

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2006-07 SUPPLEMENTAL: DEPARTMENT OF HUMAN SERVICES (EDO, CHILD WELFARE, AND YOUTH CORRECTIONS)

PRIORITIZED AND NON-PRIORITIZED REQUESTS

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

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January 24, 2007

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**DEPARTMENT OF HUMAN SERVICES
(EDO, CHILD WELFARE, AND YOUTH CORRECTIONS)
FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

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	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF HUMAN SERVICES					
Executive Director - Karen Legault Beye					
Supplemental #3 - DYC, Purchase of Contract Placements					
<i>(11) Division of Youth Corrections</i>					
<i>(C) Community Programs</i>					
Purchase of Contract Placements	<u>49,513,035</u>	<u>53,840,943</u>	<u>(1,620,620)</u>	<u>(1,620,620)</u>	<u>52,220,323</u>
General Fund	32,437,413	50,036,831	(464,439)	(464,439)	49,572,392
Cash Funds Exempt	17,075,622	3,804,112	(1,156,181)	(1,156,181)	2,647,931
*Medicaid Cash Funds	17,075,622	3,804,112	(1,156,181)	(1,156,181)	2,647,931
*Net General Fund	40,975,224	51,938,887	(1,042,530)	(1,042,530)	50,896,358
Parole Program Services	<u>1,257,197</u>	<u>1,361,137</u>	<u>1,949,784</u>	<u>1,949,784</u>	<u>3,310,921</u>
General Fund	228,633	299,145	1,949,784	1,949,784	2,248,929
Federal Funds	1,028,564	1,061,992	0	0	1,061,992
Total for Supplemental #3	<u>50,770,232</u>	<u>55,202,080</u>	<u>329,164</u>	<u>329,164</u>	<u>55,531,244</u>
General Fund	32,666,046	50,335,976	1,485,345	1,485,345	51,821,321
Cash Funds	0	0	0	0	0
Cash Funds Exempt	17,075,622	3,804,112	(1,156,181)	(1,156,181)	2,647,931
Federal Funds	1,028,564	1,061,992	0	0	1,061,992
*Medicaid Cash Funds	17,075,622	3,804,112	(1,156,181)	(1,156,181)	2,647,931
*Net General Fund	41,203,857	52,238,032	907,255	907,255	53,145,287

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #16 - EDO, Salary Survey Adjustment					
<i>(I) Executive Director's Office</i>					
<i>(A) General Administration</i>					
Salary Survey and Senior Executive Service	<u>5,952,524</u>	<u>8,524,369</u>	<u>(1,733,278)</u>	<u>(1,733,278)</u>	<u>6,791,091</u>
General Fund	3,879,752	5,395,563	(1,283,078)	(1,283,078)	4,112,485
Cash Funds	61,650	80,468	(4,655)	(4,655)	75,813
Cash Funds Exempt	1,193,479	2,005,613	(422,759)	(422,759)	1,582,854
Federal Funds	817,643	1,042,725	(22,786)	(22,786)	1,019,939
*Medicaid Cash Funds	1,263,672	1,857,919	(355,444)	(355,444)	1,502,475
*Net General Fund	4,041,554	6,325,249	(1,460,957)	(1,460,957)	4,864,292
<hr/>					
Supplemental #18 - EDO, HLD/STD Shift in Pay Adjustment					
<i>(I) Executive Director's Office</i>					
<i>(A) General Administration</i>					
Health, Life, and Dental	<u>11,730,450</u>	<u>15,171,966</u>	<u>(1,063,092)</u>	<u>(1,063,092)</u>	<u>14,108,874</u>
General Fund	7,133,768	9,168,664	(773,927)	(773,927)	8,394,737
Cash Funds	120,888	151,878	0	0	151,878
Cash Funds Exempt	2,933,210	3,861,833	(289,165)	(289,165)	3,572,668
Federal Funds	1,542,584	1,989,591	0	0	1,989,591
*Medicaid Cash Funds	2,670,405	3,457,351	(289,165)	(289,165)	3,168,186
*Net General Fund	8,468,971	10,902,037	(918,599)	(918,599)	9,983,438

