Joint Budget Committee Hearing

Colorado Department of Human Services

Executive Director's Office, Office of Information Technology Services, and Office of Operations

November 28, 2011

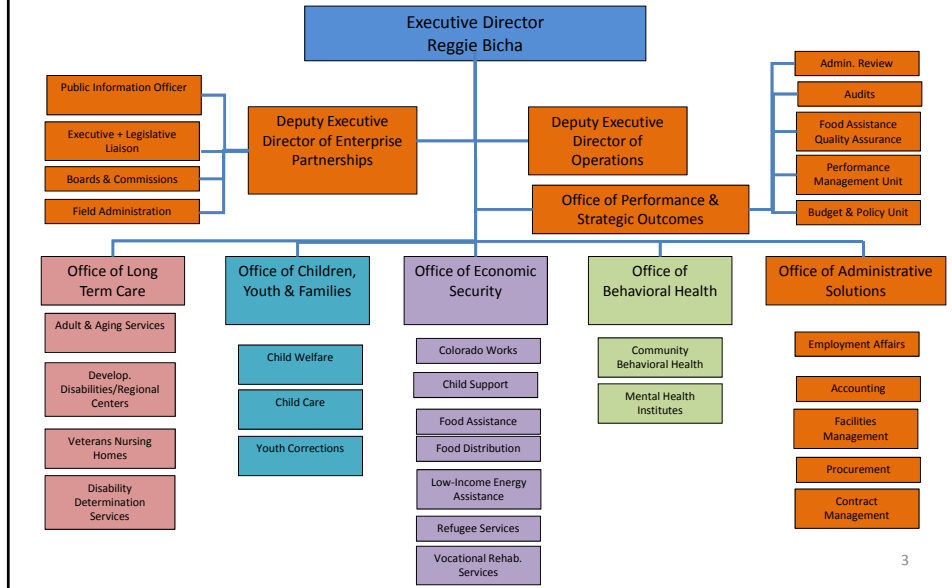## Mission and Vision Statements

Mission

Our mission is to design and deliver quality human services that improve the safety and independence of the people of Colorado. The Department is committed to the improvement of individual and family outcomes, cross-system integration, and community partnerships.

Vision

The Colorado Department of Human Services promotes safety, health, well-being and independence for all Coloradans through leadership, innovation, and accountability to human services programs throughout Colorado.

2

Colorado Department of Human Services

Executive Director
Reggie Bicha

- Public Information Officer
- Executive + Legislative Liaison
- Boards & Commissions
- Field Administration

Deputy Executive Director of Enterprise Partnerships

Deputy Executive Director of Operations

Office of Performance & Strategic Outcomes

- Admin. Review
- Audits
- Food Assistance Quality Assurance
- Performance Management Unit
- Budget & Policy Unit

Office of Long Term Care
- Adult & Aging Services
- Develop. Disabilities/Regional Centers
- Veterans Nursing Homes
- Disability Determination Services

Office of Children, Youth & Families
- Child Welfare
- Child Care
- Youth Corrections

Office of Economic Security
- Colorado Works
- Child Support
- Food Assistance
- Food Distribution
- Low-Income Energy Assistance
- Refugee Services
- Vocational Rehab. Services

Office of Behavioral Health
- Community Behavioral Health
- Mental Health Institutes

Office of Administrative Solutions
- Employment Affairs
- Accounting
- Facilities Management
- Procurement
- Contract Management

3

Strategic Planning Process

- Statewide outreach efforts allowed for 951 individual stakeholders, partners, clients, employees and constituents to provide input to the plan.
- The outreach efforts included community meetings held in Denver, Pueblo, Lamar, Fort Morgan, Durango, Grand Junction and Steamboat Springs.
- Periodic strategic plan updates were posted to the department's website with invitation to provide feedback.

4

Strategic Initiatives

"Stat" Strategy:

Use of various real-time data indicators from all programs under authority of the department to place ongoing focus on meaningful outcomes. The intent of the strategy is multi-fold:

- To increase accountability for achieving the outcomes sought;
- To detect early and respond rapidly to concerning trends;
- To continuously improve the quality of services; and
- To identify areas of need for completing research into best practices.

