been identified as being able to be appropriately served in the community. This downsizing is anticipated to create stress on community services and other service delivery systems. The following timetable was proposed.

Bed Capacity and Additional Staff Required		
	Bed Capacity	Additional Staff Required to Remain at Bed Capacity
Original Capacity	403	248.5 FTE
By the End of FY 2008-09 (year 1) - reduce by 52 beds	351	139.9 FTE
By the End of FY 2009-10 (year 2) - reduce by additional 22 beds	329	93.0 FTE
By the end of 2010-11 (year 3) - reduce by 22 more beds	307	47.7 FTE

Reductions would be accomplished through a freeze on new admissions, natural attrition, and active movement of individuals to the community. As of the end of FY 2007-08, the regional centers had already reduced census by 25, based on the admissions freeze. Of the new comprehensive residential placements funded for FY 2008-09, 20 were set aside to begin to transition 20 of the 71 individuals identified as appropriate for community placement from the regional centers. Future-year reductions would also be accomplished through a combination of limiting or eliminating new admissions and transitioning appropriate individuals to the community.

Staff Recommendation. The staff recommendation is, in lieu of the request:

- Fund additional community placements for the 20 individuals the Department has identified as intended to transition from the regional centers to the community (placements for an average of six months in FY 2009-10).

- Fund 10.0 additional FTE for the regional centers for FY 2009-10 (reflected as 9.2 FTE in FY 2009-10 and 10.0 FTE in FY 2010-11).

This recommendation drives a lower overall General Fund need in FY 2009-10 though a very similar General Fund need in FY 2010-011, as reflected in the tables below.

Decision Item #1 - FY 2009-10 Request v. Recommendation						
	Department Request			Staff Recommendation		
	Total	Net GF	FTE	Amount	Net GF	FTE
Community Services						
Program Costs	$0	$0	0.0	$663,690	$295,310	0.0
Regional Centers						
Personal Services	1,342,368	671,184	39.4	312,591	156,296	9.2
Operating Expenses	40,850	20,425	0.0	5,450	2,725	0.0
EDO, Shift Differential	120,284	60,142	0.0	0	0	0.0
Total	$1,503,502	$751,751	39.4	$981,731	$454,331	9.2

Decision Item #1 - FY 2010-11 Request v. Recommendation (Full Year)						
	Department Request			Staff Recommendation		
	Total	Net GF	FTE	Amount	Net GF	FTE
Community Services						
Program Costs	$0	$0	0.0	$1,372,380	$590,620	0.0
Regional Centers						
Personal Services	1,464,402	732,201	43.0	341,008	170,504	10.0
Operating Expenses	40,850	20,425	0.0	5,450	2,725	0.0
EDO, Shift Differential*	131,219	65,610	0.0	30,520	15,260	0.0
Total	$1,636,471	$818,236	43.0	$1,749,358	$779,109	10.0

*Staff has reflected some increase in shift differential for the staff recommendation for FY 2010-11, based on "pots" runs. However, this would not be formally added to the FY 2010-11 base but rather generated through common policy..

Decision Item #1 Recommendation - Detailed Personal Services Calculations (Regional Centers Only)							
		FY 2009-10 (Part Year)				**Annual Cost Full Year (FY 2010-11)**	
	Annual salary	Months Working	Months Paid**	FTE	Amount	FTE	Amount
Personal Services							
Health Care Tech I	$30,516	12.0	11.0	9.2	279,730	10.0	305,160
PERA (10.15%)					28,393		30,974
Medicare (1.45%)					4,468		4,874
Subtotal - Personal Services				**9.2**	**312,591**	**10.0**	**341,008**
Operating Expenses							
Supplies ($500/FTE)					5,000		5,000
Email ($45*Health Care Tech)					450		450
Subtotal - Operating Expense					**5,450**		**5,450**
Grand TOTAL				**9.2**	**318,041**	**10.0**	**346,458**
"Net" General Fund					**159,021**		**173,229**

The basis for the recommendation is as follows:

- Staff agrees that need to ensure adequate services to those presently at the regional centers should be the Department's first priority if the State is going to continue to operate regional centers.

Staff requested information from the Department of Public Health and Environment regarding its review of regional center facilities. As indicated by the Department, it continues to receive very serious citations, largely related to insufficient staff. This includes serious citations from this spring and summer that, if not addressed, could threaten the facilities' licensure and Medicaid reimbursement. The Department has also had significant problems related to staff injuries at the regional centers, presumably due to insufficient staff to manage the level of consumer served.

- Staff also agrees that downsizing is a reasonable approach to addressing regional center staffing needs, given limits on the state budget.

Staff believes this is particularly appropriate related to the 71 individuals identified by the regional centers as appropriate for community placement. These individuals are currently being served in a far more expensive placement than their needs warrant. Staff also notes that some states have entirely eliminated their state-operated institutional facilities, and thus it is clearly possible for a state to manage with fewer state-run placements.

- In order to improve quality of care through better staff/client ratios, the Department has identified two needs: (1) to transition individuals from the regional centers; and (2) to increase regional center staffing.

Due to reductions in the request for proposed new community placements, the Department will not be able to transition the 20 individuals identified for transition from the regional centers in FY 2009-10, in the absence of the additional community services placements recommended by staff.

- Staff believes that funding for transitioning individuals should be given higher priority than adding the requested additional regional center staff, given the current fiscal environment.

Given long-term economic uncertainty, staff believes it is more prudent to first address regional center quality of care issues through downsizing. If funding is available in the future to add regional center staff, staff anticipates that the General Assembly will do so.

- Staff targeted the annualized impact of the Department's request for FY 2010-11 when crafting the staff recommendation. After the 20 transition placements were covered, staff directed remaining funds to new FTE.

Staff anticipates that the Department might use these FTE for "pool" staff to reduce overtime requirements. If only a portion of the total can be funded, staff would recommend funding the transition placements before the new staff.

Some of staff's previous observations about the Department's regional center plans:

- The overall cost-per-person served in the regional centers that results from the proposed changes to both downsize and increase staff is large.

If the State serves 307 individuals, instead of 403, for total costs that include the base funding, decision item #1, and current indirect costs (*i.e.*, total costs of about $75 million in FY 2009-10), costs will be close to $250,000 per year per person served or about $685 per person per day. The direct care staff to FTE ratios and costs would be substantially greater than ICFs/MR in other states. These costs may be justified, but only if the population merits it.

- Staff would be more comfortable with the Department's plan if the data on this population more clearly demonstrated that they are very different from individuals in the community for whom the State pays less.

The Department is undergoing a review process regarding the needs of individuals who are classified "Tier 7" in the community (outside the usual range of developmental disability waiver rates). It does NOT plan to do a similar survey of individuals at the regional centers, leaving open the question of whether individuals in the regional centers could be appropriately, and less expensively, served in the community beyond the 71 already identified.

With respect to the details of the calculations:

- For regional center staff, the Department had requested funding for telephone connections for these staff. However, given their positions as direct-care workers in facilities with telephones, this does not appear necessary. Consistent with past Department requests, staff has included funding for email for the new staff.

- Consistent with prior years, the Department requested an increase in shift differential for FY 2009-10 related to the new staff. Given the much smaller number of new staff recommended by JBC staff, staff believes this adjustment can be absorbed within the shift differential line item.

Personal Services

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommend
Direct Care	731.4	752.1	772.4	772.4
Medical, Dental, Therapy, Pharmacy	139.5	140.5	151.6	151.6
Food Service, Physical Plant, Security	16.4	17.2	18.2	18.2
Medical Records/Clerical	26.1	21.0	21.0	21.0
Management	22.2	24.5	23.0	23.0
Decision Item #1 - increase staff	n/a	n/a	39.4	9.2
TOTAL	**935.6**	**955.3**	**1,025.6**	**995.4**

The personal services line item funds FTE and associated contract services necessary to operate the state's three Regional Centers. The Department request and staff recommendation are reflected in the table below.

The differences between the staff recommendation and the Department request are detailed below.

	Department Request		Staff Recommendation	
	Amount	FTE	Amount	FTE
FY 2008-09 Long Bill	45,597,117	955.3	45,597,117	955.3
FY 09 Salary Survey	1,456,662	0.0	1,456,662	0.0
FY 09 Perform. Pay	650,369	0.0	650,369	0.0
Annualize Perform Pay (-20%)	(130,074)	0.0	(130,074)	0.0
Annualize FY 09 DI #6	1,401,266	30.8	1,401,266	30.8
FY 09-10 DI #1	1,342,368	39.4	318,041	9.2
Client Cash Adjustment	0	0.0	(266,940)	0.0
ICF/MR Provider Fee Adjust	0	0.0	1,133,380	0.0
FY 08-09 Total Approp.	$50,317,708	1,025.5	$50,159,821	995.3

Common Policy

Consistent with common policy, the request and recommendation both include salary survey and 80 percent of performance pay awarded in FY 2008-09.

Annualization FY 2008-09 Decision Item #6

Both the request and recommendation include 1,401,266 and 30.8 FTE to annualize FY 2008-09 Decision Item #1 to increase staffing intensity at the regional centers and convert Wheat Ridge Regional Center to ICF/MR licensure. This is consistent with staff records. This decision item added staff for 5.7 months in FY 2008-09.

Decision Item #1 - Increase Regional Center Staff

The staff recommendation on this decision item is reviewed in detail above.

Staff Recommendation: Additional Client Cash Adjustment

Client cash revenue for the regional centers historically derived from three sources: (1) room and board for waiver clients; (2) patient pay from ICF/MR clients; and (3) Post Eligibility Treatment of Income (PETI) from waiver clients. Room and Board rates reflect SSI federal allocations less $64 dollars per month (including 2009 increase) for personal spending. Patient pay from ICF/MR clients is from ICF/MR clients who receive benefits and/or earn wages. Such clients are permitted to keep the first $50 for personal spending money. Benefits above this and/or excess wages must be paid to the State. (Excess wages are calculated as ½ of the amount earned over $65). PETI income was from waiver clients who did not qualify for SSI. To maintain eligibility for the Medicaid waiver program, they were required to turn over excess income to offset their Medicaid cost of care up to $1,000 per month.

PETI Adjustment: In response to staff questions, the Department reported that a waiver amendment has been approved to allow individuals enrolled in the HCBS-DD waiver o retain earnings that were collected in the past as cash revenue. As the Department failed to raise this issue with the General Assembly prior to pursuing this change, did not submit a budget amendment to reflect the General Fund impact in its budget request, and it would cost the state funds to backfill the lost revenue, **the Staff recommendation is to reduce the appropriation for this line item by the amount of the funds that will no longer be collected for PETI**.

SSI Adjustment: The figures shown reflect an additional adjustment, not included in the information provided by the Department, to reflect the increase in federal SSI room and board rates from $576 per month to $609 per month. The Department's calculations for $1,047,480 were based on 152 waiver clients. At the new rate, staff calculates the projected income from this source at $1,107,492 cash funds.

	Waiver Room/Board	Waiver PETI	ICFMR Patient Pay	Total
FY 2009-10 Projection	$1,107,492	$0	$1,182,944	$2,290,436
FY 2008-09 Long Bill	$1,946,304	$266,940	$478,032	$2,691,276
Total Change	($838,812)	($266,940)	$704,912	($400,840)

	Budget Adjustment Recommended			
	Total	Cash	Medicaid	Net General Fund
Personal Services	($266,940)	($400,840)	$133,900	$66,950

For purposes of staff and Department working papers, all cash revenues to the regional centers have been reflected in the personal services line item. In the Long Bill, however, all regional center funding splits are reflected in the bottom-line only, and this cash therefore supports all regional center functions.

Staff Recommendation: ICF/MR Fee Adjustment

The staff recommendation also includes an adjustment for ICF/MR Fees. This adjustment is reflected in both the Departments of Human Services and Health Care Policy and Financing. Pursuant to H.B. 03-1292, the regional centers are assessed a fee that has the effect of drawing down additional federal Medicaid funds and offsetting General Fund required in the Department of Health Care Policy and Financing. Regional Center fee amounts were projected to total $979,501. In response to staff questions, the Department has projected regional center fee of $2,092,881 for FY 2009-10, reflecting the full conversion of Wheat Ridge Regional Center to ICF/MR in FY 2009-10.

The resulting calculation is shown below.

	FY 2009-10 Provider Fee	FY 2008-09 Provider Fee	Change Required
Adjustment to Health Care Policy and Financing			
General Fund	($1,046,441)	($489,751)	($556,690)
Cash Funds	2,092,881	979,501	1,113,380
Federal Funds	1,046,440	489,750	556,690
Total	2,092,880	979,500	1,113,380
Adjustment to Human Services			
Reappropriated Funds	$2,092,881	$979,501	$1,113,380

Operating Expenses

The Department request and staff recommendation are summarized in the table below.

	Request	Recommendation
FY 2008-09 Long Bill	$2,550,164	$2,550,164
Annualize FY 09 DI #6	203,789	203,789
DI #1 (Regional Center Staff)	40,850	5,450
DI #17 (Inflation)	65,162	0
DI NP #2 (postage)	996	996
Total	$2,860,961	$2,760,399

As reflected in the table:

- The request and the recommendation include annualization of one-time costs related to FY 2008-09 Decision Item #6.
- The request includes $40,850 for Decision Item #1 (new staff). The staff recommendation for this decision item, as reviewed in detail above, is for $5,450.
- The Department has requested $65,162 for inflationary increases. Staff does not recommend the request, consistent with common policy and as detailed below.

- The Department requested $966 for postage increases. Staff has reflected this increase; however, this is pending a final Committee common policy decision.

Decision Item #17 - Inflationary Adjustment

The Department requested an 8.5 percent inflationary increase on food expenditures at the regional centers based on average annual increases of 4.8 percent from FY 2004-05 to FY 2007-08. The JBC has voted not to apply any broad-based inflationary adjustments for FY 2009-10, so staff has not reflected the associated increase. Further, in light of regional center downsizing, staff does not believe an inflationary increase for food is warranted.

Base Reduction for Downsizing

Staff requested information on how the proposed downsizing might affect regional center operating needs. The Department responded that it has not yet completed a detailed analysis of downsizing on operating expenses. It notes that, when downsizing occurs, some costs will not be reduced, *e.g.*, if a home is still occupied, even by fewer individuals, a vehicle will still be required, although fewer miles may be driven. While staff is not recommending a reduction at this time, staff does anticipate that reductions will be appropriate in the future. Of the overall appropriation for the regional centers operating costs, a significant portion is directly related to the number of individuals served. In FY 2007-08, for example, food comprised 30 percent of regional center operating costs and medical and pharmaceutical expenses for individuals in campus ICF/MR placements comprised 15 percent of expenses. Staff thus expects that at least 50 percent of regional center operating costs would be significantly affected by reductions in the number of persons served. At the same time, staff is aware that regional center operating costs have been under pressure in recent years, leading to an over-expenditure in FY 2007-08. Given this, further adjustments are pending additional analysis by the Department over the next year.

<u>General Fund Physician Services</u>

The request and recommendation are summarized in the table below.

	Department Request		**Staff Recommendation**	
	Amount	**FTE**	**Amount**	**FTE**
FY 2008-09 Long Bill	155,127	0.9	155,127	0.9
FY 09 Salary survey	2,598		2,598	
FY 09 performance pay	1,189		1,189	
Annualize FY 09 perform pay (-20%)	(238)		(238)	
Decision Item #6	(70,667)	(0.4)	(70,667)	(0.4)

	Department Request		Staff Recommendation	
FY 2007-08 Total	88,009	0.5	88,009	0.5

As reflected in the table, both the request and recommendation include annualization of FY 2008-09 salary survey and performance pay amounts, as well as a reduction associated with annualization of FY 2008-09 Decision Item #6 (Regional Center Staffing and ICF/MR Conversion). The calculation is consistent with common policy.

Capital Outlay - Patient Needs

This line item provides funding for the purchase of capital equipment that is used by or on behalf of the residents of the Regional Centers. Such equipment includes therapeutic, medical, and adaptive equipment; program equipment and technical aids; health and safety repairs and equipment; and furnishings and environmental improvements. The Department requested an increase of $164,250 pursuant to Decision Item #5 (Operating Increase). This is a portion of a larger request for operating expenses and capital outlay increases in several different department sections. **Staff recommends the Department's request for $244,499 for the line item, including Decision Item #5.** The decision item and recommendation are detailed below.

Decision Item #5 - Operating and Capital Outlay Increase (Regional Center Component)

The regional center capital outlay-patient needs appropriation provides funding for the purchase of capital equipment that is used by or on behalf of the residents of the regional centers. Such equipment includes therapeutic, medical, and adaptive equipment, program equipment and technical aids, health and safety repairs and equipment, and furnishings and environmental improvements. The Department noted that the appropriation has not been increased in the last nine years (and staff's review indicates that the line item has not been adjusted since 1995).

The Department indicated that this would be the first year of a four year plan to replace broken and outdated equipment. This includes, for example, redesign of bathrooms and installation of tubs and lift systems specifically designed for the disabled. The request notes that during the past four years, 75 percent of regional center homes have been inspected by the Colorado Department of Public Health and Environment and have received citations for issues such as cracked tiles, chipped porcelain, torn upholstery, and broken windows and locks. If additional deficiencies occur, they could contribute to the decertification of the regional centers. Much of the equipment is critical to the safety of both clients and staff, and should equipment fail causing an injury, consequences include legal action. Further, as the regional centers serve more individuals with behavioral issues, property damage issues become more significant, and facilities need to be "hardened" (e.g., via use of lexan windows).

The request particularly cites 25 specialty tubs at an average replacement cost of $16,600, with a useful life of 10 years and 47 lifts, at an average replacement cost of $7,875 with a life span of 10 years and identifies proposed replacement schedules for these and other items.

Staff Recommendation. Staff recommends the requested increase of $164,250 Medicaid funds ($82,125 General Fund) for FY 2009-10, as staff agrees that the regional centers have an array of critical life-safety issues that must be addressed to maintain facility certification. However, it is not clear that the request took into account plans for ongoing regional center downsizing. Thus, staff is not certain that funding needs to be continued for four years at the level as indicated by the request. Staff recommends that if the Department wishes continuation of this request component in FY 2010-11 it submit a new decision item to address FY 2010-11 and any subsequent years that takes into account planned downsizing.

Leased Space

Leased space funds are generally requested for group homes operated by the Regional Centers. At the Pueblo Regional Center, the Department also leases space for regional center administration, maintenance shop, and program at Pueblo West. The appropriation includes $30,631 for Grand Junction Regional Center, $126,758 for Wheat Ridge Regional Center, and $42,820 for Pueblo regional center. The Department requested a continuation level of $200,209 for this line item. However, in response to staff questions, it indicated that, due to downsizing, the appropriations for Grand Junction Regional Center and Wheat Ridge Regional Center will no longer be needed, with the exception of $30,000 for one leased home at Wheat Ridge to address potential waiver clients who have not transitioned to the community by June 30, 2009. In light of this, **the staff recommendation for this line item is for $72,820 reappropriated funds for FY 2009-10.**

Resident Incentive Allowance

This line item provides funding for payments to persons residing at the Regional Centers for services provided to the institution. Those services include such activities as washing vehicles, food preparation, and janitorial services. **Staff recommends the Department's request for a continuation amount of $138,176.** However, as discussed related to the operating expenses appropriation, staff anticipates that this appropriation may be reduced in the future associated with regional center downsizing.

Purchase of Services

This line item provides funding for the purchase of contractual services such as security and laundry, as well as various maintenance agreements at the three regional centers. Contracts included are:

- Pueblo Regional Center: A contract between the Colorado Mental Health Institute at Pueblo and the Pueblo Regional Center to provide laundry services, vehicle maintenance, and medical services.

- Wheat Ridge Regional Center: A contract for laundry services.

- Grand Junction Regional Center: Various medical contracts, telephone maintenance contract, lawn maintenance contract, and a contract for pest control.

Staff recommends the Department's request for a continuation amount of $262,661. However, as discussed related to the operating expenses appropriation, staff anticipates that this appropriation may be reduced in the future associated with regional center downsizing.

ICF/MR Adaptations

This line item was requested for FY 2008-09 only pursuant to Decision Item #6. **No appropriation is requested or recommended for FY 2009-10.**

Institutional Programs Overall Funding Methodology

Overall funding for this section uses applicable patient (client) cash Social Security Income and other payments, with the remainder funded by Medicaid funds transferred from the Department of Health Care Policy and Financing. Staff's recommendation for funding sources reflects the adjustments discussed with respect to the personal services line item.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

DEPARTMENT OF HUMAN SERVICES MEDICAID-FUNDED PROGRAMS, Services for People with Disabilities - Medicaid Funding, Regional Centers - Depreciation and Annual Adjustments

The staff recommendation includes **continuation** of this line item that appears only in the Department of Health Care Policy and Financing. The line item enables the State to capture depreciation payments from federal authorities associated with the regional centers. The line item was added through an FY 2003-04 supplemental to reflect a historic Department practice. Staff recommends that it be continued with a modification in the total amount in the line item, previously appropriated at $1,142,912 for FY 2008-09, and **recommended to be $1,258,083 for FY 2009-10.**

Depreciation amounts--allowed by federal authorities--have been included in the daily rates the Department of Human Services charges to the Department of Health Care Policy and Financing for regional center consumers (all of whom are Medicaid-eligible). However, because depreciation is associated with a past expenditure and is not an operating expense that is included in the Department of Human Services operating budget, the Department of Human Services has never had the right to spend these moneys. Instead, the depreciation amounts paid by HCPF (which are based on a standard 50-50 General Fund-federal funds match) are reverted at the end of the year. Recording depreciation allows the State to draw down federal dollars which are then reverted at year end, thus benefitting the State. The table below reflects the anticipated impact of this practice assuming continuation for FY

2008-09. In addition, provision of this line item assists the State in managing the discrepancy that may exist between the cash funds accounting in HCPF and the accrual accounting in Human Services (the "annual adjustments" component).

	FY 2009-10 Depreciation and Annual Adjustments Appropriation in HCPF	FY 2009-10 Actual Depreciation Expenditures	FY 2009-10 Funds reverted to statutory reserve or Capital Construction (1/3) and HUTF (2/3)	FY 2010-11 HUTF & Capital Construction $$ Available for Appropriation
General Fund	$629,042	$0	$629,042	$1,258,083
federal funds	$629,042	$0	$629,042	$0
Total	$1,258,083	$0	$1,258,083	$1,258,083

- In essence the result of the depreciation appropriation is to provide a 100 percent return on investment per year for "investing" General Fund in the depreciation line item.

- Note that, under the provisions of Section 24-75-218, C.R.S., two-thirds of reversions are currently allocated to the Highway Users Tax Fund (HUTF) and one-third to the Capital Construction Fund. Thus, pursuant to current law, the State is obtaining a 100 percent federal match on General Fund moneys appropriated to this line item, but the General Assembly is then effectively transferring the total to the HUTF and the Capital Construction Fund. The exception to this may be if there is insufficient revenue to cover General Fund appropriations and statutory reserves;

- The decrease from the FY 2008-09 base reflects revised depreciation figures based on straight-line depreciation calculations by the Department that are required for federal cost reporting.

Long Bill Footnotes and Information Requests

No Long Bill footnotes are continued and no new are recommended for this section. Staff recommends that the following information requests be **eliminated** for FY 2009-10.

6 **Department of Health Care Policy and Financing, Executive Director's Office; and Department of Human Services, Services for People with Disabilities** – The Departments are requested to develop a plan with respect to how the State will limit any inappropriate proliferation of intermediate care facilities for the mentally retarded (ICFs/MR) in the community and how it will manage any growth in the number of such facilities to ensure that state and federal funding for persons with developmental disabilities is used efficiently. The Departments are requested to submit such a plan, including any recommendations for statutory changes, by October 1, 2008.

Comment: The Department reported that a temporary freeze on any new community ICFs/MR was implemented associated the the many changes within the Medicaid waiver program. It is not clear how long this freeze will be maintained, and staff will continue to follow this issue. However, staff does not believe a continued information request is required.

41 **Department of Human Services, Services for People with Disabilities, Regional Centers for People with Developmental Disabilities** -- The Department is requested to submit a proposal by November 1, 2008, concerning any plans for conversion of Grand Junction Regional Center and Pueblo Regional Center to an ICF/MR billing structure.

Comment: The Department has continued to express interest in converting remaining facilities to ICF/MR. However, the time line for this process is still unclear. Staff anticipates that a budget request will be submitted if and when the Department wishes to proceed. Staff does not believe a continued information request is required.

(Former 3) Services for Children and Families

This section previously reflected community services for children provided and coordinated by the 20 Community Centered Boards. This section was eliminated in FY 2007-08 and all associated funding was moved to the Developmental Disability Services, Community Services section.

Administration

This line item was eliminated and funding and FTE merged into the Community Services, Personal Services line item in FY 2005-06.

Program Funding

This line item previously reflected funds the direct services portion of three state programs for children with developmental disabilities and their families: early intervention, family support services, and the Children's Extensive Support Program, excluding the case management portion (which was previously included in the former Community Services, Adult Program Costs line item). The line item was eliminated and funding consolidated in the new Community Services, Program Costs line item in FY 2007-08.

<u>Federal Special Education Grant for Infants, Toddlers, and Their Families (Part C)</u>.
This line item previously reflected the federal grant that assists states in providing special education and related services to children with disabilities who are under age 3. It was moved to the Developmental Disability Services, Other Community Programs section in FY 2007-08.

<u>Child Find</u>
A one-time $1.0 million General Fund supplemental adjustment was provided in FY 2006-07 to address costs associated with "child find" activities for children under the age of three. During the 2007 legislative session, the General Assembly passed S.B. 07-255 (a JBC bill) that clarified the responsibilities of the Departments of Education and Human Services related to Child Find and provided a related appropriation to the Department of Education starting in FY 2007-08. There has been no associated funding request for the Department of Human Services since the FY 2006-07 supplemental.

(C) Work Therapy

<u>Program Costs</u>
This line item consists of the Work Therapy Enterprise Funds for the Colorado Mental Health Institute at Fort Logan and the Regional Centers for persons with Developmental Disabilities at Grand Junction, Pueblo, and Wheat Ridge. These funds support sheltered workshop programs for training and employment of clients. Revenue is derived from contracts with area businesses and organizations for custodial services, printing, packaging, mailing, and other types of manual processing that can be performed by program clients. Enrolled clients are paid from funds received in proportion to the work performed.

The program serves over 300 persons residing at the three regional centers and at the Fort Logan Mental Health Institute. Historically, 55 percent of the spending authority was allocated to Fort Logan, with the balance going to the regional centers. In FY 2005-06 the balance was shifted to give the regional centers over 65 percent of the spending authority, as Fort Logan was not using the program at the level allocated.

The Department request reflected a continuation level of funding with a minor personal services adjustments. **Staff recommends the request for $467,116 and 1.5 FTE, consistent with common policy.** Of this amount, $95,195 is for personal services and $370,762 is for operating costs. Staff notes that FY 2007-08 actual figures indicate the program is operating below the level appropriated. Since expenditures reflect an increase from FY 2006-07, staff is not recommending adjustments; however, these may be appropriate next year if spending does not continue to increase.

(D) Division of Vocational Rehabilitation

The Division of Vocational Rehabilitation assists people whose disabilities result in barriers to employment or independent living to attain or maintain employment and to live independently. The Division has field and satellite offices in 43 locations throughout the State, where rehabilitation counselors work with clients to assess needs and identify appropriate services. For rehabilitation programs, the federal government provides reimbursement for 78.7 percent of eligible expenditures up to the total annual federal grant for the State. In Colorado, the match for these expenditures includes General Fund (Rehabilitation Programs - General Fund Match) and local government funds, primarily from school districts (Rehabilitation Programs - Local Funds Match). The Division also administers federal and state grants to assist individuals with disabilities to live independently, including grants to independent living centers throughout Colorado and grants for programs that assist older blind individuals.

Federal Funds Available

For much of FY 2008-09, the Department has been struggling with restricted access to federal funds. The table below compares recent appropriations in the Long Bill and federal funds available to the State, prior to the passage of the 2009 federal stimulus bill.

Each annual federal rehabilitation grant may be expended over a two-year period. If it does not appear that a state will be fully able to use its grant, the funds are redistributed to other states via a reallocation process; similarly, if a state needs additional federal funds, it may apply for a redistribution share. The table below compares federal fiscal year allocations and state fiscal year projected spending for FY 2007-08 and FY 2008-09 and FY 2008-09. Colorado applied for reallocated funds for FY 2007-08 and FY 2008-09, but received almost none of the request.

As shown in the table, Colorado's annual federal allocation in FY 2007-08 was $5.5 million below the annual state appropriation of federal rehabilitation funds and shortfalls were projected for FY 2008-09 and FY 2009-10. Furthermore, the Department spent over 82 percent of its FFY 2008 grant in FY 2007-08. As a result, to address the excessive FY 2007-08 spending and to ensure that no more than 75 percent of the FFY 2008-09 grant is spent in the first year, the Department implemented drastic spending reductions in early FY 2008-09.

Federal Vocational Rehabilitation Funds - Funds Available, State Appropriations, and Estimated Spending Plans				
		Estimated Use FF Award in SFY		
	Federal Award	**SFY 2007-08**	**SFY 2008-09**	**SFY 2009-10**
FFY 2006-07	$34,772,217	13,142,718	n/a	
FFY 2007-08	36,083,923	29,664,979	6,418,944	
FFY 2008-09	36,417,997	0	27,313,498	9,104,499
FFY 2009-10	36,782,177	0	0	27,586,633
Total		42,807,697	33,732,442	36,691,132
Share of FFY grant in SFY		*82.2%*	*75.0%*	*75.0%*
State Long Bill Appropriation/Request		41,510,945	40,042,358	40,608,569
Difference Estimated use Federal Funds Award & Long Bill*		1,296,752	(6,309,916)	(3,917,437)

*Actual FY 2007-08 amounts spent were greater than the appropriation because the Department used authority to spend amounts appropriated as "various" federal funds in the Executive Director's Office for some Vocational Rehabilitation "pots" expenditures.

Among other actions, the Division closed access to the program to any new clients effective October 17, 2008. All prospective new clients are placed on a waiting list. The Department is obligated via agreements with federal authorities, to continue to serve all those currently in the program. The Department indicated that once funding is available, the Division will begin services to those with "most significant disabilities" and will only proceed to serve those with less significant disabilities after all those on the waiting list with "most significant" disabilities have been served. The Department anticipated that this closure to new clients (known as "order of selection") would be in place for at least six to nine months.

A similar "order of selection" process, that limited access to those with "most significant" disabilities, was in place from 2003 to 2006, based on General Fund cuts taken in 2003 ($1.2 million General Fund). Restrictions were lifted after the restoration and expansion of the General Fund appropriation by $1.8 million General Fund ($8.45 million total funds) after the passage of Referendum C.

American Reinvestment and Recovery Act of 2009 (Stimulus Bill)

The federal stimulus bill includes, for the nation, an additional $680.0 million for vocational rehabilitation and independent living programs. Preliminary estimates for Colorado include:

<u>Vocational rehabilitation</u>: $7,307,044 for vocational rehabilitation programs, to be expended over a 2 year period. No additional state match is required, and there does not appear to be a related state

"maintenance of effort" requirement. This could make a considerable dent in the estimated $10.2 million federal funds gap for FY 2008-09 and FY 2009-10 for rehabilitation programs and may lead the state to consider lifting the current "order of selection" restrictions. Staff would note, however, that this will NOT address the ongoing structural gap of federal grants of approximately $36 million per year and Long Bill appropriations of over $40 million per year. Thus, staff would anticipate that, beginning by FY 2010-11, restrictions would need to be imposed. In light of this, and other relevant factors, staff has recommended that a portion of these additional federal funds be used to offset General Fund appropriations in FY 2009-10. This issue is addressed further below.

Independent Living Centers: $242,000 for independent living state grants and independent living centers (also presumably over the stimulus package period). Some of these funds would be expected to flow directly to centers, while others would flow through the State. No additional non-federal match is required, and there does not appear to be a related state "maintenance of effort" requirement. In light of this, the State could choose to take a short-term reduction to state General Fund appropriations for Independent Living Centers and backfill with the additional federal funds. Staff has reflected this as a budget reduction option.

Older Blind Grants: $497,000 for additional older blind grants. No additional non-federal match is required, and there does not appear to be a related state "maintenance of effort" requirement.

Rehabilitation Programs - General Fund Match

The major activities of this program are to work with disabled individuals to obtain services that help the client gain and maintain employment. Core rehabilitation services include: counseling and guidance, job development or placement, mental restoration service, occupational licenses, tools, and equipment, physical restoration services, assistive technology, specialized services for a specific disability, telecommunications services and training. Because the focus of this program is employment, services generally do not include medical treatment or rehabilitation.

During FY 2006-07, the program had an active caseload of 19,730 (including eligibility determinations), and 2,375 persons had successful closures, defined as employment for 90 days or more. Thus, the total annual state expenditure per successful closure was $19,288 (based on total program costs divided by successful closures). Of applicants who were determined eligible for services and developed an employment plan, approximately 65 percent achieved successful employment. Individuals with successful closures increased their monthly income by approximately $1,000 per month over their income prior to the program, an increase of 346 percent, on average.

The Department reported 1,431 successful closures for the first 6 months of FY 2008-09 and, as of the end of December 2008, was serving 11,398 consumers. As discussed above, in October 2008, the Department instituted "order of selection" and closed the program to new clients. As it remains on an active order of selection, the number of individuals served will decline as individuals are not placed into service. Further, the Division anticipates the number of successful closures will decline as the proportion of those with the Most Significant level of disability grows within the population being served.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Counselors/Therapists	136.8	139.5	140.0	140.0
Administration/Support	79.0	84.7	84.7	84.7
Total	215.8	224.2	224.7	224.7

The Department request and staff recommendation are summarized in the table below.

	Request		Recommend	
	Amount	FTE	Amount	FTE
FY 2008-09 Long Bill	$19,409,647	224.7	$19,409,647	224.7
Annualize one-time JBC FY 08-09 cash funds refinance	4,694,836	0.0	4,694,836	0.0
FY 2008-09 Salary survey	526,426	0.0	526,426	0.0
FY 2008-09 Performance Pay	191,600	0.0	191,600	0.0
Annualize performance pay (-20 percent)	(38,320)	0.0	(38,320)	0.0
DI NP #2 - Postage	6,307	0.0	6,307	0.0
BA #44 - Refinance with TBI reserves	0	0.0	0	0.0
Staff recommendation: adjustments for federal funds available, associated General Fund reduction	0	0.0	(4,977,684)	0.0
BA #51 - provider rate decrease	(22,672)	0.0	0	0.0
Total	$24,767,824	224.7	$19,812,812	224.7

The estimated break-down of the appropriation by spending category is reflected in the table below. Fund splits for this line item are based on a 21.3 percent General Fund/ 78.7 percent federal fund match rate for DVR federal funds, with the exception of in-service training, most of which is funded at 10.0 percent General Fund/ 90.0 percent federal funds.

	Request	Recommend	GF Percent
Personal Services	$13,687,931	$13,687,931	21.3%
Operating Expenses	1,255,471	1,255,471	21.3%
In-service Training	61,332	61,332	10.0%
Customer Services	2,441,505	2,464,177	21.3%
Purchase of Services	7,321,585	2,343,901	21.3%
Total	$24,767,824	$19,812,812	

The differences between the request and recommendation are reviewed below.

Common Policy Differences

- The Department requested that provider rates be returned to FY 2007-08 levels (BA #51). Per current Committee common policy, staff has not included this reduction.
- Staff has included the Department's requested postage increase pursuant to DI NP #2; however, final action is pending Committee common policy.

Budget Amendment #44 - Refinance with Traumatic Brain Injury Trust Fund

The Department proposed to replace $1,635,285 General Fund in the Division of Vocational Rehabilitation with cash fund balance amounts in the Traumatic Brain Injury Trust Fund. This request also retracted a proposed $603,077 increase in the appropriation for FY 2009-10 from the Traumatic Brain Injury Trust Fund for traumatic brain injury programs. This request would require a statutory change to allow the use of the Traumatic Brain Injury Trust Fund to support Vocational Rehabilitation programs.

Staff recommendation: In light of this request, staff recommended that the JBC include a transfer from reserves in the Traumatic Brain Injury Trust Fund to the General Fund as part of S.B. 09-208. The Committee voted to include a $1.5 million transfer in the bill as introduced. However, this provision of the bill was deleted through an amendment in the Senate and this was not reversed in the House. In light of this history**, staff does not recommend this component of the request or that the JBC make another legislative attempt to use funds in the Traumatic Brain Injury Trust Fund for a purpose other than that currently reflected in statute.**

Staff Recommendation - Federal Funds Available and General Fund Offset

As discussed above, there are currently a number of factors affecting the overall availability of federal funds for vocational Rehabilitation programs:

- There are not sufficient federal funds available on an ongoing basis to cover the base state vocational rehabilitation budget. This gap is estimated at $3,917,437 federal funds reflected in the Department's budget request for FY 2009-10 that are not anticipated to be received.

- The State anticipates receiving an additional $7,307,044 federal funds for vocational rehabilitation programs, to be expended over a 2 year period, from the federal stimulus bill. These funds do not have an associated non-federal match requirement and are anticipated to be one-time only.

In light of these issues, and the fact that the Department's original proposal to use Traumatic Brain Injury funds to offset General Fund does not appear feasible, staff recommends that the JBC include the following budget adjustments for FY 2009-10:

- Take a General Fund cut in FY 2009-10 of $1,060,247. This corresponds to the non-federal match of 21.3 percent associated with the ongoing federal funds shortfall of $3,917,437. Staff anticipates that the General Assembly will restore some or all of these funds in the future if financially feasible. If this not feasible, staff would simply note that this would return General Fund support for this program to a level lower than that provided after the passage of referendum C (when a $1.8 million General Fund/$8.45 million total funds increase was provided) but higher than the level in place after 2003 budget cuts were imposed. A table below shows the overall history of funding for this division.

- Reduce the federal funds reflected in this line item by $3,917,437 in ongoing funds not anticipated to be available.

- Partially backfill the above federal funds reduction with a one-time federal funds appropriation of $3,653,522. Reflect this in a separate line item entitled "American Reinvestment and Recovery Act Vocational Rehabilitation Funding".

Staff anticipates that these actions may require the Department to continue some of the restrictions it has already imposed on new vocational rehabilitation placements. However, staff notes that if restrictions are all lifted for FY 2009-10, they will in any event likely need to be imposed again when federal stimulus funds are no longer available, given the overall shortfall in federal funds available. Thus, taking the suggested General Fund cut in FY 2009-10 might help the State "step down" to a lower level of total funds available, which will be approximately $45 million for these line items on an ongoing basis if the General Fund is restored or approximately $44 million if it is not.