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Short-term Disability	301,130	236,618	(15,813)	(15,813)	220,805
General Fund	184,864	141,813	(12,045)	(12,045)	129,768
Cash Funds	4,042	5,879	0	0	5,879
Cash Funds Exempt	68,060	50,417	(3,768)	(3,768)	46,649
Federal Funds	44,164	38,509	0	0	38,509
*Medicaid Cash Funds	56,456	43,596	(3,768)	(3,768)	39,828
*Net General Fund	213,092	162,661	(13,944)	(13,944)	148,717
Total for Supplemental #18	<u>12,031,580</u>	<u>15,408,584</u>	<u>(1,078,905)</u>	<u>(1,078,905)</u>	<u>14,329,679</u>
General Fund	7,318,632	9,310,477	(785,972)	(785,972)	8,524,505
Cash Funds	124,930	157,757	0	0	157,757
Cash Funds Exempt	3,001,270	3,912,250	(292,933)	(292,933)	3,619,317
Federal Funds	1,586,748	2,028,100	0	0	2,028,100
*Medicaid Cash Funds	2,726,861	3,500,947	(292,933)	(292,933)	3,208,014
*Net General Fund	8,682,063	11,064,698	(932,543)	(932,543)	10,132,155
Previously Approved 1331 Supplemental - Costs for Counties to Implement H.B. 06S-1023					
<i>(4) County Administration</i>					
County Administration	51,083,943	36,029,995	16,301	16,301	36,046,296
General Fund	11,138,800	14,259,460	13,041	13,041	14,272,501
Cash Funds Exempt	26,772,955	6,848,172	3,260	3,260	6,851,432
Federal Funds	13,172,188	14,922,363	0	0	14,922,363
*Medicaid Cash Funds	17,188,911	0	0	0	0
*Net General Fund	16,701,994	14,259,460	13,041	13,041	14,272,501

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(5) Child Welfare</i>					
Child Welfare Services	<u>310,244,917</u>	<u>328,042,534</u>	<u>107,802</u>	<u>107,802</u>	<u>328,150,336</u>
General Fund	110,824,383	147,693,133	58,579	58,579	147,751,712
Cash Funds Exempt	113,450,736	85,987,781	20,946	20,946	86,008,727
Federal Funds	85,969,798	94,361,620	28,277	28,277	94,389,897
*Medicaid Cash Funds	64,703,843	34,063,555	0	0	34,063,555
*Net General Fund	143,176,305	164,724,911	58,579	58,579	164,783,490
<i>(10) Adult Assistance</i>					
<i>(B) Old Age Pension Program</i>					
County Administration - Cash Funds	2,520,039	2,361,993	48,915	48,915	2,410,908
Total for Previously Approved 1331					
Supplemental	<u>363,848,899</u>	<u>366,434,522</u>	<u>173,018</u>	<u>173,018</u>	<u>366,607,540</u>
General Fund	121,963,183	161,952,593	71,620	71,620	162,024,213
Cash Funds	2,520,039	2,361,993	48,915	48,915	2,410,908
Cash Funds Exempt	140,223,691	92,835,953	24,206	24,206	92,860,159
Federal Funds	99,141,986	109,283,983	28,277	28,277	109,312,260
*Medicaid Cash Funds	81,892,754	34,063,555	0	0	34,063,555
*Net General Fund	159,878,299	178,984,371	71,620	71,620	179,055,991

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Excluding Pending Items					
DEPARTMENT OF HUMAN SERVICES					
TOTALS for ALL Departmental line items	511,173,535	539,390,222	(2,310,001)	(2,310,001)	537,080,221
FTE	<u>1,010.5</u>	<u>1,030.8</u>	<u>0.0</u>	<u>0.0</u>	<u>1,030.8</u>
General Fund	259,692,538	272,379,874	(512,085)	(512,085)	271,867,789
Cash Funds	1,109,214	994,296	44,260	44,260	1,038,556
Cash Funds Exempt	146,540,650	160,892,066	(1,847,667)	(1,847,667)	159,044,399
Federal Funds	103,831,133	105,123,986	5,491	5,491	105,129,477
*Medicaid Cash Funds	88,356,998	89,623,249	(1,804,558)	(1,804,558)	87,818,691
*Net General Fund	303,863,872	318,164,220	(1,414,626)	(1,414,626)	316,749,595
Statewide Supplementals					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	<u>1,517,916</u>	<u>Pending</u>	<u>N.A.</u>
General Fund			1,082,068		
Cash Funds			4,370		
Cash Funds Exempt			365,547		
Federal Funds			65,931		
*Medicaid Cash Funds			250,688		
*Net General Fund			1,207,412		