Regulation Review

- Repeal of twenty percent of the rules
- Amendment of forty-nine percent of the rules
- Alignment of rules with those of Department of Public Health and Environment and Health Care Policy and Financing
- Review of Agency letters
- Coordination of audits and case review processes impacting counties and sub-recipients

7

Audit Recommendations

8

Audit Recommendations Not Implemented

- As of June 30, 2010
  - 81 Recommendations not implemented
    - 1 recommendation related to Material Weaknesses
    - 38 recommendations related to Significant Deficiencies
- As of June 30, 2011
  - 25 Recommendations not implemented
    - 0 recommendations related to Material Weaknesses
    - 16 recommendations related to Significant Deficiencies
      - 8 recommendations the department will not implement
- Full review of all recommendations and quarterly follow-up

9

Audit Recommendations Not Implemented
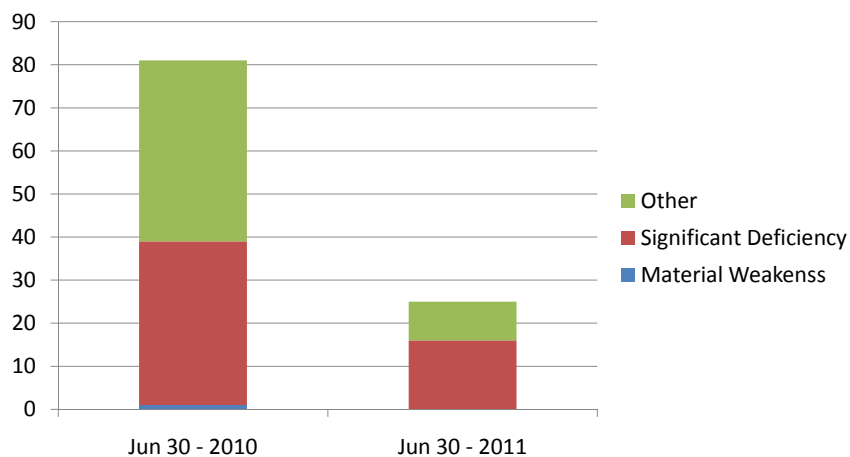
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Departmental
FTE

Department FTE

FY 2009-10 Summary:
- Variance was higher than normal due to hiring freeze associated with closure of Skilled Nursing Facility and unit closures at Ft. Logan.
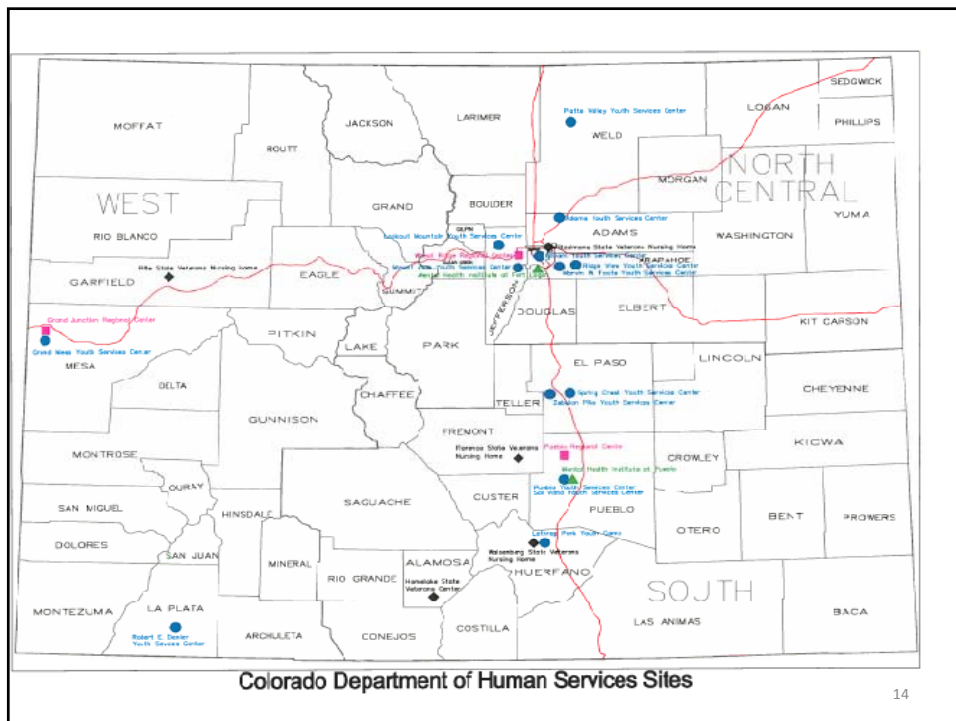
FY 2010-11 Summary:
- Variance level impacted by hiring freeze associated with divestiture of Trinidad Nursing Home.