Rehabilitation Programs - Combined General Fund and Local Funds Match Line Items and Proposed New American Reinvestment and Recovery Act line item Recommendation for FY 2009-10						
	FY 2009-10 Rec. with no FF or state changes	Federal match not available prior to stimulus	Funds to be available prior to stimulus bill	Optional reduction to GF corresponding to FF not available	Stimulus available (assume 50% used in FY 09-10)	Funds available with proposed GF reduction
GF	$5,243,459	$0	$5,243,459	($1,060,247)	$0	$4,183,212
CF/RF	5,210,895	0	5,210,895	0	0	5,210,895
FF	38,587,480	-3,917,437	34,670,043	0	3,653,522	38,323,565
TOTAL	$49,041,834	($3,917,437)	$45,124,397	($1,060,247)	$3,653,522	$47,717,672

Additional Background. The table below reflects actual expenditures for this division as a whole since FY 2001-02.

Division of Vocational Rehabilitation - Actual Expenditures							
	FY 01-02	**FY 02-03**	**FY 03-04**	**FY 04-05**	**FY 05-06**	**FY 06-07**	**FY 07-08**
Total	33,526,380	32,859,608	32,846,921	33,864,101	40,677,828	51,100,957	51,192,461
GF	4,902,085	4,260,244	3,459,489	3,489,119	4,225,756	6,371,209	6,411,031
CF/CFE/RF	3,405,901	3,015,746	4,094,324	4,315,371	5,310,815	6,366,581	7,110,626
FF	25,218,394	25,583,618	25,293,108	26,059,611	31,141,257	38,363,167	37,670,804
GF % total	14.6%	13.0%	10.5%	10.3%	10.4%	12.5%	12.5%
CF % total	10.2%	9.2%	12.5%	12.7%	13.1%	12.5%	13.9%
FF % total	75.2%	77.9%	77.0%	77.0%	76.6%	75.1%	73.6%

Note: Table includes all Division of Vocational Rehabilitation spending, including some appropriations for programs other than rehabilitation program; federal vocational rehabilitation funds spent for indirect costs in other parts of the budget are not reflected.

As shown, actual spending history has been characterized by:

- A large increase in overall spending (52.3 percent from FY 2001-02 to FY 2007-08);
- Fluctuation in the share of General Fund used to finance programs reflecting state revenue shortfalls and associated $1.2 million cut by FY 2003-04 and an increase of $1.8 million in FY 2006-07 following the passage of Referendum C;

- An increase in cash, cash exempt, and reappropriated funds used to finance programs, largely from schools, using the School to Work Alliance Program (SWAP;
- Federal funds increases, consistent with requests, to a level that are not sustainable under the annual federal grant. Notably, when the $1.8 General Fund was restored in FY 2006-07, the Division asserted that adequate federal match would be available to match this amount at 78.7 percent. This has not proven to be the case.

Rehabilitation Programs - Local Match

The major activities of this program are to work with disabled individuals to obtain services that help the client gain and maintain employment. All of the required match for federal funds in this line item is obtained from local sources, including: donations, funds from local governments interested in extending vocational rehabilitation services to qualified participants in the Temporary Assistance to Needy Families (TANF) program, and school districts participating in the School-to-Work Alliance Program (SWAP) program. In the SWAP program, school districts provide the required match for federal funds and in return receive a 1:1 match on their original contribution. These funds are used to provide job development, on-the-job training, and job-site support to students with disabilities. Additional federal funds received by the Division in excess of the federal funding provided to the school district are used to support other core vocational rehabilitation services. The program operates in 149 (85 percent) of the state's 178 school districts and expects to serve over 3,000 youth annually. Over 66 percent of youth served had successful employment outcomes (stable employment for 90 days or more) in FY 2006-07. The table below reflects staff's understanding of how SWAP program revenues are used to support the overall Vocational Rehabilitation budget.

SWAP Program - Financial Returns for "Core" VR Programs			
	Potential revenue, based on local contribution of $1 (A)	Amount to be returned to local agency (B)	Balance retained by VR for use on related and “core” VR services (C)
Local agency (CF/RF)	$1.00	$0.42	$0.58
Federal funds	$3.69	$1.58	$2.11
Total	$4.69	$2.00	$2.69

In addition, this line item includes funds from other state and local agencies that have contracts with the Division to provide services to their clients. This includes contracts with community colleges and the Department's Mental Health Services section, among others. In these two examples, community college funds and General Fund transferred from Mental Health Services provide the match for federal vocational rehabilitation dollars.

Similar to the Rehabilitation Programs- General Fund Match line item, state and local funds historically covered 21.3 percent of the cost of services in return for the federal vocational rehabilitation dollars. As a result of changes made in FY 2004-05, virtually all of the non-federal match in this line item is not subject to TABOR. The majority of this (87 percent) is funding from school districts that is reflected in the state accounting system as a transfer from the Department of Education. All appropriation changes reflected below are based on a match of 21.3 percent cash funds exempt to 78.7 percent federal funds.

For FY 2008-09, staff recommended, and the General Assembly applied, a reduction of $6,300,000 federal funds to this line item (with no associated cash funds match reduction) based on federal funds anticipated to be received. In light of the staff recommendation for the Rehabilitation Programs - General Fund match line item, which would address federal funds shortfall, and associated match, in that line item for FY 2009-10, staff has treated the FY 2008-09 adjustment to the Rehabilitation Programs - Local Funds match line item as one-time only.

Staffing Summary	**FY 2007-08 Actual**	**FY 2008-09 Appropriation**	**FY 2009-10 Request**	**FY 2009-10 Recommendation**
Counselors/Therapists	17.5	16.5	14.2	14.2
Administration/Support	2.3	3.8	3.8	3.8
Total	19.8	20.3	18.0	18.0

The request and recommendation are compared in the table below.

	Request		Recommend	
	Amount	FTE	Amount	FTE
FY 2008-09 Long Bill appropriation (w/o supp adj.)	$29,314,972	27.0	$29,314,972	27.0
Annualize one-time FY 2008-09 JBC refinance	(4,694,836)	0.0	(4,694,836)	0.0
FY 2008-09 Salary Survey	47,234	0.0	47,234	0.0
FY 2008-09 Performance based pay	16,821	0.0	16,821	0.0
Annualize FY 2008-09 performance pay (-20%)	(3,365)	0.0	(3,365)	0.0
DI NP #6: move disability navigators to DOLE	(931,000)	(9.0)	(931,000)	(9.0)
Community provider cost of living adjustment	(266,587)	0.0	0	0.0
DI NP-#2 - Postage - pending	634	0.0	634	0.0
Total	$23,483,873	18.0	$23,750,460	18.0

The table below provides a break-down of the primary components of the request and recommendation. Note that the customer services identified reflect, in significant part, customer service expenditures for all vocational rehabilitation services clients and not just clients who are served directly through cash-funded programs like the SWAP program.

	Request	Recommend
Personal Services	$1,014,435	$1,014,435
Operating Expenses	2,189,505	2,189,505
Customer Services	20,279,933	20,546,520
Total	23,483,873	23,750,460

The staff recommendation and Department request are reviewed below.

Common Policy

- The request includes a small increase for postage (DI NP #2), which staff has included pending a common policy decision on this item.
- The recommendation does not include a provider rates reduction, pursuant to common policy.

Decision Item NP #6 - Transfer Disability Navigator Program to Department of Labor

This request is a companion to a proposed increase in the Department of Labor and Employment. The Disability Program Navigator program, supported for about a year in the Department of Human Services Division of Vocational Rehabilitation, was requested to be transferred to the Department of Labor and Employment. A reduction of $797,470 was applied in FY 2008-09 through supplemental action to reflect this change. Staff has reflected the continuation of this program transfer.

Add (H) Notation

In addition to the funding adjustments outlined, staff recommends the addition of an (H) notation to cash and reappropriated funds amounts in this line item. Staff notes that in FY 2007-08, the Department spent down all its remaining deferred revenue cash funds (about $1.5 million) in this line item to offset federal funds that were not received. The Department did not notify the JBC about this action. In order to keep a closer eye on the overall management of this program, staff recommends addition of this notation, which operates like an (M) notation, except it is applied to cash and reappropriated funds. When the (H) notation is present, the amount shown is the maximum amount of cash or reappropriated moneys that may be expended in the program, except where otherwise provided. Where cash or reappropriated support is required a condition for the acceptance of federal funds and the state matching requirements are reduced, the combined cash funds or reappropriated funds amount noted as an "(H)" are reduced proportionately. As the additional American

Reinvestment and Recovery Act Funds will be in a separate line item (below) and do not require a match, the line item should not be affected by the addition of these one-time federal funds.

American Reinvestment and Recovery Act - Vocational Rehabilitation Funding [new line item] As discussed above, staff recommends that estimated federal expenditures associated with the federal stimulus bill be reflected in the Long Bill. Total receipts from this source are anticipated to be $7.3 million; staff has assumed that 50 percent will be spent in FY 2009-10, with 25 percent spent in FY 2008-09 and 25 percent spent in FY 2010-11.

Business Enterprise Program for People who are Blind

The Business Enterprise Program assists blind or visually-impaired individuals in operating vending and food service businesses in approximately 45 state and federal buildings. There are no General Fund dollars associated with this program. In addition to federal funds, money from the Business Enterprise Cash Fund (vendor assessments) supports the program. The program is the result of the federal Randolph-Sheppard Vending Facility Program (34 C.F.R. 395.3 (11) (iv), and associated state law at Section 26-8.5-100, C.R.S., which give priority to blind and visually impaired individuals who wish to operate and manage food and vending services in federal and state government office buildings and facilities. Funding in this line item supports site development, initial merchandise and supply inventory, purchasing equipment, and providing technical support to vendors. After initial set-up is established, managers operate the facility with revenue from food sales. All operators pay a certain percentage of their profits (up to 13 percent) to support the program. These assessments are deposited into the Business Enterprise Cash Fund that, in combination with matching federal funds, supports this line item and the associated Program Operated Stands, Repair Costs, and Operator Benefits line item. The federal government matches most expenditures associated with the program, and all amounts in this line item, at a 78.7 percent rate.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	FY 2009-10 Recommendation
Program Administration	6.4	6.0	6.0	6.0

The request and recommendation are summarized in the table below. Note that the program appears to have used more FTE than authorized in FY 2007-08.

	Request		Recommend	
	Amount	FTE	Amount	FTE
FY 2008-09 Long Bill	$943,822	6.0	$943,822	6.0
FY 2008-09 Salary survey	18,668	0.0	18,668	0.0
FY 2008-09 Performance Pay	6,566	0.0	6,566	0.0

	Request		Recommend	
Annualize FY 08-09 performance pay (-20%)	(1,314)	0.0	(1,314)	0.0
DI NP-#2 - Postage - PENDING	37	0.0	37	0.0
Total	$967,779	6.0	$967,779	6.0

As reflected in the table, staff recommends the request for $967,779, including $205,442 cash funds and $762,357 federal funds. The recommendation includes $500,270 for personal services and $467,509 for operating expenses, pending a Committee decision on DI NP 2 (postage increase). The calculation is consistent with Committee common policy.

Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits

This is the second of two line items associated with the Business Enterprise Program. This line item supports remodeling and improving the vending and food service projects run by the Business Enterprise Program when there is no operator presently assigned to the site. The Department directly administers Business Enterprise Program vending and food service establishments in the period between the departure of one blind vendor and the assumption of a vending stand by another. In addition to federal funds, revenues from operation of the vending stands and payments by vendors supports the program. This line item includes: expenditures for costs associated with temporary state operation of vending facilities when a vendor leaves the program; equipment maintenance and repair during this interim period; and payments to operators to support their health insurance, IRA contributions, and vacation pay (operators are not state employees). The leasehold improvements portion of expenditures are eligible for federal match at the rate of 78.7 percent; other costs in this line item are not eligible for federal match. Expenses and revenues in this line item are highly unpredictable, as they are dependent upon whether one or more operators abandon sites during the year.

The Department has requested, and staff recommends, continued funding of this line item at the present level of $659,000 total funds, including $477,990 cash funds and $181,010 federal funds.

Independent Living Centers and State Independent Living Council

Independent living grants help train and assist disabled individuals to live and function outside of an institution. The grantee provides the cash funds exempt portion of the match for the federal dollars. In FY 1997-98, the General Assembly added a General Fund grants program to this line. These General Fund grants have historically been equally distributed among the State's ten independent living centers. Beginning in the last quarter of FY 2005-06, after passage of Referendum C, the General Assembly substantially increased General Fund support for the independent living centers. When annualized in FY 2006-07, the increase totaled $1.0 million General Fund.

The Department requested $1,915,874 for this line item, including $1,466,848 General Fund. The balance of funding reflects federal grants and a 10 percent local match for federal funds. The request included a reduction of $20,503 General Fund for Budget Amendment #51 - the requested provider rate decrease.

The staff recommendation for this line item is for $1,934,636 including $1,487,351 General Fund. Differences between the request and recommendation are detailed in the table below.

	Request Amount	Recommend Amount
FY 2008-09 Long Bill	$1,936,377	$1,936,377
Decision Item #51 - Reduce provider rates	(20,503)	0
Adjust ongoing federal funds award and local match	0	(123,198)
Reflect estimated American Reinvestment and Recovery Act amount	0	121,457
Total	$1,915,874	$1,934,636

Differences include the following:

- The request included a $20,503 General Fund reduction for Decision Item #51 (provider rate decrease). Consistent with common policy, staff has not included the decrease.

- The Department indicated that its actual FY 2008-09 federal independent living grant was $296,207, or $107,917 less than the federal funds reflected in this line item. Staff has included this adjustment in the line item, along with an associated decrease of $15,281 for the 10 percent cash funds match from grant recipients, for a total decrease of $123,198. Note that these are considered federal custodial funds and both federal and local funds amounts are shown for informational purposes only.

- Staff also recommends including, for informational purposes, additional federal independent living funds associated with the *American Reinvestment and Recovery Act of 2009.* Additional independent living funds anticipated to be received by the State based on the Act total $242,913; staff assumes that approximately half of this amount might be used in FY 2009-10, with 25 percent made available in FY 2008-09 and 25 percent in FY 2010-11. In light of this, staff has included an additional $121,457 federal funds in this line item for FY 2009-10. There is no required match associated with this funding. Staff would recommend that the associated letter note clearly identify the source of these funds, as they are not anticipated to be ongoing.

Independent Living Centers - Vocational Rehabilitation Program

This line item was created in FY 2005-06 to enable the states' ten certified independent living centers (ILCs) to reallocate some of the General Fund they receive to become vocational rehabilitation providers and thus to draw down additional federal matching funds. The line item was eliminated in FY 2008-09, with associated General Fund restored to the main independent living centers line item. **No funding is requested or recommended.**

Appointment of Legal Interpreters for the Hearing Impaired

This line item funded legal interpreters for hearing impaired individuals involved with criminal cases and police actions. Pursuant to Senate Bill 06-61, Concerning Providing Interpretation in Legal Situations for Persons with Hearing Loss (Keller/Larson), funding and functions associated with this program have become part of the duties of the Colorado Commission on the Deaf and Hard of Hearing. **No funding for this line item is requested or recommended**.

Colorado Commission for Individuals who are Blind or Visually Impaired

This program was created by H.B. 07-1274, which placed the initial FY 2007-08 appropriation for the program in the Division of Vocational Rehabilitation. The program was moved to the Executive Director's Office, Special Purpose section beginning in the FY 2008-09 Long Bill.

Older Blind Grants

This line item provides independent living services to persons age 55 or older who are blind or visually impaired. Most have become blind in later life. Eligible persons are provided assistance in learning new strategies for accomplishing daily task and participating in community and family activities. Independent living centers and other community agencies are eligible to receive funding under an RFP process. Grants are currently awarded to six independent living centers and the Colorado Center for the Blind. Funding is based on 90 percent federal funds matched with 10 percent funds from recipients. The Department requested a continuation total of $450,000, including $405,000 federal funds and $45,000 in local match (now classified as cash funds, rather than the former "cash funds exempt" designation). Staff notes that, at present, the Department uses the General Fund appropriated to the independent living centers for the required 10 percent match on both Older Blind and Independent Living grants; however, local amounts are shown to reflect the amount that would be required if this General Fund were not available.

Pursuant to the *American Reinvestment and Recovery Act of 2009*, staff anticipates that Colorado may receive an additional $497,578 federal funds for older blind grants. Assuming that 50 percent of this amount is spent in FY 2009-10, staff recommends reflecting an additional $248,789 federal funds in this line item for FY 2009-10. No local match is required, and these federal custodial funds are shown for informational purposes only. Staff recommends that the associated letter note clearly reflect that the source of the funds, as this funding is temporary. With this adjustment, **the staff recommendation for the line item is $698,789, including $45,000 cash funds and $653,789 federal funds.**

Traumatic Brain Injury Trust Fund

House Bill 02-1281 created the Colorado Traumatic Brain Injury Board within the Department of Human Services and provided for funding for administration, eligibility, case management, and claims payment functions relating to the program, pursuant to Section 26-1-301, C.R.S. Funding for the Traumatic Brain Injury Fund is derived from people convicted of driving under the influence, driving while impaired and speeding (as of January 2004). There is a $15.00 surcharge for DUI and related convictions and $10.00 surcharge for speeding violations. The bill also allows the Board to accept gifts, grants, and donations, although none have been forthcoming. Of the annual revenues for the program: about 65.0 percent will be used for services for people with traumatic brain injuries; 30.0 percent will be to support research related to the treatment and understanding of traumatic brain injury; and 5.0 percent will be for education for individuals with traumatic brain injury and to assist educators, parents, and non-medical professionals in the identification of traumatic brain injuries. Of the annual revenues for the program:

- about 65.0 percent was intended to be used for services for people with traumatic brain injuries;
- 30.0 percent will be to support research related to the treatment and understanding of traumatic brain injury; and
- 5.0 percent will be for education for individuals with traumatic brain injury and to assist educators, parents, and non-medical professionals in the identification of traumatic brain injuries.

This program could potentially be affected by two current bills: SB. 09-005 (Colorado Traumatic Brain Injury Program) (Spence/Primavera) and S.B. 09-133 (Surcharge of Colorado Traumatic Brain Injury Trust Fund (Spence). The first of these would provide additional flexibility in the percentage of funding allocated to the different activities (direct services/education/research), among other adjustments. The second bill would increase traffic surcharges, and thus revenue to the Traumatic Brain Injury Trust Fund by an estimated $730,525 in FY 2009-10.

In the initial years after the program was created in 2003, it failed to fully spend its revenue. The Department initially requested FY 2009-10 Decision Item 19, which would have increased the annual appropriation by $603,077 per year in order to spend down the fund balance. The Department subsequently withdrew this request via Budget Amendment #54 in lieu of a request to use the fund balance to refinance the Division of Vocational Rehabilitation.

In light of the Department's refinance proposal (which would also have required a bill) staff recommended, and the Committee approved, a transfer to the General Fund from the fund balance of Traumatic Brain Injury Trust Fund of $1.5 million. This provision was removed as S.B. 09-208 (cash fund transfers) passed through the Senate. As a result, **the fund balance for the Traumatic Brain Injury Trust fund is intact. In light of this, staff has recommended that the Committee provide an increase of $500,000 in the spending authority from the cash fund. However, please**

note that these funds are only available on a temporary basis and funds at this level will not be available after FY 2010-11. Staff anticipates that this will help the Department to address the client services waiting list of 140 (projected to be growing) as well as to address education and research demands. The Department spends an estimated $4,000 per person on direct services.

Including this adjustment, the staff recommendation is for $2,921,931. This includes an increase to personal services, pursuant to common policy, of $10,433, plus the $500,0000 overall program increase recommended.

Traumatic Brain Injury Trust Fund				
	FY 2007-08 Actual	**FY 2008-09 Estimate**	**FY 2009-10 Estimate**	**FY 2010-11 Estimate**
Beginning FY Balance	$2,910,420	$3,111,709	$2,469,372	$1,438,746
Projected Revenues	2,012,404	1,770,251	1,891,328	1,891,328
Expenditures	(1,811,115)	(2,412,588)	(2,421,954)	(2,421,954)
Ending FY Balance w/o transfer or expenditure increase	$3,111,709	$2,469,372	$1,938,746	$908,120
Expenditure Increase	0	0	500,000	500,000
Ending FY Balance after Increase	$3,111,709	$2,469,372	$1,438,746	$408,120
Fee Impact: Fees derived from moneys collected on traffic offenses.				

Estimated Federal Social Security Reimbursement

The Department request, and staff recommendation, continues to reflect anticipated federal social security payments to the Division of $813,741. This reflects federal payments to the State that are based on reductions to federal expenditures (for the Social Security and Social Security Disability Insurance programs) associated with individuals who have become employed based on Vocational Rehabilitation programs. This line item would be shown for informational purposes only.

Study of Employment of Persons with Developmental Disabilities (S.B. 08-04) [New line item]

Senate Bill 08-04 was designed to create a state employment program for persons with developmental disabilities. The bill required the creation of a working group with representation from the Departments of Human Services and Personnel and Administration to study options for the development of such a program. The fiscal note for the bill added 0.5 FTE for FY 2008-09 and indicated that this funding should be annualized for FY 2009-10, if it is determined that the associated programs can be implemented without statutory or constitutional change.

On January 13, 2009, the Departments submitted the required report on the program. The report identified several options for creating the desired program. One set of options requires a change to Article XII, Section 31 (1) and (5) of the State Constitution, regarding the state personnel system. Options requiring statutory change include: (a) allowing temporary positions (for people with DD) to convert to permanent positions; and (b) creating restricted employment list for people with DD. Two options require only action by the Department of Personnel. These involve: (1) create job classifications that require that a person be developmentally disabled as a minimum qualification; and (2) add having a developmental disability as a special requirement for certain positions. The report noted that the proposed alternatives that don't involve Constitutional change could be subject to legal challenge.

The report emphasized the importance of the new business outreach specialist position in the Division of Vocational Rehabilitation to work on outreach to individuals with developmental disabilities and state employers to promote employment of individuals with developmental disabilities within the State. Given that the work group has identified program options that do not require Constitutional or statutory change, **staff recommends annualization of the position for the amounts reflected in the fiscal note of $50,875 General Fund and 1.0 FTE.**

Long Bill Footnotes and Information Requests

There were no Long Bill footnotes included for this division for FY 2008-09 and none are recommended for FY 2009-10. Staff recommends that the following information request be **continued** for FY 2009-10:

42 **Department of Human Services, Services for People with Disabilities, Division of Vocational Rehabilitation, Rehabilitation Programs -- Local Funds Match –** The Department is requested to provide a report to the Joint Budget Committee, by November 1 of each year, that details deferred cash and cash exempt revenue on its books as of the close of the preceding fiscal year.

Comment: The Department submitted the requested report in FY 2006-07, FY 2007-08, and FY 2008-09. In light of federal funds shortfalls, it is unclear whether deferred revenue will be accumulated in FY 2008-09; however, staff believes the issue should continue to be tracked.

Staff also recommends the **addition** of the following new information request.

N **Department of Human Services, Services for People with Disabilities, Division of Vocational Rehabilitation** -- The Department is requested to provide an update on the Division of Vocational Rehabilitation's efforts to operate within existing funding constraints.

This is requested to include information on the effectiveness of restrictions imposed during FY 2008-09 and the status of "order of selection" restrictions on new applicants.

(E) Homelake Domiciliary and State and Veterans Nursing Homes

The Department of Human Services operates six state and veterans nursing homes and one domiciliary (assisted living facility) located throughout the State. The nursing homes and domiciliary operate as an enterprise, have continuous authority to spend funds received, and generally do not require General Fund operating subsidies. Nonetheless, they are reflected in the Long Bill because they are state owned, employee significant numbers of state FTE, and present a significant financial liability to the State should they fail, due to obligations the State accepts when it accepts federal grants for construction and renovation of veterans nursing homes.

Pursuant to Section 26-12-101 through 208, C.R.S. the Department of Human Services is authorized to build, maintain, and operate nursing homes. Such nursing homes, when operated by the State for the benefit of veterans, their spouses, and dependants, are eligible for federal assistance, including assistance in construction costs and per-diem payments on behalf of eligible resident veterans. Federal authorities authorize grants of up to 65 percent of total costs for the construction of state veterans nursing homes. In return for this funding, as well as per-diem payments for veterans, the State must agree that: (1) a minimum of 75 percent of residents will be veterans and the remaining 25 percent will include spouses or parents whose children died while serving; (2) the facility will remain a veterans home for a minimum of 20 years; and (3) the facility will maintain Veterans Administration (VA) certification. To maintain such certification the facility must submit to various federal audits and surveys demonstrating compliance with VA rules. If any of these requirements are not met, the State is required to repay the VA construction funding.

Five of the six nursing homes operated by the state are certified as veterans nursing homes (the Trinidad home is not). One of the six homes (in Walsesnburg) is operated on a contractual basis, while the remaining five are operated and staffed by state FTE. Senate Bill 09-56 would provide the Department of Human Services authority to transfer the Trinidad nursing home, the only nursing home that is not a federally-subsidized veterans nursing home, to a non-state entity.

(Former 1) Homelake Domiciliary

This entire subsection was eliminated in FY 2007-08 and replaced with a new "Homelake Domiciliary State Subsidy" line item.

<u>Homelake Domiciliary State Subsidy</u>

The Homelake Domiciliary is a 46-bed facility in Monte Vista which serves residents who do not require continuous nursing or medical care, but may need assistance with meals, housekeeping, personal care, laundry, and access to a physician. Residents pay rental fees, which are subsidized by U.S. Veteran's Administration per diem payments. Residents are veterans or their relations. Prior to FY 2007-08, this program was budgeted so as to reflect personal services, operating expenses and related costs, and annual common policy adjustments were made. However, based on statue, this program has authority to receive and expend revenue without legislative constraints, like other components of the state and veterans nursing homes. In light of this, in FY 2007-08 the budget was modified to reflect a single General Fund subsidy line item for Homelake, and associated footnotes were eliminated.

The Department requested, and staff recommends, a continuation of $186,130 General Fund for this line item for FY 2009-10.

Legislative Oversight Committee on the State and Veterans Nursing Homes

This line item reflected funding for an Oversight Committee that was active in FY 2005-06 and FY 2006-07. No associated amounts were ever expended in this line item, and the line item is no longer required.

Nursing Home Consulting Services

The request is for a continuing appropriation of $195,627. Staff recommends the request; however, staff notes that this is an optional area for reductions. Staff recommended such a reduction in FY 2008-09, but the Committee elected not to take it. This funding, added in FY 2005-06, was expected to be phased out after several years.

Background. The original request for this line item (through an FY 2005-06 supplemental) implemented the recommendations of the Fitzsimons Accountability Committee, the Colorado Board of Veterans Affairs, and the Commission on State and Veterans Nursing Homes established pursuant to H.B. 05-1336. The consulting services: (1) assist the state-operated homes in identifying and correcting areas of improvement in the provision of services to residents; (2) increase the census, where appropriate, at each home; (3) provide an independent and regular assessment of the performance of each home, based on selected key performance indicators; and, (4) regularly report this performance data to the appropriate oversight entities.

For FY 2005-06 and FY 2006-07, General Fund in this line item was expected to cover 80 percent of consulting costs; however, the nursing homes reverted the entire FY 2005-06 appropriation due to an accounting error. A footnote report was requested and submitted January 15, 2007 assessing the benefits of the consulting home services in light of the costs and specifying time-frames for the nursing homes to assume the full cost of consulting services. The Department's 2007 report indicated that the consulting services were valuable, and that important system improvements had been achieved, including improved quality of care and profitability. In this 2007 report, the Department indicated that it supported a gradual reduction of the state subsidy for the consulting services beginning with FY 2007-08.

The original staff recommendation was that this appropriation be halved for FY 2007-08 and eliminated for FY 2008-09. Funding was cut in half in FY 2007-08; however, the Committee chose not to eliminate or reduce the line item in FY 2008-09. Staff notes that, as reflected in the balance sheets below, the nursing homes sustained overall losses in FY 2007-08 and losses are projected for FY 2008-09. Senate Bill 09-54 would give the Department authority to transfer the Trinidad nursing home to a private entity, which could improve the homes' overall balance sheet in FY 2009-10.

Nursing Home Indirect Costs Subsidy

This line item was added in FY 2007-08 to more explicitly reflect the General Fund subsidy for the State and Veterans Nursing Home indirect costs. The amount shown in the line item is based on the estimated indirect costs associated with Department services to the nursing homes that were not collected as cash from the homes in FY 2006-07. The total is shown as General Fund in this line item and as reappropriated funds in the Department's Office of Operations, to which the funds are transferred. **The Department requested, and staff recommends, a continuation level of $800,000 General Fund for this line item.** Staff anticipates that, if indirect costs associated with the state and veterans nursing homes exceed this $800,000 amount, the Department begin to assess and collect associated cash revenue from the nursing homes.

Program Costs

This line item is intended to provide an estimate of state and veterans nursing home expenditures for the six homes and (now) Homelake Domiciliary. Cash amounts reflect patient pay revenue, and federal amounts reflect federal per diem payments. Amounts include the "double count" of any General Fund appropriations (such as for Homelake) that are deposited to the Central Fund for use by the nursing homes. The nursing home system is an enterprise, and the amounts shown are not counted as state revenue for purposes of Article X, Section 20 of the State Constitution, except in years in which large capital construction amounts are appropriated. Further, the nursing homes have continuous spending authority for funds received pursuant to Article 12 of Title 26, C.R.S. Thus, **this line item is shown solely for informational purposes**.

Amounts shown reflect total expenditures for the nursing home system, including payments for the Division of State and Veterans Nursing Homes in the Department and costs considered "non-operating" such as depreciation. As reflected in the numbers pages, **staff recommends that the line item reflect $54,428,011 and 673.4 FTE in FY 2009-10.** Fund splits reflect estimates, based on historic revenue patterns, with federal per-diem payments covering approximately 22 percent of total operating costs.

The table below reflects the current revenue and expenditure projection for the nursing homes and Homelake Domiciliary for FY 2008-09. As can be seen the homes all are projected to be profitable in FY 2008-09, with the exception of Trinidad and Rifle. Through FY 2006-07, Rifle was operating profitably; however, quality-of-care problems emerged in late FY 2007-08 and, due to poor health department surveys, the facility was closed to new admissions between March and September 2008.

As a result, census fell by about 20 percent. Although the facility is again open to new admissions, census is taking time to rebuild. Department staff have indicated that projected losses for FY 2008-09 reflect a "worst case" scenario, and final results for the year may be better. However, the combined impact of Trinidad and Rifle losses is currently driving a projected system loss of almost $700,000 for FY 2008-09. Notably, although the Department had originally projected FY 2007-08 profits of $2.0 million, actual results for FY 2007-08 were an operating loss of $234,217 and overall loss of $756,710. This included losses at Trinidad, McCandless (Florence), and Rifle, as well as a$1.0 million loss at Fitzsimons (primarily based on depreciation).

State and Veterans Nursing Homes - FY 2008-09 Projected Income Statement						
	Trinidad	**Homelake (NH & Dom)**	**McCandless (Florence)**	**Rifle**	**Fitzsimons**	**Division Total[1]**
REVENUE						
Operating	**$6,707,367**	**$5,770,500**	**$9,497,708**	**$7,334,031**	**$19,918,581**	**$53,405,682**
Non-operating[2]	**0**	**668,496**	**600,000**	**0**	**4,817**	**322,561**
Total Revenue	**$6,707,367**	**$6,438,996**	**$10,097,708**	**$7,334,031**	**$19,923,398**	**$53,728,243**
EXPENSES						
Operating	**$7,489,919**	**$5,617,295**	**$9,051,161**	**$8,666,770**	**$18,708,629**	**$52,472,233**
Non-operating[3]	**140,987**	**223,411**	**358,687**	**173,716**	**1,058,978**	**1,955,778**
Total Expense	**$7,630,906**	**$5,840,706**	**$9,409,848**	**$8,840,486**	**$19,767,607**	**$54,428,011**
Operating Profit/Loss	**($782,552)**	**$153,205**	**$446,547**	**($1,332,739)**	**$1,209,952**	**$933,449**
Total Profit/Loss	**($923,539)**	**$598,290**	**$687,860**	**($1,506,455)**	**$155,791**	**($699,768)**

(1) Individual homes will not sum to Division Total, which also includes federal revenue associated with the Walsenburg home and costs for the central division office.

(2) Non-operating revenue reflects interest and any funding for capital construction.

(3) Reflects depreciation, except at the Fitzsimons home, where also includes $231,695 in bond/note costs.

Long Bill Footnotes and Information Requests

There were no FY 2008-09 Long Bill footnotes or information requests associated with this section, and none are recommended for FY 2009-10.

Budget Balancing Options

Please note that various additional options for budget reductions that are options but are not recommended have been covered above in the text. These include transfers of some cash funds and options not to fund or not to fully fund some decision items. Staff will include all items in the Committee's budget balancing spreadsheets.

Options with *Appropriation* Impacts	**GF**	**CF**	**RF**	**FF**	**Total**	**FTE**
1 **Developmental Disability Hold Harmless Funding** Approximately $6.0 million remains of General Fund amounts originally appropriated in FY 2006-07 and FY 2007-08 and rolled-forward to FY 2008-09 to help offset the impacts of systems change in the developmental disability system. The appropriation was originally intended to last 1 year, but, due to delays in systems change, new rates have only gone into effect for 1/2 year in FY 2008-09 and associated billing will cover only five months. Thus far it has proven impossible for the Department to clearly quantify the hold-harmless need; staff anticipates additional information after March 15. This is one-time.	(4,000,000)				(4,000,000)	
2 **Non-Medicaid Developmental Disability Funding** There is currently $31.5 million in non-Medicaid General Fund appropriations for developmental disability Program Costs. This includes, in particular, about $6.5 million for the Family Support Services program and about $8.0 million for non-Medicaid supported living services. During the prior downturn, the General Assembly reduced the family support program by 50 percent and supported living General Fund rates by $1.0 million. These reductions were subsequently restored. Funding includes $300,000 for new Family Support Services resources added in FY 2008-09.						
4 **General Fund Subsidies for State and Veterans Nursing Homes** The General Assembly currently provides $1.2 million in direct and indirect General Fund operating subsidies for the state and veterans nursing homes. This is a small share of the homes' combined operating budgets of $45 to $50 million. Of the total subsidy, $195,627 (shown above) is for nursing home consulting services and was originally anticipated to be temporary. In addition to this amount, $186,130 General Fund is provided to assist Homelake Domiciliary and $800,000 represents the approximate value of indirect costs for the nursing homes that are covered by the General Fund.	(195,627)				(195,627)	
5 **Developmental Disability Medicaid Waiver Rates and Benefits**						

Options with *Appropriation* Impacts	**GF**	**CF**	**RF**	**FF**	**Total**	**FTE**
Reductions in waiver program benefits could be one route for reducing costs in FY 2009-10 and future years, if needed. This might include, for example, reducing the maximum units of certain kinds of services that can be billed for an individual with a specific severity level. Staff is not recommending any specific adjustment; however the Committee should be aware that this could be one route for future reductions.						