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Including Pending Items in Request					
DEPARTMENT OF HUMAN SERVICES					
TOTALS for ALL Departmental line items	511,173,535	539,390,222	(792,085)	(2,310,001)	537,080,221
FTE	<u>1,010.5</u>	<u>1,030.8</u>	<u>0.0</u>	<u>0.0</u>	<u>1,030.8</u>
General Fund	259,692,538	272,379,874	569,983	(512,085)	271,867,789
Cash Funds	1,109,214	994,296	48,630	44,260	1,038,556
Cash Funds Exempt	146,540,650	160,892,066	(1,482,120)	(1,847,667)	159,044,399
Federal Funds	103,831,133	105,123,986	71,422	5,491	105,129,477
* <i>Medicaid Cash Funds</i>	88,356,998	89,623,249	(1,553,870)	(1,804,558)	87,818,691
* <i>Net General Fund</i>	303,863,872	318,164,220	(207,214)	(1,414,626)	316,749,595

Key:

"N.A." = Not Applicable

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

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Supplemental # 3 - DYC, Purchase of Contract Placements

	Request	Recommendation
Total	<u>\$329,164</u>	<u>\$329,164</u>
General Fund	1,485,345	1,485,345
Cash Funds	0	0
Cash Funds Exempt	(1,156,181)	(1,156,181)
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>(1,156,181)</i>	<i>(1,156,181)</i>
<i>Net General Fund</i>	<i>907,255</i>	<i>907,255</i>

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?

YES

[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]

The December 2006 LCS commitment population projections and the actual bed utilization are new data that were not known at the time the appropriation was made.

Department Request: The Department requests: (1) a reduction of \$1,949,784 General Fund in the FY 2006-07 appropriation to the Purchase of Contract Placements line item and a transfer of that amount to the Parole Program Services line item to provide a base level of funding for the Division's Continuum of Care Initiative; and (2) an increase of \$907,255 *net* General Fund in the FY 2006-07 appropriation to the Purchase of Contract Placements line item based on the actual and projected FY 2006-07 bed utilization.

Analysis: This supplemental request would make adjustments to the Division of Youth Corrections' (DYC) Purchase of Contract Placements and Parole Program Services line items to reflect the impact of the Division's Continuum of Care Initiative as well as the December 2006 Legislative Council Staff (LCS) juvenile commitment population projections. Specifically, the request includes two components. First, the request seeks to reduce the Purchase of Contract Placements line item to reflect the revised LCS projection and secure funding for the Division's Continuum of Care Initiative by transferring those funds to the Parole Program Services line item. Second, the request seeks to adjust the appropriation to the Purchase of Contract Placements line item based on the actual average weighted rates paid for contract placements and the actual proportions of PRTF, TRCCF, and RCCF bed utilization.

Continuum of Care Funding. The December 2006 LCS juvenile commitment population projections indicate that the DYC commitment population will total 1459.7 Average Daily Population (ADP) in FY 2006-07. In comparison, the December 2005 LCS projections, which were used to calculate the appropriation to the

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Purchase of Contract Placements line item, indicated a total commitment ADP of 1498.2 (a difference of 38.5 ADP). This difference equates to an over-appropriation of \$1,949,784 General Fund. The following table illustrates how this amount was calculated:

	Commitment ADP	FY 2006-07 Avg. Funded Daily Rate	Total Appropriation
December 2005 LCS Projections (Less State Facilities and Boulder IMPACT)	974.9	\$138.75	\$49,372,592
December 2006 LCS Projections (Less State Facilities and Boulder IMPACT)	<u>936.4</u>	138.75	<u>47,422,808</u>
Total Over-Appropriation	38.5		\$1,949,784

The December 2006 LCS projection identifies the Division's Continuum of Care Initiative as a factor in reducing the commitment populations. The LCS projection states that "...continued and consistent funding of the initiative is expected to reduce growth in commitments, particularly in the near-term." In addition, FY 2005-06 represents the first year in 14 years that the Division has seen a decrease in commitment ADP. The Division believes that the 0.1 percent reduction in actual FY 2005-06 commitment ADP from the prior year (1453.5 to 1453.4) and the reduction in the FY 2006-07 LCS projected commitment ADP is likely a result of the Division's Continuum of Care Initiative.

Typically, a reduction in the projected commitment ADP would result in a negative supplemental adjustment to the Division's Purchase of Contract Placements line item. However, because the Division believes that it has accomplished this reduction through its Continuum of Care Initiative, a negative supplemental would essentially penalize the Division for reducing commitment ADP. The Division has been given authority under Footnote #79 of the FY 2006-07 Long Bill to spend up to 10 percent of the General Fund appropriation to the Purchase of Contract Placements line item for its Continuum of Care Initiative. The Division budgeted approximately \$2.3 million in FY 2006-07 for nonresidential services provided under the Continuum of Care Initiative, and to date, approximately \$1.1 million has been expended. This request seeks to secure a continued and consistent funding source for the Continuum of Care Initiative by transferring the amount that would typically be reduced from the Purchase of Contract Placements line item through a negative supplemental to the Parole Program Services line item.