	FY 2009-10	FY 2010-11
Authorized FTE	5,490.8	5,182.7
Utilized FTE	5,163.3	4,930.7
Variance in FTE	324.5	252.0
Variance as %	6.3%	4.8%

Buildings and Grounds

Colorado Department of Human Services Sites

Owned and Leased Properties

- DHS operates 299 buildings
  - 18 buildings are full or partly leased to other parties
  - Leased buildings are on DHS campuses and connected to centralized utility system
  - Tenants of leased buildings share complementary mission, for example:
    - Alcohol Rehabilitation and Treatment Services
    - Transitional housing for women and children
    - Office space for Department of Corrections
  - The department will coordinate with the state leasing vendor for future leasing of state property
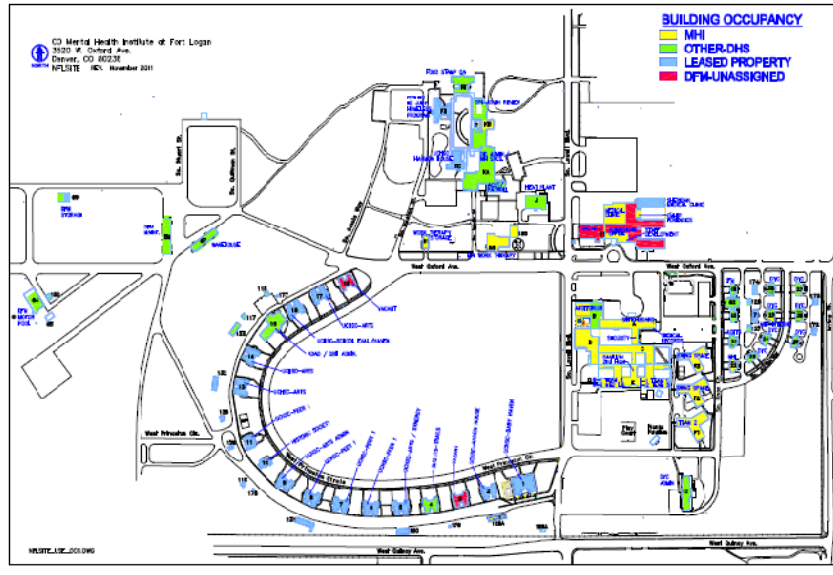
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Grand Junction Regional Center

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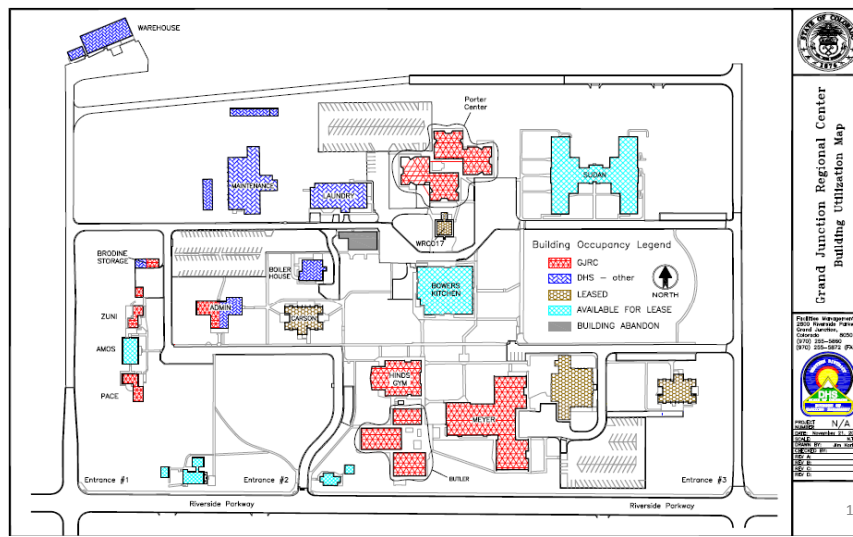
Colorado Mental Health Institute at Fort Logan