Staff Recommendation - FY 2009-10 Developmental Disability Program Costs Line Items

	Resources		Long Bill Amounts				Cash and RF Fund Sources				Net General Fund Calculation	
	GF	Medicaid	Total	General Fund	Cash Funds	Reapprop'd Funds	Medicaid	Local	Client	Voc Rehab	Medicaid General Fund	Net General Fund
<u>Adult Comprehensive Services</u>												
FY 09 Adult Comprehensive Services LB	66.0	4,002.5	264,294,183	1,650,459	31,955,475	230,688,249	230,688,249	4,256,810	27,698,665	0	115,310,139	116,960,598
Sup/BA #25 - Systematic turnover	0.0	(20.0)	(1,430,127)	0	(138,407)	(1,291,720)	(1,291,720)	0	(138,407)	0	(645,860)	(645,860)
Eliminate local funds (staff rec)	0.0	0.0	(4,256,810)	0	(4,256,810)	0	0	(4,256,810)	0	0	0	0
SSI Adjustment (JBC initiative)	0.0	0.0	779,867	0	779,867	0	0	0	779,867	0	0	0
Sup #26 (one time savings from roll-forward)	0.0	0.0	(5,057,748)	0	0	(5,057,748)	(5,057,748)	0	0	0	(2,528,874)	(2,528,874)
Sup #19/BA (savings due to Medicaid transition issues)	0.0	0.0	(5,300,000)	0	0	(5,300,000)	(5,300,000)	0	0	0	(2,650,000)	(2,650,000)
Subtotal - FY 2008-09 Appropriation	66.0	3,982.5	249,029,365	1,650,459	28,340,125	219,038,781	219,038,781	0	28,340,125	0	109,485,405	111,135,864
Annualize Sup #26 (one time)	0.0	0.0	5,057,748	0	0	5,057,748	5,057,748	0	0	0	2,528,874	2,528,874
SSI adjustment (JBC indicated would reconsider for 09-10)	0.0	0.0	(779,867)	(26,017)	792,794	(1,546,644)	(1,546,644)	0	792,794	0	(773,322)	(799,339)
Annualize sup #19 (DIF FROM REQUEST)	0.0	0.0	5,300,000	0	0	5,300,000	5,300,000	0	0	0	2,650,000	2,650,000
Adjustments related to annualization (some substantive issues)	0.0	0.0	9,577,881	(26,017)	792,794	8,811,104	8,811,104	0	792,794	0	4,405,552	4,379,535
<u>Annualize FY 09 Decision Items (#4, #4a)</u>												
New Foster Care resources (6 mos)	0.0	22.5	2,025,946	0	153,574	1,872,372	1,872,372		153,574	0	936,186	936,186
New Emergency resources (6 mos)	0.0	31.0	2,503,507	0	211,591	2,291,916	2,291,916		211,591	0	1,145,958	1,145,958
New Wait List Resources - HIGH NEEDS (6 mos)	0.0	39.0	3,202,710	0	266,195	2,936,515	2,936,515		266,195	0	1,468,258	1,468,258
Reduce for portion DI #4 in case management	0.0	0.0	(222,326)	0	0	(222,326)	(222,326)		0	0	(111,163)	(111,163)
New wait list resources (6 mos)	0.0	60.0	3,982,165	0	409,530	3,572,635	3,572,635		409,530	0	1,786,318	1,786,318
Reduce for portion DI #4 in case management	0.0		(144,211)	0	0	(144,211)	(144,211)		0		(72,106)	(72,106)
Subtotal - Annualization	0.0	152.5	20,925,672	(26,017)	1,833,684	19,118,005	19,118,005		1,833,684	0	9,559,004	9,532,987
FY 2009-10 Base Funding	66.0	4,135.0	269,955,037	1,624,442	30,173,809	238,156,786	238,156,786	0	30,173,809	0	119,044,409	120,668,851
<u>FY 2009-10 DI #3, as amended by</u>												
New Foster Care resources (6 mos) (excludes CM component)	0.0	18.5	1,618,991	0	135,180	1,483,811	1,483,811	0	135,180	0	741,906	741,906
New Emergency resources (6 mos)	0.0	0.0	0	0	0	0						0
New Wait List Resources - HIGH NEEDS (6 mos)			0	0	0	0						0
												0
Subtotal - Caseload Decision Items	0.0	18.5	1,618,991	0	135,180	1,483,811	1,483,811	0	135,180	0	741,906	741,906
<u>Community Provider Rate Increase</u>												
Increase on annualized FY 2009-10 base, except VR & client cash	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Subtotal - Rate Increase Decision Items	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Technical adjustment on Medicaid NGF fund split in base											33,983	33,983
Staff Rec Regional Center Transition Resources (6 mo FY 10; exc TCM)	**0.0**	10.0	638,400		73,070	565,330	565,330	0	73,070	0	282,665	282,665
TOTAL - Comprehensive Services - Inc JBC action	**66.0**	**4,163.5**	**272,212,428**	**1,624,442**	**30,382,059**	**240,205,927**	**240,205,927**	**0**	**30,382,059**	**0**	**120,102,962**	**121,727,404**
Staff Technical Adjustments												
TOTAL - Comprehensive Services	**66.0**	**4,163.5**	**272,212,428**	**1,624,442**	**30,382,059**	**240,205,927**	**240,205,927**	**0**	**30,382,059**	**0**	**120,102,962**	**121,727,404**
<u>Adult Supported Living Services</u>												
Adult Supported Living Services	692.0	3,135.0	55,259,558	**7,974,941**	**2,774,349**	**44,510,268**	**44,510,268**	**2,774,349**	**0**	**0**	**22,255,134**	**30,230,075**
Sup/BA #25 DD turnover (sup ongoing)	0.0	(15.5)	(244,900)	0	0	(244,900)	(244,900)	0	0	0	(122,450)	(122,450)
Eliminate local funds (sup ongoing)	0.0	0.0	(2,774,349)	0	(2,774,349)	0	0	(2,774,349)	0	0	0	0
FY 2008-09 1 X supplemental	0.0	0.0	0	0	0	0		0	0	0		0

Staff Recommendation - FY 2009-10 Developmental Disability Program Costs Line Items

	Resources		Long Bill Amounts				Cash and RF Fund Sources				Net General Fund Calculation	
	GF	Medicaid	Total	General Fund	Cash Funds	Reapprop'd Funds	Medicaid	Local	Client	Voc Rehab	Medicaid General Fund	Net General Fund
Subtotal - FY 2008-09 Appropriation	692.0	3,119.5	52,240,309	7,974,941	0	44,265,368	44,265,368	0	0	0	22,132,684	30,107,625
Annualization:												
Annualize 1 X supplemental	0.0	0.0	0	0	0	0	0	0	0	0	0	0
DI #4 New Resources (6 mos)	0.0	14.0	243,792	0		243,792	243,792		0		121,896	121,896
SBA #4A New Resources (6 mos)	0.0	100.0	1,741,369	0		1,741,369	1,741,369		0	0	870,685	870,685
Less portion DI #4 new resources in case management section	0.0	0.0	(33,649)	0		(33,649)	(33,649)		0	0	(16,825)	(16,825)
Less portion DI #4A new resources in case management	0.0	0.0	(240,352)	0		(240,352)	(240,352)		0	0	(120,176)	(120,176)
FY 2009-10 Base Funding	692.0	3,233.5	53,951,469	7,974,941	0	45,976,528	45,976,528	0	0	0	22,988,265	30,963,206
Community Provider Rate Increase	0.0	0.0	0	0	0	0	0	0			0	0
FY 2009-10 DI #3, as amended, CES to SLS (exc CM)	0.0	14.5	215,804	0	0	215,804	215,804	0	0		107,902	107,902
	0.0											
Subtotal - Decision Items	0.0	14.5	215,804	0	0	215,804	215,804	0	0	0	107,902	107,902
TOTAL - Adult Supported Living Services	**692.0**	**3,248.0**	**54,167,273**	**7,974,941**	**0**	**46,192,332**	**46,192,332**	**0**	**0**	**0**	**23,096,167**	**31,071,108**
<u>Early Intervention Services</u>												
Early Intervention Services	2,176.0	0.0	11,663,694	11,098,328	565,366	0	0	565,366	0	0	0	11,098,327
Eliminate local funds (FY 2008-09 sup, continued)	0.0	0.0	(565,366)		(565,366)		0	(565,366)	0	0	0	0
Community Provider Rate Increase	0.0	0.0	0	0	0	0	0	0	0	0	0	0
	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Total - Early Intervention Services	**2,176.0**	**0.0**	**11,098,328**	**11,098,328**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11,098,327**
<u>Family Support Services</u>												
Family Support Services	**1,226.0**	**0.0**	**6,837,871**	**6,507,966**	**329,905**	**0**	**0**	**329,905**	**0**	**0**	**0**	**6,507,966**
Eliminate local funds (FY 2008-09 sup, continued)	0.0	0.0	(329,905)		(329,905)			(329,905)				
Community Provider Rate Increase	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Annualize FY 2008-09 increase (requested but not recommended)	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Total - Family Support Services	**1,226.0**	**0.0**	**6,507,966**	**6,507,966**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6,507,966**
<u>Children's Extensive Support Services</u>												
Children's Extensive Support Services	0.0	**395.0**	**7,288,632**	**0**	**369,001**	**6,919,631**	**6,919,631**	**369,001**	**0**	**0**	**2,950,434**	**2,950,435**
Eliminate local funds (FY 2008-09 sup, contintued)	0.0	0.0	(369,001)	0	(369,001)	0	0	(369,001)	0	0	0	0
Sup/BA #25 (systematic turnover)	0.0	(2.0)	(36,904)	0	0	(36,904)	(36,904)	0	0		(15,537)	(15,537)
Community provider rate increase			0	0	0	0	0	0	0	0	0	0
Technical adjustment on Medicaid NGF fund split in base											(37,272)	(37,272)
Total - Children's Extensive Support	**0.0**	**393.0**	**6,882,727**	**0**	**0**	**6,882,727**	**6,882,727**	**0**	**0**	**0**	**2,897,625**	**2,897,626**
<u>Case Management, Quality Assurance</u>												
Case Management and Quality Assurance	3,713.0	7,979.5	23,693,965	3,888,010	1,226,029	18,579,926	18,579,926	1,226,029	0	0	9,217,678	13,105,689
Eliminate local funds (FY 2008-09 sup, contintued)		0.0	(1,226,029)	0	(1,226,029)	0	0	(1,226,029)	0	0	0	0
Sup/BA #25 DD turnover (sup ongoing)	0.0	(37.5)	(94,838)	0	0	(94,838)	(94,838)	0	0	0	(47,022)	(47,022)
Subtotal - FY 2007-08 Appropriation	3,713.0	7,942.0	22,373,098	3,888,010	0	18,485,088	18,485,088	0	0	0	9,170,656	13,058,667
Annualize DI #4 comp CM	0.0	92.5	222,326	0		222,326	222,326		0	0	111,163	111,163

Staff Recommendation - FY 2009-10 Developmental Disability Program Costs Line Items

	Resources		Long Bill Amounts				Cash and RF Fund Sources				Net General Fund Calculation	
	GF	**Medicaid**	**Total**	**General Fund**	**Cash Funds**	**Reapprop'd Funds**	**Medicaid**	**Local**	**Client**	**Voc Rehab**	**Medicaid General Fund**	**Net General Fund**
Annualize DI #4 SLS CM	0.0	14.0	33,649	0		33,649	33,649		0	0	16,825	16,825
Annualize SBA #4a comp cm	0.0	60.0	144,211	0		144,211	144,211				72,106	72,106
Annualize SBA #4a SLS SM	0.0	100.0	240,352	0		240,352	240,352				120,176	120,176
Annualize FSSP increase (not recommended)	0.0	0.0	0	0	0	0	0	0	0	0	0	0
FY 2008-09 Base Funding	3,713.0	8,209.0	23,013,636	3,888,010	0	19,125,626	19,125,626	0	0	0	9,490,925	13,378,936
Community Provider Rate Increase	0.0	0.0	0	0	0	0	0	0	0	0	0	0
DI #3 - Comp CM	0.0	18.5	46,787	0	0	46,787	46,787		0	0	23,394	23,394
DI #3 - SLS CM	0.0	14.0	36,685	0	0	36,685	36,685		0	0	18,343	18,343
Technical adjustment on Medicaid NGF fund split in base											35,739	35,739
Staff Rec - RC transition resources	0.0	10.0	25,290	0	0	25,290	25,290	0	0	0	12,645	12,645
Total - Case Management and Quality Assurance	**3,713.0**	**8,251.5**	**23,122,398**	**3,888,010**	**0**	**19,234,388**	**19,234,388**	**0**	**0**	**0**	**9,581,046**	**13,469,057**
Special Purpose												
Special Purpose	0.0	0.0	1,064,342	360,844	6,649	696,849	205,535	6,649	0	491,314	102,377	463,222
Elim local			(6,649)	0	(6,649)	0	0	(6,649)	0	0		
Reduce for pasarr utilization*	0.0	0.0	(167,535)	0	0	(167,535)	(167,535)	0	0	0	(83,768)	(83,768)
Community Provider Rate Increase	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Technical adjustment for MGF in base											391	391
Total - Special Purpose	**0.0**	**0.0**	**890,158**	**360,844**	**0**	**529,314**	**38,000**	**0**	**0**	**491,314**	**19,001**	**379,846**
Hold Harmless												
					0	0	0	0	0	0	0	0
					0	0	0	0	0	0	**0**	0
Total - Hold Harmless	**0.0**	**0.0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL - GRAND TOTAL - PROGRAM COSTS			**374,881,278**	**31,454,531**	**30,382,059**	**313,044,688**	**312,553,374**	**0**	**30,382,059**	**491,314**	**155,696,800**	**187,151,333**
FY 2009-10 Line Item - Developmental Disability Program Costs												
Adult Comprehensive Services	66.0	4,163.5	272,212,428	1,624,442	30,382,059	240,205,927	240,205,927	0	30,382,059	0	120,102,962	121,727,404
Adult Supported Living Services	692.0	3,248.0	54,167,273	7,974,941	0	46,192,332	46,192,332	0	0	0	23,096,167	31,071,108
Early Intervention Services	2,176.0	0.0	11,098,328	11,098,328	0	0	0	0	0	0	0	11,098,327
Family Support Services	1,226.0	0.0	6,507,966	6,507,966	0	0	0	0	0	0	0	6,507,966
Children's Extensive Support Services	0.0	393.0	6,882,727	0	0	6,882,727	6,882,727	0	0	0	2,897,625	2,897,626
Case Management and Quality Assurance	3,713.0	8,251.5	23,122,398	3,888,010	0	19,234,388	19,234,388	0	0	0	9,581,046	13,469,057
Special Purpose	0.0	0.0	890,158	360,844	0	529,314	38,000	0	0	491,314	19,001	379,846
Grand Total			**374,881,278**	**31,454,531**	**30,382,059**	**313,044,688**	**312,553,374**	**0**	**30,382,059**	**491,314**	**155,696,800**	**187,151,333**
FY 2009-10 Line Item - Developmental Disability Program Costs - Bottom line												
FY 2008-09 Long Bill	7,873.0	15,512.0	370,102,245	31,480,548	37,226,774	301,394,923	300,903,609	9,528,109	27,698,665	491,314	149,835,762	181,316,312
FY 2008-09 Supplementals	0.0	(75.0)	(20,912,759)	0	(8,886,649)	(12,026,110)	(12,026,110)	(9,528,109)	641,460	0	(6,009,743)	(6,009,743)
Annualize FY 2008-09 Supplementals	0.0	0.0	9,577,881	(26,017)	792,794	8,811,104	8,811,104	0	792,794	0	4,405,552	4,379,535
Annualize FY 2008-09 Decision Item #4 and 4A	0.0	533.0	13,699,489	0	1,040,890	12,658,599	12,658,599	0	1,040,890	0	6,329,301	6,329,301
Decision Item #3	0.0	65.5	1,918,267	0	135,180	1,783,087	1,783,087	0	135,180	0	891,544	891,544
Regional Center Transition resources	0.0	20.0	663,690	0	73,070	590,620	590,620	0	73,070	0	295,310	295,310
Reduction in special purpose/tech Medicaid adjustment	0.0	0.0	(167,535)	0	0	(167,535)	(167,535)	0	0	0	(50,927)	(50,927)
Community Provider Cost of Living Increase			0	0	0	0	0	0	0	0	0	0
Grand Total			**374,881,278**	**31,454,531**	**30,382,059**	**313,044,688**	**312,553,374**	**0**	**30,382,059**	**491,314**	**155,696,800**	**187,151,333**

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2009-10 STAFF FIGURE SETTING

DEPARTMENT OF HUMAN SERVICES

(Division of Child Welfare and Division of Child Care)

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

Prepared By:
Amanda Bickel, JBC Staff
Feburary 18, 2009

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JBC WORKING DOCUMENT - ALL DECISIONS SUBJECT TO CHANGE
Staff Recommendation Does Not Represent Committee Decision

FY 2009-10 Figure Setting
DEPARTMENT OF HUMAN SERVICES
Division of Child Welfare and Division of Child Care

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		Recommend	Change Requests
DEPARTMENT OF HUMAN SERVICES								
Executive Director: Karen Beye								

(1) EXECUTIVE DIRECTOR'S OFFICE

The primary function of this division is general department administration. This document includes Executive Director's Office, Special Purpose line items that are specifically related to child welfare services. This includes: staff responsible for periodically assessing all Colorado children placed in residential care as a result of a dependency and neglect or a delinquency proceeding to ensure counties' statutory and regulatory compliance; and funding to support staff who conduct background/employment screenings using records and reports of child abuse or neglect. Cash funds are from fees paid by those requesting background/employment checks. *The balance of Executive Director's Office line items are covered in other Department of Human Services briefing and figure setting documents.*

(B) Special Purpose

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		Recommend	Change Requests
Administrative Review Unit	1,762,416	1,859,239	2,005,901	S	2,544,031	A	2,226,773	DI 16, DI NP-1
FTE	20.2	20.9	23.0	S	28.8	A	25.2	SBA 2, SBA 3
General Fund	1,033,073	1,160,911	1,196,849		1,425,032	A	1,449,812	BA 54
Federal Funds	729,343	698,328	809,052	S	1,118,999	A	776,961	
Records and Reports of Child Abuse or Neglect	489,962	426,787	566,874		585,746		585,591	DI NP-2
FTE	6.0	6.5	7.5		7.5		7.5	
Cash Funds	163,038	73,771	566,874		585,746		585,591	
Cash Funds Exempt/Reappropriated funds [reserves]	326,924	353,016	0		0		0	
								Request v. Approp.
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	2,252,378	2,286,026	2,572,775	S	3,129,777	A	2,812,364	21.6%
FTE	26.2	27.4	30.5	S	36.3	A	32.7	5.8
General Fund	1,033,073	1,160,911	1,196,849		1,425,032	A	1,449,812	19.1%
Cash Funds	163,038	73,771	566,874		585,746		585,591	3.3%
Cash Funds Exempt/Reappropriated funds	326,924	353,016	0		0		0	n/a
Federal Funds	729,343	698,328	809,052	S	1,118,999	A	776,961	38.3%

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Recommend	Change Requests
(5) DIVISION OF CHILD WELFARE						
This division provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. Funding also supports training for county and state staff, direct care service providers (e.g. foster parents), and court personnel. Cash funds sources include county tax revenues, grants and donations, federal Title IV-E funds, and amounts from the Collaborative Management Incentives Cash Fund (primarily from civil docket fees). Reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing.						
Administration	2,281,207	2,380,105	2,847,537 S	3,938,448	3,239,889	DI 9, DI 6
FTE	25.1	22.3	31.5	40.3	32.0	DI NP-1, DI NP-2
General Fund	1,481,349	1,481,846	2,032,295 S	3,318,013 A	2,519,893	SBA 3
Cash Funds Exempt/Reappropriated funds	124,326	118,794	127,686 S	137,577	136,268	
Federal Funds	675,532	779,465	687,556 S	482,858 A	583,728	
*Medicaid Funds**	*128,349*	*118,794*	*127,686 S*	*137,577*	*136,266*	
*Net General Fund**	*1,545,524*	*1,541,243*	*2,096,140 S*	*3,386,804 A*	*2,587,635*	
Training	4,810,715	4,878,536	4,981,462	6,588,815	5,856,060	DI 7, DI NP-2
FTE	0	0	0	5.5	3.0	
General Fund	2,210,044	2,245,129	2,348,055	3,258,616	2,840,922	
Cash Funds	0	0	37,230	37,230	37,230	
Cash Funds Exempt/Reappropriated funds	37,230	37,230	0	0	0	
Federal Funds	2,563,441	2,596,177	2,596,177	3,292,969	2,977,908	
Foster and Adoptive Parent Recruitment, Training, and Support	298,396	297,020	333,812	337,717	337,134	DI NP-2
FTE	1.0	1.0	1.0	1.0	1.0	
General Fund	232,522	230,902	267,068	270,310	269,727	
Federal Funds	65,874	66,118	66,744	67,407	67,407	

FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare and Child Care)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Recommend	Change Requests
Child Welfare Services /a	318,923,705	337,446,740	347,487,969 S	348,757,863 A	348,555,301	DI 10
General Fund	156,513,669	168,846,941	176,085,248 S	169,214,301 A	169,457,865	BA 18, BA 22, SBA 3,
Cash Funds	0	0	56,844,011 S	64,841,689 A	64,972,143	BA 43, BA 51
Cash Funds Exempt/Reappropriated funds	68,020,139	75,949,417	18,334,048 S	18,173,694 A	18,224,406	BA NP-HCPF-2
Federal Funds	94,389,897	92,650,382	96,224,662 S	96,528,179 A	95,900,887	
*Medicaid Funds**	*16,074,967*	*13,778,035*	*18,334,048* S	*18,277,140* A	*18,224,406*	
*Net General Fund**	*164,551,152*	*175,735,959*	*185,252,268* S	*178,352,871* A	*178,630,530*	
Total Expenditures for Child Welfare Block [non-add]			Not appropriated;			
Transfer to Title XX from TANF (10 percent TANF)	10,766,387	11,542,622	see note a/ below			
County Funds	1,388,564	9,427,280				
Total Child Welfare Expenditures [non-add]	331,078,656	358,416,642				
Excess Federal Title IV-E Distributions for Related County Administrative Functions						
Cash Funds	0	0	1,735,971	1,710,316 A	1,710,316	BA 51
Cash Funds Exempt/Reappropriated funds	1,685,040	1,710,316	0	0		
Excess Federal Title IV-E Reimbursements						
Cash Funds	0	0	2,800,000	2,200,230 A	0	DI 16, BA 10
Cash Funds Exempt/Reappropriated funds	5,929,152	3,106,669	0	0		
Family and Children's Programs	44,131,490	46,094,857	45,464,574 S	45,014,018 A	48,295,959	BA NP-HCPF-2
General Fund	37,051,314	38,896,453	38,194,185 S	27,755,009 A	30,948,213	BA 36, BA 51
Cash Funds	0		5,188,271 S	5,136,901 A	5,786,243	
Cash Funds Exempt/Reappropriated funds	5,049,139	5,136,901	0	0	0	
Federal Funds	2,031,037	2,061,503	2,082,118 S	12,122,108 A	11,561,503	
*Medicaid Funds**	*0*	*0*	*0*	*0*	*0*	
*Net General Fund**	*37,051,314*	*38,896,453*	*38,194,185* S	*27,755,009* A	*28,315,614*	
Performance-based Collaborative Management Incentives						
Cash Funds	0	0	3,565,700	3,555,500	3,555,500	
Cash Funds Exempt/Reappropriated funds	2,075,000	1,358,989	0	0	0	
Integrated Care Management Program - Cash Funds Exempt	0	0	0	0	0	
Independent Living Programs - Federal Funds	2,899,637	2,142,031	2,826,582	2,826,582	2,826,582	
					4.0	

FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare and Child Care)

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request	Recommend	Change Requests
Promoting Safe and Stable Family Programs	4,659,067	4,980,103	4,457,659	4,461,376	4,461,376	
FTE	2.0	2.0	2.0	2.0	2.0	
General Fund	46,089	30,605	50,510	51,439	51,439	
Cash Funds	0	0	1,064,160	1,064,160	1,064,160	
Cash Funds Exempt/Reappropriated funds	1,064,160	1,064,160	0	0	0	
Federal Funds	3,548,818	3,885,338	3,342,989	3,345,777	3,345,777	
Federal Child Abuse Prevention and Treatment Act Grant - Federal Funds	347,977	553,757	378,332	386,067	386,027	DI NP-2
FTE	2.0	3.0	3.0	3.0	3.0	
Child Welfare and Mental Health Services Pilot (H.B. 08-1391) [new line]						
General Fund	n/a	n/a	0 S	0 A	0	BA 21
Child Welfare Action Committee (H.B. 08-1404) [new line item]	n/a	n/a	550,000	550,000	200,000	
General Fund			350,000	350,000	0	
Cash Funds			200,000	200,000	200,000	
Child Welfare Functional Family Therapy [new line item]	n/a	n/a	n/a	3,281,941	0	DI 4
FTE				0.5	0	
General Fund				2,632,599	0	
Cash Funds				649,342	0	
						Request v. Approp.
TOTAL - (5) CHILD WELFARE b/	388,041,386	404,949,123	417,429,598 S	423,608,873 A	419,424,144	1.5%
FTE	30.1	28.3	37.5	52.3	42.0	14.8
General Fund	197,534,987	211,731,876	219,327,361 S	206,850,287 A	206,088,059	-5.7%
Cash Funds	0	0	71,435,343 S	79,395,368 A	77,325,592	11.1%
Cash Funds Exempt/ Reappropriated Funds	83,984,186	88,482,476	18,461,734 S	18,311,271 A	18,360,674	-0.8%
Federal Funds	106,522,213	104,734,771	108,205,160 S	119,051,947 A	117,649,819	10.0%
*Medicaid Funds**	*16,203,316*	*13,896,829*	*18,461,734 S*	*18,414,717 A*	*18,360,672*	-0.3%
*Net General Fund**	*205,636,645*	*218,680,291*	*228,558,226 S*	*216,057,648 A*	*212,695,867*	-5.5%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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.

a/ Staff has reflected the actual expenditure of county funds and federal TANF funds that were transferred from County Block Grants or from County Reserve Accounts to the federal Title XX Social Services Block Grant in order to cover county expenditures related to child welfare. Note also that, for FY 2007-08, actual expenditures do not fully reflect the impact of transfers to and from the Department of Health Care Policy and Financing for Medicaid funds; expenditures therefore appear overstated.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		Recommend	Change Requests

b/ Actual expenditures for FY 2007-08 include multiple transfers, including those authorized pursuant to Long Bill footnote, transfers to and from the Department of Health Care Policy and Financing pursuant to Section 24-75-106, C.R.S., and transfers authorized by the Governor's Office (presumably pursuant to Section 24-75-108 (9)).

(6) DIVISION OF CHILD CARE

This division includes funding and state staff associated with: (1) licensing and monitoring child care facilities; (2) the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program; and (3) the administration of various child care grant programs. Cash funds sources reflect fees and fines paid by child care facilities and county tax revenues.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		Recommend	Change Requests
Child Care Licensing and Administration	6,199,918	6,225,439	6,549,749	6,994,054	A	6,810,050	DI 8, DI 18,
FTE	59.7	63.0	65.5	68.5		67.1	DI NP-1, DI NP-2
General Fund	2,322,605	2,275,147	2,431,287	2,436,743	A	2,395,449	BA 39, BA 51, BA 54
Cash Funds (fees and fines)	472,330	459,748	731,546	851,840	A	864,622	
Cash Funds Exempt/Reappropriated Funds (local funds)	0	666	0	0		0	
Federal Funds (CCDF and Title IV-E)	3,404,983	3,490,544	3,386,916	3,705,471	A	3,549,979	
Fines Assessed Against Licensees - (CF)	0	0	18,000	18,000		32,000	
Child Care Licensing System Upgrade Project (Federal Funds - CCDF)	0	0	0	0		0	
Child Care Assistance Program Automated System Replacement (FF-CCDF)	0	0	47,685	103,246	A	103,246	SBA 4

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request		Recommend	Change Requests
Child Care Assistance Program (a)	73,435,733	75,668,324	75,868,579	75,474,529	A	75,618,195	DI 8, 18
General Fund	13,755,029	15,319,582	15,354,221	15,354,221		15,354,221	SBA 4
Cash Funds (local funds)	0	0	9,201,753	9,170,297		9,183,907	
Cash Funds Exempt/Reappropriated Funds (local funds)	9,184,636	9,181,497	0	0		0	
Federal Funds (CCDF and Title XX)	50,496,068	51,167,245	51,312,605	50,950,011	A	51,080,067	
Child Care Assistance Program expenditures using TANF transfers out of Works Program County Block Grants and County Reserve Accounts - (FF)	865,885	10,650,807	Not appropriated; see note b/ below				
Short-term Works Emergency Fund - (FF)	0	83,096					
Subtotal: Child Care Assistance Program expenditures, including all TANF transfers and allocations from the Short-term Works Emergency Fund for child care needs [non add]	74,301,618	86,402,227					
Grants to Improve Quality and Availability of Child Care - (FF - CCDF)	298,856	0	0	0		0	
Federal Discretionary Child Care Funds Earmarked for Certain Purposes - (FF -CCDF)	3,138,722	0	0	0		0	
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements (FF-CCDF)		3,453,140	3,473,633	3,473,633		3,473,633	
Early Childhood Councils Cash Fund - General Fund		1,022,168	0	0		0	
Early Childhood Councils [formerly Pilot for Community Consolidated Child Care Services]	972,438	3,016,775	2,984,761	2,985,201		2,985,201	
FTE	0	0.7	1.0	1.0			
General Fund	0	0	1,006,161	1,006,161		1,006,161	
Cash Funds Exempt/Reappropriated Funds (E.C. Councils Cash Fund)	0	1,022,168	0	0		0	
Federal Funds (CCDF)	972,438	1,994,607	1,978,600	1,979,040		1,979,040	
Early Childhood Professional Loan Repayment Program - (FF - CCDF)	1,000	0	0	0		0	

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		Recommend	Change Requests
School-readiness Quality Improvement Program [formerly School-readiness Child Care Subsidization Program] - (FF - CCDF)	2,213,630	2,205,150	2,227,765		2,229,305		2,229,305	
FTE	0.8	0.7	1.0		1.0		1.0	
Early Childhool School Readiness Commission - CFE	0	0	0		0		0	
								Request v. Approp
(6) TOTAL - DIVISION OF CHILD CARE	86,260,297	87,115,688	91,170,172		91,277,968	A	91,251,630	0.1%
FTE	60.5	63.7	67.5		70.5		68.1	3.0
General Fund	16,077,634	17,594,729	18,791,669		18,797,125		18,755,831	0.0%
Cash Funds	472,330	459,748	9,951,299		10,040,137		10,080,529	0.9%
Cash Funds Exempt/Reappropriated Funds	9,184,636	9,181,497	0		0		0	n/a
Federal Funds	60,525,697	59,879,714	62,427,204		62,440,706	A	62,415,270	0.0%

a/ For FY 2006-07, the Department transferred $1.0 million of Title XX Social Security Block Grant Funds from this line item to the Division of Child Welfare. It also transferred $303,400 to Child Care Licensing and Administration. This eliminated a reversion and effectively forced some county expenditure of TANF transfer funds.

b/ Staff has reflected the actual expenditure of federal TANF funds that were transferred from County Block Grants or from County Reserve Accounts (both associated with the Works Program) to federal Child Care Development Funds in order to cover county expenditures related to child care.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation		FY 2009-10 Request		Recommend	Request v. Approp
TOTAL - HUMAN SERVICES - CHILD CARE AND CHILD WELFARE (INCLUDING EDO CHILD WELFARE LINE ITEMS)	476,554,061	494,350,837	511,172,545	S	518,016,618	A	513,488,138	1.3%
FTE	116.8	119.4	135.5	S	159.1		142.8	23.6
General Fund	214,645,694	230,487,516	239,315,879	S	227,072,444	A	226,293,702	-5.1%
Cash Funds	635,368	533,519	81,953,516	S	90,021,251	A	87,991,712	9.8%
Cash Funds Exempt/Reappropriated Funds	93,495,746	98,016,989	18,461,734	S	18,311,271	A	18,360,674	-0.8%
Federal Funds	167,777,253	165,312,813	171,441,416	S	182,611,652	A	180,842,050	6.5%
*Medicaid Funds**	*16,203,316*	*13,896,829*	*18,461,734*	S	*18,414,717*	A	*18,360,672*	-0.3%
*Net General Fund**	*222,747,352*	*237,435,931*	*248,546,744*	S	*236,279,805*	A	*232,901,510*	-4.9%

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. 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 2009-10 Figure Setting
DEPARTMENT OF HUMAN SERVICES
Division of Child Welfare and Division of Child Care

(1) EXECUTIVE DIRECTOR'S OFFICE
(B) Special Purpose

ADMINISTRATIVE REVIEW UNIT

This line item provides funding for the Department's "Administrative Review Unit", which is responsible for performing federally-mandated periodic on-site case reviews of children and youth who are placed in out-of-home residential care. These reviews include children and youth placed out of the home by county departments of social services, as well as youth placed in a community setting by the Division of Youth Corrections. These face-to-face reviews are open to participation by all involved parties (the child's birth parents, foster parents, guardian ad litem, probation officer, caseworker, etc.). These reviews ensure that:

- the child or youth is safe and receiving services identified in their case plan;
- the placement of the child or youth is necessary, the setting is appropriate, and progress is being made to either return the child or youth home safely or achieve permanency through another means; and
- the county has appropriately determined the child or youth's eligibility for federal Title IV-E funds.

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recomm.
Director (General Professional VII)	1.0	1.0	1.0	1.0
Supervisors (General Professional VI)	3.0	3.0	3.0	3.0
Compliance Investigators	15.8	16.0	16.0	16.0
Support	1.1	2.2	2.2	2.2
Supplemental /Decision Item	n/a	0.8	6.6	3.0
TOTAL	20.9	23.0	28.8	25.2

Federal law requires that face-to-face case reviews be conducted by an independent entity. Thus, these reviews can be conducted by a court or by this unit, but they cannot be conducted by county departments of social services. The Department indicates that most courts are not currently conducting reviews in a manner that meets the federal requirements. Thus, in most cases, even if the court is "reviewing" certain cases involving children in out-of-home care, this unit must still conduct periodic on-site case reviews with open participation in order to maintain compliance with federal law.

This unit is also responsible for conducting federally-required quality assurance reviews concerning all children and families receiving child welfare services. These reviews currently involve a random sample of individual cases, client satisfaction surveys, and evaluations of systemic indicators. The unit is thus responsible for ensuring compliance with state and federal laws, assuring that out-of-home placement care criteria are met, reviewing the level of care for the child or youth, and assisting in moving the child or youth to a safe, permanent environment. In addition, this unit was designed to facilitate maximization of federal Title IV-E revenues and to assist counties in identifying other available revenues, such as federal Social Security, federal Social Security Disability Income, federal Supplemental Security Income, private insurance, and victim advocacy funds.

The table below summarizes the Department's request. Decision Item #1 (fleet fuel increase) was withdrawn via Budget Amendment #54 and is therefore not included in the table below.

Summary of Request: Administrative Review Unit				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
H.B. 08-1375 Personal Services	$1,767,965	$1,086,401	$681,564	22.2
FY 2008-09 Salary Survey	70,107	46,972	23,135	0.0
FY 2008-09 Performance Pay	24,854	16,652	8,202	0.0
Reduce by one-time FY 2008-09 Performance Pay	(4,970)	(3,330)	(1,640)	0.0
Decision Item #16 (Additional ARU staff)	418,338	0	418,338	6.6
SBA #3 (Title IV-E Funding Adjustments)	0	167,889	(167,889)	0.0
Subtotal - Personal Services	**2,276,294**	**1,314,584**	**961,710**	**28.8**
H.B. 08-1375 Operating Expenses	183,654	110,448	73,206	0.0
Decision Item #16 (Additional ARU staff)	40,775	0	40,775	0.0
SBA #2 (Revise DI #16 request)	43,308	0	43,308	0.0
Subtotal - Operating Expenses	**267,737**	**110,448**	**157,289**	**0.0**
TOTAL REQUEST	**$2,544,031**	**$1,425,032**	**$1,118,999**	**28.8**

The Staff recommendation is summarized below. As reflected, the recommendation differs from the request with respect to:

- 1.0 percent common policy reduction. This is JBC common policy, but not included in the request.
- Decision Item #16, as amended by SBA #3 (additional ARU staff). As discussed in more detail below, the staff recommendation reflects 3.0 FTE, rather than the 6.6 FTE requested.
- SBA #3 Title IV-E funding adjustments and fund splits for the line item.

Summary of RECOMMENDATION: Administrative Review Unit				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
H.B. 08-1375 Personal Services	$1,767,965	$1,086,401	$681,564	22.2
FY 2008-09 Salary Survey	70,107	46,972	23,135	0.0
FY 2008-09 Performance Pay	24,854	16,652	8,202	0.0
Reduce by one-time FY 2008-09 Performance Pay	(4,970)	(3,330)	(1,640)	0.0
Common Policy 1 percent reduction	(18,580)	(11,467)	(7,113)	0.0
Decision Item #16 (Additional ARU staff)	190,153	123,599	66,554	3.0
SBA #3 (Title IV-E Funding Adjustments)	0	62,777	(62,777)	0.0
Subtotal - Personal Services	**2,029,529**	**1,321,604**	**707,925**	**25.2**
H.B. 08-1375 Operating Expenses	183,654	110,448	73,206	0.0
DI #16 +SBA #2 (additional ARU staff)	13,590	8,834	4,756	0.0
SBA #3 (Title IV-E Funding Adjustments)	0	8,926	(8,926)	0.0
Subtotal - Operating Expenses	**197,244**	**128,208**	**69,036**	**0.0**
TOTAL RECOMMENDATION	**$2,226,773**	**$1,449,812**	**$776,961**	**25.2**

Decision Item #16 and SBA #2 - Add Administrative Review Unit Staff

The Department's request for the Decision Item, as amended by SBA #2, includes funding for 6.6 FTE and $502,421 federal Title IV-E funds in the Executive Director's Office Administrative Review Unit. The Department's proposed source of this funding involves redirecting federal funds that would otherwise flow into the Excess Federal Title IV-E Cash Fund and, from there, to counties. This adjustment is reflected as a negative cash funds adjustment to the Division of Child Welfare for the $459,113 in the original Decision Item #16 request, although it appears as a positive federal funds and FTE adjustment in the Executive Director's Office.

The administrative review consists of a compliance officer reading a case file and facilitating a one-hour face-to-face with those involved in any case involving an out-of home placement longer than six months. The request is for additional compliance officers. The Division indicates that it is out of compliance with federal requirements to provide timely reviews and that this could lead to federal sanctions. The Department has identified concerns in this area since staff were cut during the 2003-2005 period (11.0 FTE in total, including 7.0 compliance officers). A total of 2.2 FTE were restored in FY 2006-07, but the Department indicates additional staff are still required.

This issue was also addressed through supplemental request #10 and an interim supplemental requested in late December 2008. The Committee denied the interim supplemental request. The regular supplemental request was for funding the 6.6 FTE for 3 months ($140,657 federal funds and 1.7 FTE). Committee action was for 3.0 FTE for 3 months ($54,282 and 0.8 FTE).

On January 23, 2009, the Department's original request for $459,113 was amended by SBA #2 for $43,308 federal funds to address travel costs for the new staff requested.

REQUEST SBA #2 - Travel for DI #16	
Operating Expenses	
Vehicle Lease (3 Jeep Liberty at $472/mo)	16,992
Mileage (12,000 miles per year x 3 vehicles x $0.221	7,956
Lodging (36 nights * 6 employees * $85/night)	18,360
Subtotal - Operating Expense	**$43,308**

Recommendation. Staff recommends annualizing the Committee's supplemental action, thus adding 3.0 FTE for this line item in FY 2009-10. The staff FY 2009-10 recommendation includes adjustments to funding splits and for travel costs. As discussed in detail during the staff supplemental presentation on Supplemental #10 (January 23, 2009):

- Staff does not believe federal fines are as imminent as suggested in the request, but improvement will be required to avoid future federal sanctions.

- The number of administrative reviews required appears to be on a gradually declining trend.

- Title IV-E funds, the ultimate source of the requested funding, has reflected uncertain recent trends. Title IV-E funds are effectively interchangeable with General Fund for the support of child welfare programs.

The table below reflects the annualized impact for FY 2009-10 of the FY 2008-09 supplemental action to add 3.0 FTE, as well as the staff recommendation for the requested travel costs. The staff recommendation reflects providing lodging at the requested rates for 3.0 FTE and funding for one hybrid vehicle (rather than the requested Jeep Liberties). Consistent with federal regulations, compliance staff must conduct face-to-face meetings with individuals involved in an out-of-home placement; thus, travel is required. The Division currently has 12 vehicles shared among its 16.0 FTE. Staff believes that for three additional FTE, one additional vehicle should be adequate.

Consistent with policy, any vehicle lease is reflected in the Department's Office of Operations, Vehicle Lease line item, rather than in the program line item.

Staff recommends a hybrid vehicle, in lieu of the requested Jeeps. The Department requested vehicle leases and mileage costs for vehicles traveling 12,000 miles per year at the rate of $0.69 per mile ($0.472 per mile for the lease plus $0.221 per mile for mileage costs). In response to staff questions, the Department indicated that vehicle lease and mileage costs for a hybrid sedan traveling 12,000 miles per year totals $0.41 per mile ($0.276 per mile for the lease plus $0.13 per mile for mileage costs including gas, maintenance, and insurance). The hybrid is also less expensive than the current mileage reimbursement for use of a personal vehicle of $0.50 per mile for a regular vehicle and $0.53 for a four-wheel (90 and 95 percent of the IRS rate per 24-9-104, C.R.S.).

The table below summarizes the staff recommendation for Decision Item #16 and SBA #2.