Purchase of Contract Placements Financing Adjustment. Given the long-standing policy of funding the DYC through additional contract placements, this supplemental proposes to adjust funding to match estimated populations and youth placement needs, using the current estimated proportion of 62.5 percent Residential Child Care Facility (RCCF) placements, 37.3 percent Therapeutic Residential Child Care Facility (TRCCF) placements, and 0.2 percent Psychiatric Residential Treatment Facility (PRTF) placements. The estimated proportion of TRCCF bed utilization has been higher than anticipated as a result of the growth in the number

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of committed youths with significant mental health, substance abuse, and sex offense treatment needs. Another factor that drives costs in the Purchase of Contract Placements line item is the average weighted rates being paid by the Division to purchase contract placements. The bed mix and rate differences are shown in the following tables.

Level of Care	Appropriated Avg. Weighted Rate	Actual/Projected Avg. Weighted Rate	Difference
RCCF	\$125.22	\$126.52	\$1.30
PRTF	300.00	385.00	85.00
TRCCF (Maintenance)	166.03	168.69	2.66
TRCCF (Treatment)	19.35	18.72	(0.63)

Level of Care	Appropriated Proportion of Total Contract Capacity	Actual/Projected Proportion of Total Contract Capacity	Difference
RCCF	65.9%	62.5%	(3.4)%
PRTF	1.4%	0.2%	(1.2)%
TRCCF	32.7%	37.3%	4.6%

Based upon these average weighted rates and the current contract bed mix, the Division estimates that it will need an additional \$329,164 (\$907,255 *net* General Fund) for the Purchase of Contract Placements line item to accommodate the placement needs of its committed youths. The table below illustrates the funding need for the Division.

Level of Care	FY 2006-07 Appropriation	FY 2006-07 Request	Difference
RCCF	\$29,356,514	\$26,811,991	(\$2,544,523)
PRTF	1,554,900	281,050	(1,273,850)
TRCCF (Maintenance)	19,295,342	21,328,487	2,033,145
TRCCF (Treatment)	2,249,212	2,366,881	117,669
Detention	1,384,974	1,431,913	46,939
Supplemental Reduction	<u>(1,949,784)</u>	<u>0</u>	<u>1,949,784</u>
Total	\$51,891,158	\$52,220,322	\$329,164

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Staff Recommendation: Staff recommends that the Committee approve: (1) the Department's request to transfer \$1,949,784 General Fund from the Purchase of Contract Placements line item to the Parole Program Services line item, and (2) the Department's request to increase the Purchase of Contract Placements appropriation by \$329,164 (\$907,255 *net* General Fund).

Supplemental # 16 - EDO, Salary Survey Adjustment

	Request	Recommendation
Total	(<u>\$1,733,278</u>)	(<u>\$1,733,278</u>)
General Fund	(1,283,078)	(1,283,078)
Cash Funds	(4,655)	(4,655)
Cash Funds Exempt	(422,759)	(422,759)
Federal Funds	(22,786)	(22,786)
<i>Medicaid Cash Funds</i>	(355,444)	(355,444)
<i>Net General Fund</i>	(1,460,956)	(1,460,956)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
The glitch in the DHS database resulting in an over-appropriation is a technical error that was not known at the time the appropriation was made.	

Department Request: The Department requests a FY 2006-07 negative supplemental of \$1,733,278 for salary survey. Please note that the Department is also requesting an equally positive FY 2007-08 budget amendment of \$1,733,278 for salary survey.

Analysis: Last February, when the departments were asked to calculate salary survey costs, a glitch in the DHS database calculated partial FTE costs with full FTE dollars. Since some of the 24/7 facilities hire partial FTE staff, the result was an over-appropriation. This problem did not surface until allocated dollars were distributed from the central allocation to programs.

Staff Recommendation: Staff recommends that the Committee approve the \$1,733,278 negative supplemental for FY 2006-07.

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Supplemental # 18 - EDO, HLD/STD Shift in Pay Date

	Request	Recommendation
Total	(\$1,078,905)	(\$1,078,905)
General Fund	(785,972)	(785,972)
Cash Funds	0	0
Cash Funds Exempt	(292,933)	(292,933)
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	(292,933)	(292,933)
<i>Net General Fund</i>	(932,543)	(932,543)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?

