

This link includes the following documents:

- Memo: Clarification - JBC Action on TANF for FY 2011-12, March 27, 2012
- Memo: Temporary Assistance for Needy Families Options, March 22, 2012
- Memo: Updated Recommendation on Pending Items - Human Services, Self Sufficiency Programs funded with Temporary Assistance for Needy Families, March 14, 2012; revised March 21, 2012
- Memo: Staff Technical Comebacks - Department of Human Services, Divisions of Child Welfare, Child Care, Youth Corrections, Office of Self Sufficiency, March 14, 2012
- Memo: Additional Social Services Block Grant Funds Available, March 8, 2012
- Memo: Pending Items - Human Services, Self Sufficiency Programs Funded with Temporary Assistance for Needy Families, March 7, 2012
- FY 2012-13 Staff Figure Setting: Department of Human Services (County Administration, Self Sufficiency, Adult Assistance), February 21, 2012

MEMORANDUM

TO: Members of the Joint Budget Committee
FROM: Amanda Bickel, JBC Staff
SUBJECT: Clarification - JBC Action on TANF for FY 2011-12
DATE: March 27, 2012

Based on a review of the staff figure setting document for the Department of Human Services, Office of Self Sufficiency and subsequent memos on Temporary Assistance for Needy Families (TANF), staff wishes to clarify a component of the staff recommendation for FY 2011-12 TANF funding. Staff recommends:

- Allowing the Department's FY 2011-12 restrictions to reduce TANF spending in FY 2011-12 by \$3.4 million in various line items, consistent with the letters from the Department to the Controller; and
- *Using an add-on supplemental to eliminate the FY 2011-12 \$5,524,726 federal funds line item for Reimbursements to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement.*

The FY 2012-13 recommendation, as approved by the Committee, included the following footnote:

N Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants -- It is the intent of the General Assembly that the Department comply with the provisions of Section 26-2-714 (10), C.R.S., by reducing required county Temporary Assistance for Needy Families (TANF) maintenance of effort expenditures in the fiscal year after the State is notified that it has met federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort. If the State is notified during state FY 2011-12 that it has met federal work participation rates for a prior year and therefore qualifies for a percent reduction in the state's maintenance of effort, local cash funds expenditure obligations that are established in this line item pursuant to Section 26-2-714 (6) (c) (I), C.R.S., shall be reduced by \$5,524,726.

Staff believes this FY 2012-13 footnote only makes sense if the FY 2011-12 appropriation for Reimbursements to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement is formally eliminated.

MEMORANDUM

TO: Joint Budget Committee Members
FROM: Amanda Bickel
SUBJECT: Temporary Assistance for Needy Families Options
DATE: March 22, 2012

Some members have indicated that they would be interested in options for spending additional funds on TANF programs in FY 2012-13 beyond the FY 2011-12 continuation level reflected in the staff recommendation. Options are reviewed below. The pages from my spreadsheet model are also attached. Please note that: (1) impact of the options described below, particularly in out-years, is reliant on TANF revenue assumptions that may or may not prove accurate; and (2) this represents a sample of the many possible options for applying revenue and cuts.

Background

Action to Date, March 14, 2012 Recommendation, and Projection

- County TANF programs were reduced by \$7.0 million (5.2%) from FY 2010-11 to FY 2011-12. TANF state administration, Low-income Energy Assistance, and other TANF-supported programs were reduced by a total of \$1.9 million.
- For FY 2011-12, the reductions were accomplished via restrictions. The staff recommendation reflects incorporating these cuts into the budget and retaining them at the same level in FY 2012-13.
- Based on current projections staff expects a need for additional cuts to TANF appropriations totaling \$14.9 million by FY 2014-15, *i.e.*, staff anticipates that total FY 2014-15 appropriations will need to be \$24 million lower than the FY 2010-11 level, to address the loss of the \$13.6 million supplemental grant and the \$10.4 million structural funding imbalance.
- If staff assumes that the use of TANF to replace General Fund in Child Welfare Programs would be phased-out (*i.e.*, General Fund of \$11.0 million would be restored in Child Welfare), counties would still face a total reduction of \$11.0 million (8.1%) between FY 2010-11 and FY 2014-15. (See Base Scenario A, attached)
- If staff instead assumes that all additional cuts in FY 2013-14 and FY 2014-15 are taken from county TANF allocations, counties would face a total reduction of \$22.0 million (16.2%) between FY 2010-11 and FY 2014-15. (See Base Scenario B, attached)

Options for Assisting Counties

The staff recommendation from the memo dated March 14, 2012 applied \$5.7 million in one-time funds to ensure that FY 2012-13 funding fell no lower than the FY 2011-12 level imposed by the

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Executive and assumed that funds above this level (in particular, \$2.5 million of a \$5.0 million total in one-time federal Social Services Block Grant funds) would help to partially offset the funding shortage in FY 2013-14. Staff has developed three options that could be applied if the Committee decided it wished to provide additional assistance to counties. These range from very limited adjustments to the staff recommendation (Option 1) to options that would allow temporary restoration of cuts taken in FY 2011-12 and FY 2012-13 to a modest degree (Option 2) or a large degree (Option 3).

Option 1 Staff Recommendation for FY 2011-12 and FY 2012-13, but fund source adjustment so can fully restore General Fund (\$11.0 million) to child welfare in FY 2013-14.

If the Committee is willing to fully replace the \$11.0 million TANF funds in Child Welfare programs with General Fund in FY 2013-14, staff would recommend this option.

In FY 2012-13, the sole difference between this option and the March 14 staff recommendation is the amount of federal Social Services Block Grant appropriations versus federal TANF reserve appropriations in FY 2012-13. (In this Option, \$5.0 million in Social Services Block Grant Funds, instead of \$2.5 million, would be appropriated in FY 2012-13 and appropriations from TANF reserves would be reduced by the same amount.)

From an appropriations perspective, this option:

- Has \$0 General Fund impact in FY 2012-13
- Has an \$11.0 million General fund impact in FY 2013-14

From a county program perspective, the impact would be:

- No additional projected cuts in FY 2013-14 (funding retained at FY 2012-13 level)
- FY 2014-15 additional projected cuts of \$2.7 million (cut of \$9.7 million from FY 2010-11 level)
- Maximum cut of \$11.0 million from the FY 2010-11 level only experienced in FY 2015-16.

Option 2 Restore an additional \$2.5 million Social Services Block Grant between FY 2011-12 and FY 2012-13 and fully restore General Fund (\$11.0 million) to child welfare in FY 2013-14

Under this scenario, the Committee would restore \$1.0 million in FY 2011-12 and \$1.5 million in FY 2012-13. Specifically, in FY 2011-12 it would restore the \$1.0 million County Block Grant Support Fund (i.e., it would request the Executive lift a restriction) and in FY 2012-13 it would do this and restore \$0.5 million for the Colorado Works Block Grants line item.

From an appropriations perspective, this option:

- Has \$0 General Fund impact in FY 2012-13

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- Has an \$11.0 million General fund impact in FY 2013-14

From a county program perspective, the impact would be:

- A portion of FY 2011-12 and FY 2012-13 cuts would be restored. This would leave counties with total cuts of \$6.0 million in FY 2011-12 (instead of \$7.0 million) and \$5.5 million in FY 2012-13 (instead of \$7.0 million).
- However, because this would spend additional reserves, additional cuts would be accelerated. Based on the projection, county cuts would need to be increased to \$8.3 million in FY 2013-14.
- Maximum cut of \$11.0 million from the FY 2010-11 level would be experienced in FY 2014-15.

Option 3 Replace \$5.0 million TANF appropriations with Social Services Block Grant Funds in FY 2011-12 and fully restore General Fund (\$11.0 million) to child welfare in FY 2012-13; Maximize county TANF funding in FY 2011-12 and FY 2012-13

Under this scenario:

- The Committee would make a one-time supplemental appropriations adjustment for FY 2011-12 to replace \$5.0 million TANF funds in the Division of Child Welfare with Social Services Block Grant Funds. For FY 2012-13, it would eliminate the \$11.0 million TANF appropriation for Child Welfare Services and replace this with General Fund.
- The Committee would also, for FY 2011-12, request the Executive to restore \$300,000 of the restriction to the County Block Grant Support Fund and would indicate that the \$5.5 million Reimbursements to Counties for MOE line item would not be reduced or restricted. The appropriations changes would be continued in FY 2012-13 and, in addition, the \$0.5 million County Block Grants cut would be eliminated.

From an appropriations perspective, this option:

- Has an \$11.0 million General Fund impact in FY 2012-13 (continued in future years)

From a county program perspective, the impact would be:

- The majority of FY 2011-12 and FY 2012-13 county cuts would be restored. This would leave counties with total cuts of \$1.2 million in FY 2011-12 (instead of \$7.0 million) and \$0.7 million in FY 2012-13 (instead of \$7.0 million).
- County cuts would return to the \$7.0 million level in FY 2013-14.
- Maximum cut of \$11.0 million from the FY 2010-11 level would be experienced in FY 2014-15.

Base Scenario A - Staff Recommendation as of March 14, 2012 with out-year assumption that TANF eventually eliminated/GF restored in child welfare

TANF Long-term Reserve Projection						
	FY 2010-11 Actual Revenue/Appropriation*	FY 2011-12 with Governor's Restrictions & Recommended Long Bill Supplemental	FY 2012-13 Recommended/IBC Placeholder	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected
Revenue						
Uncommitted prior year funds excluding reserve	42,735,864	26,676,947	8,253,808	2,626,758	0	0
2% Uncommitted Reserve set-aside	n/a	n/a	2,721,132	2,721,132	2,721,132	2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	13,569,691	0	0	0	0	0
TANF Contingency Fund	6,802,836	11,834,933	6,802,836	0	0	0
Revenue Subtotal	199,165,081	174,568,570	153,834,466	141,404,580	138,777,822	138,777,822
Appropriations						
Allocations to Counties	135,237,861	128,198,357	128,198,357	126,895,229	124,268,471	124,268,471
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program Maint	2,467,205	2,242,205	2,135,151	2,135,151	2,135,151	2,135,151
Works Statewide Strategic Use Fund	4,000,000	0	0	0	0	0
Refugee Assistance	2,805,334	2,705,334	2,705,334	2,705,334	2,705,334	2,705,334
Low Income Energy Assistance	1,500,000	0	0	0	0	0
Domestic Abuse Program	659,677	629,677	629,677	629,677	629,677	629,677
Child Welfare Programs (see below for net impact)	<u>19,500,000</u>	<u>23,500,000</u>	<u>8,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditure subtotal	172,488,134	163,593,630	148,486,576	138,683,448	136,056,690	136,056,690
2% reserve		<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required after reserve set-aside	26,676,947	8,253,808	2,626,758	0	0	0
TANF-related Child Welfare Changes						
TANF	19,500,000	23,500,000	8,500,000	0	0	0
General Fund	(19,500,000)	(23,500,000)	(11,000,000)	(2,500,000)	0	0
Social Service Block Grant	0	0	2,500,000	2,500,000	0	0
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

*Simplified for purposes of this model

Change in Appropriations from FY 2010-11	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Allocations to Counties	0	(7,039,504)	(7,039,504)	(8,342,632)	(10,969,390)	(10,969,390)
Info. Technology & Indirect Costs	0	0	0	0	0	0
CO Works State Administration, Evaluation, Training, Program Maint	0	(225,000)	(332,054)	(332,054)	(332,054)	(332,054)
Works Statewide Strategic Use Fund	0	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Refugee Assistance	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Low Income Energy Assistance	0	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Domestic Abuse Program	0	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Child Welfare Programs (TANF change only)	0	<u>4,000,000</u>	<u>(11,000,000)</u>	<u>(19,500,000)</u>	<u>(19,500,000)</u>	<u>(19,500,000)</u>
TANF Expenditure change subtotal	0	(8,894,504)	(24,001,558)	(33,804,686)	(36,431,444)	(36,431,444)
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

Notes:

One time Social Services Block Grant appropriations substitute for TANF in chld welfare	0	2,500,000	2,500,000	0	0	0	Adjust amounts in yellow cells for different results
Contingency Funds Assumed to be Received	6,802,836	11,834,933	6,802,836	0	0	0	A total of \$5.0 million in one-time funds is available; it may be spent in FY 2011-12, FY 2012-13 an/or FY 2013-14.
Reduce/Eliminate TANF for Child Welfare	0	0	0	(8,500,000)	(11,000,000)	(11,000,000)	Assumptions are that FY 2012-13 receipts will be the same as FY 2010-11 and future years will be \$0. Actual receipts may differ.
Replace abpve with GF	0	0	0	8,500,000	11,000,000	11,000,000	A total of up to \$11.0 million child welfare GF is still assumed to be refinanced with TANF in FY 2012-13, unless changed.
Add back funding for counties/Reductions anticipated							
County block grants							
(FY 2011-12 restriction: \$514,778 from base \$128,713,135)	0	0	0	(1,303,128)	(3,929,886)	(3,929,886)	This is the main County Works line item allocated among counties; there is a county share - currently \$22 million.
County block grant support fund							
(FY 2011-12 restriction: \$1,000,000; eliminates)	0	0	0	0	0	0	This funding is distributed at the end of the year to qualifying counties.
Reimbursements to Counties for MOE							
(FY 2011-12 anticipated reduction: \$5,524,726; eliminated)	0	0	0	0	0	0	This funding is distributed at the end of the year if CO achieves its federal Work Participation requirement for a previous year.
TOTAL add-back/further reductions to county appropriations	0	0	0	(1,303,128)	(3,929,886)	(3,929,886)	

Base Scenario B - Staff Recommendation as of March 14, 2012 with out-year assumption that TANF NOT eliminated/GF NOT restored in child welfare

TANF Long-term Reserve Projection						
	FY 2010-11 Actual Revenue/Appropriation*	FY 2011-12 with Governor's Restrictions & Recommended Long Bill Supplemental	FY 2012-13 Recommended/JBC Placeholder	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected
Revenue						
Uncommitted prior year funds excluding reserve	42,735,864	26,676,947	8,253,808	2,626,758	0	0
2% Uncommitted Reserve set-aside	n/a	n/a	2,721,132	2,721,132	2,721,132	2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	13,569,691	0	0	0	0	0
TANF Contingency Fund	6,802,836	11,834,933	6,802,836	0	0	0
Revenue Subtotal	199,165,081	174,568,570	153,834,466	141,404,580	138,777,822	138,777,822
Appropriations						
Allocations to Counties	135,237,861	128,198,357	128,198,357	118,395,229	113,268,471	113,268,471
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program Mai	2,467,205	2,242,205	2,135,151	2,135,151	2,135,151	2,135,151
Works Statewide Strategic Use Fund	4,000,000	0	0	0	0	0
Refugee Assistance	2,805,334	2,705,334	2,705,334	2,705,334	2,705,334	2,705,334
Low Income Energy Assistance	1,500,000	0	0	0	0	0
Domestic Abuse Program	629,677	629,677	629,677	629,677	629,677	629,677
Child Welfare Programs (see below for net impact)	<u>19,500,000</u>	<u>23,500,000</u>	<u>8,500,000</u>	<u>8,500,000</u>	<u>11,000,000</u>	<u>11,000,000</u>
Expenditure subtotal	172,488,134	163,593,630	148,486,576	138,683,448	136,056,690	136,056,690
2% reserve		<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required after reserve set-aside	26,676,947	8,253,808	2,626,758	0	0	0
TANF-related Child Welfare Changes						
TANF	19,500,000	23,500,000	8,500,000	8,500,000	11,000,000	11,000,000
General Fund	(19,500,000)	(23,500,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Social Service Block Grant	0	0	2,500,000	2,500,000	0	0
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

*Simplified for purposes of this model

Change in Appropriations from FY 2010-11	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Allocations to Counties	0	(7,039,504)	(7,039,504)	(16,842,632)	(21,969,390)	(21,969,390)
Info. Technology & Indirect Costs	0	0	0	0	0	0
CO Works State Administration, Evaluation, Training, Program Mai	0	(225,000)	(332,054)	(332,054)	(332,054)	(332,054)
Works Statewide Strategic Use Fund	0	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Refugee Assistance	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Low Income Energy Assistance	0	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Domestic Abuse Program	0	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Child Welfare Programs (TANF change only)	0	<u>4,000,000</u>	<u>(11,000,000)</u>	<u>(11,000,000)</u>	<u>(8,500,000)</u>	<u>(8,500,000)</u>
TANF Expenditure change subtotal	0	(8,894,504)	(24,001,558)	(33,804,686)	(36,431,444)	(36,431,444)
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

Notes:

One time Social Services Block Grant appropriations substitute for TANF in chld welfare	0	2,500,000	2,500,000	0	0	0	Adjust amounts in yellow cells for different results
Contingency Funds Assumed to be Received	6,802,836	11,834,933	6,802,836	0	0	0	A total of \$5.0 million in one-time funds is available; it may be spent in FY 2011-12, FY 2012-13 an/or FY 2013-14
Reduce/Eliminate TANF for Child Welfare			0	0	0	0	Assumptions are that FY 2012-13 receipts will be the same as FY 2010-11 and future years will be \$0. Actual receipts may differ
Replace abpve with GF			0	0	0	0	A total of up to \$11.0 million child welfare GF is still assumed to be refinanced with TANF in FY 2012-13, unless changed
Add back funding for counties/Reductions anticipated							
County block grants							
(FY 2011-12 restriction: \$514,778 from base \$128,713,135		0	0	(9,803,128)	(14,929,886)	(14,929,886)	This is the main County Works line item allocated among counties; there is a county share - currently \$22 million
County block grant support fund							
(FY 2011-12 restriction: \$1,000,000; eliminates		0	0	0	0	0	This funding is distributed at the end of the year to qualifying counties
Reimbursements to Counties for MOE							
(FY 2011-12 anticipated reduction: \$5,524,726; eliminated		0	0	0	0	0	This funding is distributed at the end of the year if CO achieves its federal Work Participation requirement for a previous year
TOTAL add-back/further reductions to county appropriation:		0	0	(9,803,128)	(14,929,886)	(14,929,886)	

Option 1 - Staff Recommendation for FY 2011-12 and FY 2012-13, but fund source adjustment so fully restore General Fund to child welfare in FY 2013-14

TANF Long-term Reserve Projection						
	FY 2010-11 Actual Revenue/Appropriation*	FY 2011-12 with Option	FY 2012-13 with Option	FY 2013-14 Projected	FY 2014-15 Projected	FY 2015-16 Projected
Revenue						
Uncommitted prior year funds excluding reserve	42,735,864	26,676,947	8,253,808	5,126,758	1,196,872	0
2% Uncommitted Reserve set-aside	n/a	n/a	2,721,132	2,721,132	2,721,132	2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	13,569,691	0	0	0	0	0
TANF Contingency Fund	6,802,836	11,834,933	6,802,836	0	0	0
Revenue Subtotal	199,165,081	174,568,570	153,834,466	143,904,580	139,974,694	138,777,822
Appropriations						
Allocations to Counties	135,237,861	128,198,357	128,198,357	128,198,357	125,465,343	124,268,471
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program Mair	2,467,205	2,242,205	2,135,151	2,135,151	2,135,151	2,135,151
Works Statewide Strategic Use Fund	4,000,000	0	0	0	0	0
Refugee Assistance	2,805,334	2,705,334	2,705,334	2,705,334	2,705,334	2,705,334
Low Income Energy Assistance	1,500,000	0	0	0	0	0
Domestic Abuse Program	659,677	629,677	629,677	629,677	629,677	629,677
Child Welfare Programs (see below for net impact)	<u>19,500,000</u>	<u>23,500,000</u>	<u>6,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditure subtotal	172,488,134	163,593,630	145,986,576	139,986,576	137,253,562	136,056,690
2% reserve		<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required after reserve set-aside	26,676,947	8,253,808	5,126,758	1,196,872	0	0
TANF-related Child Welfare Changes						
TANF	19,500,000	23,500,000	6,000,000	0	0	0
General Fund	(19,500,000)	(23,500,000)	(11,000,000)	0	0	0
Social Service Block Grant	0	0	5,000,000	0	0	0
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

*Simplified for purposes of this model

Change in Appropriations from FY 2010-11	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Allocations to Counties	0	(7,039,504)	(7,039,504)	(7,039,504)	(9,772,518)	(10,969,390)
Info. Technology & Indirect Costs	0	0	0	0	0	0
CO Works State Administration, Evaluation, Training, Program Mair	0	(225,000)	(332,054)	(332,054)	(332,054)	(332,054)
Works Statewide Strategic Use Fund	0	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Refugee Assistance	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Low Income Energy Assistance	0	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Domestic Abuse Program	0	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Child Welfare Programs (TANF change only)	0	<u>4,000,000</u>	<u>(13,500,000)</u>	<u>(19,500,000)</u>	<u>(19,500,000)</u>	<u>(19,500,000)</u>
TANF Expenditure change subtotal	0	(8,894,504)	(26,501,558)	(32,501,558)	(35,234,572)	(36,431,444)
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

Notes:

Adjust amounts in yellow cells for different results

One time Social Services Block Grant appropriations substitute for TANF in chld welfare	0	5,000,000	0	0	0	0	A total of \$5.0 million in one-time funds is available; it may be spent in FY 2011-12, FY 2012-13 an/or FY 2013-14.
Contingency Funds Assumed to be Received	6,802,836	11,834,933	6,802,836	0	0	0	Assumptions are that FY 2012-13 receipts will be the same as FY 2010-11 and future years will be \$0. Actual receipts may differ.
Reduce/eliminate TANF for Child Welfare			0	(11,000,000)	(11,000,000)	(11,000,000)	A total of up to \$11.0 million child welfare GF is still assumed to be refinanced with TANF in FY 2012-13, unless changed.
Replace abpve with GF			0	11,000,000	11,000,000	11,000,000	
Add back funding for counties/Reductions anticipated							
County block grants							
(FY 2011-12 restriction: \$514,778 from base \$128,713,135)		0	0	0	(2,733,014)	(3,929,886)	This is the main County Works line item allocated among counties; there is a county share - currently \$22 million.
County block grant support fund							
(FY 2011-12 restriction: \$1,000,000; eliminates)		0	0	0	0	0	This funding is distributed at the end of the year to qualifying counties.
Reimbursements to Counties for MOE							
(FY 2011-12 anticipated reduction: \$5,524,726; eliminated)		0	0	0	0	0	This funding is distributed at the end of the year if CO achieves its federal Work Participation requirement for a previous year.
TOTAL add-back/further reductions to county appropriations		0	0	0	(2,733,014)	(3,929,886)	

Option 2 - Restore an additional \$2.5 million Social Services Block Grant between FY 2011-12 and FY 2012-13 and fully restore General Fund (\$11.0 million) to child welfare in FY 2013-14

TANF Long-term Reserve Projection						
	FY 2010-11 Actual	FY 2011-12 with	FY 2012-13 with	FY 2013-14	FY 2014-15	FY 2015-16
	Revenue/ Appropriation*	Option	Option	Projected	Projected	Projected
Revenue						
Uncommitted prior year funds excluding reserve	42,735,864	26,676,947	7,253,808	2,611,980	0	0
2% Uncommitted Reserve set-aside	n/a	n/a	2,721,132	2,721,132	2,721,132	2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	13,569,691	0	0	0	0	0
TANF Contingency Fund	6,802,836	11,834,933	6,802,836	0	0	0
Revenue Subtotal	199,165,081	174,568,570	152,834,466	141,389,802	138,777,822	138,777,822
Appropriations						
Allocations to Counties	135,237,861	129,198,357	129,713,135	126,880,451	124,268,471	124,268,471
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program Maint	2,467,205	2,242,205	2,135,151	2,135,151	2,135,151	2,135,151
Works Statewide Strategic Use Fund	4,000,000	0	0	0	0	0
Refugee Assistance	2,805,334	2,705,334	2,705,334	2,705,334	2,705,334	2,705,334
Low Income Energy Assistance	1,500,000	0	0	0	0	0
Domestic Abuse Program	629,677	629,677	629,677	629,677	629,677	629,677
Child Welfare Programs (see below for net impact)	<u>19,500,000</u>	<u>23,500,000</u>	<u>6,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditure subtotal	172,488,134	164,593,630	147,501,354	138,668,670	136,056,690	136,056,690
2% reserve		<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required after reserve set-aside	26,676,947	7,253,808	2,611,980	0	0	0
TANF-related Child Welfare Changes						
TANF	19,500,000	23,500,000	6,000,000	0	0	0
General Fund	(19,500,000)	(23,500,000)	(11,000,000)	0	0	0
Social Service Block Grant	0	0	5,000,000	0	0	0
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

*Simplified for purposes of this model

Change in Appropriations from FY 2010-11	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Allocations to Counties	0	(6,039,504)	(5,524,726)	(8,357,410)	(10,969,390)	(10,969,390)
Info. Technology & Indirect Costs	0	0	0	0	0	0
CO Works State Administration, Evaluation, Training, Program Maint	0	(225,000)	(332,054)	(332,054)	(332,054)	(332,054)
Works Statewide Strategic Use Fund	0	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Refugee Assistance	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Low Income Energy Assistance	0	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Domestic Abuse Program	0	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Child Welfare Programs (TANF change only)	0	4,000,000	(13,500,000)	(19,500,000)	(19,500,000)	(19,500,000)
TANF Expenditure change subtotal	0	(7,894,504)	(24,986,780)	(33,819,464)	(36,431,444)	(36,431,444)
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

Notes:

Adjust amounts in yellow cells for different results

One time Social Services Block Grant appropriations substitute for TANF in chld welfare	0	5,000,000	0	0	0	0	A total of \$5.0 million in one-time funds is available; it may be spent in FY 2011-12, FY 2012-13 an/or FY 2013-14.
Contingency Funds Assumed to be Received	6,802,836	11,834,933	6,802,836	0	0	0	Assumptions are that FY 2012-13 receipts will be the same as FY 2010-11 and future years will be \$0. Actual receipts may differ.
Reduce/Eliminate TANF for Child Welfare			0	(11,000,000)	(11,000,000)	(11,000,000)	A total of up to \$11.0 million child welfare GF is still assumed to be refinanced with TANF in FY 2012-13, unless changed.
Replace abpve with GF			0	11,000,000	11,000,000	11,000,000	
Add back funding for counties/Reductions anticipated							
County block grants							
(FY 2011-12 restriction: \$514,778 from base \$128,713,135)		0	514,778	(1,317,906)	(3,929,886)	(3,929,886)	This is the main County Works line item allocated among counties; there is a county share - currently \$22 million.
County block grant support fund							
(FY 2011-12 restriction: \$1,000,000; eliminates)		1,000,000	1,000,000	0	0	0	This funding is distributed at the end of the year to qualifying counties.
Reimbursements to Counties for MOE							
(FY 2011-12 anticipated reduction: \$5,524,726; eliminated)		0	0	0	0	0	This funding is distributed at the end of the year if CO achieves its federal Work Participation requirement for a previous year.
TOTAL add-back/further reductions to county appropriations		1,000,000	1,514,778	(1,317,906)	(3,929,886)	(3,929,886)	

Option 3 - Replace TANF with with SSBG in FY 2011-12 and restore General Fund in Child Welfare in FY 2012-13; Maximize FY 2011-12 and FY 2012-13 appropriation

TANF Long-term Reserve Projection						
	FY 2010-11 Actual	FY 2011-12 with	FY 2012-13 with	FY 2013-14	FY 2014-15	FY 2015-16
	Revenue/ Appropriation*	Option	Option	Projected	Projected	Projected
Revenue						
Uncommitted prior year funds excluding reserve	42,735,864	26,676,947	7,429,082	3,962,528	32,642	32,642
2% Uncommitted Reserve set-aside	n/a	n/a	2,721,132	2,721,132	2,721,132	2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	13,569,691	0	0	0	0	0
TANF Contingency Fund	6,802,836	11,834,933	6,802,836	0	0	0
Revenue Subtotal	199,165,081	174,568,570	153,009,740	142,740,350	138,810,464	138,810,464
Appropriations						
Allocations to Counties	135,237,861	134,023,083	134,537,861	128,198,357	124,268,471	124,268,471
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program Maint	2,467,205	2,242,205	2,135,151	2,135,151	2,135,151	2,135,151
Works Statewide Strategic Use Fund	4,000,000	0	0	0	0	0
Refugee Assistance	2,805,334	2,705,334	2,705,334	2,705,334	2,705,334	2,705,334
Low Income Energy Assistance	1,500,000	0	0	0	0	0
Domestic Abuse Program	659,677	629,677	629,677	629,677	629,677	629,677
Child Welfare Programs (see below for net impact)	<u>19,500,000</u>	<u>18,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditure subtotal	172,488,134	164,418,356	146,326,080	139,986,576	136,056,690	136,056,690
2% reserve		<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required after reserve set-aside	26,676,947	7,429,082	3,962,528	32,642	32,642	32,642
TANF-related Child Welfare Changes						
TANF	19,500,000	18,500,000	0	0	0	0
General Fund	(19,500,000)	(23,500,000)	0	0	0	0
Social Service Block Grant	0	5,000,000	0	0	0	0
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

*Simplified for purposes of this model

Change in Appropriations from FY 2010-11	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Allocations to Counties	0	(1,214,778)	(700,000)	(7,039,504)	(10,969,390)	(10,969,390)
Info. Technology & Indirect Costs	0	0	0	0	0	0
CO Works State Administration, Evaluation, Training, Program Maint	0	(225,000)	(332,054)	(332,054)	(332,054)	(332,054)
Works Statewide Strategic Use Fund	0	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Refugee Assistance	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Low Income Energy Assistance	0	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Domestic Abuse Program	0	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Child Welfare Programs (TANF change only)	0	(1,000,000)	(19,500,000)	(19,500,000)	(19,500,000)	(19,500,000)
TANF Expenditure change subtotal	0	(8,069,778)	(26,162,054)	(32,501,558)	(36,431,444)	(36,431,444)
Net Child Welfare Impact of TANF-related changes	0	0	0	0	0	0

Notes:

Adjust amounts in yellow cells for different results

One time Social Services Block Grant appropriations substitute for TANF in chld welfare	5,000,000	0	0	0	0	0	A total of \$5.0 million in one-time funds is available; it may be spent in FY 2011-12, FY 2012-13 an/or FY 2013-14.
Contingency Funds Assumed to be Received	6,802,836	11,834,933	6,802,836	0	0	0	Assumptions are that FY 2012-13 receipts will be the same as FY 2010-11 and future years will be \$0. Actual receipts may differ.
Reduce/Eliminate TANF for Child Welfare			(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	A total of up to \$11.0 million child welfare GF is still assumed to be refinanced with TANF in FY 2012-13, unless changed.
Replace abpve with GF			11,000,000	11,000,000	11,000,000	11,000,000	
Add back funding for counties/Reductions anticipated							
County block grants							
(FY 2011-12 restriction: \$514,778 from base \$128,713,135)		0	514,778	0	(3,929,886)	(3,929,886)	This is the main County Works line item allocated among counties; there is a county share - currently \$22 million.
County block grant support fund							
(FY 2011-12 restriction: \$1,000,000; eliminates)		300,000	300,000	0	0	0	This funding is distributed at the end of the year to qualifying counties.
Reimbursements to Counties for MOE							
(FY 2011-12 anticipated reduction: \$5,524,726; eliminated)		5,524,726	5,524,726	0	0	0	This funding is distributed at the end of the year if CO achieves its federal Work Participation requirement for a previous year.
TOTAL add-back to county appropriations		5,824,726	6,339,504	0	(3,929,886)	(3,929,886)	

MEMORANDUM

TO: Members of the Joint Budget Committee

FROM: Amanda Bickel, JBC Staff

SUBJECT: Updated Recommendation on Pending Items - Human Services, Self Sufficiency Programs funded with Temporary Assistance for Needy Families

DATE: March 14, 2012 (3/21/12 revision to p. 5)

During the figure setting for the Department of Human Services, Office of Self Sufficiency, the Committee held out a vote on the Department of Human Services' R-3 request and all other line items that receive Temporary Assistance for Needy Families funding.