Supplemental #10 Action and Decision Item #16/SBA #2 RECOMMENDATION						
		FY 2008-09 Action (Part Year)			**FY 2009-10 Recommend**	
	Annual salary	Months Working/ Paid	FTE	Amount	FTE	Amount
Personal Services						
Compliance Investigator II	$56,796	3	0.8	$42,597	3.0	$170,388
PERA (10.15%)				4,324		17,294
Medicare (1.45%)				618		2,471
Subtotal - Personal Services			**0.8**	**47,539**	**3.0**	**190,153**
Operating Expenses						
Supplies @ $500 per year				$375		$1,500
Computer @ $900 one time				2,700		0
Office Capital Outlay @1,000 one-time				3,000		0
Software@ $330 one-time				330		0
Telephone @ $450/year				338		1,350
Lodging @ (3 FTE * 36 nights * $85/nt)				n/a		9,180
Vehicle operating@ (1*12,000 mi*$.13)				n/a		1,560
Subtotal - Operating Expense				**6,743**		**13,590**
Office of Operations, Vehicle Lease						
Vehicle Lease @ (1 * $3,311)				n/a		$3,311

Supplemental #10 Action and Decision Item #16/SBA #2 RECOMMENDATION						
		FY 2008-09 Action (Part Year)			FY 2009-10 Recommend	
	Annual salary	Months Working/ Paid	FTE	Amount	FTE	Amount
Grand TOTAL			**0.8**	**$54,282**	3.0	**$207,054**
General Fund				$0		$134,585
Federal Funds (IV-E)				$54,282		$72,469

Finally, staff recommends that 65 percent of this recommendation, $134,585, be reflected as General Fund, rather than as federal Title IV-E funds. The Department has been highly inconsistent in its requested approach to using Title IV-E funds:

(1) In the current decision item, it requested 100 percent federal funding on the grounds that statute specifically authorizes Title IV-E funds for this purpose before any allocation of "Excess IV-E" to counties.

(2) In the subsequent decision item (SBA #3), it proposes to "true up" Title IV-E funding based on Title IV-E revenue earned by a line item. Using this approach, Title IV-E cannot be expected to cover more than 35 percent of ARU costs, and current ARU costs are backfilled with General Fund while General Fund in other line items is reduced.

Staff believes that, in general, increases and decreases should reflect reasonable estimates of Title IV-E funds likely to be received.

SBA #3 - True-up Title IV-E Funding

States are allowed to earn federal revenue under Title IV-E of the federal Social Security Act for a number of activities associated with providing services to certain children who are placed outside their own homes. Specifically, states may earn Title IV-E funds for the "room and board" costs of providing out-of-home care, for related administrative costs, and for costs associated with training staff and service providers. The federal Title IV-E program is an open-ended entitlement program, so there is no dollar limit on what any state may earn. Federal Title IV-E funds are earned on a matching basis, and the match ratio varies by activity. In general, Title IV-E funds are provided on a 50/50 basis. Title IV-E funds are appropriated directly throughout the Division of Child Welfare and the Department to reflect anticipated federal reimbursements.

This budget amendment proposes to reallocate General Fund and federal Title IV-E amounts between this line item and two line items in the Division of Child Welfare. The net fiscal impact of these adjustments would be $0 Department-wide. However, the Department's proposal is to more accurately reflect in the appropriation where Title IV-E federal revenues are earned. The table below reflects the proposed changes. The adjustments are based on a three-year average of Title IV-E earnings for the line items, in which Title IV-E has over-earned in Family and Children's Programs and the two administration line items have under-earned.

Line Item	General Fund	Federal Funds Title IV-E	Total
EDO, Administrative Review Unit	$167,889	($167,889)	$0
Child Welfare, Administration	392,716	(392,716)	0
Child Welfare, Family & Children's Programs	(560,605)	560,605	0
Total	$0	$0	$0

Staff recommendation. Staff recommends that Title IV-E appropriations be more closely aligned with Title IV-E revenues. However, staff recommendations on the specific adjustments differ from the Department request, as shown in the table below.

Line Item	General Fund	Federal Funds Title IV-E	Total
EDO, Administrative Review Unit	$71,703	($71,703)	$0
OITS, Colorado Trails	(337,272)	337,272	0
Child Welfare, Administration	151,483	(151,483)	0
Child Welfare, Family & Children's Programs	0	0	0
Total	($114,086)	$114,086	$0
Comparison: Additional General Fund in staff DI #16 Recommendation:	$134,585		

The reasons for the differences between the request and recommendation are as follows:

Administrative Review Unit. The Department based its request for the Administrative Review Unit on the average total dollars received in the last three years. Staff, instead, used Title IV-E earnings as a percentage of total actual expenditures for FY 2007-08 (approximately 35 percent of total). This results in a smaller adjustment than requested.

Colorado Trails. Revenue associated with the Colorado Trails computer system has been erratic but in most years has come in at levels well above the appropriation. Earnings for FY 2004-05 through FY 2006-07 were consistently $3.5 million. In FY 2007-08, revenue fell to $2.6 million, possibly due to staff vacancies, but is now projected at $4.7 million for FY 2008-09. Based on the history, staff believes it is reasonable to assume that, on average, Title IV-E earnings will total approximately 32 5 percent of expenditures. The current FY 2009-10 request for Colorado Trails is for $9,483,993 including $2,745,026 Title IV-E funds. If Title IV-E earnings are projected at 32.5 percent of the total appropriation, earnings would be $3,082,298, or $337,272 greater than the appropriation presently requested.

Child Welfare Administration. As reflected in the request, this is a line item in which earnings have been relatively consistent over the last several years. Thus far in FY 2008-09, earnings are projected below the level of recent years; however, 6.0 new FTE were added in FY 2008-09 using entirely General Fund, and these staff were not on-board for the first half of the year. Staff therefore anticipates that Title IV-E earning in the line item will increase. Earnings for this line item for Title IV-E were at approximately 20 percent of actual expenditures in FY 2007-08. Thus, staff recommends an adjustment to base funding that will set the federal share in the appropriation at this level.

Family and Children's Programs. A few days after the Department submitted this request, it submitted another request to "refinance" over $1.5 million General Fund in the Child Welfare Services line item for FY 2008-09 and FY 2009-10 with Title IV-E revenue. Based on current information, projected federal Title IV-E revenue for the combined Child Welfare Service and Family and Children's line items may be too low to cover all of the requested adjustments. Therefore, no related adjustment is recommended to this line item; staff has instead recommended the adjustment for the Colorado Trails line item.

Additional Background. For state child welfare administration, administrative review, and central department administration line items, federal Title IV-E revenues are driven by:

- quarterly "random moment sampling" of **county** (not state) administrative activities, which dictate what percentage of their work is on Title IV-E eligible cases; and

- for a limited number of positions and functions, direct Title IV-E support for the Department activity (e.g., for staff responsible for oversight of Title IV-E claims).

For direct service line items in the Division of Child Welfare (child welfare services and family and children's programs line items), Title IV-E revenues are driven by:

- actual maintenance (room and board payments) for children in court-ordered out-of-home placement who qualify based on family income. This includes expenditures by counties that are above their capped state allocation, *i.e.*, if a county over-expends its capped allocation, and some of those expenditures are Title IV-E eligible, the state will receive federal reimbursement for those expenditures.

- quarterly "random moment sampling" of county administrative activities which dictate what percentage of county administrative activities is tied to Title IV-E activities that are reimbursable.

In sum, the State has limited control over the extent to which Title IV-E revenues are or are not earned in particular line items. The State may "under-earn" in administration line items due to vacancies and overall lower expenditures--or simply due to artifacts of county RMS results. Increased appropriations should drive increases in Title IV-E earnings for both administration and direct child welfare Service, but final earnings may increase or decrease based on county administrative activities and direct service expenditure patterns, as well as the family incomes of children in out of home placement--items over which the State has little control.

When line items "over earn", *i.e.*, earn more Title IV-E reimbursement than the amount appropriated in the line item, the excess is first made available to cover shortfalls in line items where Title IV-E earning is less than the appropriation and, for amounts beyond this, funds are deposited into the Title IV-E Excess Cash Fund for distribution to counties.

The proposed adjustment will: (1) reduce the extent to which Title IV-E earning is shifted among line items to cover appropriated funding levels by the Department's accounting unit; and (2) help ensure that pots allocations, base reductions, and appropriations increases or decreases for new staff have appropriate funding splits in administrative line items. Staff expects additional adjustments will be required periodically. As previously noted to the JBC, Title IV-E receipts are declining and are expected to continue to decline based on: (1) reductions in out-of-home placement; and (2) the use of the 1997 AFDC income levels for determining Title IV-E eligibility. Thus, the percentage federal share for administrative, as well as program, line items may also need to be periodically adjusted.

Records and Reports of Child Abuse or Neglect

This line item provides funding for the Department to maintain records of abuse and neglect and to perform related functions. Funding for this purpose was previously included in a line item in the Division of Child Welfare entitled, "Central Registry of Child Protection". House Bill 03-1211 repealed the state Central Registry of Child Protection, effective January 1, 2004. Pursuant to H.B. 03-1211, the Department of Human Services now utilizes records and reports of child abuse or neglect for the purpose of conducting background screening checks (generally requested by employers and agencies to screen potential child care employees, child care facility license applicants, and prospective adoptive parents). Fees paid for screening checks continue to be used to cover the direct and indirect costs of performing background checks and administering provisions related to the appeals process and the release of information contained in records and reports[1]. Functions related to records and reports of abuse and neglect are currently performed as follows:

- County departments of social services enter confirmed reports of child abuse or neglect in the state Department's automated system (Colorado Trails) within 60 days of receiving the complaint.

[1] These fees are also used to cover a portion of the costs of related legal services and administrative law judge services.

- County departments of social services provide notice to a person responsible in a confirmed report of child abuse or neglect of the person's right to appeal the county department's finding to the state Department within 90 days.

- Such a person may request: (1) a paper review of the county's confirmed report and record by the Department of Personnel and Administration, Division of Administrative Hearings; or (2) a fair hearing (either by telephone or in person) by the Division of Administrative Hearings before an administrative law judge, at which the state Department would bear the burden of proof. The notice includes information as to how the individual can access the county department's dispute resolution process.

- The state Department's Office of Appeals issues final agency decisions upon review of an administrative law judge's final decision. The final agency decision continues to advise the individual who filed the appeal of his/her right to seek judicial review in the state district court.

In FY 2007-08, 1.3 FTE was added to this line item to help address a backlogs in child abuse dispute reviews and to avoid a backlog for background checks. The fee for a background check is currently $30. It was temporarily lowered to $10, from the previous level of $35, to spend down the program's fund balance between January 2004 and August 2008.

Records and Reports Staffing Summary	**FY 2007-08 Actual**	**FY 2008-09 Approp.**	**FY 2009-10 Request**	**FY 2009-10 Recomm.**
Administrative support (issuance of final agency decisions and related administrative functions)	1.9	1.6	1.6	1.6
Technicians (background/employment screening)	1.5	2.5	2.5	2.5
General Professionals (represent Department at hearings and settlement conferences)	3.1	3.4	3.4	3.4
TOTAL	**6.5**	**7.5**	**7.5**	**7.5**

The Department requested $585,746 cash funds and a continuation level of 7.5 FTE. The request includes $155 for DI NP#2 (postage increase). **Staff recommends the Committee approve an appropriation of $585,591 and 7.5 FTE for this line item.** Staff's recommendation is detailed in the following table. The calculation is consistent with common policy. It differs slightly from the Department's request because staff has not included the request for $155 for postage (DI NP #2) pending a common policy decision his item.

Summary of Recommendation: Records and Reports of Child Abuse or Neglect		
Description	**TOTAL - Cash Funds**	**FTE**
H.B. 08-1375 Personal Services	528,874	7.5
FY 2008-09 Salary Survey	14,450	0.0
FY 2008-09 Performance Pay at 80 percent	4,267	0.0
Subtotal - Personal Services	**547,591**	**7.5**
H.B. 08-1375 **Operating Expenses**	38,000	0.0
Decision Item #NP 1 (Postage) - PENDING	0	0.0
TOTAL RECOMMENDATION	**$585,591**	**7.5**

(5) DIVISION OF CHILD WELFARE

The Division of Child Welfare supervises the child welfare programs that are administered by Colorado's 64 counties. The Department of Human Services also conducts periodic on-site reviews of children who are in residential care. County responsibilities include: (1) receiving and responding to reports of potential child abuse or neglect; and (2) providing necessary and appropriate child welfare services to the child and the family, including providing for the residential care of a child when a court determines that it is necessary and in the best interests of the child and community to remove the child from the home.

Child Welfare System Issues. Over the last 1.5 years, child abuse fatalities and a growing number of reports have highlighted weaknesses in Colorado's state-supervised, county-administered child welfare system and recommended a variety of changes.

- State Auditor's Office Performance Audit of Foster Care Services - May 2007 and Foster Care Financial Services - September 2007: Identified many concerns about the quality of care provided to children in foster care, the Department's supervision of county foster care programs, and the Department's financial oversight of foster care services.
- Child Maltreatment and Fatality Report - April 2008: Explored the specific circumstances surrounding the 13 child abuse fatalities that occurred in Colorado in 2007 and made associated recommendations for system changes.
- Senate Bill 07-64 Foster Care and Permanency - May 31, 2008: Included analysis and 16 recommendations designed to improve foster care and permanency outcomes.
- Interim Report of the Child Welfare Action Committee - October 31, 2008: The Action Committee was established by Executive Order, and funded via H.B. 08-1404, to provide recommendations on improving the Colorado child welfare system. Interim recommendations included recommendations for training, among other items.

These reports are expected to be followed over the next 1.5 years by additional reports and studies:

- The Child Welfare Action Committee's final report is due December 31, 2009. Its contents will be shaped in part by studies to be contracted out on county workload and the state-county administrative structure.
- The second round of the federal Child and Family Services Review is anticipated to be completed in March 2009, with a performance improvement plan submitted to federal authorities in June 2009.
- A subcommittee of the Child Welfare Allocation Committee has been formed to reconsider procedures for allocating funds among counties and consider whether these can be linked to outcomes.
- The Department is contracting out a number of studies related to its role, is completing a study of its staffing structure, and child welfare rules and state enforcement mechanisms are also undergoing review.
- The Department is also analyzing the impact of new federal legislation promoting kinship care and adoption.

Studies to-date have identified the challenges of a state-supervised county-administered system, and inadequate state oversight, as well as workload and training issues.

ADMINISTRATION

This line item provides funding for those Department staff who supervise, manage, or provide administrative support for child welfare programs. The Division includes a child protection unit that oversees grants and policies related to child protection, a permanency unit, that oversees grants and state policies related to "core services" (services designed to support a child and family where there is an imminent risk of out-of-home placement), adoption programs, and programs for adolescents, a financial unit that oversees distribution of funds to counties, an information and program group responsible for review of Trails data, provider rates, and state and federal data-reporting, and an administrative support unit.

Staffing Summary - (5) Division of Child Welfare, Administration	FY 07-08 Actual	FY 08-09 Approp.	FY 09-10 Request	FY 09-10 Recomm.
Management	0.8	2.0	2.0	2.0
General Professionals, Program Assts.	19.3	27.0	27.5	27.5
Administrative Support	2.2.	2.5	2.5	2.5
Decision Item #6	n/a	n/a	8.3	0.0
TOTAL	**22.3**	**31.5**	**40.3**	**32.0**

The Department requests $3,938,448, including $3,386,804 *net* General Fund, and 40.3 FTE for this line item. Staff recommends $3,239,889, including $2,587,635 *net* General Fund, and 32.0 FTE. The tables below summarize the request and the recommendation. Reappropriated funds reflect

Medicaid funds, 50 percent of which originates as General Fund in the Department of Health Care Policy and Financing.

Summary of REQUEST: Administration					
Description	Total Funds	General Fund	Reapprop. Funds	Federal Funds	FTE
H.B. 08-1375 Personal Services	2,634,808	1,820,135	124,029	690,644	31.5
FY 2008-09 Salary Survey	94,038	59,028	5,341	29,669	0.0
FY 2008-09 Performance Pay at 80 percent	26,825	16,838	1,524	8,463	0.0
Annualize FY 09 DI #8 (Foster Care Staff)	2,748	2,143	0	605	0.5
DI #6 (Child Welfare Staffing) inc. BA #55	533,801	414,230	0	119,571	8.3
DI #9 (Title IV-E Claims)	321,250	321,250	0	0	0.0
SBA #3 Title IV-E Adjustment	0	392,716	0	(392,716)	0.0
Subtotal - Personal Services	**3,613,470**	**3,026,340**	**130,894**	**456,236**	**40.3**
H.B. 08-1375 Operating Expenses	266,011	245,605	6,683	13,723	0.0
Decision Item #8 (Foster Care Staff)	57,602	44,703	0	12,899	0.0
Decision Item #NP 2 (Postage)	1,365	1,365	0	0	0.0
Subtotal - Operating Expenses	**$324,978**	**$291,673**	**$6,683**	**$26,622**	**0.0**
TOTAL REQUEST	**$3,938,448**	**$3,318,013**	**$137,577**	**$482,858**	**40.3**

Summary of RECOMMENDATION: Administration					
Description	Total Funds	General Fund	Reapprop Funds	Federal Funds	FTE
H.B. 08-1375 Personal Services	2,634,808	1,820,135	124,029	690,644	31.5
FY 2008-09 Salary Survey	94,038	59,028	5,341	29,669	0.0
FY 2008-09 Performance Pay at 80 percent	26,825	16,838	1,524	8,463	0.0
Base reduction (1.0%)	(26,976)	(18,379)	(1,309)	(7,288)	0.0
Annualize FY 09 DI #8 (Foster Care Staff)	31,931	31,931	0	0	0.5
Annualize FY 09 SBA #7	(90,000)	(90,000)	0	0	0.0
DI #6 (Child Welfare Staffing) inc. BA #55	0	0	0	0	0.0
DI #9 (Title IV-E Claims)	321,250	321,250	0	0	0.0

Summary of RECOMMENDATION: Administration					
Description	Total Funds	General Fund	Reapprop Funds	Federal Funds	FTE
SBA #3 Title IV-E adjustment	0	151,483	0	(151,483)	0.0
Subtotal - Personal Services	**2,991,876**	**2,292,286**	**129,585**	**570,005**	**32.0**
H.B. 08-1375 Operating Expenses	266,011	245,605	6,683	13,723	0.0
Annualize FY 09 DI #8 (Foster Care Staff)	(17,998)	(17,998)	0	0	0.0
DI #6 (Child Welfare Staffing) inc. BA #55	0	0	0	0	0.0
DI NP #2 (postage) - PENDING	0	0	0	0	0.0
Subtotal - Operating Expenses	**$248,013**	**$227,607**	**$6,683**	**$13,723**	**0.0**
TOTAL RECOMMENDATION	**$3,239,889**	**$2,519,893**	**$136,268**	**$583,728**	**32.0**

The primary differences between the request and recommendation include:

- Following common policy, the recommendation includes a 1.0 percent reduction to the line item and does not include the requested postage increase, pending a common policy decision on this item during figure setting for the Department of Personnel.

- Staff has corrected the annualization for the line item for FY 2008-09 Decision Item #8 and FY 2008-09 SBA #7, based on staff's records. For FY 2008-09 Decision Item #8, there is a net impact of $13,933 (higher than the $2,748 request). The Department also failed to eliminate one-time funding added per SBA #7 ($90,000).

- The staff recommendation does not include the staffing increase of 8.3 FTE and $533,801 requested pursuant to Decision Item #6/BA #55.

- The staff recommendation differs with respect to SBA #3 (Title IV-E adjustment) and thus the fund splits for the line item.

Decision Item #6 and BA #55 - Child Welfare Staff
The Department request includes a total of $592,556, including $458,933 General Fund, and 8.3 FTE for FY 2009-10 to enhance child welfare staffing based on the Division's organizational assessment. This is anticipated to annualize to $583,242, including $468,304 General Fund, and 9.0 FTE in FY 2010-11. The decision item cites the various studies and reports referenced above (*e.g.*, the Child Maltreatment Fatality Report), as well as the draft results of a consultant's organizational assessment, to support its request for additional staff. A detailed request was submitted on February 6, 2009 (BA #55), which replaced the original "placeholder" Decision Item #6. Requested dollars and FTE did not change appreciably from the "placeholder" request.

Background - Current Division Structure. The table below reflects the Division's current organizational structure, based on an Organizational Chart provided December 2008. Total FTE, based on this chart includes FTE reflected in the Administration line item (31.5 FTE, annualizing to 32.0), other Division line items (6.0 FTE), the Division of Child Care (10.0 FTE) and the Office of Information Technology Services (3.0 FTE). The organizational chart also reflects 4.0 FTE associated with the Chaffee program and 1.0 FTE associated with a Children's Juvenile Justice grant that are not reflected in any appropriation, although they are managed in the Child Welfare Division.

Current Staffing, December 2008 Organizational Chart			
Unit	**Function**	**CW Division FTE**	**FTE in Admin. Line Item**
Children, Youth, and Families Director and Training Director	Two positions technically outside of the Division of Child Welfare. The Child and Family Services Director oversees Child Welfare, Child Care, and Youth Corrections. The training director oversees training for the three divisions.	n/a	2.0
Child Protection	Oversees grants and policies related to child protection (3.0 reflected in other Child Welfare line items; 1.0 federal grant position not reflected in Long Bill)	6.0	2.0
Permanency	oversees grants and state policies related to services designed to support a child and family where there is an imminent risk of out-of-home placement, adoption programs, and programs for adolescents (1.0 reflected in other Child Welfare line items; 3.0 federal grant positions not reflected in Long Bill)	12.0	8.0
Financial	Oversees distribution of funds to counties	6.0	6.0
Information and Program	Review of Trails data, provider rates, and state and federal data-reporting (3.0 FTE appropriated in Office of Information Technology Services; 1.0 FTE in other Child Welfare line item)	12.0	8.0
24-hour and county monitoring	Periodic inspection of 24-hour facilities and county foster homes. (10.0 FTE appropriated in the Division of Child Care)	14.0	4.0
Administrative Support	(1.0 appropriated in the Division of Child Care; 1.0 appropriated in other Child Welfare line item; 1.0 federal grant position not reflected in Long Bill)	4.0	1.0
Director		1.0	1.0

Current Staffing, December 2008 Organizational Chart			
Unit	Function	CW Division FTE	FTE in Admin. Line Item
Total		**55.0**	**32.0**

The current appropriation for the Administration line item includes 6.0 FTE added in FY 2008-09, based on a Department decision item to enhance staffing: 4.0 new 24-hour monitoring staff, 1.0 kinship care specialist (Permanency), and 1.0 Trails data specialist (Information and Program).

Draft Consultant Recommendations. At the end of FY 2007-08, the General Assembly provided $100,000 General Fund in one-time funding to enable the Division to complete an organizational assessment of the Division of Child Welfare. The Department was authorized to roll these funds forward into FY 2008-09 to complete the study. The Department provided staff with a few pages of the draft report, which is not expected to be completed until March 2009 or later.

The report appears to recommend at least 15.0 additional positions for the Division. Key recommendations include:

- The Director of Child Welfare Services should have two direct reports: the Associate Director for Operations and the Associate Director for Service Delivery (both new positions). Each will be responsible for the direction of a core function of the state office: internal operations and child welfare service delivery activity, respectively.

- Management positions should be organized around more cohesive and internally consistent functions: finance, quality assurance, research, and office administration for the Operations Group, and CPS, Permanency, and Special Initiatives for the Service Delivery Group.

- Functions currently organized under the Information and Program Group should be reassigned to the Quality Assurance, Research, and Service Delivery Groups. Creation of the new Research Group will provide a dedicated resource for generating information to support best practice and performance improvement initiatives throughout the Division.

- A grants and contracts specialist should be added to Finance, ensuring that a full-time position is dedicated to finding funding opportunities for all functions (both operational and service delivery) and helping the counties address funding shortfalls for specific programs.

- To ensure that Child Protective Services can help the counties adequately address ongoing threats to child safety and risks to safety, three new specialist positions should be added to the program: prevention, differential response, and safety planning/intervention.

- Program Support positions should be added to each of the Child Welfare Service Delivery groups—CPS, Permanency, and Special Initiatives—to increase the groups' capacity to interact with the counties.

Department Request (as amended by Budget Amendment #55). The Department's request is for 9.0 of the total reflected in the consultant's report. From the Department's perspective, this reflects the minimum positions it needs to address the difficulties in the State's supervision of child welfare services. The request is for the following positions:

- 4.0 FTE (when annualized) for the Child Protective Services unit. This would expand a unit the consultant's report reflects as funded with 3.0 positions to 7.0 positions (the total number recommended by the consultants). The 4.0 new positions would include 3.0 professional staff (GP IV positions) and 1.9 program assistant (Program Assistant II). A child protection investigative response specialist would research and promote best practice in county response to child abuse. The child protection safety specialist would coordinate fatality reviews and child protection program reviews. The child protection intervention specialist would develop policies and procedures for abuse prevention and early intervention programs and provide assistance to counties in implementing such programs. The request indicates that these positions will allow the Department to address improved county oversight, assure accountability and compliance in response to issue of practice within a county, and respond to incidents of serious injury and child fatalities. The intent would be to reduce the number of serious injuries and fatalities by more closely tracking county performance and intervening proactively.

- 2.0 FTE (when annualized) for the Permanency unit. This would expand a unit the consultant's report reflects as funded with 8.5 positions to 10.5 positions (out of 11.5 positions recommended by the consultant). The 2.0 positions would include 1.0 professional (GP IV position) and 1.0 program assistant (Program Assistant II). The professional position would expand the state's current 1.0 FTE effort to recruit and retain foster parents, while the program assistant would support the unit as a whole.

- 3.0 FTE (when annualized) for state child welfare leadership. This includes 1.0 FTE for an Associate Director of Programs (GP VII) who will focus on assuring the State is carrying out program supervision and oversight roles the counties. (This represents 1.0 of the 2.0 assistant director positions recommended by the consultants.) The request includes 1.0 FTE for a Contract/Grant Manager (GP IV) to efficiently manage contracts and grants and ensure the Division pursues grant opportunities. Finally, it includes 1.0 Performance Improvement and Research Manager (GP VI) to oversee the newly organized Research and Performance Improvement Team of seven positions.

The table below reflects the request components.

Decision Item #6/BA #55 REQUEST - Detailed Calculations						
					Annual Cost Full Year (FY 2010-11)	
	Annual salary	Months Working/ Paid*	FTE	Amount	FTE	Amount
DIVISION OF CHILD WELFARE, ADMINISTRATION						
Personal Services						
Program Asst.	$40,392	12	1.8	80,784	2.0	80,784
General Prof. IV	$56,796	12	4.7	283,980	5.0	283,980
General Prof. VI	$72,492	12	0.9	72,492	1.0	72,492
General Prof. VII	$77,700	12	0.9	77,700	1.0	77,700
Paydate shift (GF only)				(38,891)		
PERA (10.15%)				52,269		52,269
Medicare (1.45%)				7,467		7,467
Subtotal - Personal Services			**8.3**	**535,801**	**9.0**	**574,692**
Operating Expenses						
Supplies @ $500/FTE				4,500		4,500
Computer @ $900/FTE				8,100		0
Software @ $330/FTE				2,970		0
Furniture @/ $3,998/FTE				35,982		0
Telephone @ $440/FTE				4,050		4,050
Subtotal - Operating Expense				**55,602**		**8,550**
Total - CW Administration			**8.3**	**$591,403**	**9.0**	**$583,242**
General Fund				458,933		468,304
Federal Funds (Title IV-E)				132,470		114,938

Staff Recommendation. Staff does not recommend the request at this time. As reflected in the request, the Department has been criticized in numerous reports for insufficient oversight of county activities. Staff agrees that additional staffing is appropriate. However, staff does not feel comfortable recommending the request <u>at this time</u> for the following reasons.

- 6.0 FTE were added in FY 2008-09 to address the most critical county-oversight issues identified by the Department. These positions have been left vacant for an extended period.

The 6.0 new positions added for FY 2008-09, as well as several other critical unit positions, have been left vacant much of the year. The Department reports that, of the 6.0 new positions, two will be employed as of mid-February, one in March, and three in April. The Department's finance manager position has been frozen since September due to the Governor's hiring freeze and it is not clear if or when that will be "unfrozen". Two other positions are vacant, one of which has been vacant since July 2008. It makes little sense to add more positions until the Division fills the positions it has.

- The State is in the middle of an extensive review of its overall child welfare services delivery system, with critical new reports anticipated over the next year.

The State could wait for this process to complete before adding more FTE. The Department's report on its administrative capacity is not yet complete and staff has only been provided a few pages. Perhaps more significantly, a contracted study by the Child Welfare Action Committee that is examining the role of the state vis-a-vis the counties in the overall child welfare system will not be completed until later in 2009.

- Due to the state's revenue shortfall, the Department has reduced its request for funding county child welfare services to half of the increase its own model suggests is appropriate and is shifting $8.0 million in costs to counties.

Staff feels there is some logical disconnect in cutting funding for service delivery while adding staff for oversight of such services.

- In addition to this request for staff, the Department has also requested 5.5 FTE for a new child welfare training unit and 6.6 FTE for the administrative review unit.

As discussed elsewhere in this document, staff believes some new training FTE and new ARU staff may be more pressing than this request, given the fiscal environment.

- Some child welfare division problems could probably be addressed without new staff.

The Division of Child Welfare has clearly been under-performing, as indicated by numerous recent studies: The SAO Foster Care Reviews of 2007 and the Child Maltreatment Fatality Report of 2008, among others. Staff agrees that some of these problems likely require new funds to address. However, staff anticipates that some of the problems could be addressed in part by better management and reorganization of the Division. For example, the draft consultant report notes that:

> "Within the current structure of the Division, each program area effectively operates within a functional silo, lacking a clear vision or plan for how work across program areas is inter-related. This observation is supported by many of the staff interviews for this project, during which staff has declared that they do not have a clear knowledge of various program functions and how their work is related to other program areas."

Staff would expect that reorganization and division leadership (new this year) may be able to begin addressing this problem even in the absence of additional staff.

Alternative - Partial Funding for Request. If the JBC wishes to partially fund the request, staff would recommend the following:

- Any staff added should be added for an average of six months. The Department does not appear to have the capacity to add new staff more quickly.

- Staff believes the 4.0 FTE requested for child protective services are the most critical of those requested. Staff calculations shown below reflect costs of $142,237 and 2.0 FTE in FY 2009-10 and $239,030 and 4.0 FTE in FY 2010-11. Of these amounts, 80 percent would be General Fund ($113,790 in FY 2009-10 and $191,224 in FY 2010-11).

Child protection is the area in which the state's recent failures are most obvious: *i.e.*, failure to limit child injuries and fatalities. This is also the least-resourced area in the division: only two or three staff have ongoing responsibilities in this area. The child permanency section is already much larger, as many staff are funded through various federal-only funding streams. The Department has indicated that when serious child protection incidents occur, it currently pulls virtually all of its senior staff to go on-site to the affected county. Staff anticipates that the Department will likely require more than the current two-to-three FTE in this area regardless of the outcome of state/county restructuring.

Decision Item #6/BA #55 Alternative if Wish to Partially Fund - Detailed Calculations						
					Annual Cost Full Year (FY 2010-11)	
	Annual salary	Months Working/ Paid*	FTE	Amount	FTE	Amount
Division of Child Welfare, Administration						
Personal Services						
Program Asst.	$40,392	6	0.5	20,196	1.0	40,392
General Prof. IV	$56,796	6	1.5	85,194	3.0	170,388
General Prof. VI	$72,492	12	0.0	0	0.0	0
General Prof. VII	$77,700	12	0.0	0	0.0	0
PERA (10.15%)				10,697		21,394
Medicare (1.45%)				1,528		3,056
Subtotal - Personal Services			**2.0**	**117,615**	**4.0**	**235,230**
Operating Expenses						
Supplies @ $500/FTE				2,000		2,000
Computer @ $900/FTE				3,600		0
Software @ $330/FTE				1,320		0
Furniture @/ $3,998/FTE				15,992		0
Telephone @ $440/FTE				1,800		1,800
Subtotal - Operating Expense				**24,712**		**3,800**
Total - CW Administration			**2.0**	**$142,327**	**4.0**	**$239,030**
General Fund				$113,862		$191,224
Federal Funds (Title IV-E)				$28,465		$47,806

Staff has reflected federal funds as a 20 percent share of the total, consistent with current Title IV-E revenue patterns for this line item.

Decision Item #9 - Improve Title IV-E Claiming

This request is for $321,250 General Fund in FY 2009-10 and ongoing annual funding of $220,000

General Fund to implement administrative claiming for federal Title IV-E funds for child placement agencies (CPAs). This was identified in a 2007 State Auditor's Office report as an untapped source of federal revenue. In order to implement administrative claiming for CPAs, the Department must implement random moment sampling surveys of child placement agencies, for which contractor assistance is needed. The Department's cost-benefit analysis for the decision item projects additional federal revenue of $758,032 starting in FY 2010-11. Thus, the net fiscal benefit is anticipated to be $538,000 ($758,032 federal funds - $220,000 General Fund ongoing costs), less the amortized cost of $321,250 General Fund for start-up.

Staff recommends the request for $321,250 General Fund. As reflected in the request, the 2007 SAO Report indicated that the State could draw down additional federal Title IV-E revenue through administrative claiming for CPAs. Staff believes the Department analysis is plausible. If the up-front investment is paid off by FY 2010-11, as indicated, the project should be cost-effective.

SBA #3 - True-up Title IV-E Funding

As discussed related to the Administrative Review Unit, this budget amendment proposes to reallocate General Fund and federal Title IV-E amounts between the Administrative Review Unit, the Child Welfare Administration line item and the Family and Children's Program line item. The net fiscal impact of these adjustments would be $0 Department-wide. However, the Department's proposal is to more accurately reflect in the appropriation where Title IV-E federal revenues are earned. As previously discussed, the staff recommendation includes a General Fund increase of $151,583 for the Child Welfare Administration line item, and a matching decrease in federal funds.

CHILD WELFARE STAFF TRAINING

This line item has historically provided funding for the Department to provide necessary training for county and state staff, direct service providers (e.g., foster parents), county attorneys, guardians ad litem, court-appointed special advocates, and court personnel. Approximately 85 percent of curriculum development and training is provided by outside contractors, including departments of social work at several colleges and universities and a few for-profit training providers. The appropriation for training was increased in FY 2005-06 due to a staff recommended transfer from the Family and Children's Programs line item. This action represented the consolidation of training funding into one line item.

The Department's request is for $6,588,815 ($3,258,616 General Fund) and 5.5 FTE, including Decision Item #7 (Child Welfare Training Academy) and Decision Item #NP-2 (Postage Increase). **The staff recommendation is for $5,856,060, including $2,840,922 General Fund, and 3.0 FTE,** pending a common policy decision on DI #NP 2 (a request for $401 General Fund). The differences between the request and recommendation relate to Decision Item #7, discussed below.

Decision Item #7 - Child Welfare Training Academy

The request includes $1,615,448 ($918,656 General Fund) and 5.5 FTE for Decision Item #7. It would annualize in FY 2010-11 to $1,594,754 ($902,204 General Fund) and 6.0 FTE. Ongoing costs are reflected as 56 percent General Fund and 44 percent federal Title IV-E funds. Total costs include $370,137 to cover Department FTE costs, with the majority of funding for contracted personal services for training.

The request is to establish a "training academy" for newly hired child welfare caseworkers and newly hired or promoted child welfare supervisors. The State already provides mandatory training for all case workers and supervisors in the state and has a base training budget of $5.0 million; however, this initiative would expand this effort, increasing the training budget by 32.3 percent. The Department also proposes restructure the existing training, and add pre and post test components to all courses to ensure that staff have attained the basic knowledge and skills necessary to perform their duties. The training academy is one of the recommendations of the Child Welfare Action Committee.

Components of Decision Item #7 - Increase Child Welfare Training

	FY 2009-10	FY 2010-11
Personal Services for new FTE (6.0 annualized)	$288,933	$299,607
Operating Expenses for new FTE (inc. vehicle lease)	81,204	49,836
Personal Services contracts:		
Curriculum review and oversight	59,102	59,102
New caseworker CORE 1,2,3,4	512,000	512,000
New supervisor CORE	96,795	96,795
Legal Preparation for Caseworkers	79,261	79,261
Participant registration and travel	382,903	382,903
Computer based training and evaluation	115,250	115,250
Total	$1,615,448	$1,594,754

According to the request, the proposal is designed to train between 400 and 450 new caseworkers and approximately 100 to 125 newly hired or promoted supervisors. It expands classroom training hours and adds additional sessions to train new staff, including caseworkers and supervisors, within the established time frames. It also adds on-the-job training. On-the-job training would be coordinated and monitored by the new FTE, while the classroom instruction would expand the classroom instruction already funded and provided by four universities. The Department's request argues that increased training will both directly improve the quality of services provided and reduce turnover among child welfare staff, which will also improve outcomes.

The Department provided a comparison of its current training requirements to national figures.

Mandatory Training Hours: Colorado versus Other States

	States responding	Child protective service workers	In-home protective service workers	Foster care/ adoption workers	Multiple program workers	Supervisor
Average number of hours of mandatory pre-service training	23-29	141	147	151	133	84
Colorado number of hours of mandatory pre-service training*		90	90	90	90	54
Average number of hours of mandatory in-service training each year	21-29	29	29	30	27	28
Colorado number of hours of mandatory in service training each year		6	6	6	5	0

Source: American Public Human Services Association Child Welfare Workforce Study, 2004.

Staff Analysis
The analysis below includes a more detailed description of the proposal, based on staff's discussion with the Department, and discussion of three items that provide the context for the request.

- Child Welfare Action Committee Interim Report recommendations.
- Senate Bill 09-164, creating the Child Welfare Training Academy.
- Current availability of training. delays and waiting list issues.

Current training and proposal. Department rules currently require that newly hired child welfare caseworkers complete 30 hours of computer based training prior to receiving cases, and complete a new worker core training series within the first year of emolument. The core series is comprised of four sessions, of 3 or 4 days each, offered 10 times during the year. Department rules also require that newly hired or promoted child welfare supervisors complete the supervisor core series within six months of assuming their position. The supervisor core is comprised of three session of 3 days each, and is offered three times during the year. No training is currently required for case aides.

The Department's proposal reflects an expectation that, pursuant to new legislation that has been introduced this year (discussed further below), caseworkers and supervisors will need to complete classroom and on-the-job training and be certified by the State before they assume their responsibilities. The Department's plan includes the following.

> Caseworkers: Eight-week cycle of new classes and on-the-job training for caseworkers beginning every two weeks. The caseworker training would consist of four weeks of classroom training, including both the "core" series and the "legal preparation" training. The Department anticipates annual participation would be 400 to 450 caseworkers, up from the current level of 300 to 350 caseworkers.
>
> Supervisors: Five-week cycle of new supervisor training beginning every eight weeks. The supervisor training would consist of three weeks of classroom training and two weeks of on-the-job training. The Department anticipates annual participation would be 100 to 150 supervisors, up from the current level of about 60 trained per year.
>
> Case aides: Not requested.

The table below compares the Department's current and proposed training hours and sessions and total numbers of individuals to be trained.

	Current number trained*	**Proposed number trained per year**	**Current Number Hours**	**Proposed Hours (Classroom)**	**Current Sessions**	**Proposed Sessions**
Legal Preparation	135	400-450	8	18	5	24
New Worker Core	330	400-450	112	128	10	20
Supervisor Core	57	100-140	72	80	3	9
Computer Based Training	327	400-450	30	40	ongoing	ongoing

* Based on averaging the highest number the Department reported attending a class in a series by the number of sessions now offered.