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Information Technology Services, and Office of Operations)
FY 2012-13 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, November 28, 2011
1:30 pm – 3:00 pm

1:30-1:50   INTRODUCTIONS AND OPENING COMMENTS

QUESTIONS COMMON TO ALL DEPARTMENTS

1:50-2:10   A. PERFORMANCE-BASED GOALS AND BUDGET REQUEST

1. Please describe the process the department used to develop its strategic plan.

     Response:
     In developing its strategic plan, the Department of Human Services solicited input, both verbally and in writing, from partner agencies, stakeholders, clients and staff. County directors and commissioners, community centered boards, and other service providers were invited to attend meetings with members of the department's executive staff, with seven such meetings held in each region of the state. A number of clients receiving services from a variety of department-supervised and administered programs were interviewed telephonically to obtain their input and perspective. Three staff meetings were held with a cross-section of line staff and management. Additionally, all staff were invited to provide written input to the plan; more than 500 staff responded. From the input received, the executive leadership identified the areas of greatest importance, which were used to inform the goals and strategies of the plan.   Throughout the development of the plan, periodic updates were posted to the department's website, inviting feedback.

2:10-2:30   B. OTHER QUESTIONS COMMON TO ALL DEPARTMENTS

2. Please explain why the department has audit recommendations that have not been fully implemented after extended periods of time. What are the obstacles the department has faced in implementing recommendations? How does it plan to address outstanding audit findings? If applicable, please focus on those financial audit findings classified as "material weakness" or "significant deficiency".

     Response:
     The number of audit recommendations that have not been fully implemented, as was reported by the Office of the State Auditor, represented the status as of June 30, 2010.

Of the 81 recommendations that were not considered to be fully implemented as of June 30, 2010, the department staff report that 56 have since been fully implemented. DHS expects this to be validated by the State Auditor's Office as the office conducts its annual review for the year ended June 30, 2011 and updates its records.

However, for verification purposes, the department is undergoing a comprehensive review of all audit recommendations, whether issued by the Office of the State Auditor or other auditors, including those recommendations that were implemented this past year and those which the department had indicated it would not implement. A quarterly review of outstanding audit recommendations will be conducted, and for any that are not implemented timely, an escalation process will be initiated.

3. How does the Department define FTE? Is the Department using more FTE than are appropriated to the Department in the Long Bill and Special Bills? How many vacant FTE does the Department have for FY 2009-10 and FY 2010-11?

Response:
OSPB and DPA are working with all departments to provide quarterly reports on FTE usage to the JBC. These reports will ensure that all departments are employing the same definition of FTE. This definition comprises a backward-looking assessment of total hours worked by department employees to determine the total full-time equivalent staffing over a specific period. We intend for these reports to provide the JBC with a more clear linkage between employee head-count and FTE consumption. As it concerns FTE usage in excess of Long Bill 'authorizations,' departments will continue to manage hiring practices in order to provide the most efficient and effective service to Colorado's citizens within the appropriations given by the General Assembly.

In FY 2009-10, of the 5,487.8 FTE authorized in the Long Bill and 3.3 in Special Bills, the department utilized 5,163.3 positions. This resulting difference of 324.5 FTE represents a 6.3% variance from utilized FTE to the appropriated level. A number of factors contributed to the variance including normal levels of attrition resulting in vacancies while positions are filled. The variance was higher than normal due to a hiring freeze associated with the closure of the Skilled Nursing Facility at Grand Junction as well as unit closures at Ft. Logan.

In FY 2010-11, of the 5,182.7 FTE authorized in the Long Bill, the department utilized 4,930.7 positions. The resulting difference of 252.0 represents a 4.8% variance from utilized FTE to the appropriated level. A number of factors contributed to the variance including normal levels of attrition resulting in vacancies while positions are filled. One special circumstance did occur resulting in higher than normal vacancies related to the hiring freeze associated with the divestiture of the Trinidad Nursing home.

2:30-3:00   BUILDINGS AND GROUNDS CASH FUND ADJUSTMENT REQUEST (R-8)

4. Why did the "Buildings and Grounds Cash Fund Adjustment" request item (R-8) appear as an operating request rather than a capital construction request?