The Committee again discussed this issue during figure setting for Child Welfare Services (packet dated March 7, 2012) and, during the review of that packet on March 8, 2012, staff distributed another memo with new information about additional funds available from the Social Services Block Grant.

A recap of the issue is again provided below; however, **staff has also included a revised recommendation that takes into consideration the additional information provided.**

Summary of Previous Discussion and Additional History

As the Committee is aware, the State is now facing a serious shortfall in TANF funding due to the combination of an imbalance between base TANF appropriations and ongoing annual revenue (a \$10.4 million problem) and Congressional failure to reauthorize TANF Supplemental Grants in FY 2011-12 (a \$13.6 million problem). Together, these two problems drive a 16 percent reduction in TANF program funding, which will need to be progressively addressed between FY 2011-12 and FY 2013-14.

For members of the Committee concerned that the State should not backfill the federal Supplemental Grant cut, it should be noted that **\$10,361,753 of this problem (the gap between base revenue and base appropriations) exists irrespective of the recent reduction in federal TANF funding.** The budget imbalance was largely created in FY 2008-09. In FY 2008-09, the General Assembly added \$13.0 million in appropriations for new programs through S.B. 08-177 (Statewide Strategic Use Fund and the Program Maintenance Fund) without reducing other allocations. Over the next few years, the General Assembly eliminated funding for these new programs and redirected the vast majority of the additional funds (\$11.0 million) to refinance General Fund in the Division of Child Welfare.

"Regular" TANF Block Grant	\$136,056,690
Supplemental Grant	13,569,691
Base TANF Revenue - Prior Years	149,626,381
FY 2011-12 Long Bill TANF Approp.	172,488,134
Eliminate temporary child welfare refinance	(12,500,000)
Base TANF Appropriations - FY 2012-13	159,988,134
Gap Base Revenue and Base Appropriations	(10,361,753)
Loss of Supplemental Grant starting FY 2011-12	(\$13,569,691)
Total shortfall to be addressed when no reserves	(\$23,931,444)
Percent Reduction in TANF Funding	-16.0%

The tables below detail the original staff recommendation.

ORIGINAL Staff Recommendation on R-3 (TANF Solvency)				
From Feb. 21, 2012 Presentation				
	TANF Base FY 2012-13	Staff Rec. FY 2012-13	Recommended Changes	Percent Change
Colorado Works TANF Allocations to Counties (County Block Grants, Block Grant Support Fund, Reimbursement to Counties due to MOE Reduction)	\$135,237,861	\$123,544,368	(11,693,493)	-8.6%
Information Technology & Indirect Costs	6,318,057	6,318,057	0	0.0%
Colorado Works State Administration (Administration, Evaluation, County Training, Program Maintenance Fund, Workforce Development Council)	2,467,205	2,152,997	(362,054)	-14.7%
Refugee Assistance	2,805,334	2,705,334	(100,000)	-3.6%
Low Income Energy Assistance	1,500,000	0	(1,500,000)	-100.0%
Domestic Abuse Program	659,677	629,677	(30,000)	-4.5%
Child Welfare Programs	11,000,000	10,000,000	(1,000,000)	-9.1%
Total	159,988,134	145,350,433	(14,685,547)	-9.2%

ORIGINAL Requested v. Recommended Changes to Federal TANF Funds Appropriations for FY 2012-13 By Line Item – From Feb 21, 2012 Presentation		
	Requested Changes	Recommended Changes
Colorado Works Administration	(\$60,208)	(\$128,047)
County Block Grants	(5,168,767)	(5,168,767)
Reimbursement to Counties for Prior Year Expenditures Due to MOE	(5,524,726)	(5,524,726)

ORIGINAL Requested v. Recommended Changes to Federal TANF Funds Appropriations for FY 2012-13 By Line Item – From Feb 21, 2012 Presentation		
	Requested Changes	Recommended Changes
Reduction		
County Block Grant Support Fund	0	(1,000,000)
County Training	(114,000)	(114,000)
Domestic Abuse Program	(30,000)	(30,000)
Workforce Development Council	0	(20,007)
Colorado Works Program Maintenance Fund	0	(100,000)
Low Income Energy Assistance Program	<u>0</u>	(1,500,000)
Refugee Assistance	(50,000)	(100,000)
Child Welfare Services	<u>0</u>	<u>(1,000,000)</u>
Total Reductions	(\$10,947,701)	(\$14,685,547)

New Information on Funds Available and FY 2011-12 Restrictions Received After February 21, 2012 Presentation

- The Department has reported the receipt of an additional \$2,267,611 TANF Contingency Funds in FY 2011-12. This brings the total FY 2011-12 Contingency Fund receipts up to \$11,338,055. Only \$30,000 of this amount is expected to be applied in FY 2011-12.
- The Department has reported that it currently projects the unspent amount that could be transferred from the Statewide Strategic Use Fund in FY 2012-13 will be \$1,009,363. This amount is subject to change (but likely not by a large amount).
- Staff received additional information late on March 7 indicating that there are additional Social Services Block Grant funds available that could be used toward this problem. A total of \$7.0 million is available. Staff believes up to \$5.0 million of this amount could be directed to assist in addressing the state TANF shortfall.
- New March 14: Staff received a letter dated March 12, 2012 indicating that the amount of the TANF restriction on Colorado Works Administration had been over-stated for FY 2011-12 due an error and that the Controller had been instructed to reduce the restriction by \$30,000 from \$100,000 to \$70,000.

Revised Staff Recommendation

Taking into consideration all of the additional information outlined above, the revised staff recommendation on R-3 is as follows.

- Staff recommends setting FY 2012-13 appropriations at the same total level as the Department has restricted or requested be reduced **in FY 2011-12**, with the following exceptions.

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- Where the Department requested a larger reduction for an administrative line item for FY 2012-13 or common policy dictated an additional reduction, staff has applied this.
- Staff recommends that \$2,500,000 TANF funds appropriated for Child Welfare Services be reduced and replaced with \$2,500,000 from the Social Services Block Grant. Staff anticipates that this adjustment could be continued for an additional year (in FY 2013-14), thus helping to reduce the impact of TANF program cuts in FY 2013-14.
- Thus, the staff recommendation applies the following one-time funds to help offset the impact of TANF reductions otherwise required in FY 2012-13

Contingency Funds	\$2,237,611
SSUF Reversion to Long Term Reserve	1,009,363
Social Services Block Grant	<u>2,500,000</u>
	\$5,746,974

An additional \$2,500,000 from the Social Services Block Grant, plus any excess Contingency Funds received, would then be available for use in FY 2013-14 to help offset FY 2013-14 required reductions.

Requested v. <u>Revised</u> Recommended Changes to Federal TANF Funds Appropriations for FY 2012-13 By Line Item			
	FY 2012-13 Base	Requested Changes	Recommended Changes
Colorado Works Administration	1,577,454	(\$60,208)	(\$98,047)
County Block Grants	128,713,135	(5,168,767)	(514,778)
Reimbursement to Counties for Prior Year Expenditures Due to MOE Reduction*	5,524,726	(5,524,726)	(5,524,726)
County Block Grant Support Fund	1,000,000	0	(1,000,000)
County Training	589,744	(114,000)	(114,000)
Colorado Works Program Evaluation	95,000	0	0
Domestic Abuse Program	659,677	(30,000)	(30,000)
Workforce Development Council	105,007	0	(20,007)
Colorado Works Program Maintenance Fund	100,000	0	(100,000)
Low Income Energy Assistance Program	1,500,000	<u>0</u>	(1,500,000)
Refugee Assistance	2,805,334	(50,000)	(100,000)
Child Welfare and Core Services	11,000,000	0	(2,500,000)
Other - CBMS/Trails/Indirect Costs	6,318,057	0	0
Total Reductions	159,988,134	(\$10,947,701)	(\$11,501,558)

*Department requested this be done via bill; staff recommendation reflects approach without bill.

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The table below summarizes the recommendation and the impact on the TANF Long Term Reserve. Please note that this table is revised from the version distributed in the memo on March 14.¹ This does not change the staff recommendation for the FY 2012-13 appropriation, but does indicate that additional funds may be available in FY 2013-14 to help offset cuts that year, *if* the TANF Contingency Fund projection proves accurate for FY 2012-13.

	FY 2011-12 with Restrictions/ Rec.	FY 2012-13 Staff Recommendation	FY 2013-14 Projection
Revenue			
Uncommitted prior year funds excluding reserve	\$26,676,947	\$8,253,808	\$2,626,758
2% Uncommitted Reserve set-aside	n/a	2,721,132	2,721,132
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	0	0	0
TANF Contingency Fund	<u>11,834,933</u>	<u>6,802,836</u>	<u>0</u>
Revenue Subtotal	174,568,570	153,834,466	141,404,580
Expenditures			
Allocations to Counties	128,198,357	128,198,357	128,198,357
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program Maintenance Fund	2,242,205	2,135,151	2,135,151
Works Statewide Strategic Use Fund	0	0	0
Refugee Assistance	2,705,334	2,705,334	2,705,334
Low Income Energy Assistance	0	0	0
Domestic Abuse Program	629,677	629,677	629,677
Child Welfare Programs	23,500,000	8,500,000	8,500,000
Expenditure subtotal	163,593,630	148,486,576	148,486,576
2% reserve	<u>2,721,132</u>	<u>2,721,132</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required after reserve set-aside	8,253,808	2,626,758	(9,803,128)

County Match Recommendation

Associated with the reduction of \$514,778 TANF federal funds to County Block Grants, staff recommends that the cash funds shown in this line item from local funds (county maintenance of effort) also be proportionately reduced by \$88,942.

¹Differences (revenue only): (1) the Department has indicated that unspent Statewide Strategic Use Fund amounts (\$1.0 million) were already incorporated in its estimate of uncommitted prior year funds; (2) additional contingency funds (\$496,878) have been received in FY 2011-12; (3) staff had not properly accounted for the 2.0% reserve.

M E M O R A N D U M

TO: Members of the Joint Budget Committee

FROM: Amanda Bickel, JBC Staff

SUBJECT: Staff Technical Comebacks - Department of Human Services, Divisions of Child Welfare, Child Care, Youth Corrections, Office of Self Sufficiency

DATE: March 14, 2012

The following items represent minor technical corrections and additional information from the staff figure setting presentations dated March 7, 2012 and February 21, 2012.

Division of Youth Corrections, Community Services, Purchase of Contract Placements

FY 2011-12: During the figure setting presentation for the Division of Youth Corrections, the Committee voted to add funds to enable the Division to operate state facilities at 100 percent of design capacity, rather than 110 percent, during the last quarter of FY 2011-12. The fiscal impact of this change is reflected in the table below.

Division of Youth Corrections, Purchase of Contract Placements FY 2011-12					
	Total	GF	RF	FF	Net GF
FY 2011-12 Appropriation (enacted)	\$32,678,826	\$30,218,055	\$1,430,296	\$1,030,475	\$30,933,203
Long Bill add-on - Eliminate DYC					
Overcrowding last quarter FY 2012	<u>651,124</u>	<u>579,329</u>	<u>28,438</u>	<u>43,357</u>	<u>593,548</u>
Recommended FY 2011-12					
Appropriation	\$33,329,950	\$30,797,384	\$1,458,734	\$1,073,832	\$31,526,751

Consistent with the Committee's vote, staff **would also reduce by the FY 2011-12 appropriation for the Division of Child Care, Child Care Assistance Program, by \$593,548 General Fund.**

FY 2012-13: Staff has made adjustments to eliminate some minor discrepancies between the Department request and staff recommendation for this line item. The differences (totaling less than \$4,000) relate to the rates assumed for certain types of placements. A revised staff recommendation is included below. For the Committee's information, the table below also includes a more detailed break-out of the components of the Department's contract placements supplemental. Please note that this table builds the recommendation from the current, enacted appropriation and does not incorporate the FY 2010-11 appropriation adjustment described above.

Division of Youth Corrections, Purchase of Contract Placements FY 2012-13					
	Total	GF	RF	FF	Net GF
FY 2011-12 Appropriation (enacted)	\$32,678,826	\$30,218,055	\$1,430,296	\$1,030,475	\$30,933,203
Eliminate state facility overcrowding (full year impact)	2,576,285	2,377,042	112,767	86,476	2,433,426
Add contract placements in lieu of 40 state operated beds (annualize FY 2011-12 adjustment)	1,138,043	1,030,379	75,081	32,583	1,067,920

Division of Youth Corrections, Purchase of Contract Placements FY 2012-13

	Total	GF	RF	FF	Net GF
Population Forecast Adjustment	(1,374,523)	(1,289,349)	(60,416)	(24,758)	(1,319,557)
Annualize FY 2011-12 Leap Year Funding	<u>(80,602)</u>	<u>(74,660)</u>	<u>(3,302)</u>	<u>(2,640)</u>	<u>(76,311)</u>
Recommended FY 2012-13 Appropriation	\$34,938,029	\$32,261,467	\$1,554,426	\$1,122,136	\$33,038,680

Pots Adjustments Related to Division of Youth Corrections BA #6 - Contract Placements Supplemental

During figure setting for the Division of Youth Corrections, staff noted that the staff recommendation on a shift-differential adjustment associated with the Division's facility closures was pending. In addition, based on additional information from the Department, *staff is revising all of the recommended changes to "pots" amounts in the Executive Director's Office associated with the Division's "right sizing" initiative (part of the Budget Amendment #6 - Purchase of Contract Placements figures)*. Pots adjustments were not included in the request, but staff feels they are appropriate given the large number of staff being reduced (46.0 FTE compared to the FTE when the original "pots runs" were completed at the end of FY 2011-12). The new recommendation for these adjustments is shown below. Most of the changes from the staff figure setting presentation are small; however, the Health, Life, Dental amount is a much larger reduction than the figure included in the original staff figure setting presentation.

Staff Recommendation BA #6 Contract Placements Supplemental Pots Adjustments Associated with Closure of State-operated DYC Beds	Total (General Fund)
Amortization Equalization Disbursement (AED)	\$75,910
Supplemental AED	65,236
Short-term Disability	4,198
Health, Life, and Dental	302,237
Shift Differential	<u>45,296</u>
Total	\$492,877

Legislative Requests for Information

During figure setting for the Divisions of Child Welfare and Youth Corrections, staff noted that there might be revisions to the staff recommendation on Multiple-Department Legislative Request for Information #2, based on further consultation with the Department. A revised staff recommendation, for this request, which incorporates Departmental input, is included below. Note that this version of the request focuses on providing a coherent system of care for youth with multi-

system-involvement and not solely on refinancing options.

2. **Department of Health Care Policy and Financing, Executive Director's Office; 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 submit a report by November 1, 2012, that examines how to provide an effective system of care for youth who are involved in the child welfare, youth corrections, and behavioral health systems. The services provided within such a system of care may include, but need not be limited to, multi-systemic therapy; functional family therapy, targeted case management, and similar intensive, evidence-based therapies that support family preservation and reunification . The report is specifically requested to examine whether related General Fund expenditures could be refinanced with Medicaid funds for Medicaid-eligible youth and families and whether this could be done in a manner that would promote more coordinated service delivery and would not drive an overall increase in state General Fund costs.

In addition, Senator Steadman moved, and the Committee approved, a new request for information related to Child Welfare training. A proposed draft for this is also included below.

- N Department of Human Services, Division of Child Welfare, Training** -- The Department is requested to provide, by November 1, 2012, an assessment of how the child welfare training academy could be improved, including, but not limited to: (1) changes that would make training more accessible for participants who come from counties that are located far from academy training centers; and (2) expanding training to county staff on an ongoing basis to ensure that all staff have a common understanding of current law, rule, and best practice. The response should include an estimate of the additional funding that would be required to implement such changes.

Disability Determination Services

Office of Self Sufficiency, Disability Determination Services - Due to a staff user error in entering data in the new JBC CLIMBS data base, staff did not accurately reflect annualization of the S.B. 11-076 PERA Contribution bill in the figure setting write-up for this line item. A corrected staff-recommendation line item table is reflected below.

	Total	FF	FTE
FY 2011-12 Appropriation	16,733,285	16,733,285	121.7
Annualize S.B. 11-076 (PERA Contributions)	168,853	168,853	0.0
Reflect anticipated federal funding for disability determination services	3,000,000	3,000,000	0.0
Recommended FY 2012-13 Appropriation	\$19,902,138	\$19,902,138	121.7

MEMO

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Additional Note Related to Pending Items - Self Sufficiency and Child Welfare TANF Adjustments

The Committee has not yet voted on line items in the Office of Self Sufficiency that require TANF funding and the two largest line items in the Division of Child Welfare. Please note that, if the Committee chooses to make reductions or increases to funding for Colorado Works County Block Grants or Child Welfare Services, *the staff recommendation would be to also adjust the local cash funds component (county MOE requirement for Colorado Works County Block Grants and 20 percent county share for Child Welfare) commensurate with any adjustments to TANF funding.*

FY 2011-12 Contract Placements with Supplemental Add-on

Table 1 - Projection Based on Average of DCJ and LCS December 2011 Forecasts			
	Commitment	Detention	Total
Forecasted Beds	993.8	422.0	1,415.8
Minus Boulder Impact	(7.0)		(7.0)
Minus State Capacity	(467.1)	(405.0)	(872.1)
Contract Beds	519.7	17.0	536.7

100 % commitment capacity	434.5
110% capacity	478.0
120% capacity	521.4
3/4 @ 110%; 1/4 @ 100%	467.1

DCJ Forecast	1,006.5
LCS Forecast	981.0
JBC "middle"	993.8

Table 2 - Estimated Need Based on Averages To-date - FY 2011-12							
	Contract Beds	Estimated Rate	Total	General Fund	Medicaid RF	Federal Funds	Net GF
TRCCF Treatment (38.5%)	199.9	\$177.90	13,015,769	13,015,769	0	0	13,015,769
TRCCF Fee-for-Service		\$18.50	1,353,523	0	1,353,523	0	676,762
CPA (1.1%)	6.0	\$79.78	175,197	175,197	0	0	175,197
RCCF (60.4%)	<u>313.9</u>	<u>\$142.15</u>	<u>16,331,244</u>	<u>16,331,244</u>	<u>0</u>	<u>0</u>	<u>16,331,244</u>
Total Commitment Beds	519.8		30,875,733	29,522,210	1,353,523	0	30,198,972
Detention Beds (after SB 11-217)	17.0	\$137.80	857,392	857,392	0	0	857,392
DYC Continuation Adjusted for Caseload			31,733,125	30,379,602	1,353,523	0	31,056,364
IV-E Maintenance Billings	49.8	\$56.41		(1,028,174)	0	1,028,174	(1,028,174)
JBC Staff Recommendation - Excluding "Right Sizing"			31,733,125	29,351,428	1,353,523	1,028,174	30,028,190
Adjustment for "Right Sizing" (offset by other reductions)			1,596,825	1,445,956	105,211	45,658	1,498,562
Total Contract Placements (includes S.B. 11-217 adjustment)			\$33,329,950	\$30,797,384	\$1,458,734	\$1,073,832	\$31,526,752

Medicaid atch rate
50.0%
Days in year
366

Assumptions:

1. Uses mid-point between the DCJ forecast and LCS forecast from December 2011.
2. Estimated beds for Boulder Impact Project reflect February 2011 DYC estimated capacity for FY 2011-12.
3. Assumes 422 detention beds pursuant to Section 19-2-1201, C.R.S. Of these, 405 are in state-operated facilities
4. Assumes contract rates provided by the Division of Youth Corrections in its Jan 2012 submission.
5. The percentage of PRTF, TRCCF, and RCCF placements, as a percent of total commitment beds, is based on the estimated ratio provided by the Division of Youth Corrections as a part of its Jan 2012 submission

FY 2011-12 Federal Title IV Funding Calculations:			
Total Community Placement ADP	519.8	Rate for IVE maintenance used \$	112.81
Estimated percent placed at Ridge View	47.9%	at 50% IV E revenue	50%
Resulting Youth at Ridge View	249.0	Resulting revenue rate per day \$	56.41
Penetration Rate of Youth at Ridge View	20%		
Resulting Youth for IV-E claims	49.8		

Purchase of Contract Placements Calculation FY 2012-13

Table 1 - Projection Based on Average of DCJ and LCS December 2011 Forecasts			
	Commitment	Detention	Total
Forecasted Beds	970.7	422.0	1,392.7
Minus Boulder Impact	(7.0)		(7.0)
<u>Minus State Capacity (w/o realignment)</u>	<u>(434.5)</u>	<u>(405.0)</u>	<u>(839.5)</u>
Contract Beds	529.2	17.0	546.2

DCJ Forecast	983.3
LCS Forecast	958.0
Average	970.7

100 % commitment capacity	434.5
110% capacity	478.0
120% capacity	521.4

Table 2 - Estimated Need Based on Averages To-date - FY 2012-13							
	Contract Beds	Estimated Rate	Total	General Fund	Medicaid RF	Federal Funds	Net GF
TRCCF Treatment (38.5%)	203.5	\$177.90	13,213,967	13,213,967	0	0	13,213,967
TRCCF Fee-for-Service		\$18.50	1,374,134	0	1,374,134	0	687,067
CPA (1.1%)	6.1	\$79.78	177,630	177,630	0	0	177,630
<u>RCCF (60.4%)</u>	<u>319.6</u>	<u>\$142.15</u>	<u>16,582,366</u>	<u>16,582,366</u>	<u>0</u>	<u>0</u>	<u>16,582,366</u>
Total Commitment Beds	529.2		31,348,097	29,973,963	1,374,134	0	30,661,030
Detention Beds (after SB 11-217)	17.0	\$137.80	855,064	855,064	0	0	855,064
DYC Continuation Adjusted for Caseload			32,203,161	30,829,027	1,374,134	0	31,516,094
IV-E Maintenance Billings	50.7	\$56.41		(1,043,895)	0	1,043,895	(1,043,895)
JBC Staff Recommendation - Excluding "Right Sizing"			32,203,161	29,785,132	1,374,134	1,043,895	30,472,199
Adjustment for Realignment			2,734,868	2,476,335	180,292	78,241	2,566,481
Total Contract Placements			\$34,938,029	\$32,261,467	\$1,554,426	\$1,122,136	\$33,038,680

Assumptions:

1. Uses mid-point between the DCJ forecast and LCS forecast from December 2011.
2. Estimated beds for Boulder Impact Project reflect February 2011 DYC estimated capacity for FY 2012-13.
3. Assumes 422 detention beds pursuant to Section 19-2-1201, C.R.S. Of these, 405 are in state-operated facilities
4. Assumes contract rates provided by the Division of Youth Corrections in its Jan 2012 submission.
5. Calculations in Table 1 and at the top of Table 2 reflect the use of DYC state-operated capacity prior to realignment (bed closures) in FY 2011-12. The realignment adjustment (closure of 40 state-operated beds) is then addressed as a separate component (adjustment for realignment).
6. The percentage of PRTF, TRCCF, and RCCF placements, as a percent of total commitment beds, is based on the estimated ratio provided by the Division of Youth Corrections as a part of its Jan 2012 submission

FY 2011-12 Federal Title IV Funding Calculations:			
Total Community Placement ADP	529.2	Rate for IVE maintenance used \$	112.81
Estimated percent placed at Ridge View	47.9%	at 50% IV E revenue	50%
Resulting Youth at Ridge View	253.5	Resulting revenue rate per day \$	56.41
Penetration Rate of Youth at Ridge View	20%		
Resulting Youth for IV-E claims	50.7		

Realignment Calculation - FY 2012-13

Table 2 - Contract Beds Due to Realignment							
	Contract Beds	Estimated Rate	Total	General Fund	Medicaid CF	Federal Funds	Net GF
TRCCF Treatment	26.7	\$191.32	1,864,509	1,864,509	0	0	1,864,509
TRCCF Fee-for-Service		\$18.50	180,292	0	180,292	0	90,146
CPA	0.0	\$79.78	0	0	0	0	0
<u>RCCF</u>	<u>13.3</u>	<u>\$142.15</u>	<u>690,067</u>	<u>690,067</u>	<u>0</u>	<u>0</u>	<u>690,067</u>
Total Commitment Beds	40.0		2,734,868	2,554,576	180,292	0	2,644,722
DYC Continuation Adjusted for Caseload			2,734,868	2,554,576	180,292	0	2,644,722
IV-E Maintenance Billings	3.8	\$56.41		(78,241)	0	78,241	(78,241)
JBC Staff Recommendation			2,734,868	2,476,335	180,292	78,241	2,566,481

MEMORANDUM

TO: Members of the Joint Budget Committee
FROM: Amanda Bickel, JBC Staff
SUBJECT: Additional Social Services Block Grant Funds Available
DATE: March 8, 2012

Late yesterday, staff received data from the Department indicating that additional one-time federal funds may be available, based on Social Services Block Grant amounts that were not appropriated. It appears that for a number of years the federal block grant for Colorado has increased, but appropriations from this source have not. As a result, it appears that approximately \$7.0 million in funds allocated by the federal government since SFY 2007-08 have not been appropriated in total Social Services Block Grant appropriations through SFY 2011-12.

	SFY 2012	SFY 2011	SFY 2010	SFY 2009	SFY 2008
Federal Grant available	27,569,725	27,616,966	27,408,722	27,145,538	26,781,192
Annual SSBG Appropriation	<u>25,915,399</u>	<u>25,915,399</u>	<u>25,915,399</u>	<u>25,915,399</u>	<u>25,915,399</u>
Difference	1,654,326	1,701,567	1,493,323	1,230,139	865,793
Cummulative Unappropriated since FY 2007-08	\$6,945,147				

MEMORANDUM

TO: Members of the Joint Budget Committee

FROM: Amanda Bickel, JBC Staff

SUBJECT: Pending Items - Human Services, Self Sufficiency Programs funded with Temporary Assistance for Needy Families

DATE: March 7, 2012

During the figure setting for the the Department of Human Services, Office of Self Sufficiency, the Committee held out a vote on the Department of Human Services' R-3 request and all other line items that receive Temporary Assistance for Needy Families funding.

A recap of the issue and some additional information received is provided below . This information is also included in the Staff Figure Setting Presentation for the Department of Human Services, Division of Child Welfare, which is also scheduled to be presented on March 7.

Summary of Previous Discussion

As the Committee is aware, the State is now facing a serious shortfall in TANF funding due to the combination of an imbalance between base TANF appropriations and ongoing annual revenue (a \$10.4 million problem) and Congressional failure to reauthorize TANF Supplemental Grants in FY 2011-12 (a \$13.6 million problem). Together, these two problems drive a 16 percent reduction in TANF program funding, which will need to be progressively addressed between FY 2011-12 and FY 2013-14.

"Regular" TANF Block Grant	\$136,056,690
Supplemental Grant	13,569,691
Base TANF Revenue - Prior Years	149,626,381
FY 2011-12 Long Bill TANF Approp.	172,488,134
Eliminate temporary child welfare refinance	(12,500,000)
Base TANF Appropriations - FY 2012-13	159,988,134
Gap Base Revenue and Base Appropriations	(10,361,753)
Loss of Supplemental Grant starting FY 2011-12	(\$13,569,691)
Total shortfall to be addressed when no reserves	(\$23,931,444)
Percent Reduction in TANF Funding	-16.0%

During the staff figure setting presentation for Self Sufficiency programs on February 21, 2012, staff recommended that Child Welfare Services TANF appropriations be reduced by \$1.0 million in FY 2012-13 to help address this problem. This portion of the staff recommendation on R-3 (TANF Solvency) was not requested by the Executive, and the Committee has not yet taken action on it or on any of the Self Sufficiency line items that include TANF funding.

Staff Recommendation on R-3 (TANF Solvency) From Feb. 21, 2012 Presentation (CORRECTED)				
	TANF Base FY 2012-13	Staff Rec. FY 2012-13	Recommended Changes	Percent Change
Colorado Works TANF Allocations to Counties (County Block Grants, Block Grant Support Fund, Reimbursement to Counties due to MOE Reduction)	\$135,237,861	\$123,544,368	-11,693,493	-8.6%
Information Technology & Indirect Costs	6,318,057	6,318,057	0	0.0%
Colorado Works State Administration (Administration, Evaluation, County Training, Program Maintenance Fund, Workforce Development Council)	2,467,205	2,152,997	-362,054	-14.7%
Refugee Assistance	2,805,334	2,705,334	-100,000	-3.6%
Low Income Energy Assistance	1,500,000	0	-1,500,000	-100.0%
Domestic Abuse Program	659,677	629,677	-30,000	-4.5%
Child Welfare Programs	11,000,000	10,000,000	-1,000,000	-9.1%
Total	159,988,134	145,302,587	(14,685,547)	-9.2%

Requested v. Recommended Changes to Federal TANF Funds Appropriations for FY 2012-13 By Line Item – From Feb 21, 2012 Presentation		
	Requested Changes	Recommended Changes
Colorado Works Administration	(\$60,208)	(\$128,047)
County Block Grants	(5,168,767)	(5,168,767)
Reimbursement to Counties for Prior Year Expenditures Due to MOE Reduction*	(5,524,726)	(5,524,726)
County Block Grant Support Fund	0	(1,000,000)
County Training	(114,000)	(114,000)
Domestic Abuse Program	(30,000)	(30,000)
Workforce Development Council	0	(20,007)
Colorado Works Program Maintenance Fund	0	(100,000)
Low Income Energy Assistance Program	0	(1,500,000)
Refugee Assistance	(50,000)	(100,000)
Child Welfare Services	0	(1,000,000)
Total Reductions	(\$10,947,701)	(\$14,685,547)

The recommended change to Child Welfare Services would represent a 0.3 percent reduction to the Child Welfare Services FY 2011-12 line item appropriation of \$334.8 million.

New Information Related to TANF funding and Staff Recommendation.