Child Welfare Action Committee Recommendations. As reviewed at the beginning of this section, a variety of reports have identified problems in the state's child welfare system. Most notably, the Child Welfare Action Committee Interim Report, issued October 31, 2008, specifically recommended increased staff training as a means for addressing some key problems in the system.

The Committee's interim report (issued after this decision item had been submitted to the Governor's Office and one day before the decision item was submitted to the JBC) specifically recommends that the Department create and provide pre-service training for new caseworkers, new or promoted child welfare supervisors, and new child welfare case services aides. It recommends such training be offered a minimum of 20 times throughout the year. The report notes that as technological advances occur throughout the state, consideration should be given to providing training via both traditional and virtual classroom methods. The report recommends: (1) Computer Based Training: approximately 30 hours; (2) Caseworkers: 4 weeks of classroom and 3 weeks of field training; (3) Supervisors: 3 weeks of classroom and 2 weeks of field training; (4) Case aides: 2 weeks of classroom and 1 week of field training

The report identifies the expected outcomes as uniform interpretation of federal and state statute, improved outcomes of safety, permanency, and well being, improved staff retention, and compliance with federal requirements. It notes that at least 15 to 20 states have already formalized pre-service training programs.

The following differences between the Action Committee final recommendations and the request should be noted.

- The Action Committee does not recommend lengthening computer based training from 30 to 40 hours.
- The Action Committee would add an additional week of on-the-job training for caseworkers
- The Action Committee adds training for case aides, which is not included in the request.

Given that these recommendations were issued after the request was submitted, staff anticipates that the Department might wish to modify components of its proposal from what was initially submitted. However, it has not submitted any formal request to do so.

Senate Bill 09-164 (Child Welfare Training Academy). The request should be considered in tandem with Senate Bill 09-164 (Newell/McGihon and Miklosi), which would provide specific statutory authorization for the Child Welfare Training Academy. There is currently statutory authorization for the State to provide training for child welfare staff, and this is an ongoing state function. Thus, the General Assembly could choose to increase training funding in the absence of new legislation. However, the Department is uncertain that it has statutory authority to require training to be completed before casework begins. Senate Bill 09-164 addresses this.

Under the bill, the Department would be responsible for identifying specific child welfare job titles that shall be required to obtain certification as a mandatory condition of employment. The Department would be required to promulgate related rules by September 15, 2009. The fiscal note for the bill is expected to cite this decision item as the bill's funding source. The bill does not require specific amounts of training, but rather requires the Department to develop rules for certifying key staff positions. Thus, staff anticipates that the certification requirements imposed will be influenced by the funding available for this decision item. It is not clear to staff whether the Department would wish the bill to proceed if the decision item is not funded.

Need for Timely Training. The primary driver behind the request appears to be providing training on a more timely basis. The Department has indicated that, due to budget constraints, it has been required to cut the total number of training sessions offered each year. Thus, for example, core classes for new staff are offered 10 times per year rather than 13, as they were some years ago. As a result, classes are full and county staff are unable to receive training on a timely basis. For example, as of early December 2008, there were no remaining "slots" in many core classes until March 2009 and in some cases April or May 2009. This situation increases the likelihood that counties will give new staff caseloads before they have had appropriate training. A new requirement that training be completed before staff assumes a caseload would clearly increase the pressure to provide sufficient training on a timely basis.

In reviewing the components of the request, staff notes:

- The proposed increase in the number of classes bears limited relationship to the proposed additional number of individuals who need to be trained, *i.e.*, the proposal reflects a 30 percent increase in the number of individuals who would receive core caseworker training but doubles the total of core caseworker training classes offered. The large number of new classes reflected in this decision item is driven <u>not</u> by a calculation of the number of individuals to be trained but rather by a desire to offer new cycles of classes on a predictable basis.

- The majority of the additional funding requested is based on offering additional training sessions--rather than on the enhancement of the current sessions with additional hours.

	Percent of New Training Hours Attributed to Longer Course	Percent of New Training Hours Attributed to Additional Sessions of Courses	Percent New Training Hours due to Compounding (Longer Courses * New Sessions)
Legal Preparation	12.8%	38.8%	48.5%
New Worker Core	11.1%	77.8%	11.1%
Supervisor Core	4.8%	85.7%	9.5%
Computer Based Training	42.9%	42.9%	14.3%

Recommendation. Based on the recommendations of the Child Welfare Action Committee, and discussions with various county staff, staff believes that adding training is likely to be one of the more productive means of improving the state's child welfare performance. Furthermore, data provided on the Department's current costs for offering various classes is consistent with the overall costs estimated in this request. The staff recommendation differs from the request in the following areas:

- Staff recommends funding most items for six months in FY 2009-10, rather than 12 months as requested. Senate Bill 09-164, as introduced, requires the Department to promulgate rules related to pre-certification training by September 15, 2009. Further, based on past experience, it requires months for the Department of Human Services to bring new staff on board. Staff believes the earliest new training requirements could be effectively rolled out would be in January 2010. Those components that involve curriculum or web-system development are recommended for a full-year of funding, as this work will need to start before training begins. Staff has also recommended hybrid vehicles, rather than the requested Jeeps, resulting in a lower mileage amount.

- Staff recommends the decision item be funded with the specific understanding that certain components of the proposal, and thus use of the funds, might be modified as the Department develops any new regulations and trainings. In particular:

  (1) The Department should consider modifications consistent with the recommendations of the Child Welfare Action Committee, *i.e.*, providing some training for case aides (within the available funds) and eliminating additional hours of computer based training.

  (2) Staff is concerned that position level requested for the proposed Department staff (General Professional IIIs) will not have sufficient qualifications or experience to credibly oversee county training efforts. Staff believes the Department would do

better to hire fewer staff with a higher level of qualification for this purpose or otherwise adjust the internal budget to accommodate funding for a higher level staff position. The Department indicates that, based on the job description, General Professional III was the position level identified by the Department of Personnel.

Recommendation: Decision Item #7 - Increase Child Welfare Training		
	FY 2009-10	FY 2010-11
Personal Services for new FTE (6.0; average of 6 mos in FY 2009-10)	$149,803	$299,607
Operating Expenses for new FTE (inc. vehicle lease)	43,055	23,373
Personal Services contracts:		
Curriculum review and oversight	59,102	59,102
New caseworker CORE 1,2,3,4 (6 mos in FY 2009-10)	256,000	512,000
New supervisor CORE (6 mos in FY 2009-10)	48,398	96,795
Legal Preparation for Caseworkers (6 mos in FY 2009-10)	39,631	79,261
Participant registration and travel (6 mos in FY 2009-10)	191,452	382,903
Computer based training (system improvements)	69,000	69,000
Training evaluation (6 mos in FY 2009-10)	23,125	46,250
Total	$879,565	$1,568,291

Decision Item #7 - Staff Recommendation						
					Annual Cost Full Year (FY 2010-11)	
	Annual salary	Months Working/Paid*	FTE	Amount	FTE	Amount
DIVISION OF CHILD WELFARE, TRAINING						
Personal Services						
Administrative Asst. III	$34,764	6	0.5	17,382	1.0	34,764
General Prof. III	$46,740	6	2.5	116,850	5.0	233,700
PERA (10.15%)				13,625		27,250
Medicare (1.45%)				1,946		3,893
Subtotal - Personal Services			**3.0**	**149,803**	**6.0**	**299,607**

Decision Item #7 - Staff Recommendation							
					Annual Cost Full Year (FY 2010-11)	
	Annual salary	Months Working/Paid*	FTE	Amount	FTE	Amount
Operating Expenses						
Supplies @ $500/FTE				1,500		3,000
Computer @ $900/FTE				5,400		0
Software @ $330/FTE				1,980		0
Furniture @/ $3,998/FTE				23,988		0
Telephone @ $450/FTE				1,350		2,700
Mileage @ (0.13*12,000/yr*3)				2,340		4,680
Lodging @ (36 nights/yr * $85)				1,530		3,060
Subtotal - Operating Expense				**38,088**		**13,440**
Personal Services Training Costs						
Contractual Expenditures				**$686,707**		**$1,245,311**
Total - CW Training			**3.0**	**$874,598**	**6.0**	**$1,558,358**
Office of Operations, Vehicle Lease				$4,967		$9,933
Total - Decision Item #6				**$879,564**		**$1,568,291**
General Fund				$497,833		$887,653
Federal Funds				$381,731		$680,638

Staff also recommends the addition of the following new request for information:

> **Department of Human Services, Division of Child Welfare, Training** -- The Department is requested to provide additional information on the State's child welfare training efforts and the need for child welfare training funds, including the following: (1) the number of individuals employed and annual rate of turnover, by county, for child welfare caseworkers and supervisors and any other job classification for which the Department provides training; and (2) the number of training sessions provided and anticipated to be required annually, based on the data provided on county employees and turnover.

The staff recommendation applies the same funding splits as the Department (56.5 percent General fund and 43.4 percent federal Title IV-E). This is approximately consistent with recent Title IV-E earning in this line item.

Alternative Recommendation. While the staff recommendation reflects funding the request essentially in its entirety, if the Committee wished to fund only a portion of the request staff would recommend the following:

- Fund 1.0 additional FTE (GP III) to provide clerical oversight, *i.e.*, to track and maintain central records on training completed, rather than to provide active oversight of on-the-job training.

- Do not extend the length of any of the current courses, but add 5 new sessions of "core" caseworker training to eliminate all waiting lists for training. This would allow the State to offer training approximately every three weeks, rather than every two weeks as proposed.

- Keep legal preparation training at one day, but increase the number of these offered to 15 so that they may be integrated with the "core" caseworker training and offered regularly.

- Add one additional supervisor training, so that these may be offered quarterly.

- Fund the requested increases for computer-based training and evaluation, so that the State can effectively track who has received the necessary training.

Decision Item #7 - Less Costly Alternative		
	FY 2009-10	FY 2010-11
Personal Services for new FTE (6.0 annualized)	$26,081	$52,162
Operating Expenses for new FTE	5,703	950
Personal Services contracts:		
Curriculum review and oversight	59,102	59,102
New caseworker CORE 1,2,3,4 (5 additional classes; 3 in FY 2009-10)	153,600	256,000
New supervisor CORE (1 additional class)	15,040	15,040
Legal Preparation for Caseworkers (10 additional classes; 5 in FY 2009-10)	21,260	42,520
Participant registration and travel (calculated at 33.9% of direct class costs)	64,376	106,297
Computer based training and evaluation	115,250	115,250
Total	$460,412	$647,321

Decision Item #7 - Less Costly alternative						
		Annual Cost Full Year (FY 2009-10)			Annual Cost Full Year (FY 2010-11)	
	Annual salary	Months Working/Paid *	FTE	Amount	FTE	Amount
DIVISION OF CHILD WELFARE, TRAINING						
Personal Services						
General Prof. III	$46,740	6	0.5	23,370	1.0	46,740
PERA (10.15%)				2,372		4,744
Medicare (1.45%)				339		678
Subtotal - Personal Services			**0.5**	**26,081**	**1.0**	**52,162**
Operating Expenses						
Supplies @ $500/FTE				250		500
Computer @ $900/FTE				900		0
Software @ $330/FTE				330		0

Decision Item #7 - Less Costly alternative					
	Annual Cost Full Year (FY 2009-10)			**Annual Cost Full Year (FY 2010-11)**	
Annual salary	Months Working/Paid *	FTE	Amount	FTE	Amount
Furniture @/ $3,998/FTE			3,998		0
Telephone @ $450/FTE			225		450
Subtotal - Operating Expense			**5,703**		**950**
Personal Services Training Costs					
Contractual Expenditures			**$428,628**		**$594,209**
Total - Decision Item #6		**0.5**	**$460,412**	**1.0**	**$647,321**
General Fund			$260,593		$366,384
Federal Funds			$199,819		$280,937

FOSTER AND ADOPTIVE PARENT RECRUITMENT, TRAINING, AND SUPPORT

This line item represents the consolidated funding the Department receives related to the recruitment and retention of foster and adoptive parents. It was intended to encourage the Department to address the shortage of foster and adoptive parents in a comprehensive manner. Funding is provided to support 1.0 FTE charged with monitoring and improving counties' adoptive and foster parent recruitment and retention activities and providing technical assistance to counties. This position was first funded in FY 2001-02 to meet one of the requirements of the federal *Adoption and Safe Families Act*, which requires states to have an identifiable process for assuring diligent recruitment and retention of foster and adoptive families that reflect the ethnic and racial diversity of children for whom placements are needed. This funding was also intended to assist counties in ensuring that placement resources are available so that children in foster care can reside close to their homes, sibling groups can be placed together, and adolescents and children with developmental disabilities or mental health issues can be placed in the least restrictive, most appropriate placement.

The Department requested $337,717 and 1.0 FTE, including Decision Item #NP-2 (postage increase). **Staff recommends the Committee approve an appropriation of $337,134, including $269,727 General Fund, and 1.0 FTE for this line item**, pending a common policy on DI #NP-2 (postage). Staff's recommendation is calculated according to common policy and is detailed in the following table.

Summary of Recommendation: Foster and Adoptive Parent Recruitment, Training, and Support				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
H.B. 08-1375 Personal Services	76,669	61,354	15,315	1.0
Salary Survey Awarded in FY 2008-09	2,585	2,069	516	0.0
Performance-based Pay Awarded at 80 percent	737	590	147	0.0
Subtotal - Personal Services	**79,991**	**64,013**	**15,978**	**1.0**
H.B. 08-1375 Operating Expenses	257,143	205,714	51,429	0.0
DI NP-2 (Postage Increase) - PENDING	0	0	0	0.0
TOTAL RECOMMENDATION	**$337,134**	**$269,727**	**$67,407**	**1.0**

CHILD WELFARE SERVICES

This line item provides the primary source of funding for counties to administer child welfare programs and deliver associated services to children and families. This line item thus provides funding for: (1) county administration for child welfare related activities; (2) out-of-home residential care; (3) subsidized adoptions; and (4) other necessary and appropriate services for children and families.

County Capped Allocations. Pursuant to Section 26-5-104 (4), C.R.S., counties receive capped funding allocations for the administration and provision of child welfare services. Counties are allowed to use capped allocation moneys for child welfare services without categorical restriction. Those counties that serve at least 80 percent of the total child welfare services population (the largest ten counties, currently) receive individual capped allocations, and the remaining small- and medium-sized counties receive separate capped allocations. Each county's allocation consists of local, state, and federal funds. The Department uses *state and federal* funds appropriated through the Child Welfare Services line item to reimburse county departments of social services for approximately 80 percent of related expenses, up to the amount available in each county's allocation. In addition, pursuant to Section 26-5-104 (7), C.R.S., the Department is authorized, based upon the recommendations of the Allocations Committee, to allocate any unexpended funds at fiscal year-end to any county that has over spent its capped allocation. However, a county may only receive such "close-out" funds for authorized expenditures attributable to caseload increases beyond those anticipated when the allocations were made, and for expenditures *other than* those attributable to administrative and support functions.

Current law directs the Department of Human Services, after input from the Child Welfare

Allocations Committee[2], to annually develop formulas for allocating child welfare funding among counties. In determining such formulas, the Department is to take into consideration historical expenditures, a comparison of such expenditures to the associated caseload, and other factors "that directly affect the population of children in need of child welfare services in a county" [Section 26-5-104 (3) (a), C.R.S.]. A county's allocation may be amended due to "caseload growth ... or changes in federal law or federal funding" [Section 26-5-104 (4) (e), C.R.S.]. In the event that the Department and the Child Welfare Allocations Committee do not reach an agreement on the allocation formula by June 15 of any state fiscal year for the following fiscal year, the Department and the Child Welfare Allocations Committee are to submit alternatives to the Joint Budget Committee for selection of an allocation formula.

Prior to FY 2001-02, each county's allocation of child welfare funding was based largely on historical data, including the county's out-of-home care expenditures and the county's share of open child welfare cases. In FY 2000-01, a department consultant and the Child Welfare Allocations Committee began work on an "optimization model" for use in allocating annual capped allocations among counties. The model was actively used for allocations through FY 2006-07. The allocation model sought to: (1) identify factors that drive costs in child welfare for which reliable data is available; and (2) determine which of these cost drivers should be "optimized" within a desired range. Drivers in the model include the following:

- child abuse or neglect referrals;
- assessments as a percentage of referred children;
- total new involvements as a percentage of assessments;
- out-of home placements as a percentage of open involvement;
- average days per year for out-of-home placement;
- average cost per day for out-of-home placements;
- and average cost per day for subsidized adoptions.

For the last four of these drivers, the Allocations Committee established a maximum and minimum range for funding purposes. Counties whose practice led to costs outside the range for a given driver, *e.g.*, average cost per day for subsidized adoptions, did not receive an increase in their allocation for costs above the range. The model allowed county flexibility in practice, and did not force counties to mirror one another in program administration. However, it did adjust county allocations when counties operated outside a range deemed reasonable by the Allocations Committee.

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[2] The Child Welfare Allocations Committee consists of eight members, four appointed by Colorado Counties, Inc. (CCI) and four appointed by the Department of Human Services. If CCI does not appoint a representative from the county that has the greatest percentage of the state's child welfare caseload (i.e., Denver), the Department is required to do so.

The optimization model has come under fire in recent years due in part to large year-to-year funding shifts which counties find difficult to predict or manage. As a result, its use was suspended in FY 2007-08. Specifically, the Allocations Committee voted:

- For FY 2007-08, to use the allocations model but to set a "floor" for reductions for small and medium-sized counties of 5.0 percent of their FY 2006-07 allocations and to not allow allocations for the state's 10 biggest counties to fall below their FY 2006-07 level.

- For FY 2008-09, to allocate funding received based on the percent of the total allocation received in FY 2007-08.

- For 2009-10, to distributed on the same basis as the FY 2007-08 and FY 2008-09 allocations.

The current allocation system is being treated as an interim approach, while a subcommittee meets to consider other allocation options, including relating allocations, at least in part, to outcomes. Staff is participating in this subcommittee as an observer.

Major Program Cost Components, based on FY 2007-08 County Actual Data

Child Welfare Expenditures and Caseloads: FY 2004-05 through FY 2007-08			
Program Services	**Cost Per Case - Small and Mid-sized Counties**	**Cost Per Case - 10 Large Counties**	**Annual Expenditures**
FY 2004-05	$3,332	$3,099	$123,267,880
FY 2005-06	$3,004	$2,812	$135,258,521
FY 2006-07	$3,838	$4,237	$155,110,458
FY 2007-08	$4,221	$3,949	$162,981,696
Out-of-Home Placement Care Expenditures	**Average Daily Cost Per Child - Small and Mid-sized Counties**	**Average Daily Cost Per Child - 10 Large Counties**	**Annual Expenditures**
FY 2004-05	$65.99	$60.17	$135,971,686
FY 2005-06	$60.11	$56.31	$129,851,094
FY 2006-07	$65.68	$59.64	$130,260,933
FY 2007-08	$72.43	$66.38	$136,471,454

Child Welfare Expenditures and Caseloads: FY 2004-05 through FY 2007-08			
Subsidized Adoption	**Average Daily Cost Per Child - Small and Mid-sized Counties**	**Average Daily Cost Per Child - 10 Large Counties**	**Annual Expenditures**
FY 2004-05	$14.89	$15.19	$40,876,335
FY 2005-06	$14.08	$14.69	$41,264,647
FY 2006-07	$14.52	$14.61	$42,773,976
FY 2007-08	$13.90	$14.52	$44,178,436

Appendix A includes FY 2007-08 data on county expenditures of (and above) their capped allocations and trends in costs and placements over time.

Child Welfare Outcomes. As discussed during the FY 2008-09 and FY 2009-10 budget briefing and hearing, Colorado does not appear to be consistently ensuring the safety of children in foster care, based on a variety of reports. Staff asked whether the Department had any data that would demonstrate that providing additional funds for child welfare services results in better results for children, such as better results on the federal Child and Family Services Review (CFSR). At staff's request, the Department provided CFSR results for the largest ten counties. In sum, CFSR data does not appear to demonstrate that additional expenditures result in better outcomes–though staff and the Department recognize that this is a very limited measure. For example, data for Boulder county would indicate that they are the most in compliance with CFSR requirements and second-most over-spent for FY 2006-07 and FY 2007-08; Denver is the *least* in compliance and the most over-spent.

A subcommittee of the Child Welfare Allocations Committee is currently examining possible changes to the allocation model that might begin to take outcomes into account.

Request for Line Item. The Department requests a total of $348.8 million for FY 2009-10, including $178.4 million net General Fund for the Child Welfare Services line item. **Staff recommends $348.6 million including $178.6 million net General Fund, including an appropriation to be included in new legislation.** The table below summarizes the components of the Department's request and staff's recommendation for the Child Welfare Services line item. Each of the components of the request is described in narrative form following the table.

Description	Department Request	Staff Recommend.	Difference
FY 2008-09 Long Bill Appropriation + S.B. 08-216 (Approp as of 2008 session)	$351,124,655	$351,124,655	$0
General Fund	179,710,638	179,710,638	0

Description	Department Request	Staff Recommend.	Difference
Cash Funds	57,588,959	57,588,959	0
Reappropriated Funds	18,773,007	18,773,007	0
Federal Funds	95,052,051	95,052,051	0
Medicaid Cash Funds	*18,773,007*	*18,773,007*	*0*
Net General Fund	*189,097,141*	*189,097,141*	*0*
I. Supplemental/ Budget Amendment #18 Block Correction	(2,491,426)	(2,543,665)	(52,239)
General Fund	(1,733,800)	(1,829,538)	(95,738)
Cash Funds	(498,285)	(449,348)	48,937
Cash Funds Exempt/Reappropriated Funds	(259,341)	(264,779)	(5,438)
Federal Funds	0	0	0
Medicaid Cash Funds	(259,341)	(264,779)	*(5,438)*
Net General Fund	*(1,863,470)*	*(1,961,929)*	*(98,459)*
II. Supplemental/Budget Amendment #22 Block Refinance	0	0	0
General Fund	(1,545,747)	(1,100,000)	445,747
Cash Funds (local funds)	0	0	0
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	1,545,747	1,100,000	(445,747)
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*(1,545,747)*	*(1,100,000)*	*445,747*
III. Supplemental/Budget Amendment NP-HCPF- 2 Administrative Case Management	580,299	580,299	0
General Fund	580,299	580,299	0
Cash Funds	0	0	0
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	0	0	0
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*580,299*	*580,299*	*0*
IV. Increase for projected child/adolescent population increase (Decision Item #10, amended BA #43)	4,564,295	4,413,972	(150,323)
General Fund	2,578,855	2,527,611	(51,244)
Cash Funds	753,080	779,396	26,316

Description	Department Request	Staff Recommend.	Difference
Cash Funds Exempt/Reappropriated Funds	182,572	238,722	56,150
Federal Funds	1,049,788	868,243	(181,545)
Medicaid Cash Funds	*182,572*	*238,722*	*56,150*
Net General Fund	*2,670,141*	*2,707,436*	*37,295*
V. Provider Rate Decrease (Supplemental/BA #51/JBC Common Policy)	(5,019,960)	(5,019,960)	0
General Fund	(2,374,017)	(2,374,017)	0
Cash Funds	(1,003,992)	(1,003,992)	0
Cash Funds Exempt/Reappropriated Funds	(522,544)	(522,544)	0
Federal Funds	(1,119,407)	(1,119,407)	0
Medicaid Cash Funds	*(419,098)*	*(522,544)*	*(103,446)*
Net General Fund	*(2,583,566)*	*(2,635,289)*	*(51,723)*
TOTAL RECOMMENDATION - LONG BILL	**$348,757,863**	**$348,555,301**	($202,562)
General Fund	177,216,228	177,514,993	298,765
Cash Funds	56,839,762	56,915,015	75,253
Cash Funds Exempt/Reappropriated Funds	18,173,694	18,224,406	50,712
Federal Funds	96,528,179	95,900,887	(627,292)
Medicaid Cash Funds Exempt	*18,277,140*	*18,224,406*	*(52,734)*
Net General Fund	*186,354,798*	*186,687,658*	*332,860*
VI. Proposed BILL - Move sunset for S.B. 08-216 (Budget Amendment #37/County share)	**$0**	**$0**	$0
General Fund	(8,001,927)	(8,057,128)	(55,201)
Cash Funds	8,001,927	8,057,128	55,201
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	0	0	0
Medicaid Cash Funds Exempt	*0*	*0*	*0*
Net General Fund	*(8,001,927)*	*(8,057,128)*	*(55,201)*
TOTAL RECOMMENDATION - LONG BILL + JBC BILL	**$348,757,863**	**$348,555,301**	($202,562)
General Fund	169,214,301	169,457,865	243,564
Cash Funds	64,841,689	64,972,143	130,454
Cash Funds Exempt/Reappropriated Funds	18,173,694	18,224,406	50,712

Description	Department Request	Staff Recommend.	Difference
Federal Funds	96,528,179	95,900,887	(627,292)
Medicaid Cash Funds Exempt	*18,277,140*	*18,224,406*	*(52,734)*
Net General Fund	*178,352,871*	*178,630,530*	*277,659*

I. FY 2008-09 SUPPLEMENTAL/ BUDGET AMENDMENT #18 BLOCK CORRECTION

For FY 2008-09, the Department requested, and the JBC approved a reduction to the Child Welfare Services Block allocation for FY 2008-09 of $2,491,426. The Department requested, and staff recommends, continuing the adjustment in FY 2009-10. The staff recommendation, for a reduction of $2,543,665, differs from the Department request based on minor differences between the staff calculation for the FY 2008-09 supplemental and the Department's request.

This adjustment represents a correction to the amount calculated during figure setting for FY 2008-09. An error was found in the funding formula and, when corrected, resulted in a lower calculated "need" in the child welfare system. The correction results in a General Fund reduction of $1,961,929 net General Fund (including adjustments to Medicaid General Fund). The adjustment ensures an accurate base allocation for future year projections.

II. SUPPLEMENTAL/BUDGET AMENDMENT #22 BLOCK REFINANCE

The Department requested the continuation of an FY 2008-09 refinance of the General Fund for the Division of Child Welfare, Child Welfare Services line item with federal Title IV-E funding in the amount of $1,545,747. **The staff recommendation is for a refinance of $1,100,000 in FY 2009-10, based on updated projections of federal Title IV-E funds to be received.**

The State and counties receive federal reimbursement for 50 percent of qualifying child welfare expenditures pursuant to Title IV-E of the federal Social Security Act. The extent to which services may be reimbursed depends upon the type of service and the income of the child's family.

Colorado's overall receipt of Title IV-E revenues has been highly variable in recent years. As reflected in the table below, Title IV-E revenues increased sharply from FY 2006-07 to FY 2007-08 associated with the restructuring of the state's Medicaid-funded residential child care programs. More surprisingly, in FY 2007-08, Title IV-E revenues fell by 4.9 percent from FY 2006-07 levels. For FY 2008-09, the Department has projected revenue growth for FY 2009-10 at the FY 2008-09 projected level (1.4 percent); staff's projection is more conservative, given recent history and the fact that reduced levels of state General Fund and county spending will contribute to lower Title IV-E revenues. In light of the budget reductions proposed and county spending constraints, staff anticipates overall FY 2009-10 earnings to be similar to, and slightly below, FY 2008-09 levels.

Title IV-E revenue earned in excess of the Title IV-E appropriation (the third column in the table below) flows into the Excess Federal Title IV-E Cash Fund and, in the subsequent year, these excess funds are distributed to counties pursuant to Section 26-1-111 (2) (d) (C), C.R.S. Counties are first provided an allocation to offset administrative costs associated with Title IV-E and are then provided funding for other social services activities. Both the Department request/projection and the staff recommendation/projection reflect insufficient funds to fully cover the base Title IV-E administration appropriation of $1.7 million for FY 2010-11. This is of concern because, if county Title IV-E administrative efforts decline, Title IV-E revenue can be expected to fall further, creating a downward spiral.

Title IV-E Revenue Earnings:

	Year	Appropriation/ Request/Rec.	Title IV-E Earnings	Title IV-E Excess	LB %	IV-E %
	FY 2003-04 Total (Actual)	$69,564,846	$73,444,437	($3,879,592)		
	FY 2004-05 Total (Actual)	$72,441,851	$79,101,735	($6,659,885)	4.1%	7.7%
	FY 2005-06 Total (Actual)	$74,712,056	$80,211,690	($5,499,635)	3.1%	1.4%
	FY 2006-07 Total (Actual)	$84,571,156	$88,777,718	($4,206,562)	13.2%	10.7%
	FY 2007-08 Total (Actual)	$82,124,990	$84,463,547	($2,338,556)	-2.9%	-4.9%
1	FY 2008-09 with Supplementals	$84,688,663	$85,624029	($935,366)	3.1%	1.4%
2	FY 2009-10 Dept Request/Project	$85,978,973	$87,497,249	($1,518,276)	1.5%	1.4%
3	FY 2009-10 Staff Recommend	$84,461,529	$85,435,560	($974,031)	-0.3%	-0.2%

[1] IV-E estimate (as of 12/31/08)

[2] IV-E revenue estimated based on percent change between FY 2007-08 and FY 2008-09 to-date. Request based on Department line-item requests as of figure setting.

[3] FY 2009-10 recommendation is based on the staff figure setting recommendations; revenue projection reflects various adjustments to Department assumptions.

III. SUPPLEMENTAL/BUDGET AMENDMENT NP-HCPF- 2 ADMINISTRATIVE CASE

The request and recommendation for this item is to continue an increase of $580,299 General Fund for this line item approved for FY 2008-09. The request is a companion to a reduction to Medicaid funding for administrative case management in the Department of Health Care Policy and Financing, based on federal restrictions for billing for this service. General Fund was moved from the Department of Human Services, Division of Child Welfare, to the Department of Health Care Policy and Financing in order to draw down additional federal funds for related administrative case management by counties. As the Department of Health Care Policy and Financing does not believe federal authorities will permit it to fully use these funds to match federal Medicaid amounts, the Departments have proposed to return General Fund that cannot be matched with federal funds to the Department of Human Services' line items. The statewide net General Fund impact of the change is $0, although the impact on counties is a loss of matching federal Medicaid funds.

IV. INCREASE FOR PROJECTED CHILD/ADOLESCENT POPULATION INCREASE (DECISION ITEM #10, AMENDED BA #43)

Summary of Request and Recommendation. This item reflects the combination of two items: (1) the Department's standard request for a caseload increase for the Child Welfare block; and (2) a proposed budget balancing reduction that cut the originally proposed increase in half.

As reflected in the table below:

- Overall, staff has recommended an increase at a net General Fund level targeted at the Department's request.
- Staff would recommend a "standard" caseload increase that is smaller than the Department's request. The Department request is based on the child welfare allocation model, which is not presently being used for county allocations but only for developing the state's funding projection. The staff recommendation is simply based on projected statewide population growth for children and adolescents (ages 0-17) for FY 2009-10 of 1.67 percent.
- Because staff's "standard" caseload calculation is smaller than the Department's request, staff's recommended budget balancing adjustment is also smaller.
- The staff recommendation reflects somewhat different funding splits from the Department because staff has assumed the State will earn federal Title IV-E funds at the rate of 20.8 percent of non-Medicaid expenditures, based on FY 2007-08 actuals.
- Although not reflected in the calculations below, staff would encourage the Committee to consider using at least $1.3 million of additional federal Title IV-E matching funds that the State expects to receive as a result of the federal stimulus bill to fully fund a 1.67 percent increase for child welfare caseload.

	Request		Recommendation	
	Total	**net General Fund**	**Total**	**net General Fund**
Decision Item #10	$9,128,592	$5,340,283	$5,670,257	$3,438,309
Budget Amendment #43	(4,564,297)	(2,670,142)	(1,256,285)	(730,873)
Total	$4,564,295	$2,670,141	$4,413,972	$2,707,436

Background: the Child Welfare Allocation Model. The Department's initial child welfare caseload request, submitted November 1, 2008, was based, as it has been since FY 2004-05, on the optimization model originally developed to determine the allocation of the child welfare block among the state's counties. In FY 2000-01, a department consultant and the Child Welfare Allocations Committee began work on an optimization model for use in allocating annual capped allocations among counties. The allocation model sought to: (1) identify factors that drive costs in child welfare for which reliable data is available; and (2) determine which of these cost drivers should be "optimized" within a desired range. Cost drivers include:

- total child/adolescent population (0-17)
- child abuse or neglect referrals;
- assessments as a percentage of referred children;
- total new involvements as a percentage of assessments;
- program service costs per open involvement;
- out-of home placements as a percentage of open involvement;
- average days per year for out-of-home placement;
- average cost per day for out-of-home placements;
- average cost per day for subsidized adoptions.

For the last four of these drivers, the Child Welfare Allocations Committee established a maximum and minimum range for funding purposes. Counties whose practice led to costs outside the range for a given driver, *e.g.*, average cost per day for subsidized adoptions, did not receive an increase in their allocation for costs above the range. The model allowed county flexibility in practice, and did not force counties to mirror one another in program administration. However, it did adjust county allocations when counties operated outside a range deemed reasonable by the Allocations Committee.

The projection model, used to develop requests for statewide funding, was designed to use the same variables of cost drivers and the variance reductions determined appropriate by the Allocations Committee. It estimates FY 2009-10 expenditures by using individual county child/adolescent population projections for FY 2009-10, actual county services costs from the most recent actual year (FY 2007-08), and adjustments included in the model to avoid funding for service costs or activities outside the range deemed reasonable by the Allocations Committee.

The allocation model has not been used to set county allocations since FY 2006-07; however, the Department continued to use the allocation model to shape its request for a statewide funding increase for caseload for FY 2009-10. Conceptually, using the model to project overall statewide caseload increases is attractive for two reasons:

- it differentiates between population increases that occur in counties with relatively low child welfare costs and those with relatively high child welfare costs; and

- it is based on the cost of providing child welfare services if counties operate their programs within the desired range of practice as determined by county child welfare practitioners. Thus, the budget would not incorporate spending for behavior outside this range.

However, staff believes using the model for statewide caseload growth also raises concerns that are similar to the objections that led county allocation percentages be "frozen" at FY 2007-08 levels and subject to floors set in FY 2006-07.

- The very complexity of the model can make it difficult to understand why certain increases are, or are not, occurring. Total increases requested have fluctuated greatly since the use of the model to project statewide caseload growth was implemented. For example, it was used to project a 0.6 percent increase in FY 2006-07 and a 2.6 percent increase for FY 2009-10. The discrepancy in results cannot be easily explained.

- Because model results are not easy to predict, there is a significant risk that errors will affect outcomes. For example, staff discovered that, due to an error, Denver's caseload had been reflected at half what it should have been for FY 2008-09. Correcting the error led to a <u>decrease</u> in projected funding required for the state. While this error and an unrelated staff error were corrected through a negative FY 2008-09 supplemental, this underlined the risks associated with using the model. The risk of error is heightened when counties are not using the model to determine allocations, since there is less investment in checking associated data.

- The projection is affected by county decisions to spend their own funds. This pattern increases the cost-per-child for the county which, in turn, is built into the model.

Department Request. As described above, the Department's initial request for the Child Welfare Block (Decision Item #10) was for $9,128,592, including $4,564,296 net General Fund, based on the Child Welfare Allocation Model. However, on January 27, 2009, it submitted Budget Amendment #43 to reduce this initial request by half, to $4,4,564,295 ($2,670,141 net General Fund) The budget amendment notes that if this is approved, counties will have more resources available in FY 2009-10, but not as much as originally calculated in the decision item. With a reduced annual increase, the county departments may need to find alternative ways to fund an increase in population and caseload growth. More counties will have to allocate a greater percentage of their TANF and Title XX reserves in order to cover this growth. Some counties, as in the past, will have to rely on county-only dollars to fill the deficit not covered by the block and reserves.

Staff Recommendation. As discussed during the staff budget briefing, staff does not support using the child welfare allocation model for setting the total statewide budget for child welfare at the present time. The model is not currently being used to set county allocations. In light of this, staff does not believe it is appropriate to use the model to establish statewide funding levels. Among other issues, if the model is not being used for county allocations, there is a far greater risk that model problems and data errors will not be identified. The "standard" staff recommendation would therefore be an increase of 1.67 percent, based on overall projected increases in the state's child and adolescent population for FY 2009-10.

In light of the state's fiscal difficulties, staff has instead recommended an increase of 1.3 percent ($4,413,972 total funds and $2,707,436 General Fund) based solely on the level of General Fund in the Department's request. Staff has applied somewhat different funding splits from the Department, based on the current allocation of funds in the base among various child welfare program components. The staff recommendation assumes Title IV-E will be earned at 20.8 percent of non-Medicaid expenditures, based on FY 2007-08 actual data.

To the extent the JBC has additional revenue available based on higher federal matching rates for Title IV-E funds (part of the federal stimulus package), the Committee may wish to consider using $1.0 million of this to fund an overall caseload increase of 1.67 percent. In response to staff questions, the Department indicated that, for the first six months of FY 2008-09, there has been a 3.0 percent increase in open involvements over the first six months of FY 2007-08.

V. PROVIDER RATE DECREASE (SUPPLEMENTAL/BA #51/JBC COMMON POLICY)

Consistent with common policy and the request, **the staff recommendation eliminates the $5,019,960 ($2,635,289 net General Fund) provider rate increase originally authorized for FY**

2008-09.

VI. PROPOSED BILL - MOVE SUNSET FOR S.B. 08-216 (BUDGET AMENDMENT #37/COUNTY SHARE)

Senate Bill 08-216, sponsored by the JBC, set the county match rate for residential child care facilities at 10 percent for FY 2008-09 and FY 2009-10. The Department requests that the sunset date for the bill be moved so that the county match rate for residential child care placements reverts to the standard 20 percent county share effective July 1, 2009. This will result in General Fund savings to the State of $8.0 million, with an associated increase in county funding required.

Background. Senate Bill 08-216 was the result of an ongoing effort to hold county contributions for child welfare residential placements constant as a result of the redesign of Medicaid funded residential care services for children in out-of home placement.

From FY 1994-95 through FY 2005-06, Colorado financed a significant portion of out-of-home child welfare and youth corrections community-based services through the Medicaid Residential Treatment Center (RTC) program. As a result of this, county (and state) contributions for residential placements were lessened. Based on federal concerns, and related state statutory changes, the Departments of Human Services and Health Care Policy and Financing implemented a new service delivery and billing model in FY 2006-07. This new system eliminated the prior RTC option and replaced it with the Therapeutic Residential Child Care Facility (TRCCF) program and the Psychiatric Residential Treatment Facilities (PRTF) program.

House Bill 06-1395, sponsored by the JBC, provided state statutory authorization for the system changes. Among bill's provisions was a requirement that reduced the usual 20 percent county share for the TRCCF and PRTF residential child health care programs to the county's FY 2004-05 actual contribution for FY 2006-07 and FY 2007-08, with a report on further plans due January 2008. In January 2008, the Department of Human Services and Child Welfare Allocation Committee submitted a report proposing that a 10 percent match rate be applied to all residential child care programs. The proposal was designed to keep county contributions at the level they had been previously and to avoid an $8.0 million shift in costs from the State to the counties.