YES

[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]

The Department's failure to realize that there were inconsistencies in the way that departments shifted centrally allocated line items is a technical error that was not known at the time the appropriation was made.

Department Request: The Department requests a FY 2006-07 negative supplemental of \$1,078,905 for health/life/dental and short-term disability.

Analysis: The Department is requesting a negative supplemental as a result of S.B. 03-197, which shifted base salaries for General Fund and Medicaid cash funds for the month of June to July 1. There was some inconsistency in the way in which departments were shifting the centrally allocated line items; not all departments submitted shifted costs for centrally allocated line items. This discrepancy was identified by the Controller, who requested that all departments submit shifted costs for health/life/dental and short-term disability. This request will allow the Department to shift not only base salaries and shift differential but also health/life/dental and short-term disability for General Fund and Medicaid cash funds line items.

Staff Recommendation: Staff recommends that the Committee approve the \$1,078,905 negative supplemental for FY 2006-07.

(Staff Initiated) Technical Supplemental - Footnote #51 Provider Rate Increase

Analysis: A typographic error occurred when writing Footnote #51 for the FY 2006-07 Long Bill. The footnote affects the Child Welfare Services line item in the Division of Child Welfare and states:

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Department of Human Services, Division of Child Welfare, Child Welfare Services -- Pursuant to section 26-5-104 (6), C.R.S., counties are authorized to negotiate rates, services, and outcomes with child welfare service providers and are thus not required to provide a specific rate increase for any individual provider. This provision does not apply, however, to Medicaid treatment rates. The funding appropriated for this line item includes an increase of \$10,336,198 based on a 3.25 percent increase in funding for county staff salaries and benefits and a ~~2.0~~ **3.25** percent increase in community provider rates and Medicaid treatment rates. The purpose of this increase is to provide counties and tribes with additional funds to increase community provider rates and to pay for increases in Medicaid treatment rates.

Staff has crossed out the original language (2.0) and substituted the correct language (3.25) with emphasis added. The JBC received a memo from staff dated June 20, 2006 detailing this technical error. This change will not affect funding for this line item.

Staff Recommendation: Staff recommends that the Committee approve the FY 2006-07 staff initiated technical supplemental related to Footnote #51.

Previously Approved 1331 Supplemental - Costs for Counties to Implement H.B. 06S-1023

	Previously Approved	Current Staff Recommendation
Total	\$173,018	\$173,018
General Fund	71,620	71,620
Cash Funds	48,915	48,915
Cash Funds Exempt	24,206	24,206
Federal Funds	28,277	28,277
<i>Medicaid Cash Funds</i>	<i>0</i>	<i>0</i>
<i>Net General Fund</i>	<i>71,620</i>	<i>71,620</i>

Description of Supplemental: The Department requests an increase in the appropriation for County Administration, Child Welfare Services, and the Old Age Pension Program in FY 2006-07 to assist county human services departments with costs related to the implementation of H.B. 06S-1023. During the 2006 First Extraordinary Session, the General Assembly passed H.B. 06S-1023, which required that "...on and after August 1, 2006, each agency or political subdivision of the state shall verify the lawful presence in the United States of each natural person eighteen years of age or older who applies for state or local public benefits or for federal public benefits for the applicant." The legislation further requires the applicant to present valid

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identification (from an approved list) and execute an affidavit stating that he or she is lawfully in the United States.

Many of the programs supervised by the Department of Human Services already require some form of identification to receive benefits. However, this legislation represents additional workload for county staff to implement these new requirements. In addition to verifying identification and having applicants sign an affidavit, the case worker will also need to make copies of these documents for the case file. Therefore, there are associated operating expenses for copies included with this request.

Staff Recommendation: Staff recommends that \$173,018 be included in the FY 2006-07 supplemental bill for the Department of Human Services, as previously approved by the JBC.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the JBC when it makes a decision regarding common policies.

Human Services Department's Portion of Statewide Supplemental Requests	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	<i>Medicaid Cash Funds</i>	<i>Net General Fund</i>	Total	FTE
1. ALJ Adjustments	\$15,858	\$1,322	\$0	\$9,250	\$0	\$15,858	\$26,430	0.0
2. Risk Management	562,118	1,487	82,771	28,032	52,403	588,320	674,408	0.0
3. Workers' Compensation	504,092	1,561	282,776	28,649	198,285	603,234	817,078	0.0
Total Statewide Supplemental Requests for Human Services Department	1,082,068	4,370	365,547	65,931	250,688	1,207,412	1,517,916	0.0

Staff Recommendation: The staff recommendation for these requests is pending Committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.