- The Department has reported the receipt of an additional \$2,267,611 TANF Contingency Funds in FY 2011-12. This brings the total FY 2011-12 Contingency Fund receipts up to \$11,338,055. These one-time moneys could either be used to reduce the level of cut in FY 2011-12 or FY 2012-13.
- *The Department has reported that it currently projects the unspent amount that could be transferred from the Statewide Strategic Use Fund in FY 2012-13 will be \$1,009,363.* This amount is subject to change; however, there will be no new allocations made out of uncommitted funds in FY 2011-12, so the only changes that might occur relate to final actual expenditure of existing contracts. All goods and services funded must be received or provided by June 30, 2012. Grantees have until August 15, 2012 to submit final paperwork and invoices. In addition, the Colorado State University evaluation of the SSUF continues through October 31, 2012. It is anticipated that all necessary remittances from the SSUF will be made by December 31, 2012.
- During the staff figure setting presentation on the Office of Self Sufficiency, staff expressed the opinion that the TANF appropriation for Reimbursement to Counties for Prior Year Expenditures Due to MOE Reduction could be eliminated without a statutory change. (The Department had requested the JBC sponsor a related bill.) Staff's position was that, instead of the current practice of reimbursing counties for prior-year MOE expenditures through the "Reimbursements" line item, the county TANF maintenance of effort requirement included in County Block Grants line item could be reduced by \$5.5 million in the subsequent year. *The Office of Legislative Legal Services concurs that the staff recommendation is consistent with statute and that the Reimbursement to Counties for Prior Year Expenditures Due to MOE Reduction line item may be eliminated without statutory change.* As indicated in an email response from Ed DeCecco dated 3/2/2012: "...the [JBC staff] proposed method of reducing a county maintenance of effort based on a past year actually seems to track the statutory language".

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2012-13 STAFF FIGURE SETTING
DEPARTMENT OF HUMAN SERVICES**

(County Administration, Self Sufficiency, Adult Assistance)

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

**Prepared By:
Amanda Bickel, JBC Staff
February 21, 2012**

For Further Information Contact:

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

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

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Department of Human Services
(County Administration, Self Sufficiency, Adult Assistance)
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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DEPARTMENT OF HUMAN SERVICES Reggie Bicha, Executive Director
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(4) COUNTY ADMINISTRATION

County Administration	<u>51,305,313</u>	<u>50,809,601</u>	<u>50,116,105</u>	<u>50,116,105</u>	<u>50,116,105</u>
General Fund	20,394,369	20,516,876	19,823,380	19,823,380	19,823,380
Cash Funds	9,381,078	9,193,456	9,193,456	9,193,456	9,193,456
Federal Funds	21,529,866	21,099,269	21,099,269	21,099,269	21,099,269
Food Assistance Administration	<u>0</u>	<u>0</u>	<u>4,715,280</u>	<u>4,715,280</u>	<u>4,715,280</u>
General Fund	0	0	1,414,584	1,414,584	1,414,584
Cash Funds	0	0	943,056	943,056	943,056
Federal Funds	0	0	2,357,640	2,357,640	2,357,640
County Tax Base Relief	<u>2,700,688</u>	<u>1,587,428</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
General Fund	2,700,688	1,587,428	1,000,000	1,000,000	1,000,000
County Share of Offsetting Revenues	<u>3,506,431</u>	<u>2,899,425</u>	<u>3,789,313</u>	<u>3,789,313</u>	<u>2,986,000</u>
Cash Funds	3,506,431	2,899,425	3,789,313	3,789,313	2,986,000
County Incentive Payments	<u>6,662,816</u>	<u>1,768,204</u>	<u>5,136,921</u>	<u>5,219,101</u>	<u>4,113,000</u> *
Cash Funds	6,662,816	1,768,204	5,136,921	5,219,101	4,113,000

Total Funds - (4) County Administration	64,175,248	57,064,658	64,757,619	64,839,799	62,930,385
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	23,095,057	22,104,304	22,237,964	22,237,964	22,237,964
Cash Funds	19,550,325	13,861,085	19,062,746	19,144,926	17,235,512
Federal Funds	21,529,866	21,099,269	23,456,909	23,456,909	23,456,909

*This line item includes a decision item.

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

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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(7) OFFICE OF SELF SUFFICIENCY

(A) Administration

Personal Services	<u>1,601,551</u>	<u>1,554,838</u>	<u>1,661,912</u>	<u>1,694,793</u>	<u>1,662,173</u>
<i>FTE</i>	18.8	19.6	22.0	22.0	22.0
General Fund	722,601	722,104	712,178	725,986	712,013
Federal Funds	878,950	832,734	949,734	968,807	950,160
Operating Expenses	<u>88,792</u>	<u>69,265</u>	<u>75,539</u>	<u>77,499</u>	<u>77,499</u>
General Fund	31,714	35,249	52,173	54,133	54,133
Federal Funds	57,078	34,016	23,366	23,366	23,366

Total Funds - (A) Administration	<u>1,690,343</u>	<u>1,624,103</u>	<u>1,737,451</u>	<u>1,772,292</u>	<u>1,739,672</u>
<i>FTE</i>	<u>18.8</u>	<u>19.6</u>	<u>22.0</u>	<u>22.0</u>	<u>22.0</u>
General Fund	754,315	757,353	764,351	780,119	766,146
Federal Funds	936,028	866,750	973,100	992,173	973,526

(B) Colorado Works Program

Administration	<u>1,377,176</u>	<u>1,159,759</u>	<u>1,549,410</u>	<u>1,517,246</u>	<u>1,449,407</u> *
<i>FTE</i>	17.1	17.6	19.0	18.0	18.0
Federal Funds	1,377,176	1,159,759	1,549,410	1,517,246	1,449,407
County Block Grants	<u>151,536,168</u>	<u>151,786,044</u>	<u>151,536,168</u>	<u>145,477,854</u>	<u>145,093,493</u> *
Cash Funds	22,375,278	22,387,137	22,823,033	21,933,486	21,549,125
Federal Funds	129,160,890	129,398,907	128,713,135	123,544,368	123,544,368

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Human Services
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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Reimbursement to Counties for Prior year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement	<u>11,049,452</u>	<u>5,524,726</u>	<u>5,524,726</u>	<u>5,524,726</u>	<u>0</u>
Federal Funds	11,049,452	5,524,726	5,524,726	5,524,726	0
County Block Grant Support Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
Federal Funds	1,000,000	1,000,000	1,000,000	1,000,000	0
County TANF Reserves for Colorado Works, Child Welfare, and Child Care Programs	<u>57,393,455</u>	<u>55,618,851</u>	<u>40,028,449</u>	<u>40,028,449</u>	<u>40,028,449</u> *
Federal Funds	57,393,455	55,618,851	40,028,449	40,028,449	40,028,449
County Training	<u>313,975</u>	<u>531,724</u>	<u>586,297</u>	<u>475,744</u>	<u>471,906</u> *
FTE	1.0	2.0	2.0	2.0	2.0
Federal Funds	313,975	531,724	586,297	475,744	471,906
Domestic Abuse Program	<u>808,910</u>	<u>1,830,757</u>	<u>1,825,147</u>	<u>1,831,431</u>	<u>1,828,062</u>
FTE	1.6	2.7	2.7	2.7	2.7
Cash Funds	149,086	1,170,933	1,167,477	1,171,754	1,199,594
Federal Funds	659,824	659,824	657,670	659,677	628,468
Works Program Evaluation	<u>75,215</u>	<u>104,958</u>	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>
Federal Funds	75,215	104,958	95,000	95,000	95,000
Workforce Development Council	<u>74,741</u>	<u>83,802</u>	<u>105,007</u>	<u>105,007</u>	<u>85,000</u>
Federal Funds	74,741	83,802	105,007	105,007	85,000

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Promoting Responsible Fatherhood Grant	<u>2,058,355</u>	<u>1,788,092</u>	<u>518,000</u>	<u>0</u>	<u>0</u>
<i>FTE</i>		3.0			
General Fund	72,000	68,353	18,000	0	0
Federal Funds	1,986,355	1,719,739	500,000	0	0
Colorado Work Program Maintenance Fund	<u>1,747,109</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Federal Funds	1,747,109	100,000	100,000	100,000	0
Colorado Works Statewide Strategic Use Fund	<u>11,167,935</u>	<u>6,832,814</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	11,167,935	6,832,814	0	0	0
TANF-Supported Subsidized Employment	<u>3,653,489</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	3,653,489	0	0	0	0
TANF-Funded Homeless Prevention	<u>2,355,385</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	2,355,385	0	0	0	0
Total Funds - (B) Colorado Works Program	244,611,365	226,361,527	202,868,204	196,155,457	189,051,317
<i>FTE</i>	<u>19.7</u>	<u>25.3</u>	<u>23.7</u>	<u>22.7</u>	<u>22.7</u>
General Fund	72,000	68,353	18,000	0	0
Cash Funds	22,524,364	23,558,070	23,990,510	23,105,240	22,748,719
Federal Funds	222,015,001	202,735,104	178,859,694	173,050,217	166,302,598

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
(C) Special Purpose Welfare Programs					
(1) Low Income Energy Assistance Program					
Low Income Energy Assistance Program	<u>77,409,173</u>	<u>58,940,618</u>	<u>59,690,353</u>	<u>62,910,816</u>	<u>48,093,420</u> *
<i>FTE</i>	6.4	5.4	5.6	5.2	5.2
Cash Funds	1,071,461	1,000,000	1,000,000	4,250,000	3,150,000
Federal Funds	76,337,712	57,940,618	58,690,353	58,660,816	44,943,420
(2) Food Stamp Job Search Units					
Program Costs	<u>2,055,553</u>	<u>2,054,713</u>	<u>2,047,082</u>	<u>2,057,920</u>	<u>2,048,360</u>
<i>FTE</i>	4.6	4.9	6.2	6.2	6.2
General Fund	176,806	175,494	174,444	178,003	175,267
Cash Funds	409,382	409,382	409,382	409,382	409,382
Federal Funds	1,469,365	1,469,837	1,463,256	1,470,535	1,463,711
Supportive Services	<u>256,611</u>	<u>261,404</u>	<u>261,452</u>	<u>261,452</u>	<u>261,452</u>
General Fund	76,620	78,417	78,435	78,435	78,435
Cash Funds	52,291	52,291	52,291	52,291	52,291
Federal Funds	127,700	130,696	130,726	130,726	130,726
Total Funds - (2) Food Stamp Job Search Units	<u>2,312,164</u>	<u>2,316,117</u>	<u>2,308,534</u>	<u>2,319,372</u>	<u>2,309,812</u>
<i>FTE</i>	<u>4.6</u>	<u>4.9</u>	<u>6.2</u>	<u>6.2</u>	<u>6.2</u>
General Fund	253,426	253,911	252,879	256,438	253,702
Cash Funds	461,673	461,673	461,673	461,673	461,673
Federal Funds	1,597,065	1,600,533	1,593,982	1,601,261	1,594,437

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
(3) Food Distribution Program					
Food Distribution Program	<u>491,368</u>	<u>396,176</u>	<u>559,906</u>	<u>566,630</u>	<u>557,208</u>
<i>FTE</i>	5.3	4.3	6.5	6.5	6.5
General Fund	45,303	45,308	44,978	45,583	44,825
Cash Funds	101,660	133,864	240,922	243,813	239,759
Federal Funds	344,405	217,004	274,006	277,234	272,624
(4) Low-Income Telephone Assistance Program					
Low Income Telephone Assistance Program	<u>76,630</u>	<u>71,596</u>	<u>78,706</u>	<u>118,272</u>	<u>116,357</u> *
<i>FTE</i>	0.7	0.5	1.1	1.5	1.5
Cash Funds	76,630	71,596	78,706	118,272	116,357
(5) Income Tax Offset					
Income Tax Offset	<u>2,948</u>	<u>2,580</u>	<u>4,128</u>	<u>4,128</u>	<u>4,128</u>
General Fund	1,474	1,290	2,064	2,064	2,064
Federal Funds	1,474	1,290	2,064	2,064	2,064
(6) Electronic Benefits Transfer Service					
Electronic Benefits Transfer Service	<u>3,200,646</u>	<u>2,591,619</u>	<u>3,668,057</u>	<u>3,679,032</u>	<u>3,670,485</u>
<i>FTE</i>	6.1	6.6	7.0	7.0	7.0
General Fund	889,464	571,567	987,234	991,955	988,271
Cash Funds	843,299	761,853	992,292	993,608	992,573
Federal Funds	1,467,883	1,258,199	1,688,531	1,693,469	1,689,641

*This line item includes a decision item.

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(7) Refugee Assistance					
Refugee Assistance	<u>10,016,671</u>	<u>11,087,361</u>	<u>16,784,130</u>	<u>16,736,921</u>	<u>16,686,921</u> *
<i>FTE</i>	0.9	2.3	10.0	10.0	10.0
Federal Funds	10,016,671	11,087,361	16,784,130	16,736,921	16,686,921
(8) Systematic Alien Verification for Eligibility					
Systematic Alien Verification for Eligibility	<u>50,034</u>	<u>50,444</u>	<u>52,718</u>	<u>53,893</u>	<u>52,885</u>
<i>FTE</i>	0.6	0.7	1.0	1.0	1.0
General Fund	6,149	6,939	6,831	6,984	6,849
Cash Funds	3,363	3,447	3,617	3,699	3,697
Reappropriated Funds	31,938	31,126	33,211	33,951	33,264
Federal Funds	8,584	8,932	9,059	9,259	9,075
Total Funds – (C) Special Purpose Welfare Programs					
	<u>93,559,634</u>	<u>75,456,511</u>	<u>83,146,532</u>	<u>86,389,064</u>	<u>71,491,216</u>
<i>FTE</i>	<u>24.6</u>	<u>24.7</u>	<u>37.4</u>	<u>37.4</u>	<u>37.4</u>
General Fund	1,195,816	879,015	1,293,986	1,303,024	1,295,711
Cash Funds	2,558,086	2,432,433	2,777,210	6,071,065	4,964,059
Reappropriated Funds	31,938	31,126	33,211	33,951	33,264
Federal Funds	89,773,794	72,113,937	79,042,125	78,981,024	65,198,182

*This line item includes a decision item.

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(D) Child Support Enforcement

Automated Child Support Enforcement System	<u>10,760,576</u>	<u>8,754,147</u>	<u>9,029,617</u>	<u>9,095,641</u>	<u>9,072,733</u> *
	34.9	13.7	16.9	16.9	16.9
General Fund	3,632,013	2,945,569	2,925,538	2,654,527	2,646,738
Cash Funds	83,183	119,773	426,499	719,959	719,959
Federal Funds	7,045,380	5,688,805	5,677,580	5,721,155	5,706,036
Child Support Enforcement	<u>1,882,026</u>	<u>2,077,604</u>	<u>3,393,215</u>	<u>2,126,240</u>	<u>2,094,525</u> *
	22.0	21.8	24.5	24.5	24.5
General Fund	672,109	668,848	706,252	651,120	640,337
Cash Funds	0	71,261	447,440	71,800	71,800
Federal Funds	1,209,917	1,337,495	2,239,523	1,403,320	1,382,388

Total Funds - (D) Child Support Enforcement	<u>12,642,602</u>	<u>10,831,751</u>	<u>12,422,832</u>	<u>11,221,881</u>	<u>11,167,258</u>
FTE	<u>56.9</u>	<u>35.5</u>	<u>41.4</u>	<u>41.4</u>	<u>41.4</u>
General Fund	4,304,122	3,614,417	3,631,790	3,305,647	3,287,075
Cash Funds	83,183	191,034	873,939	791,759	791,759
Federal Funds	8,255,297	7,026,300	7,917,103	7,124,475	7,088,424

(E) Disability Determination Services

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

*This line item includes a decision item.

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Total Funds - (7) Office of Self Sufficiency	371,661,232	334,906,457	316,908,304	312,440,832	293,182,748
<i>FTE</i>	<u>248.1</u>	<u>236.0</u>	<u>246.2</u>	<u>245.2</u>	<u>245.2</u>
General Fund	6,326,253	5,319,138	5,708,127	5,388,790	5,348,932
Cash Funds	25,165,633	26,181,537	27,641,659	29,968,064	28,504,537
Reappropriated Funds	31,938	31,126	33,211	33,951	33,264
Federal Funds	340,137,408	303,374,656	283,525,307	277,050,027	259,296,015

(10) ADULT ASSISTANCE PROGRAMS

(A) Administration

Administration	<u>361,774</u>	<u>324,928</u>	<u>581,177</u>	<u>584,225</u>	<u>573,680</u>
<i>FTE</i>	3.4	2.8	6.0	6.0	6.0
General Fund	103,926	102,393	101,772	102,311	100,352
Reappropriated Funds	0	104,017	103,409	103,950	101,959
Federal Funds	257,848	118,518	375,996	377,964	371,369

(B) Old Age Pension Program

Cash Assistance Programs	<u>88,076,859</u>	<u>77,627,336</u>	<u>77,490,727</u>	<u>77,490,727</u>	<u>78,591,751</u>
Cash Funds	88,076,859	77,627,336	77,490,727	77,490,727	78,591,751
Refunds	<u>357,030</u>	<u>323,735</u>	<u>588,362</u>	<u>588,362</u>	<u>588,362</u>
Cash Funds	357,030	323,735	588,362	588,362	588,362
Burial Reimbursements	<u>963,648</u>	<u>1,008,477</u>	<u>918,364</u>	<u>918,364</u>	<u>918,364</u>
Cash Funds	963,648	1,008,477	918,364	918,364	918,364

*This line item includes a decision item.

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State Administration	<u>950,698</u>	<u>974,586</u>	<u>1,138,836</u>	<u>1,147,201</u>	<u>1,128,964</u>
<i>FTE</i>	10.3	9.6	14.0	14.0	14.0
Cash Funds	950,698	974,586	1,138,836	1,147,201	1,128,964
County Administration	<u>2,450,786</u>	<u>2,196,623</u>	<u>2,566,974</u>	<u>2,566,974</u>	<u>2,566,974</u>
Cash Funds	2,450,786	2,196,623	2,566,974	2,566,974	2,566,974
Total Funds - (B) Old Age Pension Program	<u>92,799,021</u>	<u>82,130,757</u>	<u>82,703,263</u>	<u>82,711,628</u>	<u>83,794,415</u>
<i>FTE</i>	<u>10.3</u>	<u>9.6</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
Cash Funds	92,799,021	82,130,757	82,703,263	82,711,628	83,794,415

(C) Other Grant Programs

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

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Adult Foster Care	<u>157,469</u>	<u>83,620</u>	<u>157,469</u>	<u>157,469</u>	<u>157,469</u>
General Fund	149,596	75,747	149,596	149,596	149,596
Cash Funds	7,873	7,873	7,873	7,873	7,873
SSI Stabilization Fund Programs	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Cash Funds	0	0	1,000,000	1,000,000	1,000,000
Administration - Home Care Allowance SEP Contract	<u>0</u>	<u>1,000,902</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	1,000,902	0	0	0
Total Funds – (C) Other Grant Programs	30,049,741	30,292,536	30,700,980	30,700,980	30,700,980
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	22,310,441	22,242,924	23,037,047	23,037,047	23,037,047
Cash Funds	7,739,300	8,049,612	7,663,933	7,663,933	7,663,933

(D) Community Services for the Elderly

Administration	<u>572,678</u>	<u>651,984</u>	<u>663,756</u>	<u>674,579</u>	<u>661,506</u> *
FTE	6.6	7.1	7.0	7.0	7.0
General Fund	153,651	155,596	175,366	168,645	165,377
Federal Funds	419,027	496,388	488,390	505,934	496,129
Colorado Commission on Aging	<u>80,122</u>	<u>80,537</u>	<u>79,777</u>	<u>81,126</u>	<u>79,960</u> *
FTE	1.0	1.0	1.0	1.0	1.0
General Fund	19,993	20,335	20,415	20,282	19,984
Federal Funds	60,129	60,202	59,362	60,844	59,976

*This line item includes a decision item.

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

*This line item includes a decision item.

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Total Funds - (D) Community Services for the Elderly	29,431,674	31,310,449	32,273,045	32,285,620	32,271,381
<i>FTE</i>	<u>8.1</u>	<u>8.7</u>	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>
General Fund	2,004,330	1,680,567	1,718,715	2,011,861	2,008,295
Cash Funds	11,491,004	11,427,462	11,811,267	11,511,267	11,511,267
Reappropriated Funds	1,800	1,800	1,800	1,800	1,800
Federal Funds	15,934,540	18,200,620	18,741,263	18,760,692	18,750,019
Total Funds - (10) Adult Assistance Programs	152,642,210	144,058,670	146,258,465	146,282,453	147,340,456
<i>FTE</i>	<u>21.8</u>	<u>21.1</u>	<u>28.5</u>	<u>28.5</u>	<u>28.5</u>
General Fund	24,418,697	24,025,884	24,857,534	25,151,219	25,145,694
Cash Funds	112,029,325	101,607,831	102,178,463	101,886,828	102,969,615
Reappropriated Funds	1,800	105,817	105,209	105,750	103,759
Federal Funds	16,192,388	18,319,138	19,117,259	19,138,656	19,121,388
Total Funds - Department of Human Services - County Administration, Self Sufficiency, Adult Assistance	588,478,690	536,029,785	527,924,388	523,563,084	503,453,589
<i>FTE</i>	<u>269.9</u>	<u>257.1</u>	<u>274.7</u>	<u>273.7</u>	<u>273.7</u>
General Fund	53,840,007	51,449,326	52,803,625	52,777,973	52,732,590
Cash Funds	156,745,283	141,650,453	148,882,868	150,999,818	148,709,664
Reappropriated Funds	33,738	136,943	138,420	139,701	137,023
Federal Funds	377,859,662	342,793,063	326,099,475	319,645,592	301,874,312

*This line item includes a decision item.

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

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

GENERAL REMARKS

Common policy adjustments in this packet. The following adjustments are reflected repeatedly in this packet.

- **Restore PERA Contribution.** Staff calculations annualize the impact of S.B. 11-076, restoring the employer contribution for retirement benefits (payments to PERA, the Public Employees Retirement Association) to the level in effect in FY 2009-10, consistent with Committee common policy. This change reduces the employee share of retirement contributions by 2.5 percent of the employee's salary and increases the state share by the same amount.
- **Base personal services reduction – 2.0 Percent.** Consistent with Committee common policy, staff has applied a 2.0 percent base reduction to salaries in line items that include personal services. The 2.0 percent base reduction is calculated from the estimated FY 2011-12 total for salaries from the budget request “schedule 14” plus a 2.0 percent reduction for PERA and Medicare amounts associated with these salaries.
- **Restore FY 2010-11 Operating Expense Reduction.** The Department's FY 2010-11 SBA-8 provided for operating expense reductions in multiple department line items. The original request was designed to achieve a 5.0 percent reduction in General Fund operating expenses for the Department, excluding a large portion of operating expenses in institutional facilities. The Governor's Office required that all departments submit such a request, but departments were given flexibility in how the cut was applied. The Human Services request was not distributed evenly across Department line items. Further, the original request indicated that this reduction was for two years only (FY 2010-11 and FY 2011-12). Staff's understanding at the time was that the Committee had approved the Department request as submitted. The staff recommendation for FY 2012-13 therefore reflects restoring this funding consistent with common policy on annualizations.

(4) COUNTY ADMINISTRATION

County Administration of Social Services Programs. Colorado has a state-supervised but county-administered social services program. Colorado's counties have a large degree of autonomy, even when compared to other states that have decentralized systems. For example, S.B. 97-06 abolished the state-operated county merit system for employees of county social services departments. Each county was to establish a successor merit system that conformed to federal standards by January 1, 2001. As a result of this high degree of decentralization, most of the County Administration budget lines provide block transfers to the counties. *If counties over-expend their allocations, they are responsible for covering the shortfall, although they are often able to access federal matching funds for county-only expenditures, depending upon the program.*

Largest 11 counties (pop. 100,000-600,000)	84%
Medium 26 counties (pop. 10,000-60,000)	12%
Smallest 27 counties (pop. <10,000)	<u>4%</u>
	100%

The table below provides information on actual expenditures by counties for social services programs, the share covered by federal, state, and county tax revenue, and how expenditures have changed over the last three years. A significant portion of this funding is not reflected in the Long Bill.

As reflected in the table:

1. County expenditures for administration, case management, and client services fell by \$42 million (6.3 percent) over the three-year period. This primarily reflected large declines in spending for child welfare services and Colorado Works program administration.
2. Federally-funded food assistance benefits grew by a massive \$308 million during this period. Colorado Works basic cash assistance also grew, while funding for child care benefits, low income energy assistance, and the Old Age Pension (OAP) program fell due to state budget cutting measures, declining federal stimulus support, and county reallocation of TANF funds.
3. The state share of funding for county-managed programs declined by \$42 million over this period, primarily due to declines for child welfare programs, as well for the Old Age Pension Program. Meanwhile, county funding remained relatively flat.
4. If federal food assistance benefits are excluded, federal expenditures declined by \$20 million, and total county expenditures declined by \$65 million (4.4 percent).

County Expenditures for Human Services Administration and Benefits				
Actual Expenditures /1				
	Total Funds FY 2008-09	Total Funds FY 2009-10	Total Funds FY 2010-11	Change FY 09 to FY 11
County Administration, Case Management, Client Services				
County Administration of Food Assistance, Medicaid, Adult Assistance	\$84,476,429	\$85,607,622	\$85,737,132	\$1,260,703
Child Welfare (all services and expenditures)	411,430,497	387,853,931	376,473,799	-34,956,698
County Administration of Child Care	10,413,168	10,210,573	10,050,842	-362,326
County Administration of Colorado Works	85,769,621	78,484,045	66,479,313	-19,290,308
Food Assistance Job search/Other	6,671,225	7,366,392	8,887,343	2,216,118
Child Support Enforcement (less retained collections)	34,481,163	35,943,429	33,732,628	-748,535
Additional County Expenditures (no state funding; partial federal reimbursement)	<u>38,040,664</u>	<u>39,729,372</u>	<u>47,815,361</u>	<u>9,774,697</u>
Subtotal - County Administration, Case Management, Client Services	\$671,282,767	\$645,195,363	629,176,418	(\$42,106,349)
Client Benefits				
Child Care Benefits	93,673,027	88,846,877	76,722,708	-16,950,319
CO Works Basic Cash Assistance	75,250,868	89,663,905	90,338,302	15,087,434
Old Age Pension, Aid to Needy Disabled, Home Care Allowance	111,781,229	116,175,293	103,915,984	-7,865,245
Low Income Energy Assistance	66,752,266	70,827,334	53,819,151	-12,933,115
Food Assistance (SNAP/food stamps)	<u>434,689,714</u>	<u>655,431,311</u>	<u>742,708,150</u>	<u>308,018,436</u>
Subtotal - Client Cash and Food Benefits	\$782,147,104	\$1,020,944,719	\$1,067,504,295	\$285,357,191
Total - Administration and Benefits	<u>\$1,453,429,871</u>	<u>\$1,666,140,082</u>	<u>\$1,696,680,713</u>	<u>\$243,250,842</u>
State Funds (General, Cash)	368,183,597	347,185,441	326,277,911	-41,905,686
County Funds	160,963,611	157,853,804	157,755,629	-3,207,982
Federal Funds	924,282,663	1,161,100,831	1,212,647,173	288,364,510

Source: County Financial Management System reports

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

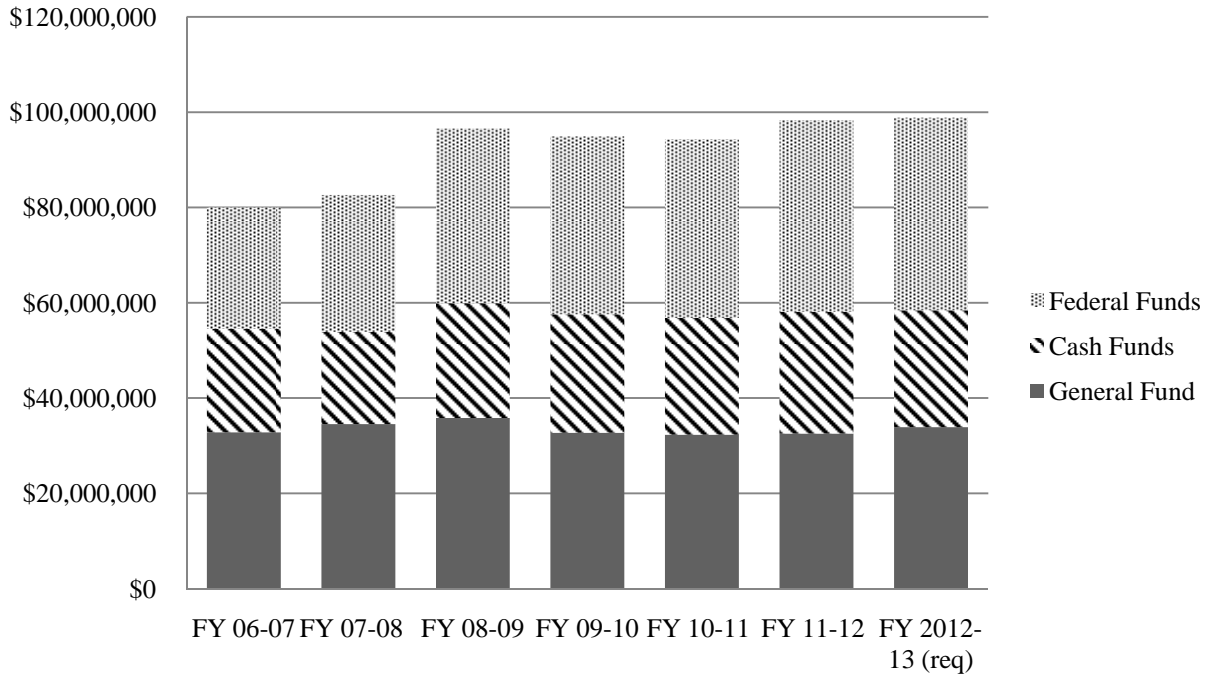
Line items in this Division. The County Administration Long Bill section represents a sub-section of total funding provided for county administration of social services programs. The largest line item, the County Administration line item, provides funding for county departments of social services to administer several programs including food stamps, adult protection, adult assistance, child support enforcement and Low Income Energy Assistance payments. *The majority of this funding supports county workers who use the Colorado Benefits Management System to determine an individual's eligibility for the various public assistance programs.*

In addition, this Long Bill section includes targeted funding for high cost, low tax base counties (County Tax Base Relief) and two smaller line items that allocate recoveries (e.g. those associated with payments collected from non-custodial parents) to counties.

Over time, the responsibility for some programs has been moved out of County Administration section. Administration for child care services, child welfare services, Temporary Assistance to Needy Families, and the Old Age Pension are incorporated into line items in other sections of the Human Services budget. County administration of medical assistance programs was moved to the Department of Health Care Policy and Financing in FY 2006-07. However, county activities to determine medical assistance eligibility are essentially the same as the activities to determine eligibility for other social service programs: both involve Colorado Benefits Management System, and eligibility-determination costs are allocated between programs and the two departments. As a result, staff has reflected the Health Care Policy County Administration line item request in the numbers pages for informational purposes.

Funding History and Overview of Request for County Administration Division. As reflected in the chart, funding for the Human Services county administration division and the Health Care Policy county administration line item received a substantial increase in FY 2008-09. Smaller adjustments have occurred since that time, including an increase for Food Assistance Administration in FY 2011-12, which is continued in FY 2012-13 **The Human Services request for FY 2012-13 is essentially for a continuation level of funding: R-8 eliminates an annualization increase that would otherwise have occurred.** The Health Care Policy and Financing request includes a modest increase for HCPF R-12. The combined impact, if the requests are approved, would be a 0.6 percent increase for total county administration appropriations.