The Joint Budget Committee agreed to sponsor a bill to this effect (S.B. 08-216). However, the Committee elected to apply a two-year sunset to the bill, with the idea that, in the future, the State might need counties to again pay their full share of the cost of residential placement. As indicated by the Department's request, the Department believes that the time for this has come earlier than anticipated.

Recommendation. Staff recommends the request, with a minor adjustment to the fiscal impact based on the recommended program budget for FY 2009-10. Key considerations include the following:

- For the long-term, staff believes counties should bear their full share of the cost of the most expensive type of out-of-home placement. The efficacy of these placements has been called into question, particularly for extended stays, and many counties and state officials appear to believe use of such placements should be minimized. The current favorable match rate may incentivize use of these placements over better options.

- Eliminating the former RTC system transferred tens of millions in costs from the federal government to the state General Fund. At the time, the State was able to hold counties harmless from the impacts of this change. However, in the current fiscal environment, the State needs to ask counties to share some of this burden.

- The Committee should be aware that this proposal, of all those in the child welfare budget package, is of concern to counties. While the change reduces state General Fund obligations, it is a direct cost-shift to counties--driving an increase of over 14 percent in county funding responsibilities for this line item--at a time when counties are also under significant budget pressure. As noted in the request, by sun setting this bill early, counties will have to rely on other resources, if available, to fund this increase in county share for high-end placements. Some counties may have to reduce service levels in order to free up funds to cover the increased cost. Some counties may be able to absorb the cost by using TANF and Title XX reserves; however, this depends upon the counties' reserve balances.

- One option the Committee may wish to consider, related to the federal stimulus package, would be to use additional federal Title IV-E funds to support a "bridge year" in which county share for residential programs would move to 15 percent for these programs in FY 2009-10, before moving to 20 percent in FY 2010-11. This would have the benefit that, when the federal funds are no longer available, state fiscal obligations would also decline. Funding such a "bridge" is estimated to require approximately $4.0 million. Whether this option should be considered will depend to a great extent on the Committee's overall funding gap for FY 2009-10.

EXCESS TITLE IV-E DISTRIBUTIONS FOR RELATED COUNTY ADMINISTRATIVE FUNCTIONS

States are allowed to earn federal Title IV-E funds (Title IV-E refers to a section of the federal Social Security Act) for a number of activities associated with providing services to certain children who are placed outside their own homes. Specifically, states may earn Title IV-E funds for the "room and board" costs of providing out-of-home care, for related administrative costs, and for costs associated with training staff and service providers. The federal Title IV-E program is an open-ended entitlement program, so there is no dollar limit on what any state may earn. Federal Title IV-E funds are earned on a matching basis, and the match ratio varies by activity. In general, Title IV-E funds are provided on a 50/50 basis, except that eligible training expenses are reimbursed at a higher 75/25 (federal/state) ratio. Title IV-E funds are appropriated directly throughout the Division of Child Welfare to reflect anticipated federal reimbursements.

Pursuant to Section 26-1-111 (2) (d) (II) (C), C.R.S., federal funds earned in excess of these appropriations are deposited each year into the Excess Federal Title IV-E Cash Fund. Such funds are appropriated in the subsequent year for distribution to counties, including for county administrative activities related to Title IV-E. Thus, funds available for appropriation in FY 2009-10 are based on the Excess federal Title IV-E funds earned in FY 2008-09.

The Department requests, and staff recommends, that $1,710,316 in excess Title IV-E earnings be appropriated for FY 2009-10 through this line item. This reflects the elimination of a 1.5 percent provider rate increase provided in FY 2008-09 ($25,655), consistent with JBC common policy.

Staff notes that the most recent projections for federal Title IV-E revenue discussed above indicate that there may not be sufficient revenues to cover this appropriation. The Department's six-month projection for Title IV-E for FY 2008-09 reflects a total of $935,365 will be available in the Excess Title IV-E Cash Fund for expenditure in FY 2009-10.

EXCESS TITLE IV-E REIMBURSEMENTS

In addition to providing moneys to counties to defray the costs of Title IV-E administrative functions, Section 26-1-111 (2) (d) (II) (C), C.R.S., also allows the General Assembly to appropriate to the Department moneys for TANF related purposes, child care assistance, and child welfare services. These moneys are appropriated for allocation to the counties.

The Department requests $2,200,230 for this line item, including reductions of $459,113 for Decision Items #16 and $140,657 Supplemental #10 (Administrative Review Unit staffing). Staff notes:

- The adjustment requested for Decision Item #16 reflects a technical error: additional direct Title IV-E federal funding for the Administrative Review Unit will only affect the Excess Title IV-E Cash Fund in the subsequent fiscal year (in this case FY 2010-11). No adjustment to this line item is appropriate associated with FY 2009-10 increases for the Administrative

Review Unit.

- An adjustment is appropriate associated with the supplemental increase approved for the Administrative Review Unit for FY 2008-09 (Supplemental/budget Amendment #10). Committee action was for $54,282, rather than the $140,657 requested.

- The above is largely irrelevant as, due to the refinance over $1.5 million General Fund in FY 2008-09 with direct federal Title IV-E appropriations, as well as continuing declines in federal Title IV-E revenue, it does not appear that any of the requested funding for this line item will be available in FY 2009-10.

Based on the impact of the federal stimulus legislation, and appropriations that may be made in response to that, this figure may change. However, **for the present, staff recommends no appropriation for this line item and that the line item be eliminated for FY 2009-10.**

FAMILY AND CHILDREN'S PROGRAMS

This line item was established largely as a result of the Child Welfare Settlement Agreement (which was finalized in February 1995). The settlement agreement required a number of improvements in the child welfare system, including: (1) an increase in the number of county caseworkers and supervisors; (2) improvements in the amount and types of training provided to caseworkers, supervisors, and out-of-home care providers; (3) the provision of core services to children and families (described below); (4) improvements in investigations, needs assessments, and case planning; (5) improvements in services to children placed in residential care; (6) increased rates for out-of-home care providers and elimination of certain rate disparities; and (7) the development of a unitary computerized information system (the Colorado Trails System). In January 2002, the parties agreed that the Department and counties were in substantial compliance with the terms of the settlement agreement, and it was terminated.

This line item historically provided funding for three purposes (staff, training, and core services), but the General Assembly transferred staff and training to other line items. Currently, the line item funds only "core services" to families with children that are at imminent risk of placement outside the home.

Description of "Core Services". Pursuant to Section 19-3-208, C.R.S., the following services are to be made available and provided based upon the State's capacity to increase federal funding or any other moneys appropriated for these services and as determined necessary and appropriate by individual case plans:

- ❑ transportation;
- ❑ child care;
- ❑ in-home supportive homemaker services;
- ❑ diagnostic, mental health, and health care services;
- ❑ drug and alcohol treatment services;
- ❑ after care services to prevent a return to out-of-home placement;
- ❑ family support services while a child is in out-of-home placement including home-based services, family counseling, and placement alternative services;
- ❑ financial services in order to prevent placement; and
- ❑ family preservation services, which are brief, comprehensive, and intensive services provided to prevent the out-of-home placement of children or to promote the safe return of children to the home. Such services are further described and authorized at 26-5.5-101 through 106, C.R.S.

In addition, pursuant to Section 26-5.3-105, C.R.S., "emergency assistance" shall be made available to or on behalf of children at imminent risk of out-of-home placement. Emergency assistance includes:

- ❑ 24-hour emergency shelter facilities;
- ❑ information referral;
- ❑ intensive family preservation services;
- ❑ in-home supportive homemaker services;
- ❑ services used to develop and implement a discrete case plan; and
- ❑ day treatment services for children.

Summary of Department Request and Staff Recommendation. The Department request and staff recommendations are detailed in the tables below.

Department REQUEST - Family and Children's Programs				
	TOTAL	**General Fund**	**Cash Funds**	**Federal Funds**
H.B.. 08-1375 Appropriation	$45,081,257	$37,774,876	$5,213,955	$2,092,426
BA #NP HCPF 2 (Admin. Case Management)	608,593	608,593	0	0
SBA #3 (Title IV-E adjustments)	0	(560,605)	0	560,605
BA #36 (Refinance with TANF)	0	(9,500,000)	0	9,500,000

Department REQUEST - Family and Children's Programs				
	TOTAL	**General Fund**	**Cash Funds**	**Federal Funds**
BA #51 (Provider Rate Reduction	(675,832)	(567,855)	(77,054)	(30,923)
Total Request	**$45,014,018**	**$27,755,009**	**$5,136,901**	**$12,122,108**

The staff recommendation is summarized in the table below. As shown, **the primarily difference between the staff recommendation and the Department request is that staff has included the funding associated with the Department's Child Welfare Functional Family Therapy Request (Decision Item #4) in this line item and proposes that it be used more broadly, and to assist more counties, than was requested by the Executive.** In addition, as previously discussed, staff has not included an adjustment related to SBA #3 in this line item.

Staff RECOMMENDATION- Family and Children's Programs				
	TOTAL	**General Fund**	**Cash Funds**	**Federal Funds**
H.B.. 08-1375 Appropriation	$45,081,257	$37,774,876	$5,213,955	$2,092,426
BA #NP HCPF 2 (Admin. Case Management)	608,593	608,593	0	0
SBA #3 (Title IV-E adjustments)	0	0	0	0
BA #36 (Refinance with TANF)	0	(9,500,000)	0	9,500,000
BA #51 (Provider Rate Reduction)	(675,832)	(567,855)	(77,054)	(30,923)
Increase for Core Services in lieu of DI #4	3,281,941	2,632,599	649,342	0
Total Request	**$48,295,959**	**$30,948,213**	**$5,786,243**	**$11,561,503**

BA NP HCPF 2 - Administrative Case Management

The request and recommendation for this item is to continue an increase of $608,593 General Fund for this line item approved for FY 2008-09. The request is a companion to a reduction to Medicaid funding for administrative case management in the Department of Health Care Policy and Financing, based on federal restrictions for billing for this service. General Fund was moved from the Department of Human Services, Division of Child Welfare, to the Department of Health Care Policy and Financing in order to draw down additional federal funds for related administrative case management by counties. As the Department of Health Care Policy and Financing does not believe federal authorities will permit it to fully use these funds to match federal Medicaid amounts, the

Departments have proposed to return General Fund that cannot be matched with federal funds to the Department of Human Services' line items. The statewide net General Fund impact of the change is $0, although the impact on counties is a loss of matching federal Medicaid funds.

SBA #3 - True-up Title IV-E Funding

As discussed related to the Administrative Review Unit, this budget amendment proposes to reallocate General Fund and federal Title IV-E amounts between the Administrative Review Unit, the Child Welfare Administration line item and the Family and Children's Program line item. The net fiscal impact of these adjustments would be $0 Department-wide. However, the Department's proposal is to more accurately reflect in the appropriation where Title IV-E federal revenues are earned. As previously discussed, the staff recommendation does not include an adjustment for the Family and Children's Program line item.

BA #36 - Refinance Core Programs

The Department proposes to refinance Child Welfare by reducing the appropriation for core services by $9,500,000 General Fund and refinancing this with $9,500,000 of Temporary Assistance for Needy Families (TANF) federal block grant funding. Services to the Child Welfare system would not be interrupted.

The request notes that core services include family preservation and emergency assistance services. The TANF program (Colorado Works) allows states to sue these federal funds to help keep eligible children with their families, to support and preserve the family unit. One of the primary purposes of TANF is to assist needy families so that children can be cared for in their own homes. This is aligned with the family preservation program. The request includes a corresponding federal funds decrease to the Office of Self Sufficiency, Colorado Works Program line item to fund this refinance. By reducing the Colorado Works Program, County Block Grant appropriation, counties will have less funding available to support Colorado Works programs at the county level.

Staff recommends this request to refinance $9.5 million in this line item with TANF funds, pending further analysis related to figure setting for the Colorado Works program. Staff believes the requested use of TANF funds is consistent with state and federal requirements. Staff's primary concerns relate to the status of the State's Maintenance of Effort (MOE) for the TANF program, as this line item previously provided a significant source for the TANF MOE, and a number of other TANF MOE line items are being negatively impacted by state budget cuts. Staff has also requested that the Department develop some additional analysis of the status of TANF funding, taking into consideration the projected impact of S.B. 07-177 and the federal stimulus package. This will be discussed during figure setting for self-sufficiency programs.

BA #51 - Provider Rate Reduction

The Department requests, and staff recommends, a reduction of $675,832, including $567,855 General Fund to eliminate the provider rate increase originally provided for FY 2008-09. This is consistent with the JBC's common policy for provider rates.

Staff Recommendation in lieu of Decision Item #4 - Functional Family Therapy

Decision Item #4. The Department requested $3,281,941, including $2,632,599 General Fund and $649,342 cash funds (county match) and 0.5 FTE for this decision item. The request is for ongoing funding for $3.2 million, including $2.6 million General Fund with the balance county matching funds, to support four functional family therapy teams and 0.5 FTE at the Department to oversee these efforts.

The request identifies functional family therapy as a well-documented, evidence-based program targeted at high risk, serious offenders ages 11-17, *i.e.,* youth who may be placed in youth corrections, as well as child welfare programs. The request indicates that it will "first be targeted to a county or region of counties participating in the Collaborative Management Program and in need of additional functional family therapy services for youth identified in their collaborative management agreement." This initiative is also identified as one of the Executive's recidivism reduction programs.

The program is targeted to youth and their families, whose problems range from acting out, to conduct disorder, to substance abuse. The programs for which funding is requested would be expected to serve approximately 480 youth per year and provide 8-12 sessions on average to each family (up to 30 sessions depending on the family's needs). A therapist works with the family to motivate the family to change specific behaviors, improve communication, develop problem solving skills, parenting skills, and relationships. The program treats youth in their own homes and with their families as way of preventing further delinquent acts and avoiding incarceration or restrictive out-of-home placements.

The Department's request included a cost-benefit analysis which indicated that there should be net savings (cost avoidance) as a result of this initiative. The results are based on the assumption that 15.9 percent of those served (76 of the 480 youth) will, as a result of the program, avoid any further involvement in child welfare or the division of youth corrections. This assumption is based on a Washington State Institute for Public Policy study of functional family therapy results. Based on this, and other assumptions, the Department estimates the following cost-avoidance of the program in the Divisions of Child Welfare and Youth Corrections by FY 2011-12. (Costs and savings estimated in FY 2009-10 and FY 2010-11 are affected by start-up costs and program roll-out).

Department Cost - Benefit Analysis for Functional Family Therapy Decision Item #4		
		FY 2011-12 (1st full year savings)
Cost		**$3,226,834**
Benefit Child Welfare TRCCF costs (don't serve 76 youth x $50,512)	3,838,912	
Benefit Child Welfare Out of Home costs (step-down) (66 youth x $15,058)	1,361,118	
Benefit Youth Corrections step-up (step-up population) (10 youth x $113,891)	1,135,830	
Total Benefit		**6,335,860**
Net Cost Avoidance		**$3,109,026**

Currently, some functional family therapy programs are supported in the child welfare budget via the Core Services line item. Others are supported through funding in the mental health system. According to the Department, there are currently ten Functional Family Therapy providers state-wide. Most of these are mental health centers.

Staff Recommendation. Staff does not recommend the request to add four functional family therapy pilot programs with 0.5 FTE at the Department to provide oversight. In lieu of this, staff recommends adding the additional funds for broader distribution to evidence-based programs for adolescents, consistent with the requirements detailed in FY 2008-09 Long Bill Footnote 33.

33 **Department of Human Services, Division of Child Welfare, Family and Children's Programs** -- It is the intent of the General Assembly that $4,088,723 of the funds appropriated for this line item be used to assist county departments of social services in implementing and expanding family- and community-based services for adolescents. It is the intent of the General Assembly that such services be based on a program or programs that have been demonstrated to be effective in reducing the need for higher cost residential services.

This targeted funding was added by the General Assembly between FY 2003-04 and FY 2005-06 and supports 25 programs including functional family therapy and multi-systemic therapy programs. Counties were required to apply for this new funding when it first became available. The services offered were required to be evidenced-based services for adolescents, and counties were required to provide a 20 percent funding share. Applications were reviewed by a panel comprised of staff from multiple department divisions. For the last several years, ongoing funding for the approved programs has been provided, along with annual provider rate increases. However, no additional funding has been made available.

- Overall, the goals of the evidence-based programs specified in footnote 33 are the same as those outlined in the Department's Decision Item #4, *i.e.*, provision of certain kinds of services to adolescent youth in order reduce the need for more expensive and inappropriate placements.

In Colorado, youths between the ages of 10 and 17 who have been adjudicated on a delinquency petition and require residential placement out of the home can be served through either the child welfare system or the Division of Youth Corrections. The Judicial Branch makes the determination, on a case-by-case basis, which system is appropriate for the youth. Studies that have been conducted to date indicate that the youths served by the child welfare and youth corrections systems are more similar than dissimilar. Further, far more adolescents are served by the child welfare system than the youth corrections system. This targeted funding is designed to conform to research recommendations to: (1) encourage agencies to serve youths in their homes and communities whenever possible; (2) reduce unnecessary placements of delinquents to group homes and residential treatment centers; and (3) discourage the commitment of non-dangerous youths to state correctional facilities.

- The difference between the request and the recommendation is that staff anticipates that, as recommended, funds would be more broadly distributed. Further, funds could be used for programs other than functional family therapy to the extent a county--or groups of counties--saw a more pressing need for a different kind of evidence-based program.

In light of the overall reductions in funding to counties for the child welfare block, staff believes it is appropriate to distribute any additional funding available to a broader array of counties, rather than focusing very intensive and expensive services to just four regions.

- Staff notes that the proposed increase falls into the discretionary category. To the extent the JBC needs additional funds to balance this would be a reasonable candidate for not funding at all. However, to the extent that these funds can be retained in the budget, staff believes they would be beneficial.

In a budget shortfall environment, counties may be less inclined to put funds toward programs designed to limit out of home placements, as they focus limited resources on youth in immediate crisis and immediate need of out-of-home placement. This kind of initiative can help ameliorate some of the pressure to de-fund services that, in the long-term, may be cost-effective for the state as a whole.

PERFORMANCE-BASED COLLABORATIVE MANAGEMENT INCENTIVES

This line item was first appropriated in FY 2005-06 to provide spending authority for the Department to provide incentives to counties pursuant to H.B. 04-1451 and previous legislation.

House Bill 04-1451, as amended by H.B. 08-1005. House Bill 04-1451, codified at Section 24-1.9-101 through 104, C.R.S., authorizes (but does not require) each county department of social services to enter into a memorandum of understanding (MOU) with local representatives of various agencies to promote a collaborative system of services to children and families. If a county department elects to enter into an MOU pursuant to this bill, the MOU is required to include local representatives from the following agencies:

- the local judicial districts, including probation services;
- the health department, whether a county, district, or regional health department;
- the local school district or school districts;
- each community mental health center;
- each behavioral health organization (BHO);
- the Division of Youth Corrections; and
- alcohol and drug abuse managed service organizations.

The statute encourages local agencies to enter into MOUs by region, and recommends that the agencies seek input, support, and collaboration from key stakeholders in the private and non-profit sectors, as well as from parent advocacy or family advocacy organizations.

Parties to each MOU are required to establish collaborative management processes that are designed to: (1) reduce duplication and eliminate fragmentation of services; (2) increase the quality and effectiveness of services; and (3) encourage cost-sharing among service providers. The bill also authorizes departments and agencies that provide oversight to the parties to the MOU to issue waivers of state rules necessary for effective implementation of the MOUs that would not compromise the safety of children. Through the establishment of a local interagency oversight group, parties to an MOU are to create a procedure to allow General Fund savings realized as a result of the MOU to be reinvested in services for children and families. General Fund savings associated with the program, that are to be retained by participating counties, are to be determined based on rules established by the State Board of Human Services.

Parties to an MOU may agree to attempt to meet certain performance measures, specified by the Department and the Board of Human Services. Local interagency groups that choose this option are eligible to receive incentive moneys from the "Performance-based Collaborative Management Incentive Cash Fund". Incentive moneys, which are allocated by the Department to those interagency groups that meet or exceed the specified performance measures, are to be reinvested in services for children and families. The Department is authorized to contract for external evaluation of the program.

The number of collaborative management programs has grown significantly in the last several years. In FY 2006-07, 10 counties participated. In FY 2007-08, 18 counties participated in these programs. As of FY 2008-09, 24 counties were participating. Nine of the 10 largest counties have implemented Collaborative Management to varying degrees, *i.e*. different populations of children and families who would benefit from multi-agency services are identified according to the county and community's needs. In FY 2008-09, 80 percent of the managed care counties targeted outcomes of reducing placement, reducing high cost placement or reducing length of stay. Activities ranged from investing in outcomes evaluation and research intended to guide practice, creation of a high fidelity wraparound service designed to reduce use and length of stay in institutional care, to implementing a single entry point for families and using cross systems service plans.

Funding for the Program. House Bill 04-1451 amended a number of existing statutory provisions to change the destination of approximately $2.1 million in civil docket fee revenue. For FY 2007-08, the Performance Incentive Cash Fund was repealed and all moneys in the fund were transferred into the Performance-based Collaborative Management Incentive Cash Fund. In addition, the fund received transfers from the family stabilization services fund and from docket fees in civil actions - dissolution of marriage - as specified in Section 13-32-101 (1) (a), C.R.S. The present status of the cash fund is reflected below. The Department's revenue projection for FY 2008-09 is considerably lower than the $2.8 million annual revenue projected.

Note that this program is anticipated to have a $1.7 million fund balance at the beginning of FY 2009-10. **If needed, the Committee could choose to transfer some or all of this balance to the General Fund, but this would require the Department to substantially reduce the program in FY 2009-10.** The Department has not requested this, and staff has not recommended it, due to the rapid growth of the program and the ongoing spend-down of reserves.

Performance-based Collaborative Management Incentive Cash Fund

	Actual FY 06-07	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10	Projected FY 10-11
Cash balance beginning of year	730,980	3,543,493	3,070,676	1,680,313	300,150
Actual/anticipated cash inflow	4,887,513	2,686,172	2,175,337	2,175,337	2,175,337
Actual/appropriated cash outflow	2,075,000	3,158,989	3,565,700	3,555,500	3,555,500
Actual/anticipated liquid fund balance	3,543,493	3,070,676	1,680,313	300,150	(1,080,013)

Performance-based Collaborative Management Incentive Cash Fund					
	Actual FY 06-07	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10	Projected FY 10-11
Difference - cash inflow less outflow	2,812,513	(472,817)	(1,390,363)	(1,380,163)	(1,380,163)

Request and Recommendation. The Department requests, and staff recommends, a continuing level of appropriation of $3,555,500 cash funds. Staff also recommends continuing a footnote clarifying that funding at the current level is not sustainable.

INDEPENDENT LIVING PROGRAM

This line item reflects, for informational purposes, federal Title IV-E "Chafee Foster Care Independence Program" funds that are available to states to provide services for youth up to age 21 who are, or will be, emancipating from out-of-home residential care. While some counties use other existing funding sources to support staffing units devoted to independent living and emancipation services, federal Chafee funds provide the primary source of funding for independent living services in Colorado. These federal funds support direct services to eligible youth, as well as technical assistance, program and policy development, monitoring, and program administration.

Studies concerning the circumstances of youth after leaving foster care indicate that this population is at higher risk of experiencing unemployment, poor educational outcomes, poor health, long-term dependency on public assistance, and increased rates of incarceration when compared to their peers in the general population. Since 1986, the federal government has provided states with funding to develop independent living programs intended to minimize these negative effects and prepare youth for adulthood.

Independent living programs are designed for youth who need to develop the skills necessary to lead self-sufficient, healthy, productive and responsible interdependent lives. Services are focused on encouraging the development of support systems within the community, education, career planning, money management, securing and maintaining a stable source of income and affordable housing, and health and safety. It is a goal that all youth that leave the program have completed their high school education and are continuing to participate in an educational program or obtaining a training certificate in a specific skill area and are working while in the program. County departments of social services have the flexibility to provide direct services in the manner that works well for their county and the population they serve.

This program also works in conjunction with other programs to provide services to youth emancipating from foster care. Two examples include:

- The Supportive Housing and Homeless Program [this program is also funded with 100 percent federal funds available from the Department of Housing and Urban Development] was awarded 100 time-limited (18-month) housing vouchers for youth who have aged out of foster care. In June 2002, the Department began using these vouchers to provide housing and transitional living services to young adults aging out of foster care.

- In January 2002, the President signed legislation[3] that authorized additional Title IV-E funds (up to $60.0 million per year nationally) for educational and training vouchers for youths who age out of foster care (including youth who are adopted out of foster care after age 15). Eligible youth may receive vouchers for up to $5,000 per year for four years to attend college, a university, or an accredited vocational or technical training program. The funds may be used for tuition, books or qualified living expenses. These funds are available on a first-come, first-served basis to students out of the Colorado foster care system. The Division of Child Welfare contracted with the Orphans Foundation, a non-profit organization, to administer and track Colorado's share of the funds [see www.statevoucher.org].

The Department requests a continuation level of funding for this line item of $2,826,582 federal funds. **Staff recommends the Committee approve the Department's request for a continuation level of funding for this line item of $2,826,582 federal funds. Staff also recommends that 4.0 FTE that are being funded by these dollars on an ongoing basis be reflected in the Long Bill.**

PROMOTING SAFE AND STABLE FAMILIES PROGRAM

This program, authorized under Sub-Part 2 of Title IV-B of the federal Social Security Act, provides funding for local communities to provide a variety of services to families in times of need or crises. This program promotes permanency and safety for children by providing support to families in a flexible, family-centered manner through a collaborative community effort. While a small portion of the federal funds are used to support 2.0 FTE state staff responsible for administering the program, the majority of the funds are made available to local communities and tribes.

Each local site is required to have a Community Advisory Council comprised of governmental and community stakeholders, family advocates and parents, and consumers to help direct the project. Currently, 36 counties and the Ute Mountain Ute tribe receive funding to:

- reunify children placed in the foster care system with their families;

[3] Public Law 107-133: Title II, Section 201 of the Amendments, entitled "Educational and Training Vouchers for Youths Aging Out of Foster Care", amends section 477 of Title IV-E of the Act.

- support and promote adoption or permanent placement with kin for children who cannot be safely returned home; and
- prevent child abuse and neglect in at-risk families.

Seventy-nine percent of program funds are awarded to local communities, 13 percent is set aside to provide support to adoptive families, and the remainder is used for administrative costs, technical assistance, and training.

A 25 percent match is required to draw down the federal funds. The General Fund is used to provide the match for the portion of the funds that are used for state-level staff and activities, and local communities are required to provide the match for the funds they receive.

The Department requests **$4,461,376, including $51,439 *net* General Fund, and 2.0 FTE** for this line item. **Staff recommends the Committee approve the request, which is consistent with a common policy calculation.** The staff recommendation is detailed in the following table.

Summary of Recommendation: Promoting Safe and Stable Families Program					
Description	**Total Funds**	**General Fund**	**Local Funds**	**Federal Funds**	**FTE**
H.B. 08-1375 Personal Services	$185,590	$46,398	$0	$139,192	2.0
FY 2007-08 Salary Survey	2,893	723	0	2,170	0.0
FY 2007-08 Perform. Pay (80%)	824	206	0	618	0.0
Subtotal - Personal Services	**189,307**	**47,327**	**0**	**141,980**	**2.0**
S.B. 07-239 Operating Expenses	16,449	4,112	0	12,337	0.0
Amount available to pass through to locals	4,255,620	0	1,064,100	3,191,520	0.0
TOTAL RECOMMENDATION	**$4,461,376**	**$51,439**	**$1,064,100**	**$3,345,837**	**2.0**

FEDERAL CHILD ABUSE PREVENTION AND TREATMENT ACT GRANT

This line item reflects funding and staff responsible for administering grants available pursuant to Section 106 of the Child Abuse Prevention and Treatment Act (CAPTA), as amended by Public Law 105-235. Under federal law, states have five years to spend the funds available through this grant program. Funding is allotted to states annually on a formula basis according to each state's ratio of children under the age of 18 to the national total. This grant program requires each state to submit a five-year plan and an assurance that the state is operating a statewide child abuse and neglect program that includes specific provisions and procedures. Among other things, these assurances include:

- establishment of citizen review panels;
- expungement of unsubstantiated and false reports of child abuse and neglect;
- preservation of the confidentiality of reports and records of child abuse and neglect, and limited disclosure to individuals and entities permitted in statute;
- provision for public disclosure of information and findings about a case of child abuse and neglect that results in a child fatality or near fatality;
- the appointment of a guardian ad litem to represent a child's best interests in court; and,
- expedited termination of parental rights for abandoned infants, and provisions that make conviction of certain felonies grounds for termination of parental rights.

The CAPTA State Grant program provides states with flexible funds to improve their child protective service systems in one or more of the following areas:

- the intake, assessment, screening, and investigation of reports of abuse and neglect;
- protocols to enhance investigations;
- improving legal preparation and representation;
- case management and delivery of services provided to children and their families;
- risk and safety assessment tools and protocols;
- automation systems that support the program and track reports of child abuse and neglect;
- training for agency staff, service providers, and mandated reporters; and
- developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors.

The Department requests $386,067 federal funds and 3.0 FTE for this line item. **Staff recommends the Committee approve the request, with the exception that staff has not included the request for DI #NP 2, which is pending a common policy decision.** Staff's recommendation, calculated consistent with common policy, is reflected below.

Summary of Recommendation: Federal Child Abuse Prevention and Treatment Act Grant		
Description	**Federal Funds**	**FTE**
FY 2008-09 Personal Services	$202,658	3.0
FY 2008-09 Salary Survey	5,986	0.0
FY 2007-08 Performance Pay at 80 percent	1,709	0.0
Subtotal: Personal Services	**210,353**	**3.0**
Operating Expenses (Assuming $500/FTE)	1,500	0.0
Amount Available for Various Activities Authorized Under Federal Law2	174,174	0.0
TOTAL RECOMMENDATION	**$386,027**	**3.0**

CHILD WELFARE AND MENTAL HEALTH SERVICES PILOT (H.B. 08-1391)

H.B. 08-1391 (Romanoff and Buescher/Keller and Morse) required the Department to issue a request for proposals for the selection of a contractor to develop and implement a program to provide mental health screening and evaluations and mental health services for any child ages 4 through 10 who is the subject of a substantiated case of abuse or neglect, and to his or her siblings. The pilot program was to be implemented in a minimum of three Colorado counties on or before July 1, 2009. In response to Department Supplemental/Budget Amendment #21, the JBC is sponsoring a bill to delay this program to 2015. If adopted by the General Assembly, the FY 2008-09 appropriation of $1,925,169 for this program would be eliminated and the originally requested appropriation of $3,472,530 will not be required. **No appropriation is requested or recommended, pending enactment of the bill to delay implementation of the program.**

CHILD WELFARE ACTION COMMITTEE (H.B. 08-1404)

House Bill 08-1404 funded the executive order that established the Child Welfare Action Committee. The FY 2008-09 appropriation was comprised of $350,000 General Fund and $200,000 cash funds from the Child Welfare Action Committee Cash Fund. This cash fund was created by the bill and initially funded via a statutory requirement that the first $200,000 of the Department of Human Services' FY 2007-08 General Fund reversions would be deposited into the cash fund. The Department's request for the FY 2009-10 budget simply reflects continuing funding for the Child Welfare Action Committee of $550,000, including $350,000 General Fund and $200,000 cash funds. The Committee's final report to the Governor is due December 31, 2009, 6 month through FY 2009-10. The fiscal note for the bill indicated an assumption that the Committee would require funding in FY 2009-10, but that this would be addressed through the budget process.

Pursuant to Section 26-1-135 (2), moneys in the Fund are continuously appropriated to the Department of Human Services and do not revert to the General Fund. The Department indicates that it anticipates that amounts in the cash fund will not be spent as of the end of FY 2008-09 and will instead be spent in FY 2009-10. Staff is therefore recommending reflecting this cash fund amount for informational purposes. However, in the absence of any information indicating that the requested General Fund appropriation is needed in FY 2009-10, **staff is not recommending the General Fund portion of the request.**

CHILD WELFARE FUNCTIONAL FAMILY THERAPY [new line item]
Through Decision Item #4, the Department requested creation of a new program for $3,281,941, including $2,632,599 General Fund, to support four functional family therapy teams and 0.5 FTE at the Department to oversee these efforts. As previously discussed, **staff has recommended an increase to the Core Services appropriation in lieu of this request for a new line item.**

FOOTNOTES

Staff recommends the following footnotes be **continued**:

29 **Department of Human Services, Division of Child Welfare** -- It is the intent of the General Assembly to encourage counties to serve children in the most appropriate and least restrictive manner. For this purpose, the Department may transfer funds among all line items in this long bill group total for the Division of Child Welfare.

Comment: The Department has annually transferred moneys when necessary.

Staff recommends the following footnotes be **continued as amended**:

33 **Department of Human Services, Division of Child Welfare, Family and Children's Programs** -- It is the intent of the General Assembly that ~~$4,088,723~~ $7,310,240 of the funds appropriated for this line item be used to assist county departments of social services in implementing and expanding family- and community-based services for adolescents. It is the intent of the General Assembly that such services be based on a program or programs that have been demonstrated to be effective in reducing the need for higher cost residential services.

Comment: Staff has recommended that funding requested pursuant to Decision Item #4 be instead added to the programs authorized by this footnote. The revised figure includes this addition, as well as elimination of the FY 2008-09 provider rate increase.

34 **Department of Human Services, Division of Child Welfare, Performance-based Collaborative Management Incentives –** The total appropriation in this line item exceeds the projected ongoing revenue stream for the Collaborative Management Incentives Cash Fund. ~~by over $350,000.~~ Therefore, appropriations at the current level may not be available ~~after FY 2009-10,~~ when reserves are ~~projected to be~~ exhausted.

Comment: The projection for this cash fund has fluctuated so greatly that precisely when reserves will be exhausted is not clear, though the end of FY 2009-10 appears likely. Regardless, staff believes it is helpful to remind programs accessing this fund source that funding at this level may not be ongoing.

Staff recommends the following footnotes be **discontinued**.

30 **Department of Human Services, Division of Child Welfare, Child Welfare Services** -- Pursuant to Section 26-5-104 (6), C.R.S., counties are authorized to negotiate rates, services, and outcomes with child welfare service providers and are thus not required to provide a specific rate increase for any individual provider. This provision does not apply, however, to Medicaid treatment rates. The funding appropriated for this line item includes an increase of $5,019,160 based on a 1.5 percent increase in funding for county staff salaries and benefits and a 1.5 percent increase in community provider rates and Medicaid treatment rates. The purpose of this increase is to provide counties and tribes with additional funds to increase community provider rates and to pay for increases in Medicaid treatment rates.

Comment: This footnote is not necessary in the absence of a rate increase. Furthermore, county flexibility related to rates has been somewhat constrained pursuant to Section 26-5-104 (c), C.R.S., which specifies that "a county that negotiates or renegotiates rates, services, and outcomes...shall include as part of such negotiations...cost of living adjustments and provider rate increases approved by the general assembly".

31 **Department of Human Services, Division of Child Welfare, Excess Federal Title IV-E Reimbursements** -- Section 26-1-111 (2) (d) (II) (C), C.R.S., authorizes the General Assembly to annually appropriate moneys in the Excess Federal Title IV-E Reimbursements Cash Fund to the Department of Human Services for allocation to the counties for the provision of assistance, child care assistance, social services, and child welfare services. This provision also authorizes the General Assembly to specify, in the annual appropriations act, that counties shall expend such moneys in a manner that will be applied toward the state's maintenance of historic effort as specified in section 409 (a) (7) of the federal Social Security Act, as amended. Pursuant to this statutory authority, the General Assembly hereby specifies that counties shall expend $1,000,000 of the moneys received through this line item appropriation for FY 2008-09 in a manner that will be applied toward the state's maintenance of historic effort related to the federal Temporary Assistance for Needy Families program.

Comment: Based on information currently available, it does not appear that revenue will be available in this line item for FY 2009-10. Staff may revise the recommendation regarding both the line item and the footnote based on further analysis of federal stimulus legislation and the status of the State's Maintenance of Effort for TANF.

32 **Department of Human Services, Division of Child Welfare, Family and Children's Programs** -- Pursuant to Section 26-5-104 (6), C.R.S., counties are authorized to negotiate rates, services, and outcomes with child welfare service providers and are thus not required to provide a specific rate increase for any individual provider. The funding appropriated for this line item includes an increase of $675,831 based on a 1.5 percent increase in funding that is allocated to counties and tribes. The purpose of this increase is to provide counties and tribes with additional funds to increase rates paid to community providers.

Comment: This footnote is not necessary in the absence of a rate increase. Furthermore, county flexibility related to rates has been somewhat constrained pursuant to Section 26-5-104 (c), C.R.S., which specifies that "a county that negotiates or renegotiates rates, services, and outcomes...shall include as part of such negotiations...cost of living adjustments and provider rate increases approved by the general assembly".

INFORMATION REQUESTS

36 **Department of Human Services, Division of Child Welfare and Totals** – The Department is requested to provide a report to the Joint Budget Committee by October 1 of each fiscal year concerning the amount of federal revenues earned by the State for the previous fiscal year, pursuant to Title IV-E of the Social Security Act, as amended; the amount of money that was expended for the previous state fiscal year, including information concerning the purposes of the expenditures; and the amount of money that was credited to the Excess Federal Title IV-E Reimbursements Cash Fund created in Section 26-1-111(2) (d) (II) (C), C.R.S.

Comment: The report is requested annually and is extremely useful in the budgeting process.

37 **Department of Human Services, Division of Child Welfare** -- The Department is requested to provide to the Joint Budget Committee, by November 1, 2008, information concerning the gross amount of payments to child welfare service providers, including amounts that were paid using revenues other than county, state, or federal tax revenues. The Department is requested to identify amounts, by source, for the last two actual fiscal years.

Comment: The Department has provided the requested information annually. Staff believes the report provides useful background information for staff and interested legislators and members of the public.

38 **Department of Human Services, Division of Child Welfare, Child Welfare Services** -- The Department is requested to provide to the Joint Budget Committee, by November 1, 2008, information concerning actual expenditures for the last two fiscal years for services that are now funded through this consolidated line item. Such data should include the following: (a) Program services expenditures and the average cost per open involvement per

Comment: The Department has provided the requested report annually. It provides useful background information for staff and the General Assembly.

Staff recommends the **addition** of the following request for information.

N **Department of Human Services, Division of Child Welfare, Training** -- The Department is requested to provide additional information on the State's child welfare training efforts and the need for child welfare training funds, including the following: (1) the number of individuals employed and annual rate of turnover, by county, for child welfare caseworkers and supervisors and any other job classification for which the Department provides training; and (2) the number of training sessions provided and anticipated to be required annually, based on the data provided on county employees and turnover.