    Response:
    Pursuant to 24-30-1301 C.R.S., the projected expenditures included in this request do not meet the criteria for capital construction projects. Specifically, the anticipated expenditures do not meet criteria outlined in statute as a capital construction project.

    - **None of the equipment items will exceed the $50,000 threshold to be classified as a capital project.**

    The costs in the request specifically fall under the operating costs and further do not qualify as "controlled maintenance" costs. Statute (24-30-1301 C.R.S.) outlines and provides guidance regarding how controlled maintenance funds may <u>not</u> be used. The bullet below outlines expenditures that should <u>not</u> be included as a controlled maintenance cost.
    - **Corrective repairs or replacement for buildings and other physical facilities and replacement or repair of the fixed and movable equipment necessary for the operation of physical facilities, when such work is funded in an agency's operating budget to be accomplished by the agency's physical plant staff; for the repair and replacement of fixed and movable equipment necessary for the conduct of programs (such repair and replacement is funded as capital outlay); or <u>for rented or leased facilities or facilities constructed and maintained by self-liquidating property funds.</u> Minor maintenance items shall not be accumulated to create a controlled maintenance project, nor shall minor maintenance work be accomplished as a part of a controlled maintenance project unless the work is directly related.**

    The Buildings & Grounds Fund is a cash fund established in statute to rent and maintain vacant buildings on campuses owned by CDHS. The expenditures of the fund are comprised of materials, labor, and building improvements. These expenditures are generally considered minor maintenance work and operating expenditures.

5. Please describe the process the Department of Human Services (DHS) uses to determine which entities to contract with as lessees of DHS facilities.

    Response:
    The Department seeks to rent space to entities with similar or complementary missions, including, other CDHS divisions, other State agencies, and non-profit organizations. For example, current tenants include Alcohol Rehabilitation & Treatment Services that provides substance abuse treatment; Father Judy House which provides transitional

housing for women and their children; and, office space for the Department of Corrections.

6. What role does the Department of Personnel and Administration play in DHS' property leases?

   Response:
   The Department of Personnel and Administration does not oversee the property on CDHS campuses that is within the Buildings & Grounds Fund. CDHS does work with the State leasing consultant for the lease of any <u>commercial</u> property.

7. Why is leasing DHS properties not the responsibility of the Department of Personnel and Administration?

   Response:
   As defined in 26-1-133.5 C.R.S., the Department is authorized to maintain the buildings on DHS campuses through rents collected. DPA is authorized to lease excess state property and the Department coordinates with DPA and the state leasing vendor to maximize the leasing of state property.

8. Is it feasible for DHS to sell any of the buildings that are currently available for leasing opportunities?

   Response:
   Of the 299 buildings DHS operates, 18 buildings are full or partly leased. All leased buildings are on CDHS campuses and connected to centralized utility systems, heating, cooling, water, sewer, and electricity either in part or entirely. It would be difficult to sell portions of existing campuses. However, it might be possible to consolidate CDHS operations and identify individual parcels that could be sold.

1. What is the Department's entire Information Technology (IT) budget for FY 2011-12 and FY 2012-13? Does the Office of Information Technology (OIT) manage the Department's entire IT budget? If not, what IT activities is the Department managing separate from OIT and what percentage is that of the entire IT budget for the Department for FY 2011-12 and FY 2012-13? Of the IT activities the Department still manages outside of OIT, what could be moved to OIT?

    Response:
    Nearly all IT-related personnel appropriations have been consolidated into the Governor's Office of Information Technology. IT-related professional services and operating expense budgets continue to reside in departments' individual appropriations, and have not been consolidated into OIT. At this time, it is expected that budgets for IT professional services and operating expenses will remain in the departments' individual appropriations. However, during this fiscal year, all IT procurements will be centralized through the Office of Information Technology (the OIT Storefront). For FY 2012-13, the Executive Branch believes this represents the most efficient division of IT-related appropriations to ensure that departments maintain appropriate discretion in making technology and program decisions. The Executive Branch will consider further consolidation of IT appropriations in future fiscal years.

2. What hardware/software systems, if any, is the Department purchasing independently of the Office of Information Technology (OIT)? If the Department is making such purchases, explain why these purchases are being made outside of OIT?

    Response:
    Pursuant to 24-37.5-105 C.R.S as well as DHS policy and procedure, the department requires all purchases of hardware and software systems go through Governor's Office of Information Technology.