Human Services and Health Care Policy and Financing County Administration Appropriations

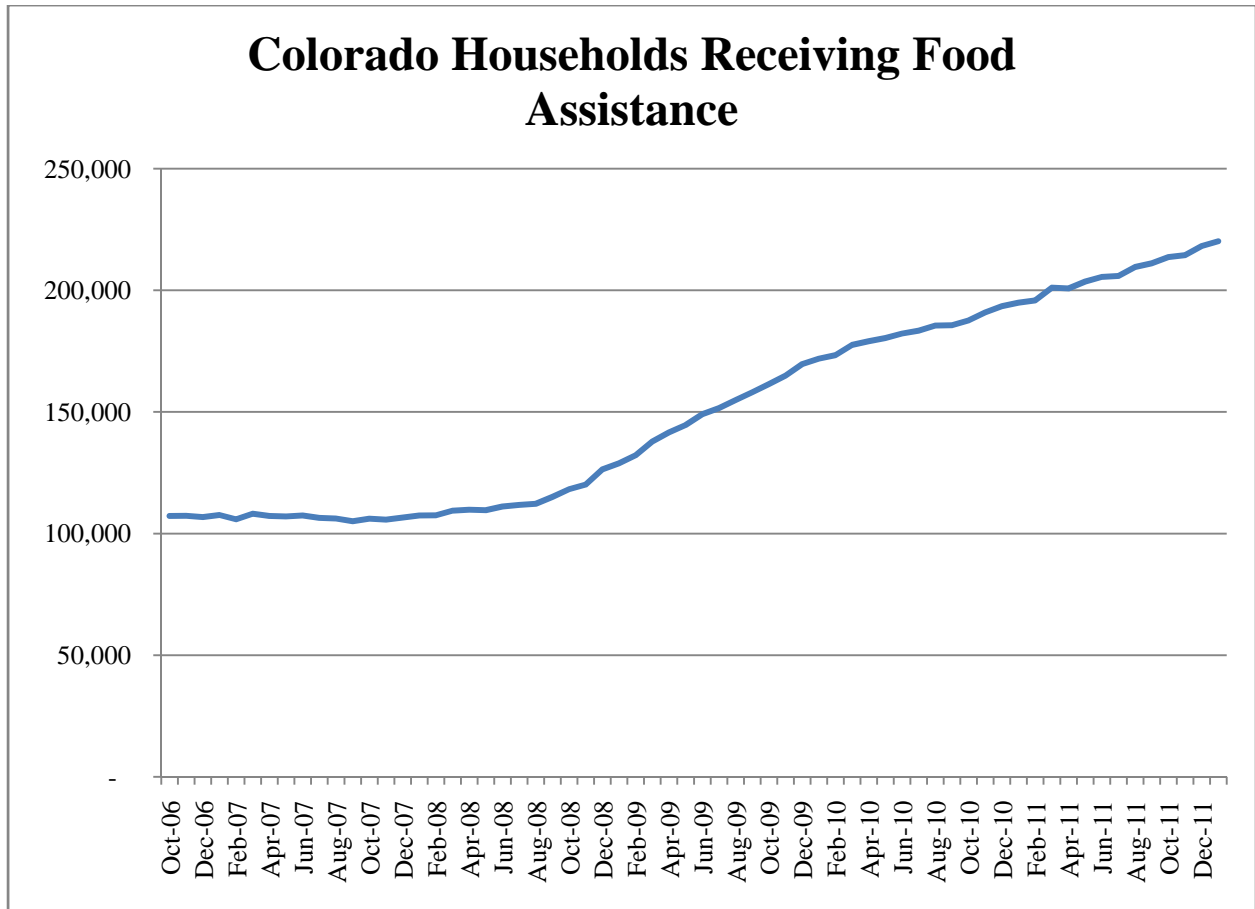


Notes: Reflects sum of appropriation for Human Services County Administration division and Health Care Policy and Financing County Administration line items

As reflected in the chart, funding increases in this section in recent years have generally involved reallocating General Fund in order to access more federal matching funds. The increase in FY 2008-09 was largely based on reducing County Contingency Payments (now County Tax Base Relief), which did not receive a federal match, and redirecting General Fund to the County Administration line items in Human Services and Health Care Policy and Financing, which do (H.B. 08-1250). This increased the combined appropriation for the county administration line items in the two departments by \$13.6 million--close to the level indicated by a 2007 Deloitte Development Workload Study of county administration. The FY 2011-12 increase for Food Assistance Administration was similarly financed by redirecting funds from the County Tax Base Relief line item, which does not receive a federal match, to a new line item, which does.

Caseload Growth for Public Assistance Programs - SNAP. While state funding for county administration has been relatively flat, county caseloads have increased at unprecedented rates, putting significant strain on county budgets. Nowhere is the caseload increase more evident than in the food assistance program (formerly Food Stamps and now known as the Supplemental Nutrition Assistance Program or SNAP).

- Administration of SNAP represents about 70 percent of expenditures in the Human Services County Administration line item. While the federal government pays 100 percent of the SNAP benefit, the cost of administration is based on a 50/50 share between federal and state and local governments.
- Caseload for SNAP has doubled since FY 2007-08, from 107,477 households in January 2008 to 220,219 households in January 2012. While the rate of growth has slowed from its peak from mid-2008 through mid-2010, the average rate of increase is still approximately 13 percent per year.
- Due to rapid caseload growth, counties have struggled with the timely processing of applications for assistance. The Department and counties have sought to address the timeliness issue and to comply with a 2010 Amended Stipulation and Order of Settlement for the 2005 CBMS lawsuit (*Anna Davis et. al. v. Joan Henneberry and Karen Beye*) that requires more timely processing. Steps have included business-process reengineering, a shorter application form, and a new “dashboard” to help counties in managing their caseloads. Consultants continue to work with both the Department of Health Care Policy and Financing and the Department of Human Services on this issue, and, in the last year, the percentage of cases processed timely has increased substantially.
- Funding for county administration has not increased at the same rate as caseload, despite temporary federal increases, increases in county-only dollars matched by federal funds, and a \$4.7 million decision item increase for food assistance administration approved for FY 2011-12 and FY 2012-13.
- Use of SNAP in Colorado is well below the national average. The percentage of the Colorado population that receives food assistance has now increased to about 8.9 percent or about 1 in 11 Coloradans--but this is far lower than national usage of about 14.5 percent or 1 in 7 Americans. (USDA, SNAP Annual Persons Participating, preliminary 2011). Colorado ranks 49th among the states in the federal SNAP Program Access Index that measures use of SNAP among those likely to be eligible. (USDA, Calculating the SNAP Program Index, October 2011)
- Colorado’s cost-per-case has been higher than national averages. According to federal records, in FFY 2008-09, Colorado’s administrative cost-per-case was \$48.60, compared with a U.S. average of \$35.98. (USDA, SNAP State Activity Report, FFY 2009) In order for Colorado to more-closely approach national cost-per-client averages, its caseload will need to continue to increase more rapidly than administrative expenses.



County Administration

This line item provides funding for county administrative related to the Supplemental Nutrition Assistance Program (Food Stamps), Adult Assistance programs, and a variety of other programs. Based on data from the County Financial Management System, in FY 2010-11, of the total expenditures from this line item, 68 percent was for food assistance administration, 21 percent for general county administration (including expenditures for adult protective services) and 11 percent for child support enforcement administration.

Line Item Request and Recommendation. The Department requests, and **staff recommends, \$50,116,105 including \$19,823,380 General Fund** for a continuation level of funding.

Food Assistance Administration

This line item was added in FY 2011-12 through the Department’s Decision Item #2. Funding was appropriated in a separate line item from the main County Administration line item so funds could be allocated specifically to counties with the greatest increase in food assistance caseload. The request indicated that the funding was requested for two years only: FY 2011-12 and FY 2012-13. **The Department requests, and staff recommends, a continuation level of \$4,715,280, including \$1,414,584 General Fund in FY 2012-13.**

County Tax Base Relief

This line item assists counties with the highest costs and lowest property tax values in meeting their obligations for social services costs. These obligations include: county responsibility for maintenance of effort expenditures for the Temporary Assistance to Needy Families Block Grant (TANF) block grant, the county 20 percent share for food stamp and Medicaid reimbursements, the county share for child welfare services expenditures (20 percent for most services), and the county share for adult assistance programs.

Line Item History. The current county tax base relief formula was established through H.B. 08-1250. A prior program, the County Contingency Fund, was established in 1973. It was modified to ensure that the program targeted the most needy counties (a reduction from 41 counties receiving contingency in FY 2007-08 to 23 counties in FY 2008-09), consistent with the recommendations of a 2007 taskforce. Funding was halved in FY 2009-10 in response to an Executive Request and the JBC sponsored a bill to clarify that, through FY 2011-12, funding would be limited to “Tier 1” counties—those most in need. In FY 2011-12, the Executive proposed to eliminate this line item entirely. The JBC recommended, and the General Assembly approved, retaining \$1.0 million in the line item and adopting a JBC bill (S.B. 11-228) which changed how funds for county tax base relief are distributed to qualified counties when appropriations are insufficient to fully fund a county tax base relief funding tier.

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

The following is an example of the Tier I eligibility calculation. Assume a county has a calculated county share of \$150,000, and that the property tax valuation generates \$30,000 per mill levied. The formula for the Tier I shortfall is as follows:

$$\begin{array}{rcl} \$150,000 & \text{total calculated costs} & \\ - & \underline{90,000} & \text{generated by 3.0 mills} \\ = & 60,000 & \text{Tier I shortfall} \\ \times 0.75 = & 45,000 & \text{County Tax Base Relief Allocation (75 percent of shortfall)} \end{array}$$

Calculations for Tiers II is based on the difference between the shortfall not funded under Tier I and revenue generated by 2.5 mills, with a similar calculation for Tier III. The percent of shortfall funded declines under these latter tiers.

Pursuant to S.B. 11-228, if amounts are insufficient to fully fund a tier, they are allocated so that each eligible county has the same proportion of the county's obligations paid through the combination of its available property tax revenue and county tax base relief appropriations.

Recent-year Actuals/Need. Almost \$1.0 million was reverted from this line item in FY 2010-11, when the appropriation was \$2.7 million, and only Tier I counties were allowed to be funded. This was because the FY 2010-11 calculation relied on property tax valuations from the period prior to the market down-turn. Reversions are not expected in FY 2011-12 due to the reduction in the appropriation for this line item. For FY 2012-13, staff anticipates the decline in valuations will be incorporated into the calculation, and funding will be insufficient to meet the need for Tier 1 or other Tiers.

***Line Item Recommendation.* The Department requests, and staff recommends, a continuation level of \$1,000,000 General Fund for this line item.**

County Share of Offsetting Revenues

Section 26-13-108, C.R.S., provides that when government authorities recover any amounts of support for public assistant recipients, such amounts may be used to reimburse public assistance paid in accordance with federal law. Funding in this line item reflects the county share of revenues earned through child support collections, fraud refunds, state revenue intercepts, and other refunds. The largest component is related to child support enforcement. Approximately 5% annual child support collections and fraud refunds are used to reimburse the State, counties, and the federal government for benefits provided to families from the Temporary Assistance for Needy Families Colorado Works program. Of total recoveries, the federal government receives 50 percent, the state receives 30 percent (some of which has historically been redirected to counties as county incentives), and counties receive 20 percent.

Recent Funding History. In FY 2008-09, the county share of recoveries was \$3.9 million. In FY 2009-10 it fell to \$3.5 million. In FY 2010-11, the county 20 percent share fell to under \$3.0 million: 20 percent of \$14,836,373 or \$2,967,275.

Line Item Request and Recommendation. The Department requests a continuation level appropriation of \$3,789,313 cash funds. **Staff recommends \$2,986,000.** This is based on a 20 percent share of the Department’s most recent projection of retained collections to be received in FY 2012-13 (20 percent of \$14,928,862). Staff also recommends continuing the footnote pertaining to this line item, which clarifies that the amount shown is an estimate. The Department is authorized to disburse an amount in excess of this appropriation (or lower than it) to reflect the actual county share.

	Total	CF
FY 2011-12 Appropriation	3,789,313	3,789,313
Reflect revised estimate of child support recoveries	(803,313)	(803,313)
Recommended FY 2012-13 Appropriation	\$2,986,000	\$2,986,000

County Incentive Payments

This line item represent the portion of the State's share of child support collections and other refunds recoveries that are redirected to counties as incentives for their performance on child support enforcement activities. Section 26-13-108, C.R.S., provides that when government authorities recover any amounts of support for public assistant recipients, such amounts may be used to reimburse public assistance paid in accordance with federal law. The federal government receives 50 percent of recoveries, the State 30 percent, and the counties 20 percent. Statute

further provides that the State may redirect an unspecified portion of its share of such recoveries to counties as an additional child support enforcement incentive. In recent years, the General Assembly has indicated via footnote on this line item what portion of the state's share is to be provided to counties. *The Joint Budget Committee is currently sponsoring a bill (S.B. 12-113) which provides a legal foundation for specifying this via footnote.*

County incentive payments are distributed to counties on a quarterly basis using the same formula that is applied for federal child support enforcement incentives. The formula takes into account the "collections base" for the county (an adjustment for county size) and each county's performance on four child support enforcement measures: the paternity establishment percentage, the percentage of caseload with child support enforcement orders, the percent of current support paid, and the percent of arrears cases with a payment made. Counties are required to spend county incentive payments on social services, but are otherwise unrestricted in how the funds are used.

Recent Funding History. Prior to FY 2008-09, statute redirected 50 percent of the state-share of recoveries for county incentives, so that counties received 35 percent of total recoveries, rather than 20 percent. House Bill 08-1342 modified statute to enable the State to redirect a larger share to counties for county incentives. It also transferred recoveries previously appropriated in the Colorado Works line item (\$2.5 million) into the County Incentives line item. This was in response to changes at the federal level that effectively reduced county funding for Child Support Enforcement by about \$3.3 million.¹

Funding for County Incentives for FY 2008-09 and FY 2009-10 was based on an estimated 100 percent of the state share of retained collections for Child Support Enforcement. Starting in FY 2010-11, funding and the footnote associated with this line item was again modified to specify that counties would receive 50 percent of the state-share of recoveries. The remaining 50 percent state share of recoveries was redirected to a capital construction project (rebuilding an information technology system, requiring \$2,677,500 of the State's share of recoveries) and to increase funding for state administration of child support enforcement for various time-limited special projects (pursuant to FY 2010-11 Decision Item #8).

The Department now estimates that the recoveries necessary to support the capital and operating expense appropriations for these projects will be collected by March 2012, after which 100 percent of the state's share of recoveries may be redirected to counties for the balance of FY 2011-12.

Actual receipts and expenditures for FY 2010-11 and projected receipts and expenditures for FY 2011-12 are reflected below. It should be noted that:

- Total cash funds expenditures for DI #8 (\$71,261) were far below the amounts budgeted in FY 2010-11 (\$768,327), and this drove a total funds reversion in the Department's Child Support Enforcement line item of over \$2.2 million. One component of the

¹ A provision of the Deficit Reduction Act or DRA of 2006 prohibited the use of federal incentive payments as a match for additional federal funds. This DRA provision was suspended under the American Recovery and Reinvestment Act, but has since been reinstated.

decision item was abandoned, based on consultation with counties, and another started later than planned.

- In lieu of other expenditures for DI #8, the Department directed cash funds revenue to its capital construction project (separately appropriated in the capital construction budget) and will disburse additional amounts to counties in FY 2011-12.

Actual Distribution of FY 2010-11 Retained Collections – State’s 30% Share		
Child Support Enforcement	\$71,261	Expenditures for FY 2010-11 DI#8 (Enhanced Medical Support, Paternity Establishment, and Education Initiatives)
Automated Child Support Enforcement System (ACSES)	\$107,100	Transferred to Capital Construction and Expended for ACSES Capital Construction Project
ACSES Capital Construction	<u>\$2,047,095</u>	Transferred to Capital Construction for remaining two years of project
Subtotal	\$2,225,456	1/2 State Share- retained by State
<i>County Incentives</i>	<u>\$2,225,456</u>	1/2 State Share- distributed to counties
Total	\$4,450,912	
<p>Of the total FY 2010-11 \$14.8 million in Retained Collections, the federal government received 50 percent, counties received 35 percent (including the County Incentives shown above), and the State received 15 percent.</p>		

Estimated Distribution of FY 2011-12 Retained Collections – State’s 30% Share		
Child Support Enforcement	\$447,400	Expenditures for FY 2011-12 DI#8 (Enhanced Medical Support, Paternity Establishment, and Education Initiatives)
ACSES Capital Construction	\$523,305	Transferred to Capital Construction. \$391,612 to be used in FY 2011-12 and balance for remaining year of project.
Subtotal	\$970,705	Portion of 1/2 State Share- retained by State
Counties	\$3,507,953	Portion of 1/2 State Share + excess distributed to counties
Total	\$4,478,658	
<p>Of the FY 2011-12 Retained Collections of \$14.9 million, it is projected that the federal government will receive 50%, the counties will receive 43% (including the incentives above) and the State will receive 7%.</p>		

Line Item Request. The Department requests \$5,219,101 cash funds, including:

- an increase of \$447,440 for the line item, based on annualization of FY 2010-11 Decision Item #8; and
- a decrease of \$365,260 pursuant to R-9.

Annualization of FY 2010-11 Decision Item #8. This decision item, as approved by the General Assembly, redirected \$768,237 from this line item to the Child Support Enforcement line item, where it was matched with federal funds. The decision item specified that, in FY 2011-12, the "redirection" of funds would be reduced to \$447,440 and eliminated entirely in FY 2012-13. Staff recommends the annualization portion of the request, which is consistent with the decision item as originally approved.

FY 2012-13 Annualization FY 2010-11 Decision Item 8 (2 line items)			
	Total	Cash Funds	Federal Funds
County Administration, County Incentive Payments	\$447,440	\$447,440	\$0
Self Sufficiency, Child Support Enforcement, Child Support Enforcement	<u>(1,316,000)</u>	<u>(447,440)</u>	<u>(868,560)</u>
Total	(\$868,560)	\$0	(\$868,560)

Decision Item R-9 - Refinance Child Support Enforcement Programs General Fund Appropriations with Cash Funds

The Department proposes to reduce the General Fund appropriation for Child Support Enforcement by \$365,260 in FY 2012-13 and beyond and to refinance this with cash funds reallocated from the County Incentives Payments line item appropriation.

As detailed above, counties, the state, and federal government may recover amounts spent for public benefits such as Colorado Works through child support enforcement activities. Although the State's share of such recoveries is 30 percent, the State may redirect some or all of its share to counties for child support enforcement incentives.

During FY 2010-11 and much of FY 2011-12, counties received half of the state's share of recoveries, or about \$2.2 million, in incentive payments. The Department requests that, instead of providing 100 percent of the state's share to counties in FY 2012-13, \$365,260 be used to refinance General Fund for state child support enforcement activities. The request is reflected in the table below.

FY 2012-13 R-9 – Refinance Child Support Enforcement Programs (3 line items)			
	Total	General Fund	Cash Funds
County Administration, County Incentive Payments	(\$365,260)	0	(\$365,260)
Self Sufficiency, Child Support Enforcement			
Automated Child Support Enforcement System	(0)	(293,460)	293,460
Child Support Enforcement	<u>(0)</u>	<u>(71,800)</u>	<u>71,800</u>
Total	(\$365,260)	(\$365,260)	(\$0)

Staff Recommendation. As reflected in the request, the purpose of this decision item is to provide General Fund savings, and staff recommends it on this basis. Staff also notes that, although not fully apparent from the budget, counties will see a substantial increase in county incentive payments in FY 2012-13 even if this decision item is approved. This line item was never reduced when the General Assembly authorized the use of child support recoveries for the Department's child support capital construction project. Therefore, it is not being increased in

response to the project’s completion—even though counties will actually receive more county incentives than they have over the last two years.

The table below reflects the amounts counties actually received and are projected to receive for County Incentives in the line item. As shown, **staff expects that actual county incentives received will increase by \$1.0 million in FY 2012-13**, even though the line item will appear to decrease.

	Projected Child Support Enforcement Recoveries	State Share of Recoveries (30%)	Portion of State Share Directed to Counties for Incentives	Year-over-year Change to Incentives	Explanation of State Share Directed to Counties for Incentives
FY 2009-10 Actual	\$15,165,960	\$4,549,788	\$4,549,788	n/a	100%
FY 2010-11 Actual	14,836,373	4,450,912	2,225,456	(2,324,332)	50%
FY 2011-12 Projection	14,928,862	4,478,659	3,507,953	1,282,497	50% plus excess not required by State
FY 2012-13 Projection	14,928,862	4,478,659	4,113,399	605,446	100% less \$365,260

Line Item Recommendation. **Staff recommends an appropriation of \$4,113,000 for this line item, based on the projection below of the amount that would represent 100 percent of the State’s share of recoveries less \$365,260 for R-9.** Although this figure is lower than the Executive request, staff believes it is a better estimate of funds counties will actually receive. As the amount shown in the line item is a projection, it has been rounded. Staff also recommends that the footnote that explains the General Assembly’s intent with respect to this line item be modified consistent with this decision.

	Total	CF
FY 2011-12 Appropriation	5,136,921	5,136,921
Annualize FY 2010-11 DI-8: "Enhanced Medical Support, Paternity Establishment and Education Initiatives for Child Support Enforcement"	447,440	447,440
Refinance Child Support Enforcement Programs General Fund Appropriations with Cash Funds	(365,260)	(365,260)
Reflect revised estimate of child support recoveries	(1,106,101)	(1,106,101)
Recommended FY 2012-13 Appropriation	\$4,113,000	\$4,113,000

Alternatives to the staff recommendation range from allowing counties to retain 100 percent of the State’s share of recoveries (rejecting R-3 and providing an additional \$365,260 in county incentives) to using a full 50 percent of the state share of recoveries to refinance General Fund, providing General Fund savings of \$2.2 million.

(7) OFFICE OF SELF SUFFICIENCY

The Self Sufficiency section of the Human Services budget includes the Colorado Works Program, the Special Purpose Welfare Programs (Low Income Energy Assistance Program, Food Stamp Job Search, Food Distribution, Low-Income Telephone Assistance Program, Income Tax Offset, Electronic Benefits Transfer Service, Refugee Assistance, and Systematic Alien Verification for Eligibility), Child Support Enforcement, Disability Determination Services, and Administration, which oversees these programs.

Note: Request R-3 and the availability of federal Temporary Assistance for Needy Families (TANF) funds affects multiple line items in this section and has implications for a variety of department programs. For this reason, both this decision item and related background about TANF and the Colorado Works program is also covered here.

R-3 TANF Long-Term Reserve Solvency

The Department has submitted several documents relating to decreases in federal funding from the Temporary Assistance for Needy Families (TANF) Block Grant. Pursuant to federal law, federal TANF block grant funds are subject to annual appropriation by the General Assembly to support the four purposes of TANF: (1) Assisting needy families so that children can be cared for in their own homes; (2) Reducing the dependency of needy parents by promoting job preparation, work, and marriage; (3) Preventing out-of-wedlock pregnancies; and (4) Encouraging the formation and maintenance of two-parent families.

Colorado has historically received approximately \$150 million per year in federal TANF funds, of which the majority (about \$135 million per year) has been appropriated for Colorado Works county block grants. The General Assembly also appropriates TANF funds for Child Welfare Services, Refugee Services, the Low Income Energy Assistance Program, the Domestic Abuse Program, and state administration.

The Problem. Colorado is now facing cuts of nearly \$24 million (16 percent) to programs that receive funding from TANF for two reasons, summarized in the table below:

1. A long-standing imbalance between annual TANF revenues and annual TANF appropriations, currently at \$10.4 million. This must be addressed as TANF reserves approach \$0;
2. A decision by Congress not to reauthorize TANF Supplemental Grants, which have historically comprised \$13.6 million of Colorado's annual federal funding allocation.

The table below outlines the total amount of funds staff believes will ultimately need to be reduced from TANF appropriations, in the absence of further changes to federal funding for the State.

"Regular" TANF Block Grant	\$136,056,690
Supplemental Grant	13,569,691
Base TANF Revenue - Prior Years	149,626,381
FY 2011-12 Long Bill TANF Approp.	172,488,134
Eliminate temporary child welfare refinance	(12,500,000)
Base TANF Appropriations - FY 2012-13	159,988,134
Gap Base Revenue and Base Appropriations	(10,361,753)
Loss of Supplemental Grant starting FY 2011-12	(\$13,569,691)
Total shortfall to be addressed when no reserves	(\$23,931,444)
Percent Reduction in TANF Funding	-16.0%

Although a total of \$24 million may ultimately need to be cut, this can be addressed over several years for the following reasons:

- Colorado started FY 2011-12 with state-controlled uncommitted prior year reserves of \$26.7 million;
- Colorado has received \$9.1 million in TANF Contingency Funds in FY 2011-12, may receive more, and is likely to receive some TANF Contingency funds in FY 2012-13;
- The Executive has indicated that, although it has not requested additional budget reductions, it is restricting TANF appropriations in FY 2011-12 and would like the JBC to sponsor a bill that would allow further reductions in FY 2011-12. This is likely to result in some excess reserves remaining at the beginning of FY 2012-13 (\$5.5 million, based on data currently available).

As a result of these factors, the need to reduce a full \$24 million will likely not be felt until FY 2013-14, and it is possible that, between now and then, other factors (e.g., TANF reauthorization, reallocation of base TANF funding (given loss of the Supplemental Grants), reinstatement of Supplemental Grants, or additional TANF Contingency Funds) could help to ameliorate the impact. *Nonetheless, substantial cuts will be required in FY 2012-13.*

Department Communication. The Department has submitted the following requests and communications concerning the TANF shortfall.

- R-3, submitted November 1, 2011, proposed reductions to various TANF-funded line items to bring expenditures in line with revenues. This request was submitted based solely on a long-standing discrepancy between TANF revenues and expenditures and the projected exhaustion of TANF reserves in FY 2012-13 and *did not take into account new*

federal budget cuts. As shown, the proposed reductions were for \$5.4 million TANF funds in FY 2012-13, annualizing to \$10.4 million in FY 2013-14.

R-3: TANF Long Term Reserve Solvency				
	FY 2012-13		FY 2013-14	
	Local Cash Funds	TANF Federal Funds	Local Cash Funds	TANF Federal Funds
Colorado Works, Administration	\$0	(\$60,208)	\$0	(\$60,208)
<i>FTE</i>		<i>(1.0)</i>		<i>(1.0)</i>
CO Works, County Block Grants	(889,547)	(5,168,767)	(1,756,855)	(10,137,645)
CO Works, County Training	0	(114,000)	0	(114,000)
Spec. Purpose Welfare, Refugee Services	<u>0</u>	<u>(50,000)</u>	<u>0</u>	<u>(50,000)</u>
Total	(\$889,547)	(\$5,392,975)	(\$1,756,855)	(\$10,361,853)

- An update to its TANF Long-term Reserve projection, as required by RFI #4, on January 15, 2012, reflecting the loss of the Supplemental Grants.
- A letter to the Committee dated January 19, 2012 regarding the Department’s plan to address the shortfall for FY 2011-12 by restricting funds, and a request that the JBC carry a bill to enable the Department to take a cut in the Reimbursements to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirements line item. The JBC has thus far indicated that the planned restrictions for FY 2011-12 are acceptable, but has thus far not agreed to carry the requested bill. The staff recommendation was that the Committee carry the bill contingent upon the Department providing a TANF balancing plan for FY 2012-13.
- A letter to the Committee dated February 10, 2012 (attached) which essentially reiterates the Department’s previous requests and makes no additional recommendations or proposals for balancing TANF funding in FY 2012-13. The letter does note that TANF Contingency Funds had been received and that additional Contingency Funds might be expected in the future.

Staff Recommendation. **The staff recommendation is to apply budget reductions for FY 2012-13 based on estimates of the impact of federal TANF changes on the Colorado budget, including projected TANF Contingency Funds available and projected Department restrictions in FY 2011-12 spending. As discussed in more detail below, this drives cuts totaling \$14.7 million in FY 2012-13.**

Staff further recommends that, if sufficient General Fund is available, the Committee consider backfilling \$5.0 million or more of this reduction with General Fund. This may be

accomplished through adjustments to replace TANF in Child Welfare line items with General Fund.

The tables below: (1) Summarize the base appropriations of TANF Funds for FY 2012-13 versus recommended changes. The base reflects the FY 2011-12 Long Bill adjusted by eliminating a temporary refinance of \$12.5 million General Fund in the Division of Child Welfare (\$11.0 million in TANF funds remains in Child Welfare after this adjustment). (2) Compare the Department line-item request with the staff recommendation for TANF funding.

	TANF Base FY 2012-13	Staff Rec. FY 2012-13	Recommended Changes	Percent Change
Colorado Works TANF Allocations to Counties (County Block Grants, Block Grant Support Fund, Reimbursement to Counties due to MOE Reduction)	\$135,237,861	\$127,841,772	-11,693,493	-8.6%
Information Technology & Indirect Costs	6,318,057	6,318,057	0	0.0%
Colorado Works State Administration (Administration, Evaluation, County Training, Program Maintenance Fund, Workforce Development Council)	2,467,205	2,152,997	-362,054	-14.7%
Refugee Assistance	2,805,334	2,705,334	-100,000	-3.6%
Low Income Energy Assistance	1,500,000	0	-1,500,000	-100.0%
Domestic Abuse Program	659,677	629,677	-30,000	-4.5%
Child Welfare Programs	<u>11,000,000</u>	<u>10,000,000</u>	<u>-1,000,000</u>	-9.1%
Total	159,988,134	145,302,587	-14,685,547	-9.2%

Requested v. Recommended Changes to Federal TANF Funds Appropriations for FY 2012-13 By Line Item		
	Requested Changes	Recommended Changes
Colorado Works Administration	(\$60,208)	(\$128,047)
County Block Grants	(5,168,767)	(5,168,767)
Reimbursement to Counties for Prior Year Expenditures Due to MOE Reduction*	(5,524,726)	(5,524,726)
County Block Grant Support Fund	0	(1,000,000)
County Training	(114,000)	(114,000)
Domestic Abuse Program	(30,000)	(30,000)
Workforce Development Council	0	(20,007)
Colorado Works Program Maintenance Fund	0	(100,000)
Low Income Energy Assistance Program	<u>0</u>	(1,500,000)
Refugee Assistance	(50,000)	(100,000)
Child Welfare Services	<u>0</u>	<u>(1,000,000)</u>
Total Reductions	(\$10,947,701)	(\$14,685,547)

The following table compares the TANF Long Term Reserve projection for FY 2011-12 and FY 2012-13 as requested (as understood by staff) and recommended. For comparison, it also

incorporates both FY 2011-12 Long Bill TANF appropriations and appropriations with FY 2011-12 restrictions.