Comment: As discussed pursuant to Decision Item #7, the amount of training required in Colorado is driven by county turnover. Thus, the State must begin to better track county turnover information and how this drives these needs.

(6) DIVISION OF CHILD CARE

Background Information: Federal Child Care Funds. Unlike most sources of federal funds, the General Assembly has the authority to appropriate federal Child Care Development Funds (CCDF). The CCDF funds available to the state each year consist of three components. Each component, summarized below, has its own rules regarding funding and periods of obligation and expenditure.

- *Mandatory Funds* - Each state receives "mandatory" funds based on the historic federal share of expenditures in the state's Title IV-A child care programs (AFDC, JOBS, Transitional, and At-Risk Child Care). No state match is required to spend mandatory funds. Mandatory funds are available until expended, unless the state chooses to expend federal "matching" funds. To qualify for its share of federal matching funds, a state must obligate its mandatory funds by the end of the federal fiscal year in which they are granted.

- *Matching Funds* - A state's allocation of federal matching funds is based on the state's relative share of children under age 13. A state is required to match expenditures of this source of funds based on its applicable federal medical assistance percentage rate (50/50 for Colorado). Matching funds are available to a state if: (a) its mandatory funds are obligated by the end of the federal fiscal year in which they are awarded; (b) within the same fiscal year, the state meets the federal child care *maintenance of effort (MOE) requirement*; and (c) its federal and state shares of the matching funds are obligated by the end of the fiscal year in which they are awarded. Matching funds must be fully expended in two years. With respect to the MOE requirement, a state must continue to spend at least the same amount on child care services that it spent on the Title IV-A child care programs in FFY 1994 or FFY 1995, whichever was greater, to be eligible for its share of the matching funds.

- *Discretionary Funds* - The allocation of these funds among states is based on: a state's relative share of children under age five; a state's relative share of children receiving free or reduced price school lunches under the National School Lunch Act; and, a state's per capita income. No state match is required to spend discretionary funds. States have two years to obligate their Discretionary funds and an additional year to liquidate those obligations. Since FFY 2001, Congress has targeted certain portions of discretionary funds. Thus, a state is required to spend these *targeted discretionary funds* each year for specific types of activities designed to enhance the quality of care, including infant and toddler care as well as school-age care and resource and referral services. <u>In addition to these targeted funds</u>, a states must spend at least *four percent* of all of its expenditures for child care (including the state share of matching funds) on quality activities. Examples of quality activities include:

- ✓ practitioner training and technical assistance;
- ✓ grants or loans to allow programs to purchase needed equipment, make minor renovations, develop new curricula, or pursue accreditation;
- ✓ use of the federal funds to train or to lower caseloads for licensing staff; and
- ✓ grant programs specifically aimed at improving wages for child care providers.

In addition to the Child Care Development Fund federal allocations:

- *TANF Transfer Funds* - The State may transfer up to 20 percent of its Temporary Assistance to Needy Families (TANF) block grant to the Child Care Development Fund (CCDF) block grant.[4] Because most TANF funds are allocated to counties, the State has historically allowed counties to determine the share of their TANF allocations they will transfer to the child care block. In its 2008 audit of the Child Care Assistance Program, the State Auditor's Office noted that the General Assembly could make this decision at the front-end by appropriating a share of the annual TANF allocation to child care programs. However, because counties presently have wide discretion in structuring their Colorado Works and Child Care Assistance Programs, the Department has thus far supported leaving TANF-transfer decisions at the county level. Because of this, there have been large swings in the amount of total spending for child care programs that has been outside of the control of the General Assembly.

2009 Economic Stimulus Bill. The American Recovery and Reinvestment Act of 2009 (the 2009 economic stimulus bill) includes an additional $2.0 billion for states for the period from October 1, 2008 though September 30, 2010 for the Child Care Development Fund block grant. Staff anticipates that this will increase Colorado's federal allocation for this period by approximately $25 to $30 million. The federal law is expected to prohibit the State from using these funds to supplant state General Fund appropriations for child care. Staff will return to the JBC with additional information on any Department request and staff recommendation with respect to the use of the funds. The following is based on the information available thus far.

- Staff will likely recommend that the JBC appropriate the additional funds to the Child Care Assistance Program (CCAP) with approximately half of the appropriation added to the FY 2008-09 budget and half to FY 2009-10 (*i.e.*, $12 to $15 million in each year). Given the magnitude of funds that would need to be spent relatively quickly, staff does not presently see an appropriate alternative.

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[4] Transfer of up to 30 percent to either CCDF or the Title XX (Social Services) block grant is permitted, with a maximum of 10 percent to Title XX. As the transfer to Title XX is consistently used up for child welfare services, up 20 percent is available for transfer to CCDF.

- As reviewed further below, at present counties are projected to over-spend their FY 2008-09 (and likely FY 2009-10) appropriations for the CCAP program by more than $15 million. Under normal circumstances, this over-expenditure would be covered by the transfer of funds from counties' TANF block grant at the close of the year. If the General Assembly uses the additional federal child care block grant funds to increase the appropriation for child care assistance, counties will not need to transfer such TANF funds, *i.e., the total amount of county TANF block grant funds available for counties would effectively increase by the amount of the child care block grant increase.* This would increase the long term TANF reserves and would likely result in additional TANF funds returned to state-controlled TANF reserves, under the provisions of S.B. 08-177.

- In general, expenditures for Child Care Assistance are both slow to grow and slow to decline: if a county increases the income eligibility limit for its program, it may take years for the full impacts of this to be seen; similarly it takes years to achieve decreases. Thus, **staff believes that the primary use of the new federal funds should be to keep county eligibility relatively stable and discourage counties from sharply cutting program eligibility or provider reimbursements in response to other demands for public assistance and county TANF dollars.**

- No increase in county child care contributions would likely be required,, as staff does not expect the additional funds to include matching requirements, and the State would still be in compliance with federal maintenance-of-effort requirements.

- The bill specifies that 11.25 percent of the additional funds will be reserved for quality-related activities, including 4.6 percent targeted to infant and toddler care. Additional analysis will be required to determine the amount of increase that will need to be reflected as an increase to the line item "Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Requirements for Targeted Funds".

Projection for Federal Child Care Development Funds. The table below reflects the overall staff recommendation concerning the use of state-appropriated federal child care development funds for FY 2009-10 and projections for future years **<u>prior to receipt of any federal stimulus funds</u>**. As can be seen:

- The staff recommendation reflects ongoing spend-down of CCDF reserves. However, this spend-down is very gradual.

In relation to this, it should also be noted that the projection:

- Assumes no federal funds increases or decreases in spending for the Colorado Child Care Assistance Program (CCAP) in future years.

- Adds the projected $1.2 million annual maintenance costs for the requested new Child Care Assistance Program Automated Tracking System (CHATS). This may be offset with a decrease in the Child Care Assistance Program, based on legislative direction reflected in Long Bill footnotes; however, the adjustment is not reflected for purposes of the projection.

- Assumes no further increases or decreases in "quality" activity spending. The State is spending substantially more on "quality" activities for FY 2009-10 than is required by federal rules.

FEDERAL CHILD CARE DEVELOPMENT FUNDS (CCDF)							
	FY 2008-09	FY 2009-10		FY 10-11	FY 11-12	FY 12-13	FY 13-14
	Approp.	Request	Recommend	Projection	Projection	Projection	Projection
FUNDS AVAILABLE:							
CCDF Funds Rolled Forward	17,862,584	4,076,293	4,076,293	4,515,413	3,818,487	3,097,383	2,351,799
New Funds Available	62,637,820	62,637,820	62,637,820	62,637,820	62,637,820	62,637,820	62,637,820
TOTAL TANF FUNDS AVAILABLE	**80,500,404**	**66,714,113**	**66,714,113**	**67,153,233**	**66,456,307**	**65,735,203**	**64,989,619**
CCDF EXPENDITURES:							
CHATs Information System Replacement	14,747,783	103,246	103,246	1,239,292	1,263,470	1,287,950	1,287,989
Other Indirect Costs and Information Systems	483,207	953,821	953,821	953,821	953,821	953,821	953,821
Child Care Assistance Program	50,312,605	49,950,001	50,080,067	50,080,067	50,080,067	50,080,067	50,080,067
Child Care Licensing and Administration	3,216,525	3,563,011	3,379,588	3,379,588	3,379,588	3,379,588	3,379,588
Child Care Grants (including targeted funds)	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633
Early Childhood Councils	1,962,593	1,979,040	1,979,040	1,979,040	1,979,040	1,979,040	1,979,040
School-readiness Child Care Subsidization	2,227,765	2,229,305	2,229,305	2,229,305	2,229,305	2,229,305	2,229,305
TOTAL EXPENDITURES	**76,424,111**	**62,252,057**	**62,198,700**	**63,334,746**	**63,358,924**	**63,383,404**	**63,383,443**
AVAILABLE FUNDS LESS EXPENDITURES	**4,076,293**	**4,462,056**	**4,515,413**	**3,818,487**	**3,097,383**	**2,351,799**	**1,606,176**
Annual Grant Compared to Annual Expenditures	(13,786,291)	385,763	439,120	(696,926)	(721,104)	(745,584)	(745,623)

CHILD CARE LICENSING AND ADMINISTRATION

Staffing Summary	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recommend.
Management (Management, General Professional VI and VII)	6.3	7.0	7.0	7.0
Program Assistants	4.2	4.5	4.5	4.5
General Professional/ Licensing Specialists	41.5	48.5	48.5	48.5
Administrative and Technical Support	5.7	5.5	5.5	5.5
Decision Items #8	n/a	n/a	1.0	2.0
Decision Item #18	n/a	n/a	2.0	0.0
TOTAL	57.7	65.5	68.5	67.5

The Division of Child Care is responsible for inspecting, licensing and monitoring child care facilities throughout the state, including child care homes and centers, preschool and school-age child care programs, homeless youth shelters, and summer camps, as well as 24-hour facilities (such as residential treatment facilities, residential child care facilities, and child placement agencies). In some counties, the Division contracts with local entities (*e.g.*, county departments of social services, county health departments, child placement agencies) to perform licensing functions for certain types of facilities. In addition, the Division supervises the county-administered Child Care Assistance Program, and it performs several quality-related functions. This line item provides funding for all Division staff, except the 1.0 FTE associated with the School-readiness Child Care Subsidization Program and the 1.0 FTE associated with the Early Childhood Councils. Of the total appropriation for this line item:

- 42.5 FTE and 74 percent of the total funding (59 percent of the General Fund) relate to licensing all child care facilities and monitoring less-than-24-hour child care facilities;

- 10.0 FTE and 14 percent of the total funding (31 percent of the General Fund) relate to monitoring 24-hour child care facilities (staff functionally located within the Division of Child Welfare); and

- 13.0 FTE and 12 percent of the total funding (10 percent of the General Fund) relate to general administration of the Division (the Division Director, staff that administer the Child Care Assistance Program and child care grants program, staff that provide training and technical assistance to providers and county staff, and staff that ensure compliance with federal laws and regulations).

Pursuant to Section 26-6-105, C.R.S., the Department is to establish license fees pursuant to rules promulgated by the State Board of Human Services. Such fees are not to exceed the direct and indirect costs incurred by the Department. The Department is to develop and implement an objective, systematic approach for setting, monitoring, and revising child care licensing fees by developing and using an ongoing method to track all direct and indirect costs associated with child care inspection licensing, developing a methodology to assess the relationship between licensing costs and fees, and annually reassessing costs and fees and reporting the results to the State Board. The Department is to consider the licensed capacity of facilities and the time required to license facilities.

In recent years, child care licensing fees have covered between 11 and 15 percent of the costs of the licensing program. Fees have been adjusted approximately every five years, with the most recent adjustment September 1, 2008. Fees range from $24 per year for a smaller family child care home to $924 for a secured residential treatment center.

Summary of Department Request and Staff Recommendation. The Department's request for this line item for 6,994,054 ($2,436,743 General Fund) and 68.5 FTE includes various adjustments detailed in the table below, including Decision Items 8, 18, NP-2, BA-39, and BA 51. Budget Amendment 54 reversed the previous Decision Item NP 1 (fleet fuel increase); therefore, neither of these is reflected.

Summary of REQUEST: Licensing and Administration					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
FY 08-09 Personal Services	4,249,008	2,127,694	592,566	1,528,748	65.5
FY 2008-09 Salary Survey	162,057	79,052	22,785	60,220	0.0
FY 2008-09 Performance Pay at 80 percent	46,302	22,586	6,510	17,206	0.0
Decision Item #8 (Child care business partnership)	63,385	0	0	63,385	1.0
Decision Item #18 (CCAP compliance)	125,564	0	0	125,564	2.0
Budget Amendment #39 (licensing refinance)	0	(90,999)	90,999	0	0.0
Subtotal - Personal Services	**4,646,316**	**2,138,333**	**712,860**	**1,795,123**	**68.5**
FY 2008-09 Operating Expenses	442,573	303,593	138,980	0	0.0
Annualize H.B. 08-1388	(5,183)	(5,183)	0	0	0.0

Summary of REQUEST: Licensing and Administration					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
Decision Item #8 (Child care business partnership)	27,778	0	0	27,778	0.0
Decision Item #18 (CCAP compliance)	42,621	0	0	42,621	0.0
Decision Item NP #2 (Postage)	9,375	0	0	9,375	0.0
Subtotal - Operating Expenses	**$517,164**	**$298,410**	**$138,980**	**$79,774**	**0.0**
H.B. 08-1375 Licensing Contractual	1,858,168	0	0	1,858,168	0.0
Budget Amendment #51 (provider rates)	(27,594)	0	0	(27,594)	0.0
Subtotal - Licensing Contractual	**$1,830,574**	**$0**	**$0**	**$1,830,574**	**0.0**
TOTAL REQUEST	**$6,994,054**	**$2,436,743**	**$851,840**	**$3,705,471**	**68.5**

Summary of RECOMMENDATION: Licensing and Administration					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
FY 08-09 Personal Services	4,249,008	2,127,694	592,566	1,528,748	65.5
FY 2008-09 Salary Survey	162,057	79,052	22,785	60,220	0.0
FY 2008-09 Performance Pay at 80 percent	46,302	22,586	6,510	17,206	0.0
Common policy base reduction	(44,574)	(22,293)	(6,219)	(16,062)	0.0
Decision Item #8 (Child care business partnership)	0	0	0	0	0.0
Decision Item #18 (CCAP compliance)	94,173	0	0	94,173	1.6
Budget Amendment #39 (licensing refinance)	0	(110,000)	110,000	0	0.0
Subtotal - Personal Services	**4,506,966**	**2,097,039**	**725,642**	**1,684,285**	**67.1**
FY 2008-09 Operating Expenses	442,573	303,593	138,980	0	0.0
Annualize H.B. 08-1388	(5,183)	(5,183)	0	0	0.0
Decision Item #8 (Child care business partnership)	0	0	0	0	0.0
Decision Item #18 (CCAP compliance)	35,120	0	0	35,120	0.0
Decision Item NP #2 (Postage) - PENDING	0	0	0	0	0.0
Subtotal - Operating Expenses	**$472,510**	**$298,410**	**$138,980**	**$35,120**	**0.0**
H.B. 08-1375 Licensing Contractual	1,858,168	0	0	1,858,168	0.0
Budget Amendment #51 (provider rates)	(27,594)	0	0	(27,594)	0.0

Summary of RECOMMENDATION: Licensing and Administration					
Description	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Subtotal - Licensing Contractual	**$1,830,574**	**$0**	**$0**	**$1,830,574**	**0.0**
TOTAL RECOMMENDATION	**$6,810,050**	**$2,395,449**	**$864,622**	**$3,549,979**	**67.1**

The differences between the staff recommendation and the request include both common policy and decision items, as detailed below.

Common Policy, Budget Amendment #51, and Decision Item #NP 2

Personal Services base reduction. Consistent with JBC common policy, staff has included a 1.0 percent base reduction on the personal services component of the line item ($44,574, including $22,293 General Fund). This was not part of the Executive request.

Provider rate decrease. Budget Amendment #51 reflects the Department's request to return provider rates to FY 2007-08 levels. The amount shown is consistent with a 1.5 percent federal funds increase provided for licensing contracts in this line item for FY 2008-09. Consistent with JBC common policy, staff's recommendation matches the request.

Postage. The request includes Decision Item #NP 2, an increase for postage. Staff has reflected $0 in the recommendation, pending a common Committee decision on this item during figure setting for the Department of Personnel.

Decision Item #8 - Child Care Business Partnership

The Department is requesting 1.0 FTE to coordinate and implement a new Child Care Business Partnership Program. Associated with this, a $91,163 federal funds increase would be reflected in the Child Care Licensing and Administration line item, while the Child Care Assistance Program line item would be decreased by $91,163 federal funds and $11,057 cash funds (county funds).

The program would be a public/private partnership to help employers meet the needs of working families by providing child care. Through the program, counties would provide incentives to employers wishing to provide child care subsidies to families, by expanding Child Care Assistance Program (CCAP) eligibility up to the maximum level allowable and matching private funds on a dollar-for-dollar basis. Counties that elect to participate would use allocated child care block (CCDF) funds to subsidize the county portion of the provider payments. The partnership would benefit employers, employees and State, including by leveraging public funds with dollars from the private sector.

The request is for a staff person to provide technical assistance and outreach to interested counties and employers in the region. Fiscal year 2009-10 would be devoted to developing program parameters, conducting training and outreach. The program would be launched later in the year or in FY 2010-11. The table below reflects the detailed funding request.

Decision Item #8 - Department Request						
					Annual Cost Full Year (FY 2010-11)	
	Annual salary	Months Paid	FTE	Amount	FTE	Amount
DIVISION OF CHILD CARE, LICENSING AND ADMINISTRATION						
Personal Services						
General Prof. IV	$56,796	12	1.0	56,796	1.0	56,796
PERA (10.15%)				5,765		5,765
Medicare (1.45%)				824		824
Subtotal - Personal Services			**1.0**	**63,384**	**1.0**	**63,384**
Operating Expenses						
Supplies @ $500/FTE				500		500
Computer @ $900/FTE				900		0
Software @ $330/FTE				330		0
Furniture @/ $3,998/FTE				3,998		0
Telephone @ $450/FTE				450		450
Travel (mileage/lodging)				9,600		9,600
Outreach materials				12,000		12,000
Subtotal - Operating Expense				**27,778**		**22,550**
Total - Decision Item #6				**$91,162**		**$85,934**

Staff recommendation. Staff does not recommend the request. The proposed new initiative is based on the expectation that employers will provide new child care benefits to retain staff, if they receive the incentive of a matching state subsidy for the child care benefit. This may have been plausible at the time this decision item was conceived. However, in the present economic environment, staff thinks it is unlikely that most employers would consider increasing their operating costs by offering a child care benefit, even if partially subsidized by the State. In the current economic environment, employers are far more likely to be shedding jobs than seeking ways to improve employee retention. In light of this, staff believes it is more appropriate to leave the associated federal block grant funds in the Child Care Assistance Program line item for child care subsidies. If the Executive sees potential for this program in the future, it can submit a new decision item at that time.

Decision Item #18 - CCAP Compliance

The Department requests 2.0 FTE to meet the federal audit requirements outlined in the regulations for the Child Care Development Fund (Code of Federal Regulations Title 45-Public Welfare-Parts 98 and 99. Effective October 1, 2007, the Department has been required to review child care assistance authorizations, payments and related activities; identify elements within the program that may be susceptible to significant improper payments; take actions to reduce improper payments; and report to the federal government on actions taken.

In FFY 2007-08, 23 percent of all Child Care authorizations for payment were made incorrectly, as per the federally-required case review required. The Department hopes to reduce this figure by 50 percent in the first year of staffing this request.

The request proposes to increase the Child Care Licensing and Administration line item by $168,185 federal funds in FY 2009-10 (annualizing to $157,729 in FY 2010-11) with an associated reduction to the Child Care Assistance Program line item of $168,185 federal funds and $20,399 cash funds (county funds) in FY 2009-10, also annualized in FY 2010-11.

Staff recommendation. Staff recommends the request, but for nine months only in FY 2009-10, as reflected below. The Department first requested funding related to this federal rule in FY 2007-08, when it requested that $180,000 be moved from the CCAP line item to the administration line item on a one-time basis. At the time, the Department anticipated that a similar adjustment would be required every three years, based on the cycle of improper-payment reporting established by federal authorities. The Department now requests this level of funding, and associated FTE, on an ongoing basis, although it still expects to be on a three-year cycle for federal reporting, with the next report due in FY 2010-11.

In response to staff questions, the Department noted that the first report, submitted to federal authorities in June 2008 found that 67 cases (85 percent of those deemed to have "improper authorization") had errors attributable to missing or insufficient documentation. Some of the most frequent problems included inconsistencies between electronic records and case files, and records and calculation related to self-employed income and parent fee schedules. As a requirement of the June 30, 2008, report to federal authorities, the State committed to strategies to reduce improper authorizations for payment. The requested staff will help to implement these strategies on an ongoing basis.

The Department expects roll-out of the new Child Care Assistance Tracking System (CHATS) in Fall 2010 will reduce improper authorizations related to insufficient information on an application, incorrect calculation of incomes and parent fees, inconsistencies between the case file and automated system, and discrepancies between real time and attendance. However, it will not address insufficient or missing verification documentation, which relates to a high number of improper authorizations at this time. Even with the roll-out of the new system, the Department expects that the requested staff would still be needed to conduct required audits and to train county staff.

Finally, since the time of submission of this Decision Item the State Auditor's Office (SAO) Performance Audit has identified an increased need for State monitoring/auditing of programs, which will relate to improper authorization and improper payments.

Overall staff notes:

- Current state staffing for the Child Care Assistance Program is 1.0 FTE and approximately $131,000, according to the recent SAO Audit of the program. The Child Care Assistance Program ranges in size from $70 to $100 million each year. While the program is largely managed at the county level, the State has ultimate responsibility to federal authorities for ensuring appropriate use of the federal funds which comprise the bulk of spending. Increasing staffing to 3.0 FTE seems reasonable, given the scale of the program.

- The requested funding is state-appropriated federal block grant funds, which would be diverted from the current Child Care Assistance Program line item; no General Fund would be required. The amount proposed to be diverted represents about 0.3 percent of the annual block grant appropriation for CCAP. The State would still remain within federal restrictions that no more than 5.0 percent of block grant expenditures be for administration.

- As reflected in the request, new federal rules require a far higher level of state accountability over program payments and error rates than was required in the past.

- As indicated by the Department, the 2008 SAO audit of the Child Care Assistance Program also noted a wide array of areas in which the State needed to improve its oversight of the program. As reflected in the Department's response to the audit, the requested staff should help address some of these oversight issues.

Staff calculations are reflected in the table below. The major difference between the request and recommendation is that staff has recommended the new staff for nine months only in FY 2009-10. In general, it appears to take the Department six months or more to fill new positions. For the current request, staff is reflecting three months to fill the positions, given that: (1) the Department expects its next federal audit cycle will require case audits starting in October 2009; and (2) if the funds are not entirely spent in FY 2009-10, they will revert back to the state's Child Care Development Fund reserves.

Consistent with the request, the staff recommendation reduces the Child Care Assistance Program line item by a matching amount of federal funds, with a proportionate reduction in cash funds, based on the current county share of the CCAP line item (12.13 percent). Minor differences between the request and recommendation are based on current mileage rates and rounding.

Decision Item #16 - Staff recommendation						
		Annual Cost Half year (FY 2009-10)			**Annual Cost Full Year (FY 2010-11)**	
	Annual salary	Months Paid	FTE	Amount	FTE	Amount
DIVISION OF CHILD CARE, LICENSING AND ADMINISTRATION						
Personal Services						
General Prof. III	$46,740	9	0.8	35,055	1.0	46,740
General Prof. V	$65,772	9	0.8	49,329	1.0	65,772
PERA (10.15%)				8,565		11,420
Medicare (1.45%)				1,224		1,631
Subtotal - Personal Services			**1.6**	**94,173**	**2.0**	**125,563**
Operating Expenses						

Decision Item #16 - Staff recommendation					
	Annual Cost Half year (FY 2009-10)			Annual Cost Full Year (FY 2010-11)	
Annual salary	Months Paid	FTE	Amount	FTE	Amount
Supplies @ $500/FTE			750		1,000
Computer @ $900/FTE			1,800		0
Software @ $330/FTE			660		0
Furniture @/ $3,998/FTE			7,996		0
Telephone @ $450/FTE			698		900
Lodging@24 nights * 2 FTE * $85 (per yr)			3,060		4,080
Mileage@700 miles/mo * 2 FTE * $.50			6,480		8,400
Copies (300 files * 142 pgs *$.10) (per yr)			3,195		4,260
Contract services (162.5 hrs @ $86/hr)			10,481		13,975
Subtotal - Operating Expense			**35,120**		**32,615**
Total - DI#6 Admin. Increase (FF)			**$129,293**		**$158,178**
Associated CCAP line item reduction			**($147,139)**		**($180,011)**
Cash Funds			($17,846)		($21,833)
Federal Funds			($129,293)		($158,178)

Budget Amendment #39 - Licensing Refinance

The Department has proposed a one-time refinance of General Fund in Child Care Licensing and Administration with fund balance in the Child Care Licensing cash fund of $91,163. As of the end of FY 2007-08, there was $147,315 remaining in the fund. However, the Department reports that FY 2008-09 revenues for the fund are down, possibly tied to the economy or higher child care licensing fees implemented in September 2008. As a result, it expects that some of this fund balance will be required to support FY 2008-09 operations. The Department's request was based on an FY 2008-09 revenue projection using the first six months of the year. **Based on a revised revenue and expenditure projection, based on seven months of the year, staff recommends a one-time refinance of $110,000.**

Additional Notes:

- In addition to the reserve in the Child Care Licensing Cash Fund, the Department projects a balance of $22,520 in the Child Care Fines Cash Fund as of the beginning of FY 2009-10. As needed, the Department could also use these reserves to finance its FY 2009-10 administration activities. This Child Care Fines Cash Fund, created in 26-6-114 (5), C.R.S., and reflected in the Fines Assessed Against Licenses line item, is continuously appropriated to the Department for activities related to the improvement of child care quality. Staff believes many of the Department's licensing and administration activities could fit this description.

- Staff assumes that for FY 2009-10 the Department will match ongoing cash fund expenditures to ongoing revenue. Staff recommends a cash funds appropriation for the administration line item of $754,622 per common policy + $110,000 refinance = $864,622 for FY 2009-10. If the Department wishes to spend at this level, however, it will need to increase either fees or collections in FY 2009-10. In recent years the program has commonly under-expended the cash funds appropriation in this line item.

Child Care Licensing Cash Fund

	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Recommend
Beginning FY Balance	$114,292	$147,315	$111,344
Projected Revenues	642,700	603,740	603,740
Expenditures*	(609,677)	(639,711)	(603,740)
Ending FY Balance without transfer	$147,315	$111,344	$111,344
Additional CF Expenditure (refinance)	0	0	(110,000)
Ending FY Balance after refinance	$147,315	$111,344	$1,344

* FY 2008-09 expenditure reflects current Department estimate; FY 2009-10 assumes Department will expend no more than projected revenue.

FINES ASSESSED AGAINST LICENSES

Senate Bill 99-152 created the Child Care Cash Fund, which consists of fines collected from licenses by the Department [see 26-6-114 (5), C.R.S.]. Moneys in the Fund are continuously appropriated to the Department "to fund activities related to the improvement of the quality of child care in the state of Colorado". **The Department requested a continuation level of $18,000. Staff recommends $32,000 for informational purposes for FY 2009-10.** Staff anticipates that the Department will use the projected balance of funds in this line item ($22,520) plus projected annual revenue of $10,000 to $12,000 to support administration activities directed at child care quality during the fiscal year.

<u>AUTOMATED CHILD CARE ASSISTANCE PROGRAM SYSTEM REPLACEMENT</u>

Starting in FY 2007-08, the General Assembly authorized the Department to proceed with the replacement and upgrade of its system for managing child care assistance payments, known as the Child Care Automated Tracking System (CHATS). Most of the project is funded through the capital construction budget using state-appropriated federal Child Care Development Funds, with a small additional appropriation in the operating budget. The project has a $14.7 million capital budget and is currently in development phase, with active development now anticipated between March 2009 and September 2010. **For FY 2009-10, the Department requested an accompanying operating appropriation of $103,246 federal funds (Child Care Development Funds), including SBA #4 (CHATS Replacement Project - Operations Budget).** The funds for this line item are offset by a decrease in the appropriation for the Child Care Assistance Program. **Staff recommends the request.**

SBA #8 - CHATS Replacement Project

This request included: (1) a technical correction to the Department's original operating request for this line item of $1.1 million for FY 2009-10, based on delays in the project's roll-out; and (2) a request to reflect all costs associated with the project as funded through a reduction in the line item for the Child Care Assistance Program.

As detailed further below, the start date for this project has been delayed numerous times. The Department is finalizing its agreement with a selected vendor and expects work to begin in March 2009. The Department has requested $103,246 for FY 2009-10, when the project will still be in the development phase, based on the costs anticipated for piloting the project. It currently anticipates that there will be a 3 month pilot in FY 2009-10, with an estimated 3,333 cases (1/3rd of the total) at a cost of $4.13 per case. This reflects a rough estimate, based on the point-of-sale operating costs reflected in the original 2005 feasibility study for the project, with some inflationary adjustment.

Staff recommends the request and presumes that additional adjustments will be requested during FY 2009-10, if needed, based on information that will not be available until the project is underway. The Department's request to fund associated costs through reductions in the Child Care Assistance Program line item is consistent with legislative intent expressed in FY 2008-09 Long Bill #35. Thus, the associated reduction for the Child Care Assistance Program line item is also recommended.

Staff also recommends that FY 2008-09 Long Bill Footnote #35 be continued for this line item in FY 2009-10 as a record of legislative intent.

35 **Department of Human Services, Division of Child Care, Child Care Assistance Program Automated System Replacement** -- It is the intent of the General Assembly that this project: 1) have a steering committee that includes a county commissioner, a county human services director, and a user of the system; 2) that the Department pilot the program before rolling it out; 3) that the steering committee, including the county representatives, should decide whether the system is "go" or "no go" at the roll out stages; and 4) that ongoing costs for maintenance and administration of this system be covered through savings in or reductions to the Colorado Child Care Assistance Program and remaining Child Care Development Fund reserves. The new system will not drive additional costs to the state General Fund.

The footnote was vetoed in both FY 2007-08 and FY 2008-09, but the Department was directed to comply to the extent feasible. In his veto message, the Governor indicated that he felt that the footnote goes beyond expressing legislative intent and violates the separation of powers by attempting to administer the appropriation. However, he indicated that he would ask the Department to consider the General Assembly's suggestions during the implementation of the project. The Department has indicated that it intends to comply, with the exception that the Executive Director will make the final "go/no go" decision, taking into consideration the recommendation of the steering committee.

Additional Project Background. CHATS is a data system that supports the Department and all counties in managing the subsidized child care program (total expenditures of $70 to $100 million, depending on the year). The system serves over 48,000 children within 23,000 low income and disadvantaged families who receive services from 10,000 licensed and legally exempt child care providers. CHATS current functions include: client administration, provider administration, payments, recovery, program technical assistance, program monitoring, and reporting. It was first developed in 1995 on mainframe technology.

After denying the request during the 2006 session, the General Assembly approved the request during the 2007 legislative session. The proposal was to replace the current CHATS system with a web-based system that uses "point of sale" technology and to build the new system from scratch over a two-year period, using an outside vendor. A significant portion of the cost is for "point of sale" technology that would allow a family to "swipe" a child care assistance program "credit card" that would reflect the family's child care assistance program allocation. The new system is expected to have a life span of 10 years. Equipment lease and maintenance costs of approximately $1.2 million per year would be ongoing during this period. The majority of such maintenance costs are associated with the "point of sale" technology.

In June 2008, the Department requested, and received, authorization from the Capital Development Committee and the JBC to proceed with the project at a new higher cost of $14,757,783 based on bids received (prior project estimate was $8,541,664). Based on Committee action in June and September in 2008, the project's official start date (for purposes of the three-year capital appropriation) will be June 20, 2008. However, due to various delays, active work on the project is now anticipated to begin March 2009, with completion September 2010 (18 months development). In addition to existing reserves of Child Care Development Fund moneys, the Department requested and received authorization to use $2.0 million in Temporary Assistance to Needy Families (TANF) state-held reserves that will be transferred to the Child Care Development Fund for this purpose.

The Department has projected annual savings associated with the project (after three years) of approximately $10.0 million per year associated with reduced fraud and errors. Staff believes a more realistic estimate may be $5.0 million; however, even with the much higher development cost reflected in this updated request and staff's conservative savings estimate, the savings can be expected to offset total project costs within five years of full implementation, assuming capital costs of $14.7 million and ongoing annual maintenance costs of $1.2 million once the project is operational. (Additional information on the project's projected benefits was included in prior year staff documents and is available upon request.)

The project was approved with conditions outlined in Long Bill footnotes in FY 2007-08 and FY 2008-09 (FY 2008-09 Long Bill Footnote #35).

Project Budget. The tables below reflects capital costs for the project, as finally approved, and operating costs as approved for FY 2008-09, requested for FY 2009-10, and estimated per the FY 2007-08 Decision Item. The Department is uncertain as to whether ongoing maintenance costs for point of sale technology will also prove higher than the feasibility study estimates (as the capital components did), though it notes that point of sale development costs in the final capital budget are actually lower than originally anticipated.

CHATS Information Technology System Replacement - Capital Development Costs (Revised)	
	FY 2007-08 3-year Appropriation authorized*
Capital	
Development vendor	$11,547,651

CHATS Information Technology System Replacement - Capital Development Costs (Revised)	
	FY 2007-08 3-year Appropriation authorized*
Development software	370,904
Development hardware	78,393
Independent Validation (I V & V)	230,560
Point of sale (POS) hardware	1,818,000
Contingency (5 percent)	702,275
Subtotal - CAPITAL budget (approved)	**$14,747,783**

*Includes supplemental authorized but not yet enacted.

CHATS Information Technology System Replacement Operating Costs				
	Funds Appropriated and Requested/Recommended		**Estimated Project Operating Costs (FY 2007-08 Decision Item)**	
	FY 08-09 Appropriation	FY 2009-10 Recommended	1st full year operating	2 years development and 3 years operating
Operating				
Pilot costs (3 months)	$0	$103,246	$0	$0
Materials and supplies	6,500	0	0	39,273
Maintenance of hardware	33,333	0	33,333	133,333
Maintenance of software	0	0	1,205,958	3,690,710
Telecommunications	7,852	0	0	17,003
Training	0	0	0	32,000
Subtotal - Operating	**$47,685**	**$103,246**	**$1,239,291**	**$3,912,319**

CHILD CARE ASSISTANCE PROGRAM

Senate Bill 97-120 established the Colorado Child Care Assistance Program (CCCAP) in statute at Section 26-8-801 through 806, C.R.S. Subject to available appropriations, counties are *required* to provide child care assistance (subsidies) to any person or family whose income is less than 130 percent of the federal poverty level. Recipients of assistance are responsible for paying a portion of child care costs. Counties are also *authorized* to provide child care assistance for a family transitioning off the Works Program or for any other family whose income is between 130 percent of the federal poverty level ($22,880 for a family of three in 2008) and 85 percent of the state median income ($50,194 for a family of three in 2008).[5] This program comprised 83.2 percent of the appropriation for the Division of Child Care in FY 2008-09.

Pursuant to Sections 26-1-11 and 26-1-201, C.R.S., the Department supervises CCCAP services administered by county departments of human/social services. As for other public assistance programs, counties serve as agents of the State and are charged with administering the program in accordance with Department regulations

Effectively, this program serves three groups of low income families: (1) families receiving cash and other assistance through the Colorado Works Program; (2) families transitioning off of cash assistance; and (3) low income families. Low income families have always comprised the largest group receiving child care subsidies (about 85 percent in FY 2007-08). Children in families earning 130 percent or less of the federal poverty level make up about 70 percent of cases (includes those who qualify based on family enrollment in Colorado Works and those who qualify based on income).

Department of Human Services
Colorado Child Care Assistance Program
Expenditures and Children Served
Fiscal Years 2004 through 2008[1]

Category	**FY 03-04**	**FY 04-05**	**FY 05-06**	**FY 06-07**	**FY 07-08**	**Percent Change FY 04-08**
Direct Child Care Expenses	78,400,000	73,200,000	67,100,000	66,100,000	76,800,000	-2.0%
County Administration	8,500,000	8,200,000	8,500,000	8,300,000	9,400,000	10.6%
Total	86,900,000	81,400,000	75,600,000	74,400,000	86,200,000	-0.8%
Children Served[2]	40,600	38,200	35,600	33,900	35,100	-13.5%
Cost per Child	2,140	2,130	2,120	2,190	2,460	15.0%

Source: 2008 SAO Child Care Assistance Program Performance Audit, citing DHS County Financial Management System and annual CCCAP reports

(1) Expenditures and children served reflect low income and Colorado Works child care funded by CCCAP

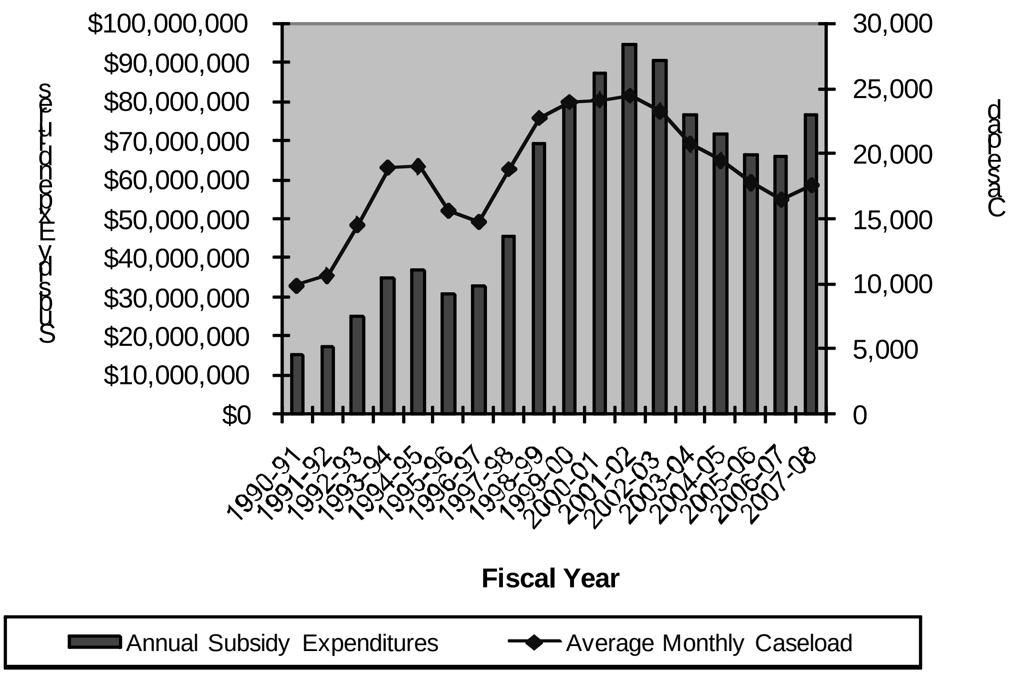
(2) Children served represents total children served in the year, regardless of length of time served

[5]The income level cap was revised upward from 225 percent of the federal poverty level to the federal maximum of 85 percent of the state median income pursuant to H.B. 08-1265.