	SFY 12 Long Bill	SFY12 with restrictions	SFY 13 Request*	SFY 13 Recommend
Uncommitted prior year funds	26,666,797	26,666,797	5,509,169	5,509,169
Regular Annual TANF Grant	136,056,690	136,056,690	136,056,690	136,056,690
Supplemental TANF Grant	0	0	0	0
TANF Contingency Fund	<u>9,070,444</u>	<u>9,070,444</u>	<u>7,500,000</u>	<u>6,802,836</u>
Revenue Subtotal	171,793,931	171,793,931	149,065,859	148,368,695
CO Works Allocations to Counties (County Block Grants, Block Grant Support Fund, Reimbursement to Counties due to MOE Reduction)	135,237,861	128,198,357	124,544,368	123,544,368
Info. Technology & Indirect Costs	6,318,057	6,318,057	6,318,057	6,318,057
CO Works State Administration, Evaluation, Training, Program				
Maintenance Fund, Workforce Dev.	2,467,205	2,212,205	2,292,997	2,105,151
Refugee Assistance	2,805,334	2,705,334	2,755,334	2,705,334
Low Income Energy Assistance	1,500,000	0	1,500,000	0
Domestic Abuse Program	659,677	629,677	659,677	629,677
Child Welfare Programs	<u>23,500,000</u>	<u>23,500,000</u>	<u>11,000,000</u>	<u>10,000,000</u>
Appropriation subtotal	172,488,134	163,563,630	149,070,433	145,302,587
2% reserve	<u>\$2,721,132</u>	<u>\$2,721,132</u>	<u>0</u>	<u>2,721,132</u>
Balance Remaining/Additional Cut Required	-3,415,335	5,509,169	-4,574	344,976

*The Department's letter of February 10, 2011-12 asserts that the actions it has already proposed would leave a \$7.5 million shortfall which could be addressed by additional Contingency Funds. However, the letter failed to provide any additional detail with respect to the Department's assumptions or calculations. Staff has therefore had to compile a projection based on the information previously provided by the Department. As reflected above, it appears to staff that the Department's request could only be balanced if it assumed that no reserve would be maintained, as well as that \$7.5 million in Contingency Funds would be received.

As reflected in the table above, the Department request and staff recommendation differ with respect to revenue and reserve assumptions, as well as with respect to appropriation reduction proposals.

The staff revenue assumptions include: (1) no Supplemental Grant funding; (2) Colorado will receive \$6.8 million in Contingency Funds in FY 2012-13 (the same amount as was received in FY 2010-11); (3) FY 2011-12 spending will be restricted, including in a category in which the Department requested statutory change; and (4) A 2.0% reserve will continue to be maintained. The staff appropriation recommendations incorporate:

- Colorado Works County Block Grants and Reimbursement to Counties for MOE Reduction line item reductions consistent with Department request for FY 2012-13

- Reductions to other line items consistent with Department-imposed FY 2011-12 restrictions (with minor adjustments)
- \$1.0 million cut to the Child Welfare Services line item

The key differences between the request (as staff understands it) and the recommendation:

- The Department did not include FY 2012-13 reductions consistent with its FY 2011-12 restrictions. Staff added these, as well as some minor additional line item adjustments, based on common policy and historic expenditures, resulting in additional reductions of \$2.7 million.
- Staff included a \$1.0 million reduction to child welfare.
- The Department appears to have assumed \$7.5 million in TANF Contingency and \$0 TANF reserve. Staff assumed \$6.8 million in TANF Contingency and a \$2.7 million reserve.
- As discussed further below, staff would achieve one of the reductions proposed by the Department without statutory change.

The staff recommendation calls for more cuts than the request for the following reasons:

- Staff is concerned about including over-optimistic assumptions that leave the Department (rather than the General Assembly) in the position of determining what additional cuts should be taken mid-year. Staff from the National Conference of State Legislatures have indicated to JBC staff that the level of Contingency Funds available in FY 2010-11 should provide a reasonable estimate of Contingency Funds available for FY 2012-13 (although no future federal action is ever guaranteed).
- The overall, long-term TANF gap between revenues and expenditures is expected to be \$24 million—not just \$14.4 million—once the starting balance in FY 2012-13 and Contingency Funds are not available. Thus, staff does not see this as a temporary situation but rather as a situation which requires long-term structural changes to address. Reducing appropriations is a step in this process.
- As of September 30, 2011, counties were still maintaining TANF reserves of \$40.0 million, while FY 2011-12 Colorado Works spending seemed unlikely to substantially exceed revenue, even after restrictions. In light of this, staff believes counties should probably be expected to spend down some of their reserves before the State foregoes all state-level reserves, particularly given the uncertainty of Contingency Funds.

Department January 19, 2012 TANF Bill Proposal Revisited

In its letter of January 19, 2012, the Department requested that the Committee sponsor a bill to modify portions of statute that, in most years, results in an appropriation of \$5,524,726 federal Temporary Assistance for Needy Families (TANF) block grant funds to counties. Staff recommended that the Committee sponsor the bill if the Department submitted a budget amendment or letter describing how it proposed to address the TANF shortfall for FY 2012-13. The Committee took no action on the bill when staff presented the proposal on January 24, 2012 and indicated that concerns had been raised about the proposal from counties. *Based on further*

review of the issue, the staff recommendation is that the Committee eliminate the appropriation for the “Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirements” for both FY 2011-12 and FY 2012-13. Staff now believes this adjustment can be achieved without a statutory change, as described below.

Background. Pursuant to Section 26-2-714 (10), C.R.S.:

"If the state meets federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort as specified in federal law for any year, the actual spending level for the works program of all counties collectively shall be reduced by the same amount as the amount of the reduction in the federal maintenance of effort requirement."

To date, this provision has been operationalized via an additional annual TANF appropriation to counties in the amount of \$5,524,726 in the line item "Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirements". As indicated by the title, this additional TANF appropriation reimburses counties for county maintenance of effort (MOE) funds spent in prior years. It should be noted that the State receives no additional federal funds associated with the reduction in the federal MOE requirement: the State simply uses the additional distributions as the mechanism for complying with statute.

In light of the statute, the Department concluded that it was required to continue to make these additional TANF appropriations to counties in the absence of a statutory change. It therefore requested the Committee’s assistance in pursuing a statutory change which would change the “shall be reduced” language in Section 26-2-714 (10), C.R.S., to “may be reduced”.

As outlined in a letter from CCI dated January 26, 2012, counties expressed various concerns about the proposal (although not outright opposition). Among other issues, counties noted that the current funding structure enabled counties to use these additional funds more flexibly than other TANF funds, because these moneys are considered a reimbursement to counties for prior year county expenditures.

Staff Alternative to Statutory Change. After considering the actual language of the current statute, staff believes that the Department could comply with the statutory requirement that the “the actual spending level for the works program of all counties collectively shall be reduced by the same amount as the amount of the reduction in the federal maintenance of effort requirement” without either a statutory change or a violation of the statute.

The language of the statute requires a reduction in counties’ spending obligation—but does not require that this be achieved through an additional TANF allocation to counties to reimburse them for previous expenditures.

Staff proposes that in lieu of providing counties with additional TANF funds as a reimbursement, the State instead reduces county MOE spending obligations in the year after it is notified that the State has met federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort.

Based on some initial consultations, it appears that this change should be feasible. Staff notes:

- Whether via the requested statutory change or via the JBC staff proposal, the result for counties will be that an appropriation of \$5.5 million in TANF funds to counties for Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirements will be eliminated in both FY 2011-12 and FY 2012-13.
- Staff anticipates that the reduction to county MOE expenditures for TANF would result in the re-direction of these dollars to flexibly meet needs within each county's human services budget. However, due to the provisions of Section 26-2-714 (6), C.R.S., such funds could not be used for other county expenditures (roads, etc.). Some counties do currently use the "Reimbursement" funds they receive for such purposes. Section 26-2-714 (6), C.R.S. requires counties to comply with a targeted spending level for social services that meets or exceeds one hundred percent of the county's spending on AFDC, JOBS, and the administrative costs related to those programs in state fiscal year 1995-96.

If the Committee adopts the staff recommendation, staff would also recommend that the following footnote be added to the Colorado Works, County Block Grants line item for FY 2012-13 to clarify legislative intent.

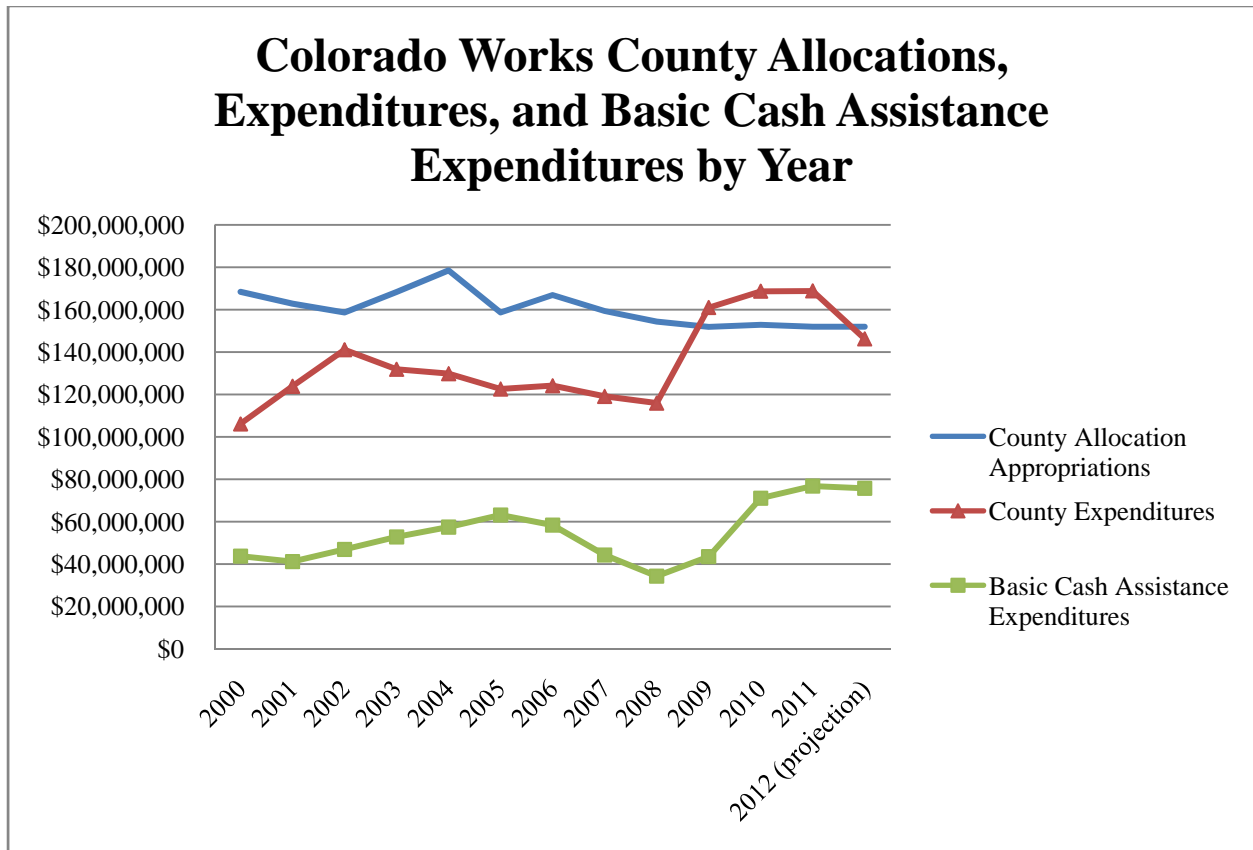
N Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants -- It is the intent of the General Assembly that the Department comply with the provisions of Section 26-2-714 (10), C.R.S., by reducing required county Temporary Assistance for Needy Families (TANF) maintenance of effort expenditures in the fiscal year after the State is notified that it has met federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort. If the State is notified during state FY 2011-12 that it has met federal work participation rates for a prior year and therefore qualifies for a percent reduction in the state's maintenance of effort, local cash funds expenditure obligations that are established in this line item pursuant to Section 26-2-714 (6) (c) (I), C.R.S., shall be reduced by \$5,524,726.

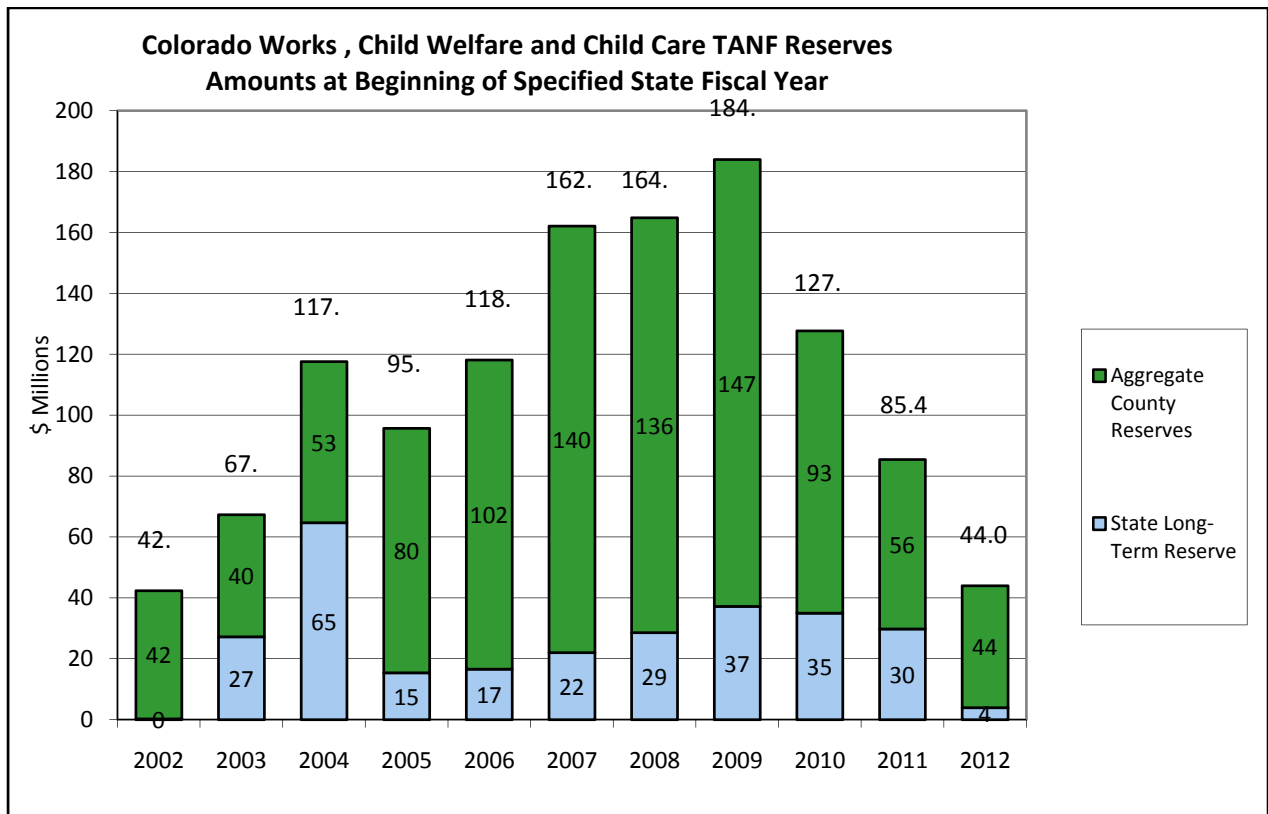
County Colorado Works Expenditures and Reserves. As reflected in the table, county Colorado Works programs will be most significantly affected by the decline in TANF funding. This seems inevitable, given that the Colorado Works program comprises 84.5 percent of total TANF base appropriations. The following background information is provided to assist the Committee with context regarding the impact of cuts to the program.

Counties use TANF block grant funds for a variety of purposes: payment of basic cash assistance for needy families, program administration (including helping recipients move into employment), grants to community programs that meet TANF goals and serve families that meet TANF guidelines, and child welfare and child care services. Counties may transfer up to 30 percent of allocations to child welfare or child care programs, including up to a maximum of 10 percent for child welfare. Counties retain control over reserves of unspent county TANF Funds.

County expenditures are affected significantly by the demand for basic cash assistance, which provides an average household benefit of \$431 per month, with a lifetime limit of 60 months. At present, basic cash assistance comprises about 50 percent of county expenditures for TANF. Historically, the majority of Colorado Works funding has been used by counties for purposes other than basic cash assistance, including case management, client programming, and county TANF administration, as well as grants to local non-profits, and transfers to child welfare and child care programs. Use of funds for purposes other than basic cash assistance has declined during the recession as the demand for basic cash has grown.

The chart below reflects recent trends in county expenditures versus allocations. As shown, for many years county expenditures fell substantially below revenues, and reserves were accumulated. From FY 2008-09 through FY 2010-11, due to the recession-driven caseload increases, as well as statutory changes limiting county reserves, county expenditures exceeded allocations, and reserves declined. However, *based on data for the first six months of FY 2011-12, the picture has changed markedly: counties have sharply curtailed spending, so that actual expenditures are projected to fall below initial allocations and potentially below allocations after Department-imposed restrictions. Although basic cash assistance figures are still high, growth appears to have flattened.*





The tables below provide additional detail by county for the FY 2011-12 projection and reserve status and the FY 2010-11 actual year. As shown, there is still substantial variation among counties with respect to the status of their reserves and the extent to which their allocations are absorbed by basic cash assistance payments.

**County TANF Allocations, Expenditures, Reserves, and Basic Cash Assistance
FY 2011-12 Projection**

	Preliminary FY 2011-12 Colorado Works Allocation*	Sept. 30, 2011 TANF Reserves	TANF Reserves as Percent Works Allocation	Works Basic Cash Assistance (BCA) Projection	BCA Projection as Percent Works Allocation	Total Works Expenditure Projection	Total Expenditure Projection as % Allocation
Adams	\$13,136,966	\$2,130,034	16.21%	5,349,185	40.72%	\$13,585,762	103.4%
Arapahoe	12,982,957	3,177,671	24.48%	7,157,996	55.13%	13,041,366	100.4%
Boulder	5,889,526	1,962,960	33.33%	1,998,706	33.94%	4,478,708	76.0%
Denver	35,799,608	9,954,251	27.81%	19,434,313	54.29%	38,041,230	106.3%
El Paso	19,650,977	4,768,066	24.26%	9,671,604	49.22%	17,544,018	89.3%
Jefferson	10,440,506	1,848,840	17.71%	5,065,596	48.52%	9,885,117	94.7%
Larimer	7,562,853	3,184,359	42.11%	3,317,481	43.87%	7,049,533	93.2%
Mesa	5,263,647	2,216,272	42.11%	2,198,954	41.78%	4,536,635	86.2%
Pueblo	10,394,632	1,157,862	11.14%	7,723,822	74.31%	9,863,227	94.9%
Weld	5,100,486	815,099	15.98%	3,431,416	67.28%	5,502,886	107.9%
Balance of State	24,814,010	8,813,034	35.52%	10,421,764	42.00%	22,707,122	91.5%
Total	151,036,168	40,028,449	26.50%	\$75,770,837	50.17%	146,235,603	96.8%

*Does not include restrictions; the appropriation has thus far been restricted by \$500,000.

**County TANF Allocations, Expenditures, Reserves, and Basic Cash Assistance
FY 2010-11 Actual**

	Preliminary FY 2010-11 Colorado Works Allocation	Sept . 30, 2010 TANF Reserves	Reserves as Percent Works Allocation	Works Basic Cash Assistance (BCA) Expenditures	BCA Expend as Percent Works Allocation	Total Works Expenditures	Total Expend as % Allocation
Adams	\$12,661,495	4,248,594	33.56%	\$5,175,732	40.90%	16,554,384	130.7%
Arapahoe	12,712,097	5,373,826	42.27%	7,300,037	57.40%	15,038,811	118.3%
Boulder	6,199,501	510,739	8.24%	2,081,415	33.60%	4,747,280	76.6%
Denver	37,683,798	16,976,565	45.05%	19,176,074	50.90%	44,971,934	119.3%
El Paso	19,475,277	9,293,149	47.72%	11,433,764	58.70%	23,791,912	122.2%
Jefferson	10,990,006	0	0.00%	4,917,317	42.90%	9,712,274	88.4%
Larimer	7,960,898	2,962,610	37.21%	3,229,322	40.60%	7,452,406	93.6%
Mesa	5,540,681	2,704,164	48.81%	1,807,648	32.60%	5,620,808	101.4%
Pueblo	8,143,642	2,960,101	36.35%	7,450,958	91.50%	10,707,566	131.5%
Weld	4,885,167	0	0.00%	2,857,731	56.20%	5,080,095	104.0%
Balance of State	24,783,606	10,589,104	42.73%	11,361,578	44.90%	25,169,616	101.6%
Total	\$151,036,168	\$55,618,851	36.8%	\$76,791,575	50.80%	\$168,847,086	111.8%

(A) Administration

The Office of Self Sufficiency's Administration section is responsible for the oversight of the Colorado Works Program, the Special Purpose Welfare Programs, Child Support Enforcement, and Disability Determination Services.

Personal Services

This line item supports the base salary, state PERA contributions, and contracts the division management uses for administrative oversight of its programs. Support for the Colorado Works program was moved from this line to the Colorado Works section of the budget in FY 2006-07. The staffing summary for this line is shown in the table below. In FY 2007-08, 3.0 FTE were added to provide additional oversight of counties' administration of the Food Stamps program.

Staffing Summary - (7) Office of Self Sufficiency - Administration, Personal Services	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Management	2.2	2.7	2.7	2.7
General Professional	15.5	16.8	16.8	16.8
Support Staff	1.9	2.5	2.5	2.5
TOTAL	19.6	22.0	22.0	22.0

The Department has requested \$1,694,793 including \$725,986 General Fund, and 22.0 FTE for this line item. **Staff recommends calculating this line item in accordance with Committee common policy.** The following table summarizes the calculation.

	Total	GF	FF	FTE
FY 2011-12 Appropriation	1,661,912	712,178	949,734	22.0
Annualize S.B. 11-076 (PERA Contributions)	32,881	13,808	19,073	0.0
Base Reduction Value	(32,620)	(13,973)	(18,647)	0.0
Recommended FY 2012-13 Appropriation	\$1,662,173	\$712,013	\$950,160	22.0

Operating Expenses

The Department requests \$77,499, including \$1,960 to annualize an FY 2010-11 SBA-8, an operating expense reduction that was requested and approved for FY 2010-11 and FY 2011-12 only. The staff recommendation is reflected in the table below, and is consistent with Committee common policy.

	Total	GF	FF
FY 2011-12 Appropriation	75,539	52,173	23,366
Annualization of FY 2010-11 SBA-8 (5% Operating Reduction)	1,960	1,960	0
Recommended FY 2012-13 Appropriation	\$77,499	\$54,133	\$23,366

(B) Colorado Works Program

The Colorado Works Program implements the federal Temporary Assistance for Needy Families (TANF) block grant program. The purposes of TANF, as outlined in statute at 26-2-705, C.R.S., include:

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

Pursuant to federal law, the General Assembly has authority to *appropriate* TANF block grant funds for purposes consistent with these goals.

In the past, Colorado received approximately \$150 million per year in federal Temporary Assistance to Needy Families (TANF) block grant funds. As discussed above, this figure has been reduced in FY 2011-12 and is anticipated to be reduced in FY 2012-13 and future years due to Congressional failure to reauthorize TANF Supplemental Grants, which have historically comprised \$13.6 million of the Colorado allocation. Most of the Colorado TANF allocation is "sub-block-granted" to counties for the Colorado Works program. Colorado Works is a state-supervised, county administered program.

Colorado Works Administration

This line item includes administrative costs associated with state supervision and oversight of the county-administered Colorado Works program.

Staffing Summary - (7) Office of Self Sufficiency - Colorado Works Administration	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Management	0.9	1.0	1.0	1.0
General Professional	14.0	15.0	15.0	15.0
Program Assistant	2.7	3.0	2.0	2.0
Total	17.6	19.0	18.0	18.0

For the Colorado Works Administration line, the Department requests an appropriation of \$1,403,513 federal TANF funds and 18.0 FTE. The request includes annualization of S.B. 11-076 (PERA contributions) and a reduction of \$60,208 and 1.0 FTE for R-3 (TANF Solvency).

The staff recommendation is reflected in the table below. Consistent with Committee common policy, it includes the 2.0 percent base reduction for personal services and annualization of S.B. 11-076. Further, as discussed above, it includes a reduction of \$100,000 and 1.0 FTE for R-3, including \$45,078 and 1.0 FTE for personal services and \$54,922 for operating expenses.

	Total	FF	FTE
FY 2011-12 Appropriation	1,549,410	1,549,410	19.0
Annualize S.B. 11-076 (PERA Contributions)	28,044	28,044	0.0
Base Reduction Value	(28,047)	(28,047)	0.0
TANF Long-Term Reserve Solvency	(100,000)	(100,000)	(1.0)
Recommended FY 2012-13 Appropriation	\$1,449,407	\$1,449,407	18.0

Of the amount shown, \$1,376,466 is for personal services and \$72,941 is operating expenses.

County Block Grants

This line item provides funding to county departments of social services to administer the Colorado Works Program. Counties have the flexibility to use the funds for administration or program needs and to transfer up to 30 percent of funds to child welfare and child care programs. The allocation of funds among the counties is based on demographic and economic factors and is determined by Department based on input from the Colorado Works Allocation Committee. Pursuant to Section 26-2-714, C.R.S., if the Department and the Works Allocation Committee do not reach agreement on allocations, alternatives are submitted to the Joint Budget Committee, which makes the final allocation determination. (This has never occurred.)

The line item is funded with federal Temporary Assistance for Needy Families (TANF) funds, local cash funds, and an amount from the state's share of recoveries and refunds from Child Support Enforcement and other programs. Pursuant to Section 26-2-714 (6) (c) (I), C.R.S. "For state fiscal year 1998-99 and for each state fiscal year thereafter, all counties collectively shall be required to meet levels of sending on the works program that are set forth in the annual long appropriation act..." Counties are required to fully expend their share of the maintenance of effort requirement in the Long Bill (\$22,238,672 local funds in FY 2011-12) before receiving their share of funding from their federal block grant.

Request and Recommendation. The Department requested \$145,477,854 for this line item, including a reduction of \$6,054,314 (\$5,168,767 federal funds and \$889,547 local cash funds) pursuant to R-3 (TANF Solvency). The request includes and \$123,544,368 federal TANF funds and \$21,933,486 cash funds, comprised of \$21,349,125 local funds and \$584,361 from the State's share of recoveries from child support collections, fraud refunds and revenue intercepts.

The staff recommendation is outlined in the table below and includes the reduction for R-3 (previously discussed). It also incorporates a reduction to more accurately reflect the level of recoveries that have been collected and expended in this line item in recent years. Although the line item includes \$584,361 from the State's share of recoveries, actual recoveries collected have been far lower: \$191,463 in FY 2008-09, \$136,606 in FY 2009-10, and \$148,465 in FY 2010-11. In light of this, the staff recommendation reflects reducing the State share of recoveries budgeted in this line item to \$200,000.

	Total	CF	FF	FTE
FY 2011-12 Appropriation	151,536,168	22,823,033	128,713,135	0.0
TANF Long-Term Reserve Solvency	(6,058,314)	(889,547)	(5,168,767)	0.0
Adjust for the actual state share of recoveries anticipated to be received	(384,361)	(384,361)	0	0.0
Recommended FY 2012-13 Appropriation	\$145,093,493	\$21,549,125	\$123,544,368	0.0

Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirements

This line item provides spending authority for the Department to reimburse counties when the state is notified that its federally required TANF MOE has been reduced based on the state meeting specified work participation rates. Pursuant to Section 26-2-714 (10), C.R.S.:

"If the state meets federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort as specified in federal law for any year, the actual spending level for the works program of all counties collectively shall be reduced by the same amount as the amount of the reduction in the federal maintenance of effort requirement."¹

In order to allow counties to benefit from the TANF MOE reduction should the state learn that it has met the federal work participation rate requirement for FFY 2009-10, the department requires spending authority to utilize TANF funds to repay counties for prior year Works Program expenditures. *Counties are allowed to spend the federal funds as they wish.* The assumption underlying this is that if counties' required spending had been decreased in FFY 2009-10 by the amount of the reduction in the federal TANF MOE, counties' would have spent less in county funds and more in federal TANF funds. *The State does not receive any additional federal TANF funds to support this line item; this is simply one of the line items through which the fixed TANF block grant is allocated.*

The Department request reflects an appropriation of \$5,524,726 federal TANF funds. This is the standard annual request. *However, the Department has also requested that the JBC carry a bill that would enable it to eliminate this payment. As discussed pursuant to R-3, staff now believes this appropriation may be eliminated without a statutory change. **The staff recommendation is to eliminate this line item.***

County Block Grant Support Fund

Senate Bill 08-177 renamed the Short-term Works Emergency Fund the County Block Grant Support Fund. Pursuant to Section 26-720.5, C.R.S., the State Department allocates money in the Fund according to criteria and procedures established by the Department and the Works

¹ Note that this same provision charges the Works Allocation Committee with determining each county's share of the reduction in actual spending levels. In the event that the Works Allocation Committee does not reach an agreement on each individual county's reduction in actual spending levels, it is required to submit alternatives to the Joint Budget Committee and the JBC would identify each individual county's share of the reduction.

Allocation Committee. Priority is to be given to any county that exhausts all moneys available in the county's block grant for Colorado Works for that fiscal year. The Department requests a continuation level of funding of \$1,000,000 federal funds (TANF). **As discussed pursuant to R-3, the staff recommendation is to eliminate this line item.**

County TANF Reserves for Colorado Works, Child Welfare, and Child Care Programs

Pursuant to Section 26-2-714 (5) (a), C.R.S., counties are authorized to maintain a County Reserve Account of unspent Works Program county block grant funds. Counties may also retain reserves of TANF funds that are transferred to child welfare and child care block grants.

This line item is included in the Long Bill for informational purposes to assist the General Assembly and public in tracking the level of unspent TANF funds controlled by counties. It is the subject of an annual supplemental request made after the actual year-end reserve level is known. Thus, consistent with past practice, the line item request for the FY 2012-13 Long Bill is based on county reserves as of September 30, 2011, and this figure will be adjusted in the FY 2012-13 supplemental bill to reflect county reserves as of September 30, 2012.

The Department requests \$40,028,449 federal funds (TANF) for this line item, including a reduction of \$15,590,402 for BA #5 (Colorado Works – Adjustment to County TANF Reserves).

Staff recommends the request for \$40,028,449 federal TANF funds, which continues the supplemental reduction included in the FY 2011-12 Human Services supplemental bill and reflects reserve levels as of September 30, 2011.

County Training

Pursuant to Section 26-2-712 (7), C.R.S., the Department is to develop training for case workers "so that they are knowledgeable and may assist participants in: (a) identifying goals, including work activities, time frames for achieving self-sufficiency, and the means required to meet these benchmarks; (b) obtaining supportive services such as mental health counseling, substance abuse counseling, life skills training, and money management or parenting classes; (c) utilizing the family's existing strengths; (d) providing ongoing support and assistance to the family in overcoming barriers to training and employment; (e) monitoring the progress of the family toward attaining self-sufficiency"; and (f) proper handling of domestic violence situations.

The Department requests \$475,744 federal TANF block grant funds and 2.0 FTE, including a reduction of \$114,000 in operating expenses for R-3 (TANF Solvency). The staff recommendation is reflected in the table below and is calculated consistent with common policy plus the recommended adjustment for R-3.

	Total	FF	FTE
FY 2011-12 Appropriation	586,297	586,297	2.0
Annualize S.B. 11-076 (PERA Contributions)	3,447	3,447	0.0
Base Reduction Value	(3,838)	(3,838)	0.0
TANF Long-Term Reserve Solvency	(114,000)	(114,000)	0.0
Recommended FY 2012-13 Appropriation	\$471,906	\$471,906	2.0

Of the total, \$171,555 is for personal services and \$300,351 is for operating expenses.

Domestic Abuse Program

Pursuant to Section 26-7.5-101 et seq., C.R.S., the purpose of the Domestic Abuse Program is to encourage local governments and non-governmental agencies to develop domestic abuse programs.

State funding for domestic abuse programs comes from the Domestic Abuse Program Fund and federal TANF funds. Moneys are appropriated from the Colorado Domestic Abuse Program Fund (Section 26-7.5-105 (3), C.R.S. for distribution to local entities as well as for the Department's related administrative expenses. This fund consists of taxpayer contributions (through a check-off on Colorado individual income tax returns), any appropriations from the General Assembly, and, pursuant to S.B. 09-68, fees for petitions and responses in divorce proceedings and marriage license fees. Senate Bill 09-068 increased the fees for petitions and responses in divorce proceeding (by \$5 for the Domestic Abuse Program Fund) and the marriage license fee (by \$20 for the Domestic Abuse Program Fund), allowing for an additional appropriation of \$843,430 cash funds and 0.7 FTE for the Domestic Abuse Program. In addition, in recent years the General Assembly has appropriated just under \$660,000 in federal TANF funds for the program.

The Department requests \$1,831,431, including \$1,171,754 cash funds and \$659,677 TANF funds for this line item. The staff recommendation is reflected in the table below.

	Total	CF	FF	FTE
FY 2011-12 Appropriation	1,825,147	1,167,477	657,670	2.7
Annualize S.B. 11-076 (PERA Contributions)	6,284	4,277	2,007	0.0
Base Reduction Value	(3,369)	(2,160)	(1,209)	0.0
TANF Long-Term Reserve Solvency	(30,000)	0	(30,000)	0.0
Domestic Abuse Program Fund increase	30,000	30,000	0	0.0
Recommended FY 2012-13 Appropriation	\$1,828,062	\$1,199,594	\$628,468	2.7

The total includes \$171,240 for personal services, \$198,842 for operating expenses, and \$1,457,980 for grants to local domestic abuse programs.

As discussed pursuant to R-3, the staff recommendation is to reduce the TANF appropriation to this line item by \$30,000. However in light of **reserves in the Domestic Abuse Program Fund, staff also recommends replacing this TANF with a \$30,000 increase in the appropriation from the Domestic Abuse Program Fund.** As reflected in the table, staff projects additional expenditures from the Fund of \$30,000 per year should be sustainable through FY 2013-14, if revenues are stable. If they increase (as projected by the Department), this level of spending should be sustainable over a longer period.

	Domestic Abuse Program Fund			
	FY 2010-11 Actual	FY 2011-12 Estimate	FY 2012-13 Recommend	FY 2013-14 Estimate
Beginning FY Balance	\$882,235	\$520,087	\$379,277	\$208,467
Revenue*	1,080,506	1,080,506	1,080,506	1,080,506

<u>Expenditures</u>				
Actual/Requested	1,242,654	1,221,316	1,221,316	1,221,316
Transfer to General Fund	200,000	0	0	0
Recommended increase	0	0	30,000	30,000
Subtotal Expenditures	1,442,654	1,221,316	1,251,316	1,251,316
Ending Balance	\$520,087	\$379,277	\$208,467	\$37,657
*Staff has projected FY 2010-11 actual revenue continuing, although the Department projects ongoing annual revenue of \$1,221,316.				

Works Program Evaluation

Pursuant to Section 26-2-723, C.R.S. the department was previously required to oversee an annual evaluation of the Works Program. This statute has been repealed; however, through an FY 2009-10 decision item, the Department requested ongoing funding at a lower level to evaluate the program. In FY 2011-12, the Committee voted to substantially reduce the appropriation. **The Department requests, and staff recommends, a continuing level of \$95,000 federal TANF funds for this line item.**

Workforce Development Council

This line item represents the Department's share of funding for the Workforce Development Council in the Department of Labor. The Council serves as the state's "work force investment board" as required under the federal *Workforce Investment Act of 1998*, and is responsible for statewide planning and coordination in the delivery of federal workforce development programs and associated federal block grant moneys received. In this regard, the Council is required to develop and submit to the U.S. Department of Labor a statewide plan for workforce development which coordinates federal, state, and local workforce development programs. The Council performs support functions and activities related to the eighteen workforce development centers throughout the state, which provide services to individuals seeking employment (including TANF participants).

Funding for the Council is to come from administrative moneys from several federal programs delineated in federal law; the allocation of federal funds is determined annually by the Office of State Planning and Budgeting (OSPB). The Department is requesting a continuation level appropriation of \$105,007 in federal spending authority in FY 2011-12. **Based on actual spending for the last two fiscal years and TANF solvency issues, staff recommends \$85,000 federal TANF funds.**

	Total	FF
FY 2011-12 Appropriation	105,007	105,007
TANF Long-Term Reserve Solvency	(20,007)	(20,007)
Recommended FY 2012-13 Appropriation	\$85,000	\$85,000

Promoting Responsible Fatherhood Grant

This line included the appropriations for the Promoting Responsible Fatherhood Grant the Department received from the federal government. This multi-year grant, which the state first received in FY 2008-09, will be completed by the end of FY 2011-12. **No appropriation is requested or recommended for this line item for FY 2012-13.**

	Total	GF	FF
FY 2011-12 Appropriation	518,000	18,000	500,000
Annualize FY 2008-09 DI-16 (Fatherhood Grant Match)	(518,000)	(18,000)	(500,000)

Colorado Works Program Maintenance Fund

This line was created by S.B. 08-177. The fund was created to allow the Department to respond to emergencies or other unforeseen circumstances at both the state and county level. Initially, the line item was funded at \$3,000,000 federal TANF funds. Funding was reduced to \$100,000 in FY 2010-11 due to the imbalance between TANF appropriations and revenue, the need to offset proposed funding increases, and the refinance of General Fund with TANF elsewhere in the budget. The Department requested a continuation level of funding of \$100,000. As discussed pursuant to R-3 (TANF Solvency), **staff recommends eliminating the appropriation for this line item.**

	Total	FF	FTE
FY 2011-12 Appropriation	100,000	100,000	0.0
TANF Long-Term Reserve Solvency	(100,000)	(100,000)	0.0
Recommended FY 2012-13 Appropriation	\$0	\$0	0.0

Colorado Works Statewide Strategic Uses Fund

This line was created by S.B. 08-177. Pursuant to Section 26-2-721.7, C.R.S., the fund is to be used to support initiatives and programs that meet one of the four purposes of the federal TANF program. An advisory committee that includes: representatives of the Department and the Department of Public Health and Environment; Colorado counties; and advocates for participants in the Colorado Works program, early childhood development, child welfare, community colleges, workforce development and mental health. The line item was originally funded with \$10,000,000. This was reduced to \$4,000,000 in FY 2010-11 and eliminated in FY 2011-12 due to the imbalance between TANF appropriations and revenue and the need to offset proposed funding increases and the refinance of General Fund elsewhere in the budget. Department records indicate that \$4.8 million previously appropriated remained in the Fund as of September 30, 2011. Pursuant to statute, once appropriated to the Fund, amounts in the Fund are continuously appropriated and therefore this amount is expected to be spent down over time. **No new appropriation to the Fund is requested or recommended.**

(C) Special Purpose Welfare Programs

(1) Low Income Energy Assistance Program

Section 26-2-122.5, C.R.S., authorizes the Department to accept and administer funds related to low income energy assistance. The Low Income Energy Assistance Program (LEAP) provides energy subsidies to low income households. "Low income" for this program is now defined as 150 percent of the federal poverty level (reduced by the Department in FY 2011-12 from 185 percent of the federal poverty level). The majority of funding is used to help cover heating bills for low income individuals for the cold-weather months of the year and to avoid heating shut-offs. Additionally, a portion of funding is directed to assist low-income individuals facing a heating system emergency (e.g., a furnace failure) and to fund heating system repairs. Counties assist applicants and accept and forward applications to the Department; home energy subsidy levels are established centrally by the Department.

Most of the funding derives from the federal Low Income Home Energy Assistance Program (LIHEAP) block grant. This block grant is considered a federal custodial funding source and related amounts are shown in the Long Bill for informational purposes only. Amounts available from the LIHEAP block grant and associated federal contingency funds have been highly variable, ranging from \$33.1 million in FY 2006-07 to \$71.4 million in FY 2008-09. Energy Outreach Colorado (EOC), a non-profit, also forwards funding to the LEAP program. The EOC moneys are from utilities from unclaimed overpayments and security deposits. Finally, Severance Tax and Temporary Assistance to Needy Families block grant funds (state-appropriated federal funds) have been used to support the LEAP program.

Low Income Energy Assistance Program				
Fiscal Year	Actual/Estimated Expenditures	Percent Change Expenditures	Actual/Estimated Caseload	Percent Change Caseload
2005-06	\$69,947,472	56.3%	107,099	not available
2006-07	\$46,426,404	-33.6%	93,487	-12.7%
2007-08	\$52,286,937	12.6%	92,360	-1.2%
2008-09	\$73,216,811	40.0%	105,718	14.5%
2009-10	\$77,409,173	5.7%	123,388	16.7%
2010-11	\$59,000,577	-23.7%	125,099	1.4%
2011-12	\$45,943,420	-22.1%	113,500	-9.2%

The table below reflects an estimate of funding available for the program in FY 2011-12 and how it will be allocated between administration and outreach, the Crisis Intervention Program (furnace repairs), transfer to the Governor's Energy Office for weatherization (up to 15 percent of the LIHEAP grant may be transferred by the Governor under federal law), and the Low Income Energy Assistance Program (home energy subsidies).

FY 2011-12 LEAP Budget				
Source	Total Allocation	Admin/ Outreach	Transfer to GEO for Weatherization*	LEAP
LIHEAP Block Grant	47,308,863	4,730,886	2,365,443	40,212,534
LIHEAP Contingency	0	0	0	0
TANF Block Grant	**	0	0	0
Severance Tax Allocation	0	0	0	0
Energy Outreach Colorado	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>
TOTAL	\$48,308,863	4,730,886	2,365,443	41,212,534
* The Governor may transfer up to 15% of the Block Grant to weatherization services. This amount is not included in the LEAP line item.				
** A total of \$1,500,000 is appropriated, but this amount has been restricted by the Executive based on reductions in available TANF revenue.				

Program Utilization and Benefit: As reflected in the table, the caseload for this program increased sharply in FY 2008-09 and FY 2009-10 and was relatively flat from FY 2009-10 to FY 2010-11. The decline shown for FY 2011-12 is driven by a reduction in the eligibility limit to 150 percent of the federal poverty level. For FY 2011-12, the program anticipates an average total benefit of \$363 and a caseload of 113,500.

Severance Tax Funding: Under current law (Section 39-29-109.3 (2) (f), C.R.S.), through FY 2012-13, the LEAP program receives \$3.25 million per year transferred from the Operational Account of the Severance Tax Trust Fund if overall Severance Tax revenues are sufficient to support the full amount of the transfer. For FY 2009-10, statutory change first lowered the LEAP allocation to \$1.65 million and then transferred the allocation to the General Fund. For FY 2010-11 and FY 2011-12, the entire allocation for LEAP was also transferred to the General Fund in S.B. 11-226 (the JBC cash funds transfer bill). Based on the December 2011 Legislative Council Staff revenue forecast and statutory Severance Tax allocations, there is not expected to be sufficient funding to fully support tier 2 transfers for FY 2012-13. Pending a later forecast and/or a statutory changes, *staff anticipates that the \$3.25 million in statutory Severance Tax funding will be reduced by about 35 percent to approximately \$2.15 million. Staff has incorporated this figure in line item calculations below. However, this amount is shown for informational purposes only, and, if appropriate based on subsequent JBC decisions, staff will modify this figure.*

Additional note: Statute authorizing a LEAP allocation from the Operational account of the Severance Tax Trust Fund expires July 1, 2013. H.B. 12-1028 (Gerou/Steadman) would extend authorization for Severance Tax funding for this program and other energy-related assistance programs at their current levels through FY 2018-19.

Temporary Assistance for Needy Families Funding: In recent years, \$1,500,000 million from the TANF block grant has been appropriated in the Long Bill for this program (additional funding

was provided in FY 2009-10 under the American Recovery and Reinvestment Act). However, based on the decline in available TANF funding, the Governor has restricted the \$1.5 million TANF appropriation for LEAP for FY 2011-12. *As discussed pursuant to R-3, the staff recommendation is to eliminate this TANF appropriation for FY 2012-13 and future years.*

Staffing Summary: Actual and requested staffing is reflected in the table below.

Low Income Energy Assistance Program - Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
General Professional/Management	5.0	5.0	4.6	4.6
Staff Support	0.4	0.6	0.6	0.6
Total	5.4	5.6	5.2	5.2

Line Item Request. The Department requests an appropriation of \$62,910,816, including \$4,250,000 cash funds and \$58,660,816 federal funds, and 5.2 FTE. The request includes annualization of S.B. 11-076 (PERA Contributions), annualization of the Severance Tax transfer reduction in S.B. 11-226, and R-7 (Low-Income Telephone Assistance Program Integrity).

R-7 Low-Income Telephone Assistance Program Integrity

The Department requests \$39,566 cash funds increase in the Low-Income Telephone Assistance Program line item appropriation and a decrease of the same amount of federal funds in the Low-income Energy Assistance Program line item to reallocate 0.4 FTE dedicated to the Low-income Telephone Assistance Program (LITAP). The request is for a net zero impact in total funding and FTE in FY 2012-13 and future years. The request is intended to address two State Auditor’s Office performance audit recommendations for the LITAP program

As discussed further under the LITAP line item, staff recommends the requested increase of \$39,566 cash funds for the LITAP line item. **Staff also recommends the requested 0.4 FTE decrease for the LEAP line item and reclassification of \$39,566 federal funds from personal services to operating expenses in the LEAP line item.** However, because the personal services in the LEAP line item are supported with federal LIHEAP block grant funds which are custodial and because this change will have no impact on total federal funding available from this source, **staff does not recommend reducing federal funds from the LEAP line item for this decision item.**

Line Item Recommendation. The staff recommendation is detailed in the table below. The differences between the request and recommendation include: (1) staff recommends eliminating the \$1.5 million TANF appropriation for this line item pursuant to R-3 (TANF solvency); (2) staff recommends reducing FTE for R-7 but reclassifying funds from personal services to operating expenses, rather than reducing total funding; (3) staff reflects \$2.15 million in Severance Tax Funds available, rather than \$3.25 million; (4) staff has incorporated a \$12.3 million reduction based on federal FY 2011-12 LIHEAP receipts. This is an adjustment related to custodial LIHEAP funding and is therefore reflected solely for informational purposes. Staff has **not** applied the 2.0 percent personal services reduction as the personal services funding in this line item is from custodial federal sources which are not limited by state appropriations

The line item recommendation, outlined below, includes \$387,828 anticipated to be for state personal services, \$4,343,038 for administrative allocations to counties, and \$43,362,554 for benefits.

	Total	CF	FF	FTE
FY 2011-12 Appropriation	59,690,353	1,000,000	58,690,353	5.6
Annualize S.B. 11-076 (PERA Contributions)	10,029	0	10,029	0.0
Annualize S.B. 11-226 (Augmentation of the General Fund Through Transfers of Certain Moneys)	3,250,000	3,250,000	0	0.0
Low Income Telephone Assistance Program Integrity	0	0	0	(0.4)
TANF Long-Term Reserve Solvency	(1,500,000)	0	(1,500,000)	0.0
Adjust for anticipated Severance Tax revenue	(1,100,000)	(1,100,000)	0	0.0
Reduce for federal energy assistance funds anticipated to be received	(12,256,962)	0	(12,256,962)	0.0
Recommended FY 2012-13 Appropriation	\$48,093,420	\$3,150,000	\$44,943,420	5.2

FY 2012-13 LEAP Line Item Estimate by Fund Source and Expenditure Category			
Source	Total LEAP*	Admin/ Outreach	LEAP Benefits
LIHEAP Block Grant*	44,943,420	4,730,866	40,212,554
LIHEAP Contingency	0	0	0
TANF Block Grant	0	0	0
Severance Tax Allocation	2,150,000	0	2,150,000
Energy Outreach Colorado	<u>1,000,000</u>	<u>0</u>	<u>1,000,000</u>
TOTAL	48,093,420	4,730,866	43,362,554
Excludes \$2,365,443 anticipated to be transferred to the Governor's Office for weatherization programs. Admin/Outreach includes allocations to counties.			

(2) Food Stamp Job Search Units

Program Costs

This program provides employment, job search and training services to food stamp recipients. Able-bodied Food Stamp recipients, ages 18 to 60, without dependent children, must generally meet a work requirement in order to remain eligible for food assistance. If they do not meet the work requirement, these individuals are limited to 3 months of food assistance benefits in any 36-month period. Work is defined as work, workfare or an educational activity (adult basic education, GED preparation, college courses, vocational training, vocational rehabilitation, or job search classes). Staffing patterns for the program are presented in the table below.

Food Stamp Job Search Units - Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
General Professional	4.7	6.0	6.0	6.0
Staff Support	0.2	0.2	0.2	0.2
Total	4.9	6.2	6.2	6.2

The Department requests \$2,057,920, including \$178,003 General Fund, and 6.2 FTE for FY 2012-13. The appropriation is comprised of several funding sources. Federal funds are Supplemental Nutrition Assistance Program (SNAP) moneys from the U.S. Department of Agriculture. A portion of the program earns a 50.0 percent federal match based on state administrative activities while other areas can earn 100.0 percent federal money. Local funds include a 20.0 percent share for eligible activities. **The staff recommendation is summarized below and reflects Committee common policy.**

	Total	GF	CF	FF	FTE
FY 2011-12 Appropriation	2,047,082	174,444	409,382	1,463,256	6.2
Annualize S.B. 11-076 (PERA Contributions)	10,838	3,559	0	7,279	0.0
Base Reduction Value	(9,560)	(2,736)	0	(6,824)	0.0
Recommended FY 2012-13 Appropriation	\$2,048,360	\$175,267	\$409,382	\$1,463,711	6.2

The recommendation includes \$469,993 in personal services, \$378,367 in operating expenses, and \$1,200,000 in allocations to counties.

Supportive Services

This line item contains funding for the provision of supportive services to eligible Employment First participants. Such services may include transportation assistance, clothing and grooming allowances and child care services. The department requests continuation level funding of \$261,452, including \$78,435 General Fund. **Staff recommends the Committee approve the department's request for continuation funding.**

(3) Food Distribution Program

This program administers the distribution of foods from the U.S. Department of Agriculture (USDA) to eligible recipient agencies, which maintain and enhance nutritional needs of the populations served. Agencies include schools, child care centers, local jails, nutrition programs for the elderly and the Department of Corrections. Staffing levels for the program are shown in the table below.

Food Distribution Program Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Management	0.9	1.0	1.0	1.0
General Professional	3.4	5.5	5.5	5.5
Total	4.3	6.5	6.5	6.5

The Department request is for \$566,905 and 6.5 FTE, including \$45,212 General Fund. **The staff recommendation is calculated in accordance with Committee common policy.** A summary of staff's calculation is shown in the following table.

	Total	GF	CF	FF	FTE
FY 2011-12 Appropriation	559,906	44,978	240,922	274,006	6.5
Annualize S.B. 11-076 (PERA Contributions)	6,724	605	2,891	3,228	0.0
Base Reduction Value	(9,422)	(758)	(4,054)	(4,610)	0.0
Recommended FY 2012-13 Appropriation	\$557,208	\$44,825	\$239,759	\$272,624	6.5

The recommendation includes \$480,422 for personal services and \$76,786 for operating expenses.

(4) Low-Income Telephone Assistance Program

This program provides financial assistance to low-income households to maintain basic telephone service. This line item funds the administrative costs associated with the program.

Pursuant to Section 40-3.4-105, C.R.S., eligibility is determined by the Department of Human Services for those individuals receiving assistance through the Old Age Pension, Aid to the Blind, Aid to the Needy Disabled, or low income, disabled individuals who qualify for supplemental security income. The program is funded through a land-line telephone surcharge assessed on telephone customers statewide--previously \$0.07 and currently \$0.03 per month. The Public Utilities Commission (Department of Regulatory Agencies) establishes the uniform charge to each business and individual line. Providers retain, from the fees collected, an amount sufficient to reimburse the provider for the provision of low-income telephone assistance. Remaining collections are transmitted to the State for deposit the Low-Income Telephone Assistance Fund. The General Assembly appropriates from the Fund for the direct and indirect costs of administering the program in the Department of Human Services.

The estimated caseload for the program was 21,000 as of December 2009. The combined State and federal benefit was \$16.50 per month per household, including \$6.50 from state sources and \$10.00 from federal sources. The total subsidy is slightly more than the \$16 per month average cost for basic telephone service, exclusive of taxes and surcharges. Taxes and surcharges appear, at least in some cases, to double the cost of basic service.

Based on a survey of participants in January 2011, the Department found that about half of participants were certified based on eligibility for the LEAP program (185 percent of poverty at that time), while 47 percent were based on age or disability (enrollment in Aid to the Needy Disabled, Old Age Pension, or Supplemental Security Income). Less than 3 percent were certified based on enrollment in Temporary Assistance to Needy Families. Program penetration overall is low, but penetration is highest for those on LEAP and the Old Age Pension.

May 2010 SAO Audit. A May 2010 State Auditor's Office audit (Colorado Low-Income Telephone Assistance Program - Public Utilities Commission and Department of Human Service, May 2010), recommended reducing or eliminating the program and relying more

heavily on the related federal subsidy, given that only about 5 percent of low-income household use the program, 96 percent of low income households have access to a telephone, and that the state has no jurisdiction over cell phone services. As an alternative to eliminating or reducing the program, the SAO auditors recommended program changes including a technical clarification regarding who is eligible for the program and improved program outreach. Senate Bill 11-002, by the Audit Committee, addressed the technical clarifications on eligibility, while a bill to eliminate the program (House Bill 11-1244) was postponed indefinitely.

Line Item Request. The Department request is for \$118,272 and 1.5 FTE. This includes an increase of \$39,566 cash funds and 0.4 FTE for R-7 (Low Income Telephone Assistance Program Integrity).

R-7 - Low Income Telephone Assistance Program Integrity

The Department request includes an increase of \$39,566 cash funds and 0.4 FTE for this line item and, as previously discussed, an associated reduction of 0.4 FTE and federal funds in the Low Income Energy Assistance Program line item.

The LITAP program was established by the General Assembly in 1986. Two state agencies are designated with specific responsibilities for administering LITAP: the Public Utilities Commission (PUC) is responsible for overall program monitoring and oversight (including setting surcharge amounts required to support the program) while the Department of Human Services is responsible for determining and certifying that an individual is eligible to participate in the program.

This request would enable the Department to take steps to address two SAO recommendations from the May 2010 audit of this program: #1b, which recommended development of mechanisms necessary to collect sufficient and reliable data to monitor program effectiveness, and #3b, which recommended that the various responsibilities of the Department of Human Services and telephone carriers be clearly defined through a Memorandum of Agreement and program rules.

Currently 15% of a director position (base salary of \$113,016) and 25% of a fiscal analyst position (GP IV – base salary \$73,152) are dedicated to providing programmatic oversight for LITAP as a result of the state audit. These positions meet regularly with the PUC to coordinate data reporting and outreach, monitor vendor contracts, and disseminate information regarding LITAP policies and procedures. The positions also provide administrative support for a task force on LITAP eligibility issues.

These positions are currently funded by federal funds in the Low Income Energy Assistance Program line item, rather than in LITAP. This request changes the funding source for the positions to appropriately account for the staff responsible for the program.

Staff recommends the requested increase for the LITAP program. JBC staff does not believe it was appropriate for the Department to use positions supported by federal LIHEAP funds in the LEAP line item to staff the LITAP program. Staff also notes that the General Assembly has no real authority over the use of the federal custodial LIHEAP funds. As a result,

staff believes the argument that the Department is simply “moving” a position from the LEAP line item to the LITAP line item is somewhat specious. Nonetheless, staff recommends the requested LITAP increase, based on the SAO audit findings and the decision of the General Assembly during the 2011 session to retain the LITAP program. The SAO audit indicated that, if the General Assembly chose to continue the program, it should take steps to improve it, including by expanding coordination and outreach activities. The General Assembly has chosen to continue the program, and the Department’s request for 0.4 FTE seems reasonably designed to achieve the improvements recommended by the SAO. While this increase could theoretically drive an increase in telephone user fees, the scale of the change is so small, and the size of program reserves sufficiently large, that staff does not expect the decision item to affect fee levels.

Line Item Recommendation. The staff recommendation is reflected in the table below. **The recommendation includes \$95,320 for personal services and \$21,037 for operating expenses.**

	Total	CF	FTE
FY 2011-12 Appropriation	78,706	78,706	1.1
Base Reduction Value	(1,915)	(1,915)	0.0
Low Income Telephone Assistance Program Integrity	39,566	39,566	0.4
Recommended FY 2012-13 Appropriation	\$116,357	\$116,357	1.5

(5) Income Tax Offset

Section 26-2-133, C.R.S., directs the Department of Human Services to submit information regarding individuals who are obligated to the state for overpayments of assistance payments. This appropriation covers the operational costs associated with matching Food Stamp program lists of overpaid recipients with Department of Revenue data in order to intercept corresponding income tax refunds. For the Food Stamps program, the administrative activities are funded with 50 percent General Fund and 50 percent federal funds. The department requests a continuation level appropriation of \$4,128, including \$2,064 General Fund. **Staff recommends that the Committee approve the Department's request for a continuation level of funding.**

(6) Electronic Benefits Transfer Service

Colorado's electronic benefits transfer system (EBTS) delivers Food Stamp, Works Program, Old Age Pension, Aid to the Needy Disabled, Child Welfare, Child Care, and Low Income Energy Assistance benefits. The EBTS replaced the paper-based system of checks and Food Stamp coupons. The system distributes public assistance benefits and cash payments for services electronically by using the Colorado QUEST Card or Automated Clearing House direct deposit options for eligible clients and providers.

The Department does not operate the service itself, but contracts with a vendor in the financial services industry. In July 1996, the Department contracted with Citibank to operate the system. The contract was re-bid in 2003 with Citibank Electronic Financial Services again the winner. In January 2004 JP Morgan Electronic Financial Services purchased Citibank's EFS division. EBTS has been in operation statewide since February 1998. For FY 2009-10, the Department requested, and the General Assembly approved, funding for 2.0 FTE for a new food assistance fraud detection unit. The new unit was a response to citations from the U.S. Department of Agriculture which placed federal funding for food assistance administration at risk.

Cash funds amounts include the local share of system costs, with the balance from the Old Age Pension Fund. The staffing of this program is summarized in the table below.

The Department does not operate the service itself, but contracts with a vendor in the financial services industry. In July 1996, the Department contracted with Citibank to operate the system, which has been in operation statewide since February 1998. The contract was re-bid in 2003 with Citibank Electronic Financial Services again the winner. In 2004, JP Morgan Electronic Financial Services purchased Citibank's EFS division. JP Morgan has continued as the vendor since that time.

For FY 2009-10, the Department requested, and the General Assembly approved, funding for 2.0 FTE for a new food assistance fraud detection unit to address citations from the U.S. Department of Agriculture. Beginning with an FY 2010-11 supplemental, the General Assembly approved an increase of \$359,000 to address the rapid increase in program caseloads and the associated increase in transaction fees due to J.P. Morgan. This increase took into account substantially-reduced per-client rates that were negotiated with the vendor (and was far less than the requested increase of \$641,000).

Electronic Benefits Transfer - Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
General Professional	3.6	3.6	3.6	3.6
Accountants	1.6	2.0	2.0	2.0
Staff Support	1.4	1.4	1.4	1.4
Total	6.6	7.0	7.0	7.0

Request and Recommendation. For FY 2012-13, the Department requested \$3,679,032 including \$991,955 General Fund, and 7.0 FTE, including the annualization of S.B. 11-076 (PERA contribution).

The staff recommendation is reflected in the table below and is calculated consistent with common policy.

	Total	GF	CF	FF	FTE
FY 2011-12 Appropriation	3,668,057	987,234	992,292	1,688,531	7.0
Annualize S.B. 11-076 (PERA Contributions)	10,975	4,721	1,316	4,938	0.0
Base Reduction Value	(8,547)	(3,684)	(1,035)	(3,828)	0.0
Recommended FY 2012-13 Appropriation	\$3,670,485	\$988,271	\$992,573	\$1,689,641	7.0

Of the total, \$420,370 is for personal services, \$440,847 is for operating expenses, and \$2,809,268 is for contracted vendor services.

Staff notes that:

- Of the total in this line item, \$2,809,268 is assumed to be required for the J.P. Morgan contract, based on General Assembly action on the FY 2011-12 decision item.
- Actual payments to the vendor in FY 2010-11 were substantially below this, and the line item reverted \$1.1 million in FY 2010-11, in significant part because per-client rate reductions were ultimately approved back to July 1, 2010, saving the State \$631,000.
- Actual expenditures for FY 2011-12 may also fall below the projection, based on the December 2011 actual, which is about 10 percent lower than staff projected last year due to a lower caseload.
- The Department has submitted a projection for FY 2012-13 of \$2,714,280 in vendor payments or \$95,000 below the budgeted figure. The projection reflects the assumption that caseload will continue to grow monthly at the rate of 0.6 percent throughout FY 2012-13, based on the calendar-year 2011 growth-rate, which staff believes is likely an over-estimate. *While staff believes this line item may be set somewhat higher than required, given the level of uncertainty with respect to caseload, the staff recommendation does not incorporate a reduction at this time and instead assumes the Department will revert any excess funding. Staff will continue to watch this line item carefully, and if caseload ultimately starts to decline, staff will recommend an associated reduction.*

(7) Refugee Assistance

The Colorado Refugee Services Program helps refugees become self-sufficient and adjust to living in the United States. The program is funded through a combination of federal funds from the Office of Refugee Resettlement (custodial funds) and federal Temporary Assistance to Needy Families block grant funds that are appropriated by the General Assembly for services to TANF-eligible refugee families. A staffing structure for this program is provided in the following table.

Refuge Assistance Staffing Summary	FY 2010-11 Actual*	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Management	0	1.0	1.0	1.0
General Professional	2.3	8.0	8.0	8.0
Staff Support	0.0	1.0	1.0	1.0
Total	2.3	10.0	10.0	10.0

*Actuals reported do not incorporate all staff; the appropriation reflects a better estimate.

As reflected in the table below, the portion of this program supported by \$2.8 million in state-appropriated TANF funds, incorporated a \$2.0 million increase in FY 2010-11 added in response to rapid growth in the refugee population and federal requirements that TANF-eligible refugees be supported through the TANF program. The TANF component of this line item provides for refugee social services (cash assistance benefits for TANF-eligible refugees are provided through counties) analogous to the refugee social services funded by the Office of Refugee Resettlement. These funds are used to support refugee social services such as pre-employment training, English as a Second (ESL) language classes, transportation and child care (to enable refugees to attend pre-employment training and ESL classes), and case management services, which are contracted with refugee resettlement agencies. This represents a partnership between the State and counties,

as counties would otherwise be responsible for providing these kinds of services for TANF-eligible refugees.