The line item provides a block grant to each county for child care subsidies following an allocation formula that includes: (1) the number of children in the county ages 0-12; (2) the number of county children in the Food Stamp program; and (3) the previous year's CCCAP utilization. State statute provides counties substantial flexibility in structuring their child care subsidy programs. Specific county eligibility policies do vary and have changed over time. Variations include the income levels served up to 85 percent of the median income, reimbursement rates for child care providers, and whether students in higher education programs are eligible. An analysis contracted by the State Auditors in 2008 estimated that in FY 2004-05 the program served about 27 percent of those eligible; however, individual county coverage rates varied from 2 percent to 58 percent.[6]

The appropriation is comprised of state-appropriated federal Child Care and Development Fund (CCDF) block grant amounts, state General Fund, and county maintenance of effort and administrative amounts. Each county is required to spend, as a maintenance of effort, its share of an amount identified in the Long Bill each year. The Long Bill also reflects the estimated county share of program administration costs ($1.7 million of total county amounts).

CCAP Subsidy Expenditures and Average Monthly Caseload

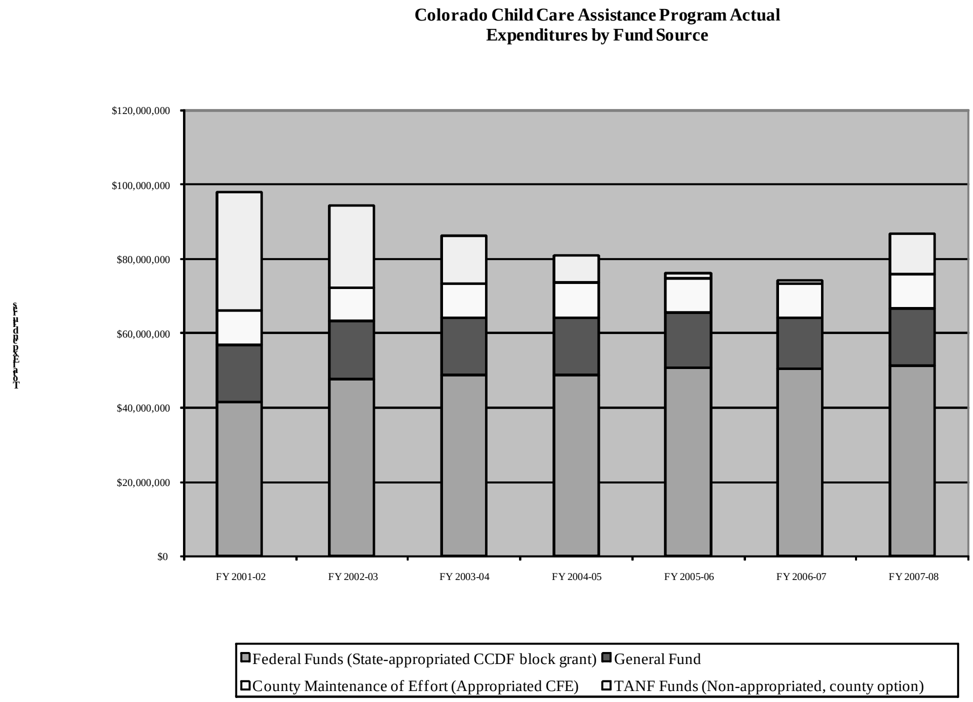


[6]Analysis by Berkeley Policy Associates, cited in SAO Colorado Child Care Assistance Program Performance Audit, December 2008

Overall funding sources for the program may include large county transfers from their Temporary Assistance to Needy Families (TANF) block grants. Counties are permitted to transfer up to 30 percent of their TANF allocations into CCDF and Title XX Child Welfare Funding. As the maximum of 10 percent is generally transferred to Title XX, 20 percent is generally available for transfer into Child Care. Funds expended for child care that are transferred from TANF are shown for actual years, but are not reflected in the appropriation for the Child Care Assistance Program. Declines in spending between FY 2001-02 and FY 2006-07 and increases for FY 2007-08 and projected for FY 2008-09 reflect reductions and increases in county TANF transfer funds.

Appropriations and Expenditure History. The chart illustrates the history of appropriations for CCCAP, as well as the average monthly number of children for whom subsidies are provided through CCCAP. As reflected in the chart, the history of the program reflects bursts of funding and caseload expansion, followed by rapid contraction. Both the annual appropriation for CCCAP and the number of children for whom subsidies were provided increased rapidly in the early 1990s. However, the caseload increased at a faster rate than appropriations, requiring the Department to institute a caseload freeze in January 1995. In July 1995, this caseload freeze was replaced with specific allocations to individual counties. The new allocation method reduced utilization temporarily. However, both state and local funding then increased substantially until federal welfare reform in FY 1997-98. At this point, growth in the program began to be fueled by a combination of federal CCDF block grant funds and transfers to this block grant from the TANF block grant.

Expenditures for the program peaked in 2001-02, with county expenditures of TANF transfer dollars for the program totaling almost $32 million. However, beginning in FY 2000-01, counties began spending more TANF funds for the Works Program to address an increasing Works Program caseload. As counties depleted their reserves of TANF funds, they again took action to reduce their



CCAP caseloads (*e.g.*, reducing income eligibility standards, instituting waiting lists).

Through FY 2004-05, the declines were seen solely in reductions in the expenditures of TANF transfer dollars. However, by FY 2006-06, expenditures had dropped below the level that required TANF transfers, and the program reverted almost $840,000 General Fund at year end. The appropriation for the program for FY 2006-07 started out at $79.9 million in the FY 2006-07 Long Bill, but had to be reduced to $74.3 million through negative supplementals and transfers to avoid reversions. For FY 2007-08, prior year reductions were only partially restored, and an additional reduction of $2.0 million was taken through H.B. 07-1062 in order to fund a new Child Care Councils line item, with a final appropriation of $76.1 million. At the same time, counties began to increase program expenditures through increased provider reimbursement rates and eligibility caps, as well as increased administrative spending. This trend has continued in FY 2008-09, with counties projected to spend close to the FY 2001-02 peak by the end of the year.

Child Care Assistance Program - Expenditure and Appropriation History and Projection					
Fiscal Year	Closeout Expenditure	Percent Change	Appropriation	Percent Change	Notes
SFY 02	$98,291,475		$65,048,209		
SFY 03	94,481,674	-3.9%	71,336,427	9.7%	
SFY04	85,850,643	-9.1%	71,336,427	0.0%	
SFY05	80,426,556	-6.3%	73,135,525	2.5%	
SFY06	76,299,719	-5.1%	75,768,237	3.6%	
SFY 07	74,301,618	-2.6%	74,739,132	-1.4%	
SFY 08	86,589,306	16.5%	75,668,323	1.2%	
SFY 09	97,644,486	12.8%	75,868,579	0.3%	Based six months data*

*Of the total FY 2008-09 expenditure projection, $13.5 million is based on projected expenditures for the City and County of Denver above its allocation (Denver is projected to spend twice its allocation, based on six-month data). Denver instituted a waiting list for CCCAP effective December 1, 2008. The Department indicates that it cannot project what impact the policy will have on overall expenditures.

December 2008 SAO Audit. As required pursuant to H.B. 08-1062, the State Auditor's Office completed a performance audit of the CCCAP program in December 2008. The audit included findings and recommendations in the areas of program eligibility, oversight of county expenditures, and funding and performance. Approximately half of the recommendations could result in significant change to the basic parameters of the CCCAP program. The audit's first recommendation was to standardize CCCAP eligibility requirements by setting statewide or regional income eligibility limits and mandating education and job training as eligible activities, among other changes. The Auditors recommended that the State seek statutory or regulatory change as necessary to implement statewide standards. This recommendation is consistent with JBC staff's recommendation described in the FY 2008-09 briefing document and with the JBC's RFI #39. JBC staff believes that more consistent statewide policies on eligibility and reimbursement could offer a variety of benefits, including, possibly, limiting the cyclical swings in program size and expenditures. The Department only "partially agreed" with this item, indicating that a work group would determine whether the recommendation would be fully implemented and on what time line. Overall, the Department's response to almost all recommendations involving more systemic change to the program was that it would convene a committee, composed of state representatives and county representatives, to study the impact of the recommendation and how to make the changes to current policy. Audit findings are reviewed in more detail in the staff FY 2009-10 briefing document.

Department Request and Staff Recommendation. For FY 2009-10, the Department's request reflected a continuation of funding for this line item, with reductions for Decision Item #8 (Child Care

Business Partnership; $102,220), Decision Item #18 (CCAP Compliance; $188,854), and SBA #4 (CHATS Replacement Project; $103,246). As previously discussed:

- Staff does not recommend the Decision Item #8 redaction of $102,220.
- Staff recommends a lower adjustment than the Department's request for Decision Item #18 for FY 2009-10.
- Staff recommends the requested reduction for SBA #4. Consistent with the request, staff has not included a reduction to the county share of payment associated with SBA #4 (CHATS maintenance).
- Staff expects to recommend a substantial increase to this line item (on the order of $12 million) in federal funds for both FY 2008-09 and FY 2009-10, based on the federal stimulus package. However, the amount of the adjustment is pending further Department analysis and likely an associated Executive request.

Child Care Assistance Program - Staff Recommendation				
	Total	**GF**	**Local Funds**	**FF**
FY 08-09 Appropriation (H.B. 08-1375)	$75,868,579	$15,354,221	$9,201,753	$51,312,605
Decision Item #18 (CCAP Compliance)	(147,138)	0	(17,846)	(129,292)
SBA #4 (CHATs Maintenance)	(103,246)	0	0	(103,246)
	$75,618,195	$15,354,221	$9,183,907	$51,080,067

The following table compares the total Department request and the staff recommendation by fund source.

Child Care Assistance Program - Comparison Request and Recommendation			
	Request	Recommendation	Difference
Child Care Assistance Program	$75,474,529	$75,618,195	$143,666
General Fund	15,354,221	15,354,221	0
Cash Funds (counties)	9,170,297	9,183,907	13,610
Federal Funds (CCDF)	50,950,011	51,080,067	130,056

GRANTS TO IMPROVE THE QUALITY AND AVAILABILITY OF CHILD CARE

This line item was consolidated into the "Grants to Improve the Quality and Availability of Child

Care and to Comply with Federal Earmark Requirements" in FY 2007-08. **No funding in the old format is requested or recommended.**

FEDERAL DISCRETIONARY CHILD CARE FUNDS EARMARKED FOR CERTAIN PURPOSES

This line item was consolidated into the "Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Earmark Requirements" in FY 2007-08. **No funding in the old format is requested or recommended.**

GRANTS TO IMPROVE THE QUALITY AND AVAILABILITY OF CHILD CARE AND TO COMPLY WITH FEDERAL REQUIREMENTS FOR TARGETED FUNDS

This line item was created in FY 2007-08 and combined the former "Grants to Improve the Quality and Availability of Child Care" and "Federal Discretionary Child Care Funds Earmarked for Certain Purposes" line items.

"Quality" requirement. The federal government requires that 4.0 percent of expenditures for Child Care and Development Fund-supported activities be used to improve service quality. The 4.0 percent calculation is based on total CCDF expenditures, including state expenditures required to match a portion of the federal CCDF grant and county transfers of TANF funds to CCDF. The Department estimates that the maximum 4.0 percent quality requirement that could be needed for FY 2008-09 and FY 2009-10 is $3,771,032, calculated on a base of $94,275,804 (includes the state share of for funds that must be matched; does not assume expenditure of TANF transfer funds. Assuming TANF transfer expenditure (or additional block allocations) of $15 million, the additional "quality" requirement would be $600,000.

"Targeted Funds" requirements. Federal law concerning Child Care Development Funds also requires specific dollar amounts of the "discretionary grant" funding under CCDF be "targeted" (formerly known as "earmarked") for specific purposes. These targeted amounts are for: (1) infant/toddler programs; (2) school age and/or resource and referral programs; and (3) quality expansion activities such as professional development, mentioning, provider retention, equipment supply, facility start-up and minor facility renovation. Funding used to meet the "target" requirement may not also be used to meet the "quality" requirement (although many expenditures could be assigned to either category).

The Department seeks to target grant funds reflected in this line item to those areas determined to provide the greatest long-term gains. These areas include: increasing the efficiency and effectiveness of local child care services; raising the level of professional development in the field and providing early childhood training opportunities for child care providers; providing child care resource and referral services for families and child care providers; and, improving the ability of child care providers to prepare children for entering elementary school.

The table below reflects the Department's anticipated requirement for targeted funds for the state fiscal year.

Federal Targeted Funds Requirement FY 2009-10				
	Quality Expansion	Infant/Toddler	School Age or Resource & Referral	Total
Targeted Funds, FY 2009-10				
Estimated open "targets" 7/1/09	0	0	0	0
New target amounts (75% FFY 10)	1,490,927	863,445	153,311	2,507,683
	1,490,927	863,445	153,311	2,507,683

Line Item Recommendation. The table below compares the combined federal requirements for "target" and "quality" funding with anticipated spending**,** based on the Department's response to the Committee's FY 2008-09 Request for Information #48**. As reflected below, the Department has requested, and staff recommends, a continuation level of appropriation for this line item of $3,473,633.** This exceeds the minimum federal requirements for spending in these areas.

Federal Requirements	**Amount**
Federal 4% quality requirement	$3,771,032
Federal "targeted funds" requirement	2,507,683
Total federal quality and target requirement	6,278,715
"Quality" and "Target" Projected Expenditures	
Other Line Items	
Child Care Licensing and Administration (portion of line item)	400,000
Child Care Pilots/Early Childhood Councils	1,979,040
School Readiness Child Care Subsidization	2,229,305
TANF transfer funds spent on quality (based on FY 08 actual)	3,983,435

Federal Requirements		Amount
	Subtotal	8,591,780
Grants to Improve the Quality of Child Care and to Comply with Federal Requirements for Targeting Funds - **Request and Recommendation**		**$3,473,633**
	Total	$12,065,413
"Quality" Spending in Excess of Federal Requirements		$5,786,698

EARLY CHILDHOOD COUNCILS CASH FUND

This cash fund was created in FY 2007-08 through H.B. 07-1062. This bill, for the first time, authorized the use of General Fund to support early childhood councils (previously known as "consolidated child are pilots"; see discussion below). House Bill 07-1062 included an appropriation of $1,022,168 General Fund into this Cash Fund, with a further appropriation to the Department for Early Childhood Councils programs (reflected in the line item below). Since FY 2007-08, no appropriations have been made to the Cash Fund; instead General Fund appropriations have been made directly to the Early Childhood Councils line item to avoid a double-count in the Long Bill.

PILOT PROGRAM FOR COMMUNITY CONSOLIDATED CHILD CARE SERVICES/ EARLY CHILDHOOD COUNCILS

Since FY 1997-98, the Department of Human Services has worked with the Department of Education to provide grant funds and technical assistance to local communities to design consolidated programs of comprehensive early childhood care and education services intended to serve children in low-income families. The "pilot programs", as they were named, were allowed to blend various sources of state and federal funding and could apply for waivers of state rules. The pilots were used to identify best practices relative to increasing quality, meeting the diverse needs of families seeking child care, and integrating early childhood care with education programs. The law authorizing pilots was repealed and reenacted pursuant to H.B. 07-1062 [Solano/Williams] to create the Early Childhood Councils program.

House Bill 07-1062, codified at Section 26-6.5-101 et. seq., C.R.S.:

- Replaced the pilot program for consolidated child care services with a new, statewide system of early childhood councils. Councils represent public and private stakeholders in a local community who work to develop and improve local early childhood services and to create a seamless network of such services statewide.
- Expanded the existing 17 consolidated childcare pilot sites to additional sites, subject to available appropriation.

- Established procedures for stakeholders to apply to the Department of Human Services to become early childhood council sites, specified required and optional representation on councils (from local government, health care, mental health care, childcare providers and parents, among others); and specified duties of councils including development of funding applications, local strategic plans to improve early childhood services, accountability measures and evaluations.
- Indicated that councils may apply for waivers of state rules that would prevent a council from implementing a project.
- Established the Colorado Early Childhood Council Advisory Team in the Office of the Lieutenant Governor.
- Required a contracted evaluation of the early childhood council system no later than March 1, 2010.
- Required the Office of the State Auditor to conduct a performance audit of the Colorado Child Care Assistance Program in the Department of Human Services beginning in FY 2007-08 with a report of findings and recommendations to the Legislative Audit Committee no later than December 30, 2008.
- Established the Early Childhood Councils Cash Fund and authorized the appropriation of General Fund to the Cash Fund and the Councils (previously prohibited).
- Included an appropriation of $1.0 million General Fund and $1.0 million federal Child Care Development Funds for the Councils, with an associated reduction to the Colorado Child Care Assistance Program line item.

Prior to FY 2000-01, funding for this program was included in other line items (the Child Care Services line item in FY 1998-99, and the Child Care Grants line item in FY 1999-00). Funding for the pilot program was then reflected in its own line item starting in FY 2000-01 (the Pilot Program for Community Consolidated Child Care Services) until being renamed the Early Childhood Councils line item after the enactment of H.B. 07-1062.

The table below reflects the overall costs for the Councils in FY 2008-09, based on the fiscal note for H.B. 07-1062.

Early Childhood Councils: Costs as reflected for HB07-1062	
Bill Statutory Cite — Program Costs	**FY 2008-09**
Section 26-6.5-103.7	
Coordinator of Direct Support Services to EC Councils — CDE	$ 48,738
	1.0 FTE
Direct Costs to Support EC Councils (est. 30 councils total):	
16 Emerging Councils @ $49,900 each	798,400
9 Capacity Building Councils @ $123,900 each	1,115,100
5 Model Councils @ $197,300 each	986,500
Subtotal - EC Councils — CDE	$ 2,900,000
Staff for General Oversight and Support to EC Councils — CDHS	$48,738
	1.0 FTE
Section Total	***$ 2,997,176***
Section 26-6.5-105	
Staff to EC Council Advisory Team — Office of Lt. Governor	$ 48,738
	1.0 FTE
Costs to Convene EC Council Advisory Team — Office of Lt. Governor	28,800
Technical Assistance to EC Councils:	
30 Councils @ $20,000 each — CDE	600,000
Section Total	***$ 677,538***
Section 26-6.5-108	
Evaluation Components:	
State Efficiency and Effectiveness in Support of EC Council Advisory Team and Local EC Councils	$ 20,000
Section Total — All Costs in CDE	***$ 20,000***
PROGRAM TOTAL	**$ 3,695,014**
General Fund	**1,006,161**
Federal Child Care Development Funds	**2,688,853**
FTE	**3.0**
Portion of program funded in Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements line item (Federal CCDF Funds)	**-710,254**
FY 2008-09 Appropriation for Child Care Councils line item	**2,984,761**

Line Item Request and Recommendation. The Department requests, and staff recommends, $2,985,201 and 1.0 FTE for this line item for FY 2009-10, including $1,006,161 General Fund. The request and recommendation are calculated consistent with common policy. The table below summarizes the line item components.

Summary of REQUEST/RECOMMENDATION: Early Childhood Councils				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
FY 2008-09 Personal Services	47,788	0	47,788	1.0
FY 2008-09 Performance Pay at 80 percent	440	0	440	0.0
Subtotal - Personal Services	**48,228**	**0**	**48,228**	**1.0**
DHS staff **Operating Expenses**	950	0	950	0.0
Contractual and Pass-through				
Early Childhood Councils Direct Support (30 Councils)	2,189,747	1,006,161	1,183,586	0.0
Early Childhd Councils Technical Assistance and Evaluation (Colorado Department of Education)	668,738	0	668,738	0.0
Early Childhood Councils Advisory Team (Office of Lieutenant Governor)	77,538	0	77,538	0.0
Subtotal - Contractual and Pass-through	**$2,936,023**	**$1,006,161**	**$1,929,862**	**0.0**
TOTAL REQUEST/RECOMMENDATION	**$2,985,201**	**$1,006,161**	**$1,979,040**	**1.0**

EARLY CHILDHOOD PROFESSIONAL LOAN REPAYMENT PROGRAM

This program, established pursuant to H.B. 01-1293, provided funding to pay all or a portion of the principal and interest of the educational loans of a qualified early childhood professional who had secured a position in a licensed child care facility. A qualified individual was eligible to receive up to $1,000 per year for the first two years of working in a position in a licensed child care facility. The program was allowed to sunset July 1, 2007. **No funding is requested or recommended**.

SCHOOL READINESS QUALITY IMPROVEMENT PROGRAM

Background Information. House Bill 02-1297 [Section 26-6.5-106, C.R.S.] created the School-readiness Child Care Subsidization Program to improve the quality of certain licensed child care facilities whose enrolled children ultimately attend low-performing neighborhood elementary schools.

The legislation was reauthorized in H.B. 05-1238 [Hefley/Williams] and the program renamed the School Readiness Quality Improvement Program. The program provides grants to child care facilities in areas served by low-performing schools.

As revised, the statute specifies that school-readiness quality improvement program funding shall be awarded to early childhood care and education councils for subsidies to local early care and education providers based upon allocations made at the state department. The program targets the school readiness of young children who will ultimately attend eligible elementary schools that have on overall performance rating of “low”" or "unsatisfactory" or that have an overall rating of “average” but have received a CSAP overall academic improvement rating of "decline" or "significant decline”.

The program provides subsidies over a three year period to participating child care centers and family child care homes to cover the cost of equipment, supplies, minor renovations, curricula, staff education, scholarships, training, and bonuses for facility staff for demonstrating quality improvements and addressing problems identified in the ratings.

The act requires the Early Childhood and School Readiness Commission to adopt a voluntary school-readiness rating system to measure the quality of services provided by a child care provider to prepare children to enter elementary school. As revised, it requires early childhood care and education councils to submit reports by January 1, 2009, and every three years thereafter, and requires a consolidated report to the Education Committees of the General Assembly on or before April 1, 2009, and on or before April 1 every three years thereafter.

The program currently serves approximately 7,512 children in 464 classrooms at 149 sites. Based on the number of children served, grant allocations are for an average of about $250 per child served or $3,000 to $4,000 per classroom or family child care home.

Program Implementation. Evaluations for grantees are currently in progress, for the grant period from July 1, 2006 to June 30, 2009. All sites participating in the program will undergo baseline evaluation by Qualistar and have two follow-up evaluations. Each site receives a baseline overall quality rating score (one, two, three, or four stars, with four being the highest achievable). These ratings are based on five measurement areas:

- Learning Environment -- a program's health and safety standards, classroom environment, curriculum and activities, interactions between adults and children, and the daily schedule

• Family Partnerships -- how a program develops relationships with families, serves as a resource for them, and offers them opportunities to be part of their children's early learning experience

• Training and Education -- work experience and the average level of early childhood education attained by the providers working in the home or center

• Adult-to-Child Ratios -- average ratios in a classroom over a 10-day period, from the time the program opens until it closes

• Accreditation -- whether a program is accredited through a national accrediting agency

Qualistar describes each of the rating levels as follows:

Zero star - "Children in a zero-star rated program may find themselves confronting sub-standard conditions. Health and safety issues are often neglected, teacher training can be non-existent, and staff turnover is usually high. Often, programs at this level lack basic equipment and toys, and may be violating state licensing requirements."

One star - "Though conditions improve with each STAR level, children may not be experiencing routine high-quality interactive care. Health and safety issues may still need to be addressed, and staff turnover often continues to be high. Teachers and program administrators may lack formal early childhood training and experience. Adult-to-child ratios tend to meet the minimum standards, but generally do not allow for staff to provide individualized attention during the course of a day."

Two stars - "Children in 2-STAR programs are read to regularly, watch some television, and have access to toys that support children's discovery and learning. Though health and safety issues may still exist, children's basic needs are satisfied and parents often feel a sense of stability within a 2-STAR rated program. Programs at this level are beginning to see how children's feelings of security are linked to their experiences in the classroom and how their learning is supported by opportunities for meaningful play."

Three stars - "In addition to being safe, a program at this quality level organizes many fun, educational activities for children, and employs teachers who understand age-appropriate behaviors. Staff also support parents and keep them regularly informed about their child's progress. 3-STAR programs tend to have higher tuition rates and receive additional funding, relieving some of the financial burden."

Four stars - "In addition to many fun activities and regular communication with parents, a 4-STAR Quality Rating means a program fundamentally understands the importance of preparing children for school through a strong curriculum that addresses the social, emotional, physical, and academic needs of each child. Staff is knowledgeable and educated in early childhood development and provides wonderful age-appropriate activities based on the individual needs of the children. Ratios are optimal allowing staff to provide a loving, stable environment for the children in care."

Each site receives detailed information about its strengths and weaknesses in each of the five areas, as well as a list of concrete action steps recommended to improve program quality. The evaluation also includes a list of additional services that will be made available through the program to support quality improvement efforts. Specific quality rating information for providers receiving one or more stars is also made available to parents and members of the public through Qualistar's website [Qualistar.org].

The first iteration of this program reflected significant impact, with the percentage of programs achieving 3 or 4 stars increasing from 36 percent at baseline to 77 percent at second follow-up, and the programs achieving 0, 1, or 2 stars decreasing from 64 percent at baseline to 23 percent at second follow up.

Request and Recommendation. Staff recommends **$2,229,305 in federal CCDF funds and 1.0 FTE**, consistent with the request. This includes $47,905 for personal services, $2,106 for operating expenses, $1,828,294 for pilot site agency grants and $351,000 for the school-readiness rating system. The recommended personal services dollar amount is calculated according to Committee policy, with no other changes to the base.

EARLY CHILDHOOD AND SCHOOL READINESS COMMISSION

This line item was added through H.B. 04-1277 [Hefley/Cairns] that modified the previous Child Care Commission and extended its authorization through July 1, 2007. The Commission was allowed to sunset in 2007. **No funding is requested or recommended**.

LONG BILL FOOTNOTES

Staff recommends the following footnote be **continued**:

35 **Department of Human Services, Division of Child Care, Child Care Assistance Program Automated System Replacement** -- It is the intent of the General Assembly that this project: 1) have a steering committee that includes a county commissioner, a county human services director, and a user of the system; 2) that the Department pilot the program before rolling it out; 3) that the steering committee, including the county representatives, should decide whether the system is "go" or "no go" at the roll out stages; and 4) that ongoing costs for maintenance and administration of this system be covered through savings in or reductions to the Colorado Child Care Assistance Program and remaining Child Care Development Fund reserves. The new system will not drive additional costs to the state General Fund.

Comment: This footnote, first added in FY 2007-08, was vetoed in both FY 2007-08 and FY 2008-09, but the Department was directed to comply to the extent feasible. In his veto message, the Governor indicated that he felt that the footnote goes beyond expressing legislative intent and violates the separation of powers by attempting to administer the appropriation. However, he indicated that he would ask the Department to consider the General Assembly's suggestions during the implementation of the project. The Department has indicated that it intends to comply, with the exception that the Executive Director will make the final "go/no go" decision, taking into consideration the recommendation of the steering committee. Active development of the new system is now expected to start March 2009, with project completion in September 2010. Staff recommends that this footnote be continued until development is complete.

INFORMATION REQUESTS

Staff recommends that the following information requests be **continued as amended**.

39 **Department of Human Services, Division of Child Care, Child Care Assistance Program** -- The Department is requested to submit a report to the Joint Budget Committee by October 1, ~~2008~~ 2009 concerning the Child Care Assistance Program. The report is requested to address whether the Department, after consultation with counties and other interested parties, would recommend that eligibility for this program and/or provider reimbursement rates be set by the State. This recommendation could include eligibility/reimbursement rates that vary by region (metro, rural, mountain resort), even if they were set by the state. The Department is requested to include in the report: (1) an analysis of the programmatic and fiscal implications of such a change on program participants, providers, counties and state government; (2) how any recommended changes might be phased-in; and (3) what statutory modifications would be required. The report is requested to take into account the results of the State Auditor's Office audit of the Child Care Assistance Program required pursuant to H.B. 07-1062.

Comment: In his May 15, 2008 letter to the JBC, the Governor indicated that the Department would comply to the extent feasible. The letter indicated that the Department was directed to provide this information by February 1, 2009. **To-date, the Department has not submitted a response.** However, the December 2008 SAO Child Care Assistance Program audit recommended similar changes. The Department's response was that it would convene a work group to further study the issue. Staff's understanding is that the Department has not yet convened this workgroup. Staff recommends that this request be continued for an additional year until the Department is able to provide a more definitive response.

48 **Department of Human Services, Totals** -- The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning federal Child Care Development Funds. The requested report should include the following information related to these funds for state fiscal years ~~2007-08,~~ 2008-09, 2009-10, AND 2010-11 (the actual, estimate, and request years): (a) the total amount of federal funds available, and anticipated to be available, to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds.

Comment**:** The data provided annually by the Department related to this footnote is helpful for figure setting and ensuring that the State remains in compliance with federal block grant requirements.

BALANCING OPTIONS AND RECOMMENDATIONS - DIVISION OF CHILD WELFARE AND DIVISION OF CHILD CARE

FEDERAL MATCH: TITLE IV-E IN THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
States are allowed to earn federal Title IV-E funds for a number of activities associated with providing services to certain children who are placed outside their own homes. Specifically, states may earn Title IV-E funds for the "room and board" costs of providing out-of-home care, for related administrative costs, and for costs associated with training staff and service providers. The federal Title IV-E program is an open-ended entitlement program, so there is no dollar limit on what any state may earn. Federal Title IV-E funds are earned on a matching basis, and the match ratio varies by activity. In general, Title IV-E funds are provided on a 50/50 basis, Title IV-E funds are appropriated directly throughout the Division of Child Welfare and the Department of Human Services to reflect anticipated federal reimbursements.

The American Recovery and Reinvestment Act of 2009 enhances the match rate for Title IV-E foster care payments that is similar to the adjustment provided for the Medicaid program for room and board costs only, resulting in an increase to 56.2 federal funds/ 43.8 non-federal funds for the same period as the increase for the Medicaid program (3 quarters in SFY 2008-09, 4 quarters in FY 2009-10, 2 quarters in FY 2010-11). This funding applies only to "maintenance" (room and board) payments. In response to staff questions, the Department has estimated that the additional federal funds to be received in FY 2008-09 will range from **$2,933,354 to $3,829,932.** Based on this staff would project also that the additional funds to be received for FY 2009-10 would range from **$3,911,137 to $5,106,576.**

Unlike Medicaid line items, line items that earn federal Title IV-E revenue do not carry an "M" notation. As a result, current appropriations will need to be adjusted to reflect higher anticipated federal revenues and a lower share of General Fund appropriations. **If such adjustments are not made, all additional federal funds received will be deposited in the Excess Title IV-E Cash Fund. Current statute requires that the contents of the Excess Title IV-E Cash Fund be appropriated for allocation to counties**. In light of this, staff is recommending:

- FY 2008-09 and FY 2009-10 appropriations adjustments to increase the anticipated share of federal funds and decrease the share of General Fund for line items that rely on federal Title IV-E revenue.

- A **change to current statute** so that *if* federal Title IV-E funds flow into the Excess Title IV-E cash fund beyond the level currently anticipated, the General Assembly can choose to appropriate those funds for various purposes in the subsequent year and not solely to line items that are pass-through to the counties.

Statutory Change. Staff recommends a modification to Section 26-1-111 (2) (d) (II) (C) to enable the General Assembly to appropriate funds in the Excess federal Title IV-E Cash Fund for any purpose deemed appropriate by the General Assembly**.** This might include transfer to the General Fund. (Mechanisms and specific language would need to be worked out further in consultation with the Office of Legislative Legal Services.)

Pursuant to Section 26-1-111 (2) (d) (II) (C), C.R.S., federal funds earned in excess of these direct appropriations are deposited each year into the Excess Federal Title IV-E Cash Fund. Such funds are appropriated in the subsequent year for distribution to counties, including for county administrative activities related to Title IV-E. Thus, funds available for appropriation in FY 2009-10 are based on the Excess federal Title IV-E funds earned in FY 2008-09.

The current language of 26-1-111 (2) (d) (II) (C), C.R.S. is reflected below. The staff suggestion would be to strike language limiting appropriations to the purpose of "allocations to counties", at least for the period from FY 2008-09 through FY 2010-11. The Committee might also wish specific authority to transfer amounts in the fund to the General Fund.

> (C) For fiscal year 2003-04 and each fiscal year thereafter, after the amounts described in sub-subparagraph (A) or (B) of this subparagraph (II) are set aside *[direct appropriations]*, the total amount of moneys remaining shall be transmitted to the state treasurer, who shall credit the same to the excess federal Title IV-E reimbursements cash fund, which fund is hereby created and referred to in this sub-subparagraph (C) as the "fund". The moneys in the fund shall be subject to annual appropriation by the general assembly to the state department **for allocation to counties** to help defray the costs of performing administrative functions related to obtaining federal reimbursement moneys available under the Title IV-E program. In addition, the general assembly may annually appropriate moneys in the fund to the state department **for allocation to the counties** for the provision of assistance, as defined in section 26-2-703 (2), child care assistance, as described in section 26-2-805, social services, as defined in section 26-2-103 (11), and child welfare services, as defined in section 26-5-101 (3). For fiscal year 2004-05, and in subsequent years if so specified by the general assembly in the annual appropriations act, the counties shall expend the moneys allocated by the state department for the provision of assistance, child care assistance, social services, and child welfare services pursuant to this sub-subparagraph (C) in a manner that will be applied toward the state's maintenance of historic effort as specified in section 409 (a) (7) of the federal "Social Security Act", as amended. Any moneys in the fund not expended for the purposes specified in this sub-subparagraph (C) may be invested by the state treasurer as provided by law. All interest and income derived from the investment and deposit of moneys in the fund shall be credited to the fund. Any unexpended and unencumbered moneys remaining in the fund at the end of a fiscal year shall remain in the fund and shall not be credited or transferred or revert to the general fund or another fund. [emphasis and comment added]

FY 2008-09 Supplemental Adjustment for Consideration. For FY 2008-09, staff would recommend that the Committee consider the following:

- Allow approximately $800,000 of the additional $2.9 to $3.8 million revenue anticipated to "spill over" into the Excess Title IV-E Cash Fund and use this for allocation to counties. This will allow full funding of the Title IV-E Distributions for Related County Administrative Functions line item for FY 2009-10.

Depending upon the Committee's balancing needs, use one of the following options for the remaining $2 to $3 million:

- Use the approximately $2 to $3 million balance of FY 2008-09 revenue to increase Child Welfare federal funds appropriations and decrease General Fund appropriations in FY 2008-09. Given the uncertainties regarding Title IV-E revenue, staff would recommend a direct offset using a low estimate of additional federal revenues ($2 million); if additional funds are ultimately received, they could be redirected for FY 2009-10 using the statutory change suggested.

- Allow the full $2 to $3 million to flow into the Excess Title IV-E Cash Fund but, with the statutory change recommended, either transfer the Excess moneys into the General Fund for use in FY 2009-10 or appropriate the moneys directly from the Excess federal Title IV-E Cash Fund to offset General Fund otherwise required in FY 2009-10.

FY 2009-10 Budget Adjustment for Consideration. For FY 2009-10, the Committee could consider the following options for the $3.9 to $5.1 million in additional revenue:

- Use $1.0 million of the additional funds to enable a full 1.67 percent caseload funding increase for the child welfare line item.

- Allow approximately $700,000 additional funds to spill into the Excess Federal Title IV-E Cash Fund for appropriation to counties for Title IV-E Related Administrative Activities in FY 2010-11. Based on current projections, there otherwise will not be sufficient funds available for this purpose in FY 2010-11.

- Use the balance of funds to offset General Fund otherwise required in Child Welfare Services. General Fund savings could be then be redirected to reduce the level of cuts required for Child Welfare Services or simply to address overall state balancing needs. Given the uncertainties regarding Title IV-E revenue, staff would recommend a direct offset using a low estimate of additional federal revenues ($2.2 million); if revenues ultimately received are higher, the recommended statutory change would allow the Committee to use these funds as needed in FY 2010-11.

- One option that could be considered <u>that would require most or all of the amount</u> would be to provide "bridge funding" related to the proposed sunset of S.B. 08-216, *i.e.*, for FY 2009-10 only, require a county match of 15 percent, rather than 20 percent for residential child care programs. This would have the advantage that the funding, which is temporary, would be used for a temporary purpose.

No Executive requests have yet been received related to these funds, given the timing of the passage of the federal act.

ADDITIONAL BALANCING OPTIONS

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
1	(1,000,000)				(1,000,000)	
Child Care Councils Reduction Through H.B. 07-1062, the General Assembly expanded the previous Consolidated Child Care Pilots to additional locations throughout the State (estimated at 30). The bill added $1. million in federal funds and $1 million in General Fund transferred from the Child Care Assistance Program line item. If the Committee wished to take savings in the area of services directed at child care quality it could reduce or eliminate the General Fund portion of this appropriation. Staff does **not** expect this would create a problem related to receipt of additional federal block grant funds under the American Reinvestment and Recovery Act, based on information presently available.						
2	(1,000,000)				(1,000,000)	
Child Care Subsidy Reduction The Child Care Assistance Program is funded with a combination of General Fund, federal block grant funds, county funds, and county transfers of TANF dollars. Counties have significant discretion over who qualifies for subsidies and the level of provider reimbursement and, historically, the size of the General Fund subsidy has seemed to have little impact on the overall scope of the program, particularly given that the program can grow or shrink by $30 million, depending upon county TANF policies. Staff currently believes that some General Fund reduction could be taken without undue impact on the program. The program's current appropriation is $78.1 million, including $16.4 million General Fund. Staff anticipates that such a cut would pose a problem related to receipt of additional federal block grant funds under the American Reinvestment and Recovery Act.						
3	(140,000)				(140,000)	
Child Welfare New Staff/studies added FY 2008-09 A total of $535,526 was added for child welfare administration in FY 2008-09. Hiring freeze savings reported total just $33,445 General Fund. Thus many of these positions may have been filled. The Department has indicated that approximately $140,000 in additional unused funds may be available. Depending upon additional requests that may be received related to FY 2008-09, and the state's FY 2008-09 balance position, staff may recommend this adjustment at a later date.						

In addition to these items, as discussed in the text, the Committee could also consider a transfer of approximately $1.5 million from the Collaborative Management Incentives Cash Fund to the General Fund.