Refugee Services Funding History, Estimate, and Recommendation					
	FFY 2009	FFY 2010*	FFY 2011	FFY 2012 Est.**	FFY 2013 Rec.**
Colorado Refugee Funding by Fund Source					
Federal Office Refugee Resettlement (ORR) Wilson Fish (cash assistance+administration)	\$4,245,531	\$3,455,971	\$2,799,426	\$3,436,138	\$3,436,138
Federal ORR - Refugee Social Services	1,170,646	1,293,118	1,617,208	1,894,684	1,894,684
Federal ORR - All Other (CDPHE and HCPF medical screening and services, unaccompanied minor funding, impacted-areas funding)	<u>5,723,849</u>	<u>5,722,209</u>	<u>8,572,489</u>	<u>10,592,291</u>	<u>10,592,291</u>
Subtotal - Federal ORR Funds	\$11,140,026	\$10,471,298	\$12,989,123	\$15,923,113	\$15,923,113
TANF Appropriations/Estimate/Recommend					
- Refugee Social Services	775,850	5,199,362	2,805,334	2,705,334	2,705,334
Refugee Services Program Funding***	\$11,915,876	\$15,670,660	\$15,794,457	\$18,628,447	\$18,628,447
Number of Refugees and Amount per Refugee					
Number of Refugees	1,880	2,365	1,900	2,563	2,563
<i>Percent change</i>	<i>n/a</i>	<i>25.8%</i>	<i>-19.7%</i>	<i>34.9%</i>	<i>0.0%</i>
Social Services Funding/refugee (ORR+TANF)	\$1,035	\$2,745	\$2,328	\$1,795	\$1,795
Total Funding/refugee	\$6,338	\$6,626	\$8,313	\$7,268	\$7,268

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

**The Department projects that FFY 2012-13 federal ORRS funding will be similar to FFY 2011-12, in the absence of any updated information from federal authorities. Includes an FY 2011-12 TANF restriction of \$100,000.

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

Line Item Request and Recommendation. The Department request is for \$16,763,921 federal funds and 10.0 FTE and includes a reduction of \$50,000 in TANF funding pursuant to R-3 and annualization of S.B. 11-076 (PERA contribution). The staff recommendation is included in the table below. As shown, the staff recommendation reflects reducing the TANF appropriation by \$100,000 pursuant to R-3, which is a reduction at the level of the restriction imposed on this program by the Department for FY 2011-12. Staff has not included adjustments for the personal services base reduction, as personal services in this line item are supported by custodial funds. Further, staff has not included any adjustment related to anticipated federal funding this year, in light of uncertainty about the federal budget.

	Total	FF	FTE
FY 2011-12 Appropriation	16,784,130	16,784,130	10.0
Annualize S.B. 11-076 (PERA Contributions)	2,791	2,791	0.0
TANF Long-Term Reserve Solvency	(100,000)	(100,000)	0.0
Recommended FY 2012-13 Appropriation	\$16,686,921	\$16,686,921	10.0

General notes: As shown in the table above, the extremely rapid growth of the refugee population that occurred from FFY 2008 to FFY 2010 was not apparent in FFY 2010-11 due to new federal security clearances which significantly slowed and reduced refugee admissions.

The Department is again projecting large increases in FFY 2011-12, continuing in FFY 2012-13. However, *in its response to RFI #10, it noted that the ongoing impact of the new security clearance processes, reductions in projected admissions ceiling for the U.S. refugee program, and new reductions in federal funding for refugee reception and placement could all result in significant reductions to refugee arrivals in Colorado.*

Assuming the estimates shown in the table are accurate, and TANF-eligible refugees comprise approximately 60 percent of the refugee population, TANF funding of \$2.7 million will comprise approximately 59 percent of the funding available for refugee social services, and refugee social-services per-person funding will be similar to the level originally anticipated in FY 2010-11 when an increase in TANF support for this program was approved. Staff notes that last year the Department reflected an expectation that the total refugee population would be 2,534 and it would receive \$14 million in federal refugee services funds in FY 2010-11. In the end, the Department reported 1,900 refugees and \$13 million in federal refugee services funds received for FY 2010-11. *If a lower number of refugees again becomes typical, staff believes some further reduction in TANF funding may be feasible and appropriate.*

(8) Systematic Alien Verification for Eligibility

This line item supports the State's interface with the federal alien verification database, which serves all programs for which citizenship or legal residence is a requirement. The Department requests an appropriation of \$53,893, including \$6,984 General Fund, and 1.0 FTE. The staff recommendation is detailed below and is consistent with common policy. Of the amount shown, \$45,696 is for personal services and \$7,189 is for operating expenses.

	Total	GF	CF	RF	FF	FTE
FY 2011-12 Appropriation	52,718	6,831	3,617	33,211	9,059	1.0
Annualize S.B. 11-076 (PERA Contributions)	1,175	153	82	740	200	0.0
Base Reduction Value	(1,008)	(135)	(2)	(687)	(184)	0.0
Recommended FY 2012-13 Appropriation	\$52,885	\$6,849	\$3,697	\$33,264	\$9,075	1.0

(D) Child Support Enforcement

Background on the Child Support Enforcement Program. The Child Support Enforcement program is supported under Title IV-D of the federal Social Security Act. The Colorado caseload for the program (about 149,000) includes members of the general public who request assistance in enforcing child support orders, in addition to persons on public assistance, who are required to participate. The federal government provides matching funds of 66 percent for child support enforcement activities and also makes annual incentive payments to states based on specific performance measures (e.g., percent of funds collected on current child support orders).

Much of the Child Support Enforcement program is off-budget from a Long Bill perspective. Counties reported a total of \$33.7 million in Child Support Enforcement expenditures in FY 2010-11, with a federal 66 percent share matched with a 34 percent county share. These expenditures were off-state-budget. The State portion of the program is included in the Long Bill in the Self Sufficiency section below.

Automated Child Support Enforcement System

This computer system is used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads and track collection efforts. This line item also includes funding for contractor services associated with establishing and operating the State Directory of New Hires; this Directory includes data reported by employers regarding each newly hired employee. The data is then compared to the database of parents with outstanding child support obligations. This line item also includes funding for the contractor-operated Family Support Registry. Staff levels for this program are summarized in the following table. In FY 2010-11, 23.0 FTE (all information technology professional positions) were transferred from this line item to the Governor's Office of Information and Technology and \$1.9 million in associated costs were reduced in this section. Related funding is now initially appropriated to the Department of Human Services Office of Information Technology Services and then transferred as reappropriated funds to the Governor's office.

Automated Child Support Enforcement System Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	0.7	0.9	0.9	0.9
General Professional	11.3	14.0	14.0	14.0
IT Professional	19.1	0.0	0.0	0.0
Customer and Staff Support	3.8	2.0	2.0	2.0
Total	34.9	16.9	16.9	16.9

The Department requests \$9,095,641, including \$2,654,527 General Fund, and 16.9 FTE for FY 2012-13. This includes annualization of S.B. 11-076 (PERA contribution), R-9 (refinance child support enforcement General Fund), and annualization of the FY 2010-11 temporary 5 percent operating expense reduction.

The staff recommendation is reflected in the table below. As previously discussed, staff recommends the refinance requested in R-9 and the requested annualization changes. Staff has also included the 2.0 personal services base reduction, consistent with Committee common policy.

	Total	GF	CF	FF	FTE
FY 2011-12 Appropriation	9,029,617	2,925,538	426,499	5,677,580	16.9
Annualization of FY 2010-11 SBA-8 (5% Operating Reduction)	39,365	13,384	0	25,981	0.0
Annualize S.B. 11-076 (PERA Contributions)	26,659	9,065	0	17,594	0.0
Base Reduction Value	(22,908)	(7,789)	0	(15,119)	0.0
Refinance Child Support Enforcement Programs General Fund Appropriations with Cash Funds	0	(293,460)	293,460	0	0.0
Recommended FY 2012-13 Appropriation	\$9,072,733	\$2,646,738	\$719,959	\$5,706,036	16.9

Of this amount, \$6,820,804 is personal services and \$2,241,929 is operating expenses.

Child Support Enforcement

This line item funds the following activities conducted by the Department:

- I. Performance evaluation of the state's child support enforcement program, as required by federal law; and
- II. Provision of technical assistance to county departments of social services.

It also manages the In-Hospital Paternity Establishment Program, which provides unmarried parents the opportunity to acknowledge paternity at the time of birth of a child. Federal law requires states to establish procedures for a simple civil process for voluntarily acknowledging paternity, including an in-hospital program. This program includes: providing training to hospital medical records staff semi-annually; providing training to local vital records staff, hospital administrators, and pre-natal clinics; providing outreach and technical assistance to hospital personnel and the general public; interfacing with pregnancy prevention and father's advocacy groups; and interfacing with middle school, high school, and alternative school staff. About 35 percent of the state caseload involves interstate coordination. Finally, the 17-member Child Support Enforcement Commission reviews child support guidelines and general child support issues. The Commission makes recommendations to the Governor and the General Assembly every four years. Staffing levels for this program are summarized in the table below.

Child Support Enforcement Staffing Summary	FY 2010-11 Actual	FY 2011-2 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
General Professional	15.8	18.5	18.5	18.5
Staff Support	6.0	6.0	6.0	6.0
Total	21.8	24.5	24.5	24.5

The Department requests an appropriation of \$2,126,240, including \$651,120 General Fund, and 24.5 FTE. This includes annualization of S.B. 11-076 (PERA contribution), R-9 (refinance child support enforcement General Fund), annualization of the FY 2010-11 temporary 5 percent operating expense reduction, and annualization of FY 2010-11 Decision Item #8.

The staff recommendation is reflected in the table below. As previously discussed, staff recommends the refinance requested in R-9 and the requested annualization changes. Staff has also included the 2.0 personal services base reduction, consistent with Committee common policy.

	Total	GF	CF	FF	FTE
FY 2011-12 Appropriation	3,393,215	706,252	447,440	2,239,523	24.5
Annualize FY 2010-11 DI-8: "Enhanced Medical Support, Paternity Establishment and Education Initiatives for Child Support Enforcement"	(1,316,000)	0	(447,440)	(868,560)	0.0
Annualization of FY 2010-11 SBA-8 (5% Operating Reduction)	14,482	4,924	0	9,558	0.0
Annualize S.B. 11-076 (PERA Contributions)	34,543	11,744	0	22,799	0.0
Base Reduction Value	(31,715)	(10,783)	0	(20,932)	0.0
Refinance Child Support Enforcement Programs General Fund Appropriations with Cash Funds	0	(71,800)	71,800	0	0.0
Recommended FY 2012-13 Appropriation	\$2,094,525	\$640,337	\$71,800	\$1,382,388	24.5

Of this amount, \$1,553,599 is personal services and \$540,926 is operating expenses.

(E) Disability Determination Services

Program Costs

Disability Determination Services conducts medical disability determinations for the Social Security Administration for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs. Funding for the program is 100.0 percent custodial federal funds (Titles II and XVI of the Social Security Act). Actual determination is done by medical professionals with whom the Department contracts. Staffing patterns for this program are summarized below.

Disability Determination Services Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Management	1.0	1.0	1.0	1.0
General Professionals	104.7	97.7	97.7	104.7
Technicians	15.8	14.0	14.0	15.3

Disability Determination Services Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Staff Support	9.3	9.0	9.0	9.0
Total	130.9	121.7	121.7	130.0

The Department request is for \$16,902,138 federal funds and 121.7 FTE. The request includes an increase to annualize S.B. 11-076 (PERA contribution). The staff recommendation is reflected in the table below. As shown, *the staff recommendation includes adding \$3,000,000 federal funds in this line item based on the (approximate) average of the actual line item expenditures in FY 2009-10 and FY 2010-11.* As long as this program is included in the Long Bill for informational purposes, staff believes that the amount shown should at least approximate the anticipated size of the program.

	Total	FF	FTE
FY 2011-12 Appropriation	16,733,285	16,733,285	121.7
Annualize S.B. 11-076 (PERA Contributions)	0	0	0.0
Reflect anticipated federal funding for disability determination services	3,000,000	3,000,000	0.0
Recommended FY 2012-13 Appropriation	\$19,733,285	\$19,733,285	121.7

(10) ADULT ASSISTANCE PROGRAMS

The Adult Assistance Programs section includes funding for various assistance programs that focus on elderly and disabled populations. This includes the Old Age Pension (OAP) program, which provides cash assistance to eligible individuals age 60 and older, the Aid to the Needy Disabled programs, which provide cash assistance to disabled individuals under age 60, and the Home Care Allowance program, which provides a cash subsidy to support personal care for elderly and disabled individuals. This section includes federal and state funding for nutrition and other supportive services for older Coloradans which are delivered throughout the State under the auspices of 16 Area Agencies on Aging (AAA). Finally, it supervises Adult Protective Services programs (APS), which intervene on behalf of at-risk adults to correct or alleviate situations of abuse, neglect, or exploitation, and the Long-Term Care Ombudsman program, which assists long-term care residents in resolving complaints about their care.

Note: The Departments of Human Services and Health Care Policy and Financing have indicated a desire for statutory change that would move the entire Community Services for the Elderly section below, as well as the Home Care Allowance program, to the Department of Health Care Policy and Financing. The Joint Budget Committee has indicated it is not interested in carrying such a bill, and a bill for this purpose had not been introduced at the time this document was printed.

(A) Administration

This line item, which constitutes the entire subdivision, covers centralized general administrative services for the division. A breakdown of staffing is shown in the following table.

Adult Assistance Programs, Administration	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
Management	1.0	1.0	1.0	1.0
General Professional	1.6	3.0	3.0	3.0
Staff Support	0.2	2.0	2.0	2.0
TOTAL	2.8	6.0	6.0	6.0

The Department requests an appropriation of \$584,225, including \$102,311 General Fund, and 6.0 FTE. Staff's calculation is summarized in the next table. The staff recommendation, reflected below, is calculated in accordance with Committee common policy.

	Total	GF	RF	FF	FTE
FY 2011-12 Appropriation	581,177	101,772	103,409	375,996	6.0
Annualize S.B. 11-076 (PERA Contributions)	3,048	539	541	1,968	0.0
Base Reduction Value	(10,545)	(1,959)	(1,991)	(6,595)	0.0
Recommended FY 2012-13 Appropriation	\$573,680	\$100,352	\$101,959	\$371,369	6.0

Staff notes that this line item has reverted substantial funds in the last two years (reappropriated funds in one year and federal funds in the next); however, it does appear that spending to-date is more in line with the appropriation.

(B) Old Age Pension Program

This program, authorized by the State Constitution, provides cash assistance to eligible individuals age 60 and older, and burial expenses when clients die. The OAP program has several types of administrative costs: (1) state administration for the personal services and operating costs of the state staff administering the program; (2) county administration for county staff who interact with clients and determine eligibility; (3) CBMS costs for programming and implementation of OAP-related parts of this system; and (4) EBTS costs for expenses related to providing electronic benefits to OAP recipients. There is a related OAP State Medical Program administered by the Department of Health Care Policy and Financing.

Revenue for the OAP Program is generated from an 85 percent share of state sales and excise taxes; revenues that are not utilized for the OAP Program pass through a series of related funds, and the large bulk of the funds are eventually transferred to the General Fund. As a result, greater expenditures in the OAP program mean less revenue in the General Fund to be used for other purposes. As the revenues are continuously appropriated by the State Constitution, expenditures are not limited by amounts in the Long Bill. Pursuant to the State Constitution, eligibility established by the General Assembly and the grant standard and administrative allocations adopted by the State Board of Human Services drive expenditures. The Long Bill reflects anticipated program expenditures for informational purposes. All cash funds in this sub-division are from the Old Age Pension Fund.

Cash Assistance Program

This line item reflects the estimated state expenditures for OAP cash assistance, the largest component of OAP expenditures.

OAP Cash Benefit. The current maximum OAP benefit is \$699 per month. As administered, the program provides funding to qualified individuals to bring their income up to the minimum award level. Thus, if an individual in the OAP-A program receives a monthly maximum award from the federal SSI program of \$674, the OAP program would provide an additional \$25 per month for that individual to bring them up to the OAP minimum award level of \$699. The table below shows the expenditure and caseload data FY 2010-11 actual and FY 2011-12 projected.

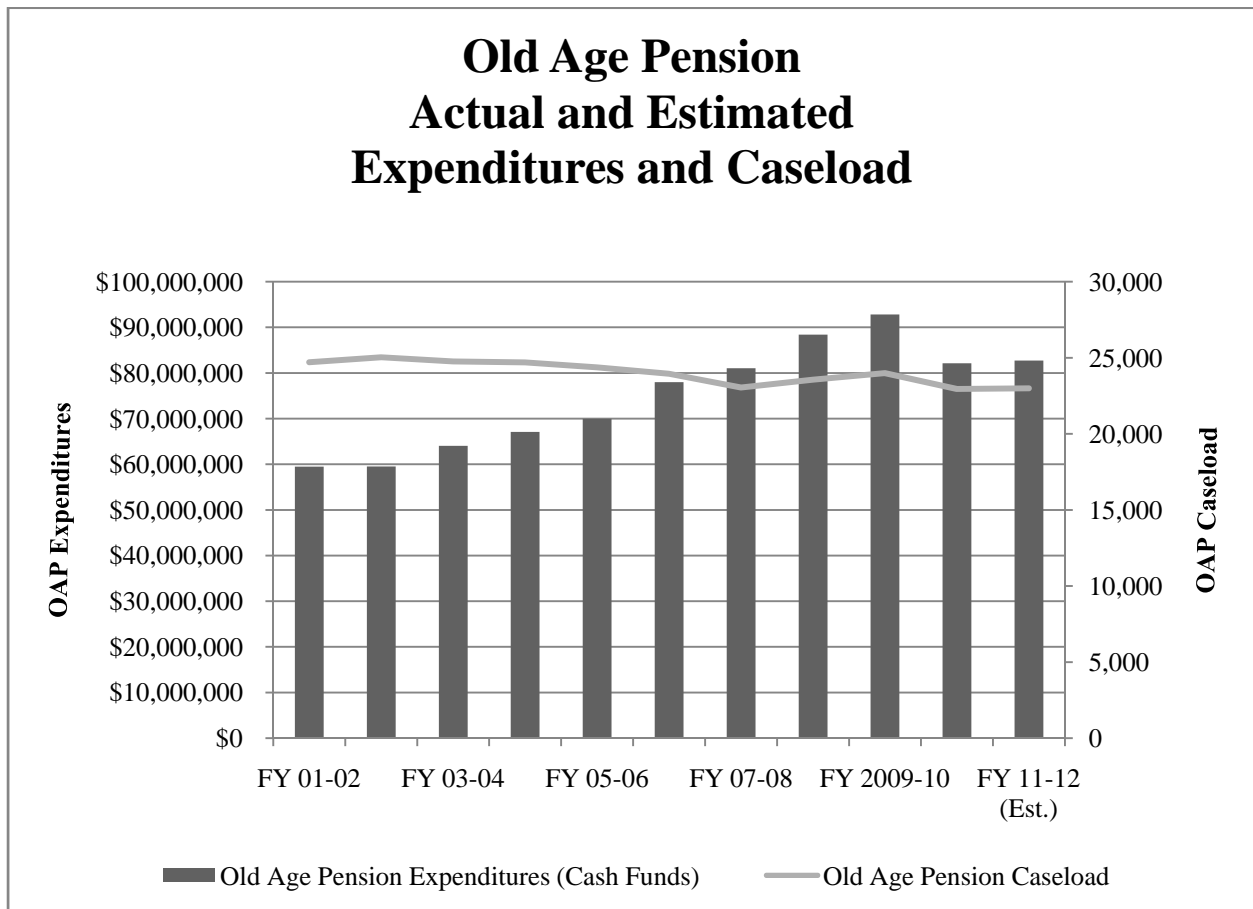
Old Age Pension Caseload and Costs FY 2010-11 Actual			
Program	Estimated Caseload	Average Monthly Cost/Case	Total estimated expenditures (caseload x monthly cost x 12)
OAP-A (age 65+)	17,627	\$241	\$51,054,775
OAP-B (age 60-64)	5,316	\$414	26,444,208
OAP-C (60+ and in institution)	<u>10</u>	\$81	9,992
OAP Personal Needs Allowance			<u>118,361</u>
TOTAL OAP	22,953		\$77,627,336

Old Age Pension Caseload and Costs FY 11-12 Projection			
Program	Estimated Caseload	Projected Monthly Cost/Case	Total Estimated Expenditures (caseload x monthly cost x12)
OAP – A (age 65+)	17,414	\$238	\$49,717,551
OAP – B (age 60-64)	5,753	\$418	28,868,693
OAP – C (60+ and in institution)	<u>11</u>	\$42	<u>5,508</u>
TOTAL OAP	23,178	\$283	\$78,591,751

Cost-of-living (COLA) Adjustment. The State Board of Human Services has historically increased the OAP benefit in alignment with federal cost-of-living increases for the Supplemental Security Income (SSI) program. The current benefit incorporates a 5.8 percent increase provided effective January 1, 2009, but has not been increased since that time. Although an SSI increase of 3.6 percent took effect January 1, 2012, the State Board has thus far chosen not to provide a commensurate increase in the OAP benefit. The Executive Director's recommendation to the State Board reflected revisiting this issue in 6-12 months. It will likely consider the issue again during the summer. The estimated annual cost of providing a 3.6 percent increase in the OAP grant-standard is \$7.5 million OAP cash funds (effectively General Fund).

Cash Assistance COLA and the SSI MOE. Keeping the OAP benefit at the current level saves General Fund. However, it can create a problem for the State in complying with a federal requirement that Colorado spend no less in cash benefits for individuals eligible for SSI than it did in the prior calendar year (the SSI MOE). If the OAP grant standard is not increased along with the SSI benefit, the share of OAP expenditures directed to individuals eligible for SSI (as opposed to other OAP recipients) will decrease. In this event, the State must identify an alternative source for \$3.0 million per year in expenditures which count toward the State's SSI MOE.

OAP Budget Trends. The chart below reflects expenditure and caseload trends for the OAP program. As shown, from FY 2001-02 to FY 2009-10, the program grew at an average rate of 5.7 percent per year, based largely on inflationary increases to the grant standard authorized by the State Board of Human Services, as numbers of individuals served did not change dramatically. However, FY 2010-11 expenditures declined over 10 percent based on the impact of H.B. 10-1384. This bill barred qualified legal aliens from accessing the OAP program for five years after their date of entry into the United States, with certain exceptions. Additional provisions of the bill, which take effect January 1, 2014, require the income and resources of a qualified alien’s sponsor be considered when determining OAP eligibility. This is projected to provide an additional \$14.8 million in annualized savings.



Request and Recommendation. The Department requests a continuation amount of \$77,490,727 cash funds for this line item, shown for informational purposes. **The staff recommendation is to increase the line item to the projected level of spending for FY 2011-12: \$78,591,751.** This figure would be expected to increase substantially if the State Board of Human Services approves a cost of living increase for OAP for FY 2012-13; however, if no increase is awarded, spending in FY 2012-13 should be similar to the FY 2011-12 level, given the relatively flat program caseload.

Staff notes that the OAP projection used by Legislative Council staff in the General Fund revenue estimate is not affected by the line item estimate included in the Long Bill, although it has been adjusted for legislative policy decisions that are expected to materially affect program expenditures (such as H.B. 10-1384).

	Total	CF	FTE
FY 2011-12 Appropriation	77,490,727	77,490,727	0.0
Adjust for anticipated OAP expenditures	1,101,024	1,101,024	0.0
Recommended FY 2012-13 Appropriation	\$78,591,751	\$78,591,751	0.0

Refunds

This line item provides an offset to the cash assistance program expenditures through the refunds of overpayments or payments made to ineligible clients. The Department requests \$588,362 cash funds. This represents a continuation of the FY 2010-11 appropriation. **Staff recommends the Committee approve the Department's request.**

Burial Reimbursements

This line item funds reimbursements of burial expenses for eligible Old Age Pension beneficiaries. The Department requests a continuation appropriation of \$918,364 cash funds. **Staff recommends that the Committee approve the Department's request.**

State Administration

This appropriation funds the administrative related activities incurred by the state for the Old Age Pension program and the Old Age Pension Health Care program. The staffing summary for this line is shown in the following table.

Old Age Pension Program, State Administration				
Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
General Professional	7.8	13.0	13.0	13.0
Staff Support	1.8	1.0	1.0	1.0
TOTAL	7.7	14.0	14.0	14.0

The Department requests an appropriation of \$1,147,201 cash funds (Old Age Pension Fund) and 14.0 FTE. **The staff recommendation is reflected below, calculated in accordance with Committee common policy decisions.** The total includes \$901,981 for personal services and \$226,983 for operating expenses.

	Total	CF	FTE
FY 2011-12 Appropriation	1,138,836	1,138,836	14.0
Annualize S.B. 11-076 (PERA Contributions)	8,365	8,365	0.0
Base Reduction Value	(18,237)	(18,237)	0.0
Recommended FY 2012-13 Appropriation	\$1,128,964	\$1,128,964	14.0

County Administration

The OAP county administration appropriation helps fund county administration expenses related to the Old Age Pension program. This money is not included in the County Administration section of the Long Bill, and is included for informational purposes as the funds are continuously appropriated. The Department requests a continuation level of appropriation. **Staff recommends the request for \$2,566,974 cash funds.**

(C) Other Grant Programs

Home Care Allowance Administration - SEP Contract

Funding for this line item was transferred from the Department of Health Care Policy and Financing pursuant to H.B. 10-1146. This line item represents the payment to Single Entry Point (SEP) contractors who assess individuals' eligibility, based on functional need, for the Home Care Allowance program. The funding provided is based on a fixed annual payment to each contractor. In FY 2009-10, SEPs assessed eligibility of 819 applicants (54 to 86 per month), of whom 674 were approved and 145 were denied. **The Department requested a continuation level of \$1,063,259 General Fund for this line item. Staff recommends the request.**

Aid to the Needy Disabled Programs

The line item includes the funding for three related programs: Aid to the Needy Disabled - Colorado Supplement, Aid to the Needy Disabled - State-Only, and Aid to the Blind Supplemental. Each of these is described here. In general, these programs are allocated a fixed level of funding and operate within the overall budget by modifying the grant standard amount, *i.e.*, if the number of participants increases, funding provided per person declines.

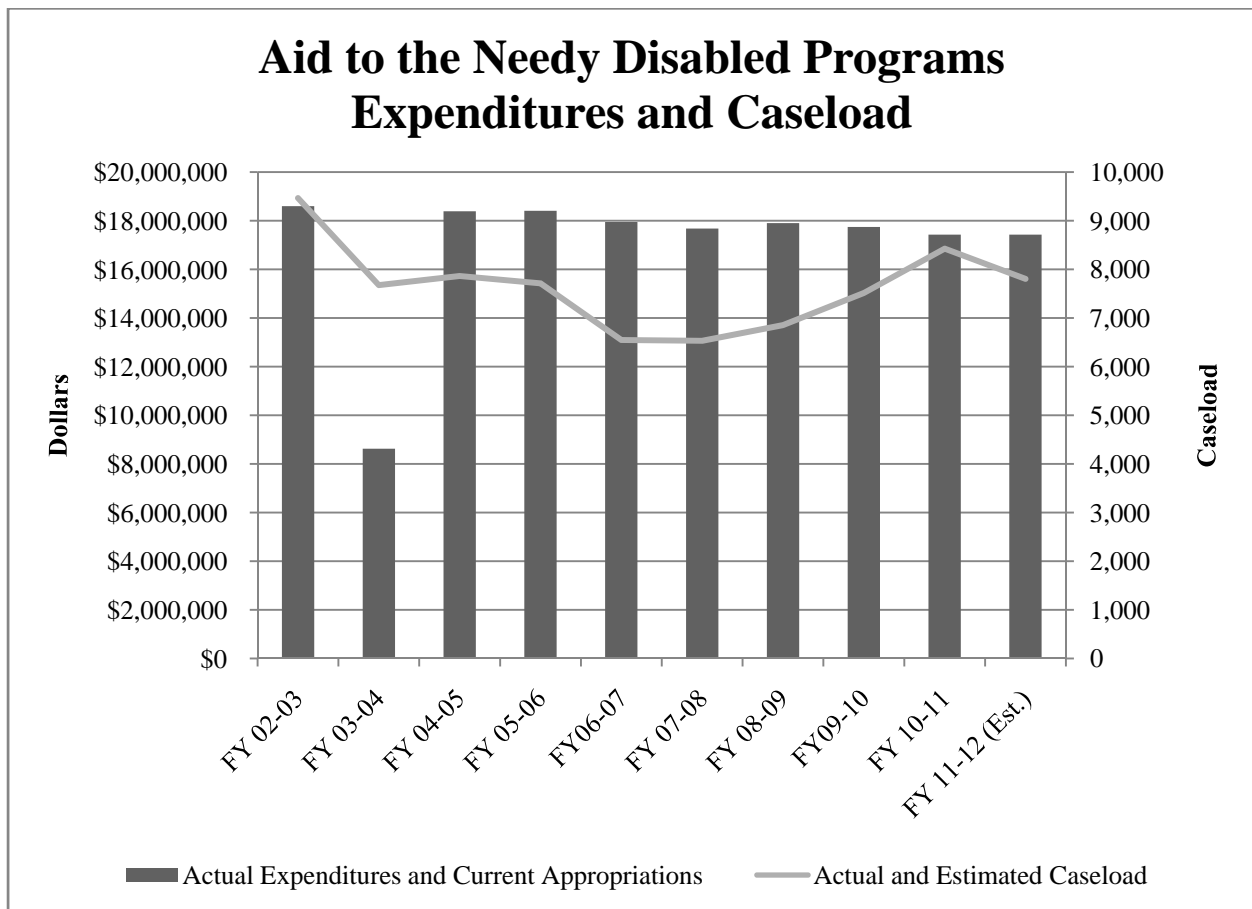
Total funding is comprised of General Fund, a 20 percent local share, federal reimbursements for individuals who receive Aid to the Needy Disabled - State Only who are ultimately deemed eligible for the federal Supplemental Security Income (SSI) program (interim assistance reimbursements or IARs), and other recoveries. Total IARs received in FY 2010-11 were \$4,333,782 or about 31 percent of total expenditures for the AND-SO program. Of total IARs, \$2.3 million are appropriated in this line item.

Aid to the Needy Disabled State-only Grant Program. This program, known as AND-SO, comprises over 80 percent of the caseload and expenditures in this line item. To qualify for this program, a person must be 18-59 years old and be certified by a physician or other designated medical professional as totally disabled and unable to work at any occupation for at least six months. The applicant's income must not exceed \$175 per month (standard effective July 1, 2011) and resources may not exceed \$2,000. About 18 percent of AND-SO recipients are homeless. If an individual is found to be eligible for SSI, the Social Security Administration will reimburse the state for all AND-SO payments made to the person while waiting for SSI eligibility determination. These reimbursements are referred to as interim assistance reimbursements and are used to offset the state and county costs of this program. The remainder of AND-SO recipients generally have a disability that is expected to last six months or less (which is less than the 12-month duration required under SSI) or have a disability resulting from alcohol or drug abuse (a disabling condition that does not qualify individuals for SSI assistance).

Aid to the Needy Disabled - Colorado Supplement. This program, known as AND-CS, provides a state supplement to individuals receiving less than the maximum federal Supplemental Security Income (SSI). The federal SSI Program is an entitlement program that provides financial assistance to persons with a disability that precludes them from securing or retaining employment for at least 12 months. This program is funded through a combination of General Fund, county funds, and various refunds and recoveries. It is one of a number of programs that is used by Colorado to comply with its federal maintenance of effort (MOE) requirement for the SSI program. Pursuant to the SSI MOE, Colorado must spend no less in a calendar year on supplemental cash benefits for SSI recipients than it did in the prior calendar year or be subject to federal penalties.

Aid to the Blind State Supplemental Grant Program. This program provides supplemental income to individuals who are legally blind and unable to secure or retain employment.

Funding History. As reflected in the chart below, in recent years the General Assembly has kept funding for this line item flat, while the Department has adjusted the client benefit level based on the number of clients in the program.



The tables below provide the Department’s actual and projected expenditures for the AND programs for FY 2010-11 and FY 2011-12. As shown, the Department is currently projecting a

decline in client population in FY 2011-12, which staff expects will likely be continued in FY 2012-13. *Staff assumes that the Department will make adjustments to again increase the grant standard in response to this, as there has been no proposal to reduce the program's appropriation, and staff is not recommending one, given the current very low grant-standard.*

Year	Grant Standard	Avg. Monthly Caseload	Expenditures
FY 10-11 - Actual			
AND-CS	\$ 637.00	1,642	\$ 2,474,135
AB-CS	\$ 637.00	1	1,607
AND-SO	\$ 175.00	<u>6,767</u>	<u>14,948,856</u>
Total		8,410	\$ 17,424,598
FY 11-12 - Projected			
AND-CS	\$ 637.00	1,343	\$ 3,050,466
AB-CS	\$ 637.00	1	2,824
AND-SO	\$ 175.00	<u>6,463</u>	<u>13,815,567</u>
Total		7,807	\$ 16,868,857

Request and Recommendation. The Department requests a continuation level of funding for this program. **Staff recommends the request for \$17,428,495, which includes General Fund (\$11,421,471), a 20 percent local share (\$3,413,687), federal IARs (\$2,279,944), and other recoveries (\$313,393).**

Burial Reimbursements

This program provides assistance, up to a maximum of \$1,000, to help defray the costs of burial expenses for Aid to the Needy Disabled/Aid to the Blind recipients. This is an optional state program. However, if not funded by the State, counties would pay these costs. The Department requests a continuation level appropriation of \$508,000 (\$402,985 General Fund and \$105,015 cash funds). **Staff recommends the Committee approve the Department's request.**

Home Care Allowance

The Home Care Allowance (HCA) is a cash assistance program for individuals that need help in daily living to prevent nursing home placement. For individuals with personal care needs, the program has historically supplemented other public benefits such as Aid to the Needy Disabled. There are three categories of HCA, determined by the level of personal care required. Depending upon the individual's score on a needs-assessment instrument, he or she receives a cash payment that currently ranges from \$200 to \$475 per month. Because this is a cash benefit, families use this benefit flexibly, including to help a family cover general living expenses when one family member has had to forego other employment to provide personal care to another family member who receives HCA. The program has typically had a caseload of about 3,000.

Senate Bill 06-219 transferred responsibility for funding of this program to the Department of Human Services from the Department of Health Care Policy and Financing. House Bill 10-1146 modified the program to expand program eligibility to those on the federal SSI program while restricting individuals from being on both a Medicaid Home- and-Community-based Services

Waiver Program and this program. Although changes were expected to take effect January 1, 2011, they actually took effect January 1, 2012. As a result of the H.B. 10-1146, the Department is currently projecting an FY 2012-13 caseload of 3,394 and that the grant standard will be lowered.

H.B. 12-1177 (Home Care Allowance Grant Program). The Joint Budget Committee is currently sponsoring H.B.12-1177, which would create a new HCA Grant Program to assist individuals negatively affected by H.B. 10-1146. House Bill 12-1177, if adopted, would require this line item to be reduced by \$799,086 General Fund plus a five percent local match of \$42,057 in FY 2012-13. The General Fund saved would then be used to support a new HCA Grant Program line item for the same amount. **Staff requests the Committee's permission to make this adjustment if the bill is enacted prior to the introduction of the Long Bill.** If not, the FY 2012-13 appropriation adjustment will be added to the H.B. 12-1177 appropriation clause.

Line Item Request and Recommendation. The Department requests a continuation level of \$10,543,757, including \$9,999,736 General Fund and \$544,021 cash funds (county share). **Pending enactment of H.B. 12-1177, staff recommends the request for continuation funding.**

Adult Foster Care

Responsibility for the funding of this program was transferred from the Department of Health Care Policy and Financing to the Department of Human Services by S.B. 06-219. The Department requests a continuation appropriation of \$157,469 (\$149,596 General Fund and \$7,873 cash funds from local funds). **Staff recommends the Committee approve the Department's request for continuation funding.** This program also contributes to the State's SSI maintenance of effort spending.

SSI Stabilization Fund Programs

House Bill 09-1215, a JBC bill, created a stabilization fund to assist the Department in meeting the SSI maintenance of effort (MOE) requirement. Pursuant to 26-2-210, C.R.S., excess interim assistance reimbursements and other moneys recovered due to overpayment of recipients, plus any appropriations to the Fund, are continuously appropriated to the Department to be expended on programs that count toward the SSI MOE in a year when the Department determines the State is at risk of not meeting the MOE. At the end of the fiscal year, any amounts in excess of \$1.5 million in the Fund revert to the General Fund.

In FY 2010-11, the Department collected \$4,333,782 in interim assistance reimbursements and other Aid to the Needy Disabled recoveries and \$796,959 in Old Age Pension recoveries. Of these amounts, \$2,593,337 was spent to support AND line item appropriations and \$178,279 was used to support OAP line item appropriations. Amounts above this (\$925,945) were directed to the SSI Stabilization Fund and used to make additional Home Care Allowance and AND-CS payments.

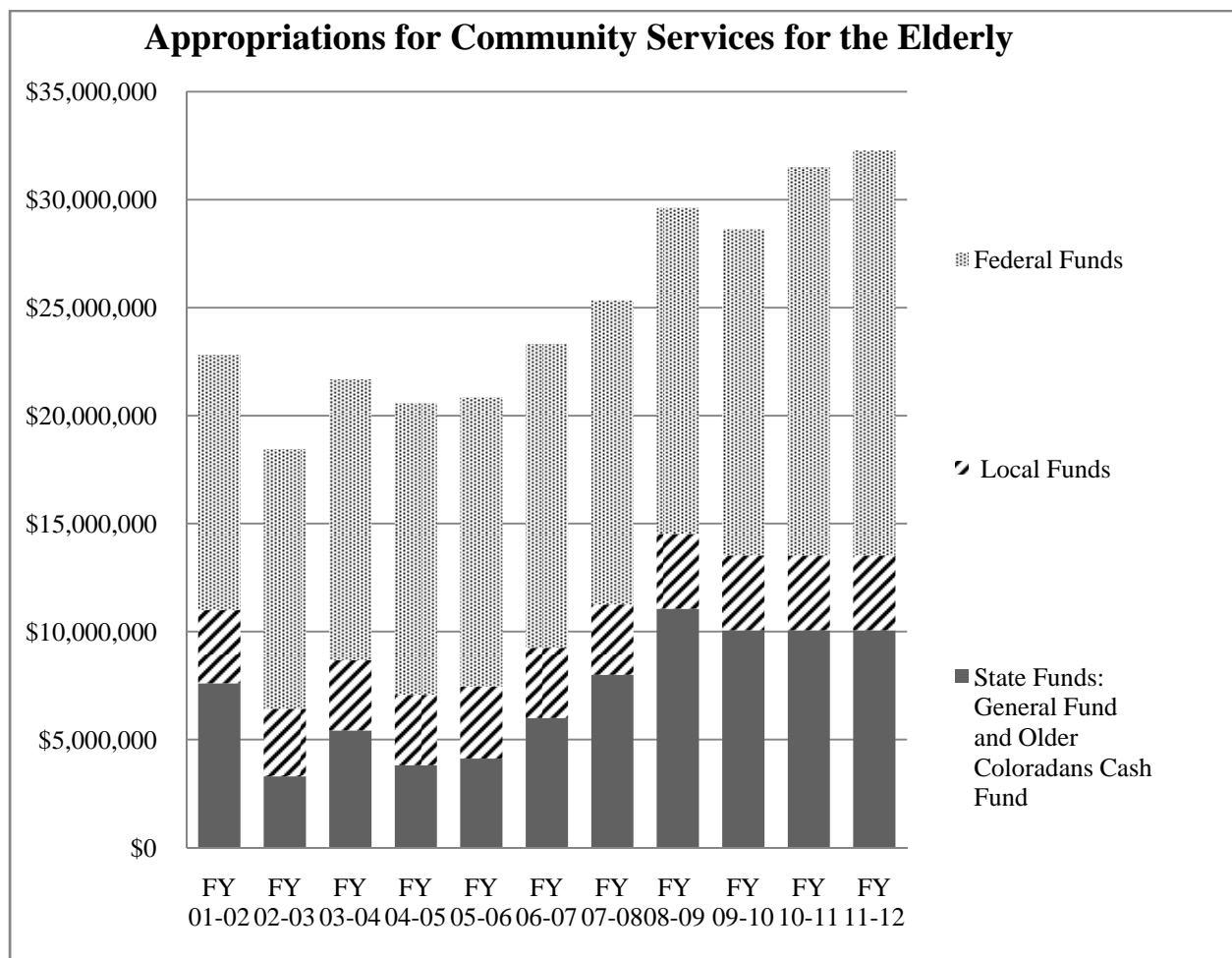
Although the SSI Stabilization Fund is continuously appropriated, and additional Long Bill spending authority is not required, anticipated spending is reflected for informational purposes.

The Department requests, and staff recommends, **\$1.0 million for the SSI Stabilization Fund continue to be reflected in the Long Bill for informational purposes.**

(D) Community Services for the Elderly

This section encompasses programs funded by the federal Older Americans Act and state-only resources for senior services. Responsibilities include developing a state plan for aging services, overseeing federal grants and providing assistance and funding to 16 local Area Agencies on Aging and local service providers to provide services to seniors age 60 years and older.

Funding History. Total funding for state funding for senior services has increased substantially in recent years as reflected in the chart below.



To what extent these trends will continue is uncertain, given anticipated reductions at the federal level. The most recent federal award received reflects essentially flat funding, as shown in the table below.

Older Americans Act Federal Grant Awards		2007	2008	2009	2010	2011
Title IIIB	Supportive Services	\$4,187,942	\$4,214,645	\$4,564,582	\$4,762,294	\$4,862,516
Title IIIC1	Congregate Meals	4,500,322	4,852,531	5,487,038	5,700,029	5,831,634
	Recovery Act Home Delivered			1,265,254		
Title IIIC2	Meals	2,316,898	2,450,256	2,780,574	2,867,014	2,929,963
Title IIID	Preventive Health	261,785	256,173	256,172	256,172	255,659
Title IIIE	Caregiver Support	<u>1,826,413</u>	<u>1,812,595</u>	<u>1,847,782</u>	<u>1,863,239</u>	<u>1,902,436</u>
	Total Title III	\$13,093,360	\$13,586,200	\$16,201,402	\$15,448,748	15,782,208
Title V	Senior Community Svc.	873,805	971,046	1,149,779	1,223,037	903,660
	Recovery Act			<u>240,104</u>		
	Total Title V	\$873,805	\$971,046	\$1,389,883	\$1,223,037	\$903,660
Title VII	Elder Abuse	63,356	63,988	65,421	66,271	67,534
Title VII	Ombudsman	<u>184,800</u>	<u>197,771</u>	<u>212,503</u>	<u>222,532</u>	<u>227,267</u>
	Total Title VII	248,156	261,759	277,924	288,803	294,801
	Total w/o Recovery Act	\$14,215,321	\$14,819,005	\$16,363,851	\$16,960,588	\$16,980,669
		3.60%	4.25%	10.42%	3.65%	0.12%

R-4 - Title III Older Americans Act Matching Requirement and General Fund Savings

This request increases federal funds spending authority by \$10,080 and decreases General Fund by the same amount in order to maintain the 75 percent federal funds/25 percent General Fund matching requirement mandated by Title III of the Older Americans Act in two line items. The request includes refinance of \$9,600 in the Administration line item and \$480 in the Colorado Commission on Aging line item. *Staff recommends the request, which provides modest General Fund savings and aligns line item appropriations with federal requirements.*

Administration

This line item funds salary and contractual services related to the state administration of programs for the elderly. A staffing summary for this line is provided in the table below.

Adult Assistance Programs, Community Services for the Elderly, Administration				
Staffing Summary	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Recommendation
General Professional	6.5	6.0	6.5	6.5
Staff Support	0.4	1.0	0.6	0.6
TOTAL	6.6	7.0	7.1	7.1

The Department requests an appropriation of \$674,579 (including \$168,645 General Fund) and 7.0 FTE for this line item. The request includes a refinance of \$9,600 General Fund with federal funds pursuant to Request R-4 to ensure that the line item complies with the 75 percent federal/25 percent non-federal match requirement. **The staff recommendation includes R-4 and is otherwise calculated consistent with Committee common policy**, as reflected in the table below. The recommendation includes \$583,447 for personal services and \$78,059 for operating expenses.

	Total	GF	FF	FTE
FY 2011-12 Appropriation	663,756	175,366	488,390	7.0
Annualize S.B. 11-076 (PERA Contributions)	10,823	2,879	7,944	0.0
Base Reduction Value	(13,073)	(3,268)	(9,805)	0.0
Title III Older Americans Act Matching Requirement and General Fund Savings	0	(9,600)	9,600	0.0
Recommended FY 2012-13 Appropriation	\$661,506	\$165,377	\$496,129	7.0

Colorado Commission on Aging

This line item funds an administrative position for the Commission, which meets quarterly. The position assists the Commission with special projects, in addition to regular administrative duties. The department requests \$81,126, including \$20,282 General Fund and 1.0 FTE for this line item. The request includes refinance of \$480 General Fund pursuant to Request R-4 to ensure that the line item complies with the 75 percent federal/25 percent non-federal match requirement. **The staff recommendation includes R-4 and is otherwise calculated in accordance with Committee common policy.** The recommendation includes \$52,406 for personal services and \$27,554 for operating expenses.

	Total	GF	FF	FTE
FY 2011-12 Appropriation	79,777	20,415	59,362	1.0
Annualize S.B. 11-076 (PERA Contributions)	1,349	347	1,002	0.0
Base Reduction Value	(1,166)	(298)	(868)	0.0
Title III Older Americans Act Matching Requirement and General Fund Savings	0	(480)	480	0.0
Recommended FY 2012-13 Appropriation	\$79,960	\$19,984	\$59,976	1.0

Senior Community Services Employment

This program promotes useful part-time employment in community services activities for unemployed, low-income persons age 55 or older, pursuant to a grant received pursuant to Title V of the Older Americans Act. Program participants are provided training and counseling services to move them from subsidized to unsubsidized jobs. The line item is comprised of 100 percent federal funds.

The department requests \$1,223,037 federal funds and 0.5 FTE, including the annualization of S.B. 11-076 (PERA contributions). Staff calculations are summarized in the following table. **The staff recommendation is calculated consistent with common policy**, except that the 2.0 percent personal services reduction has not been included as it will not affect federal funding levels. Based on the most recent federal grant award, this line item may be overstated by approximately \$200,000. However, in light of uncertainty about the federal budget, staff is not recommending a change at this time.

	Total	FF	FTE
FY 2011-12 Appropriation	1,233,037	1,233,037	0.5
Annualize S.B. 11-076 (PERA Contributions)	403	403	0.0
Recommended FY 2012-13 Appropriation	\$1,233,440	\$1,233,440	0.5

Older Americans Act Programs

This line item provides funding for Area Agencies on Aging to contract with provider agencies to deliver a variety of services to older persons. Services provided include:

- Supportive services and senior centers - Functions include case management, client representation, shopping assistance, transportation, chore services, personal care services, adult day care, health screening, legal services, and an ombudsman;
- Nutrition services such as congregate meals, nutrition screening and education;
- In-home services for persons above the eligibility thresholds for Medicaid, Home Care Allowance and Adult Foster Care (homemaker services, personal care services, home repair services, visiting services); and,
- Disease prevention and health promotion services (e.g., health risk assessments, programs regarding physical fitness, education regarding diagnosis, prevention and treatment of age-related diseases and chronic disabling conditions)

In general, services are available to individuals age 60 and over, regardless of income or assets. While the federal government does not allow a means test, it does require that priority be given to those with the greatest social and economic need, with particular attention to minority individuals and those who are frail, homebound, or otherwise isolated. Provider agencies often request donations or fees on a sliding scale for services such as transportation and congregate meals. Through the combination of this line item and the State Funding for Senior Services line item, approximately 40,000 seniors receive services each year.

Funding is provided under Title III of the Older Americans Act and requires a minimum 15 percent non-federal share, of which 5.0 percent must be from state funds.

The Department requests a continuation level of funding of \$17,574,052, including \$765,125 General Fund and \$40,000 from the Older Coloradans Cash Fund. Staff recommends the request for a continuation level of funding. Staff notes that it is possible that the Department will experience a further increase in funding for this line item based on the growth of Colorado's elderly population (an increase of \$375,000 was received for FFY 2010-11). However, in light of ongoing questions about future federal funding levels, staff is not recommending an adjustment at this time.

Staff also notes that *a footnote attached to this line item specifies that any additional federal Older American Act expenditures should be spent from this line item, with any necessary matching funds transferred from the State Funding for Senior Services line item.* The Department may not have fully complied with this requirement for FY 2010-11; staff expects it will comply for FY 2011-12, so that both federal spending and state match expenditures can be appropriately tracked.

National Family Caregiver Support Program

The NFCSP is the largest new program under the Older Americans Act since nutritional programs started in 1972. The department has worked closely with the Area Agencies on Aging to develop a statewide comprehensive system that is responsive to a diverse group of caregivers. The program provides:

1. Information to caregivers about available services;
2. Assistance gaining access to services;
3. Individual counseling, organization of support groups and caregiver training to assist the caregivers in making decisions and solving problems relating to their caregiver roles;
4. Respite care to enable caregivers to be temporarily relieved from their care-giving responsibilities; and,
5. Supplemental services, on a limited basis to complement the care provided by caregivers.

These funds are intended for grandparents (60 years and older) caring for non-disabled children, elderly parents of disabled or developmentally disabled children, and family members and friends caring for older people. States are encouraged to give priority to elderly parents of disabled children and low-income older individuals. The state is not currently subject to a MOE requirement for the portion of OAA funds related to the NFCSP, but the Department believes this program may be incorporated into the MOE in future years.

The Department requests an appropriation of \$2,263,386, including \$142,041 General Fund and \$423,805 cash funds from local funds. This reflects a continuation level of funding. **Staff recommends the Committee approve the Department's request for a continuation level of funding.**

State Ombudsman Program

The state contracts with the Legal Center for Persons with Disabilities and Older Persons to serve as the State Ombudsman for Colorado. Staffing for this program includes one State Long-Term Care Ombudsman, a part-time assistant and a part-time legal developer. There are also 17 paid local ombudsmen and 90 volunteer ombudsmen. The Legal Center provides services to Area Agencies on Aging and their local ombudsmen staff with training and technical services associated with local program administration. The Legal Center also monitors local programs for efficiency and effectiveness and provides reports of data and information to the Department. The department requests an appropriation of \$272,031, including \$112,798 net General Fund, reflecting a continuation level of funding. **Staff recommends the Committee approve the Department's request for a continuation level of funding.**

State Funding for Senior Services

This line was created to reflect state funding for senior services above and beyond the state match required for Older Americans Act programs. The cash funds portion of the appropriation is from the Older Coloradans Cash Fund. That fund receives revenue from an \$8.0 million diversion of funds that would otherwise go to the General Fund. Section 26-11-205.5 (2), C.R.S., requires that moneys appropriated from this fund are administered through the Area Agencies on Aging, but the funds can be used with more flexibility than is afforded under OAA programs. The state funding for senior services allows more than 16,000 Older Coloradans to receive transportation, nutrition services, in-home assistance and other miscellaneous services.

The Department requests a continuing appropriation of \$8,811,622. The request includes \$803,870 General Fund and \$8,007,752 cash funds from the Older Coloradans Fund. This incorporates the reversal of two-year refinance of \$300,000 General Fund with reserves in the Older Coloradans Cash Fund. **Staff recommends the request for \$8,811,622, including \$803,870 General Fund.** As reflected in staff's FY 2010-11 figure setting, staff had originally anticipated that a portion of this refinance (on the order of \$80,000 per year) could be maintained indefinitely. However, interest earnings on the Older Coloradans Cash Fund have declined from \$130,632 in FY 2008-09 to \$64,183 in FY 2010-11. With the reversal of the \$300,000 refinance, a total of \$47,752 in interest earnings will be appropriated on an ongoing basis, and there does not appear to be sufficient excess to increase this.

Given the lack of sufficient cash funds, the only alternative if the Committee does not wish to restore General Fund in this line item would be to take a \$300,000 cut to the line item. As noted in the past, Community Services for the Elderly is a budget area that has experienced significant increases over the last decade, including through recent years when other programs were being reduced.

	Total	GF	CF	FTE
FY 2011-12 Appropriation	8,811,622	503,870	8,307,752	0.0
Annualize FY 2010-11 JBC Refinance of General Fund with Older Coloradans Cash Fund balance	0	300,000	(300,000)	0.0
Recommended FY 2012-13 Appropriation	\$8,811,622	\$803,870	\$8,007,752	0.0

Area Agencies on Aging Administration

This line item provides funding for the 16 Area Agencies on Aging (AAAs) to develop and administer area plans on services for the aging for their respective regions. The Department requests a continuing appropriation of \$1,375,384. The appropriation is entirely federal funds. **Staff recommends the Committee approve the Department's request for a continuation level of funding.**

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

Staff recommends the following new footnote:

- N Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants** -- It is the intent of the General Assembly that the Department comply with the provisions of Section 26-2-714 (10), C.R.S., by reducing required county Temporary Assistance for Needy Families (TANF) maintenance of effort expenditures in the fiscal year after the State is notified that it has met federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort. If the State is notified during state FY 2011-12 that it has met federal work participation rates for a prior year and therefore qualifies for a percent reduction in the state's maintenance of effort, local cash funds expenditure obligations that are established in this line item pursuant to Section 26-2-714 (6) (c) (I), C.R.S., shall be reduced by \$5,524,726.

Comment: As discussed in the text, this footnote accompanies a recommendation that the Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement be eliminated in FY 2011-12 and FY 2012-13.

Staff recommends the following footnotes be continued.

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

Comment: This footnote authorizes distribution of the county share of offsetting revenues in excess of line item amounts.

- 25 Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants** -- Pursuant to Sections 26-2-714 (7) and 26-2-714 (9), C.R.S., under certain conditions, a county may transfer federal Temporary Assistance for Needy Families (TANF) funds within its Colorado Works Program Block Grant to the federal child care development fund or to programs funded by Title XX of the federal Social Security Act. One of the conditions specified is that the amount a county transfers must be specified by the Department of Human Services as being available for transfer within the limitation imposed by federal law. It is the intent of the General Assembly that the Department allow

individual counties to transfer a greater percent of federal TANF funds than the state is allowed under federal law as long as: (a) Each county has had an opportunity to transfer an amount up to the federal maximum allowed; and, (b) the total amount transferred statewide does not exceed the federal maximum.

Comment: This footnote clarifies that counties may transfer TANF funds to child welfare and child care programs in excess of 30 percent of the county's own TANF allocation, as long as the amount transferred statewide does not exceed federal caps.

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

Comment: This footnote authorizes the transfer of funds from the State Funding for Senior Services line item to the Older Americans Act program line item.

Staff recommends the following footnotes be **continued as modified**.

21 Department of Human Services, County Administration, County Incentive Payments; Office of Self Sufficiency, Colorado Works Program, County Block Grants and Child Support Enforcement, Child Support Enforcement -- It is the intent of the General Assembly that, pursuant to Sections 26-13-108 and 26-13-112.5 (2), C.R.S., the Department distribute child support incentive payments to counties. It is FURTHER the intent of the General Assembly that ~~at least one-half~~ ALL of the State share of recoveries of amounts of support for public assistance recipients, LESS ANNUAL APPROPRIATIONS FROM THIS FUND SOURCE FOR STATE CHILD SUPPORT ENFORCEMENT OPERATIONS, be distributed to counties, as described in Section 26-13-108, C.R.S. If the total amount of the State share of recoveries is greater than the total annual appropriations from this fund source, ~~including appropriations for operating and capital construction purposes,~~ the Department is authorized to distribute to counties, for county incentive payments, ~~one-half~~ of the actual State share of any additional recoveries.

Comment: This footnote expresses legislative intent with respect to the use of the State share of child support enforcement recoveries. Senate Bill 12-113 will provide a legal underpinning for directing this via footnote.

- 26 Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants --** It is the intent of the General Assembly that the appropriation of local funds for Colorado Works program county block grants may be decreased by a maximum of ~~\$500,000~~ \$100,000 to reduce one or more small counties' fiscal year 2011-12 targeted or actual spending level pursuant to Section 26-2-714 (8), C.R.S.

Comment: The Works Allocation Committee is authorized (Section 26-2-714 (8), C.R.S.) to mitigate (reduce) a small county's targeted and/or actual spending level, up to a maximum amount identified in the Long Bill. A small county is one with less than 0.38% of the total statewide Works caseload, as determined by the Department of Human Services. This footnote authorizes the Works Allocation Committee to approve a maximum of \$500,000 in mitigation. This was increased from \$100,000 in the context of a FY 2010-11 staff proposal for a statutory change. This statutory change was not pursued, and the Department reported that no county made use of this provision in FY 2009-10 or FY 2010-11. In light of this, staff recommends again reducing the mitigation limit to \$100,000.

FY 2011-12 Footnote Modification

Staff also recommends a supplemental add-on to the Long Bill to modify a footnote for FY 2011-12, in anticipation of the enactment of S.B. 12-113, which would provide a legal foundation for this footnote. Based on new information indicating that the Department hopes to distribute to counties 100 percent of the state share of recoveries in FY 2011-12 that are in excess of appropriations for Department projects, this footnote should also be modified for FY 2011-12.

- 20 Department of Human Services, County Administration, County Incentive Payments; Office of Self Sufficiency, Colorado Works Program, County Block Grants and Child Support Enforcement, Child Support Enforcement --** It is the intent of the General Assembly that, pursuant to Sections 26-13-108 and 26-13-112.5 (2), C.R.S., the Department distribute child support incentive payments to counties. It is the intent of the General Assembly that at least one-half of the State share of recoveries of amounts of support for public assistance recipients be distributed to counties, as described in Section 26-13-108, C.R.S. If the total amount of the State share of recoveries is greater than the total annual appropriations from this fund source, including appropriations for operating and capital construction purposes, the Department is authorized to distribute to counties, for county incentive payments, ~~one-half~~ of the actual State share of any additional recoveries.

Requests for Information

Note: Pursuant to H.B. 10-1119, the information requests shown below are reflected in staff's recommended priority order for line items that appear in this section of the budget. These will be combined with priority listings from other JBC staff figure setting packets for the Department of Human Services prior to the Committee's final vote on footnotes in March.

Staff recommends that the following RFIs be continued.

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

Comment: Staff considers this report crucial important for figure setting, given the General Assembly's responsibility for appropriating TANF funds.

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

Comment: In light of the TANF funds appropriated for Refugee Assistance and annual changes in the numbers of refugees and federal funding levels, staff believes this report is useful.

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

Comment: This data assists staff in tracking trends in federal funding. It was added when the (M) notation was removed from the Older Americans Act Programs line item.

Staff recommends that the following RFI be **eliminated**.

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

Comment: Staff will continue to request information from the Department on how Works Program Evaluation funding is used. However, staff does not believe a formal annual report is needed.

STATE OF COLORADO

OFFICE OF THE GOVERNOR

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John W. Hickenlooper
Governor

February 10, 2012

The Honorable Cheri Gerou
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Representative Gerou:

On January 19, 2012 the Governor's Office notified the Joint Budget Committee of the Executive Branch's plan to manage the potential loss of federal Temporary Assistance to Needy Families (TANF) dollars. This plan included placing restrictions on appropriations in FY 2011-12 and a request for the Joint Budget Committee to sponsor legislation related to the TANF Maintenance of Effort credit. During the supplemental hearings on January 24th, Joint Budget Committee staff recommended the legislation contingent upon the Department providing a TANF balancing plan for FY 2012-13.

The Executive has taken three actions to date to balance TANF funds totaling \$15.1 million. This includes the following actions.

- FY 2011-12 restrictions totaling \$3.3 million;
- A request for legislation related to the TANF Maintenance of Effort beginning in FY 2011-12 with anticipated savings of \$5.5 million annually.
- A FY 2012-13 funding request, titled "TANF Long-Term Reserve Solvency" totaling \$6.2 million;

Assuming the aforementioned legislation and budget request are approved by the Legislature as requested, a projected shortfall of \$7.5 million in available TANF funds from current appropriation levels remains. The Executive Branch does not request that FY 2012-13 appropriations for Temporary Assistance to Needy Families funded programs be reduced further at this point though, as it is likely that the state will be eligible to receive federal TANF Contingency dollars that will reduce or eliminate this shortfall.

Over the last four federal fiscal years, the State has received federal TANF Contingency funding in excess of \$5 million each year.

Federal Fiscal Year 2012	\$9,070,444 (to date)
Federal Fiscal Year 2011	\$6,802,836
Federal Fiscal Year 2010	\$5,048,139
Federal Fiscal Year 2009	\$24,943,727

Eligibility for federal contingency funding is determined by the state's unemployment rate and the Food Stamp participation rate. Given the state's current unemployment rate and projected food stamp participation, it is likely that the state will be eligible for additional TANF Contingency funds in the current and upcoming federal fiscal year. A reduction in the appropriation will make it difficult for the state to receive and allocate these contingency funds in a timely manner. Therefore, it is important that the Department of Human Services has an appropriation for the TANF program that will allow for quick receipt and allocation of these dollars to counties and program participants.

If the state does not receive further federal funding, a budget request will be submitted to true up the appropriation. Thank you for your consideration on this issue and if you have any questions, please feel free to call me at (303)866-3317.

Sincerely,



Henry Sobanet, Director
Governor's Office
Office of State Planning and Budgeting

Cc: Mr. Reggie Bicha, Colorado Department of Human Services, Director
Mr. Jay Morein, Colorado Department of Human Services
Mr. Will Kugel, Colorado Department of Human Services
Mr. Erick Scheminske, Office of State Planning and Budgeting, Deputy Director
Ms. Ann Renaud, Office of State Planning and Budgeting
Mr. John Ziegler, Joint Budget Committee, Staff Director
Ms. Amanda Bickel, Joint Budget Committee