

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2008-09**

**DEPARTMENT OF HUMAN SERVICES**

**(Division of Youth Corrections)**

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

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**DEPARTMENT OF HUMAN SERVICES  
(Division of Youth Corrections)  
FY 2008-09 SUPPLEMENTAL RECOMMENDATIONS  
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

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**Prioritized Supplementals**

**Supplemental Request, Department Priority #17  
Department Technical**

	Request	Recommendation
Total	\$0	\$0
Reappropriated Funds	(1,330,200)	0
Federal Funds	1,330,200	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of <i>a technical error in calculating the original appropriation.</i>	

**Department Request:** The Department requests a FY 2008-09 supplemental correction involving categorizing a particular funding source as federal funds rather than reappropriated funds. The request seeks to reduce the reappropriated funds appropriation to the Department by \$1,330,200 and increase the federal funds appropriation by the same amount, thus creating a net zero change.

The Department receives federal funds through the Department of Education for the federal school breakfast and lunch program. This funding has been historically categorized as cash funds exempt. When the General Assembly changed the categorizations to include reappropriated funds, this funding was included in that category. However, the Department's request indicates that federal funds are directly received by the Department and therefore should be classified as federal funds.

**Staff Analysis:** Staff makes the following observations regarding this supplemental request.

1. *Supplemental Criteria Met.* Adjustments are requested based on a technical error that was made when drafting the Long Bill. Because this was a technical error in calculating the original appropriation, these adjustments meet the supplemental criteria.
2. *Useful to Properly Categorize Funding Sources.* JBC staff believes it is useful to correctly categorize funding sources within the Long Bill. Although the federal funds may be directly received by the Department, it is staff's understanding that the Department of Education

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budget includes a line item that attempts to estimate the amount of federal funds associated with the federal school breakfast and lunch program. Therefore, because categorizing this funding as federal funds within the Department of Human Services would essentially be double counting these funds in the Long Bill, staff does not recommend the requested adjustment.

**Staff Recommendation:** Staff recommends that the Committee deny the request to re-categorize this funding source as federal funds rather than reappropriated funds in order to avoid double counting the funding in the Long Bill.

**Supplemental Request, Department Priority #28  
Reduction to Youth Corrections Based on Flexibility Allowed in Footnote 41 of H.B. 08-1375**

	Request	Recommendation
Total	(\$9,149,992)	(\$9,149,992)
General Fund	(\$9,149,992)	(\$9,149,992)

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of <i>data that was not available when the original appropriation was made.</i>	

**Department Request:** The Department requests a FY 2008-09 supplemental reduction of \$9,149,992 General Fund to the Purchase of Contract Placements line item. This line item provides funding for the Division of Youth Corrections to contract with private for-profit and non-profit organizations to house and treat youth. All of the contracts funded through this line item are for residential services. Non-residential services are paid for through other line items.

In the 2003 Long Bill, the Committee added a footnote to this line item authorizing the Division to spend up to 5.0 percent of the appropriation on treatment and transition services for youth in state-operated facilities. In FY 2005-06, this percentage was increased to 10.0 percent, in FY 2007-08 the percentage was increased to 15.0 percent, and for the current fiscal year the percentage was increased to 20.0 percent. The Division has used this flexibility to implement its Continuum of Care Initiative, which includes evidence-based practices to help transition youth from residential to community-based programs.

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The Department requests reducing the amount available under the 20.0 percent flexibility by \$9,149,992. The total FY 2008-09 General Fund appropriation to the Purchase of Contract Placements line item is \$50,857,836; therefore, the total amount available under the 20.0 percent flexibility is \$10,171,567 General Fund. According to the request, the difference of \$1,021,575 General Fund is to be used for the Continuum of Care Initiative.

**Staff Analysis:** Staff makes the following observations regarding this supplemental request.

1. *Supplemental Criteria Met.* Adjustments are requested based on removing a portion of the funding flexibility allowed in the Long Bill. Because this is data that was not available when the original appropriation was made, these adjustments meet the supplemental criteria.
2. *Department Calculations.* The Department's request removes much of the funding flexibility allowed in the FY 2008-09 Long Bill. However, the request does not seek to true up the Purchase of Contract Placements line item with the average daily population (ADP) projections. Instead the request calculates the reduction based on delayed implementation of the following projects: (1) \$3,500,000 to re-activate the 40-bed Community Accountability Program; (2) \$1,326,000 for physical plant improvements; (3) \$2,000,000 for H.B. 04-1451 Collaborative Management programs; (4) \$600,000 for Digital Trunked Radios; and (5) \$1,123,992 of additional flexible funds. The remaining \$1,021,575 in funding flexibility is requested for the Division to maintain the Continuum of Care Initiative.
3. *Staff Calculations.* On the following page, staff has calculated the funding need for the Purchase of Contract Placements line item based on the Legislative Council Staff December 2008 commitment ADP projections. Under staff's calculations, this line item requires \$41,371,459 General Fund in FY 2008-09. The Department seeks funding of \$41,453,860 General Fund for this line item in FY 2008-09, for a difference of \$82,401 General Fund. Although the Committee could choose to further reduce the line item by this difference (\$82,401 General Fund), staff is not recommending it at this time. Staff has concerns that reducing the Division's budget too greatly might reverse the commitment population trend and lead to increasing youth populations. In addition, the current request for General Fund reductions represents 7.1 percent of the total General Fund appropriation to the Division in FY 2008-09.

**Staff Recommendation:** Staff recommends that the Committee approve the request to reduce the Purchase of Contract Placements line item by \$9,149,992 General Fund.

	<b>Commitment</b>	<b>Detention</b>	<b>Total</b>
Forecasted Beds	1,206.0	479.0	1,685.0
Minus Boulder Impact	(7.0)		(7.0)
Facility Overcrowding	0.0		
<u>Minus State Capacity*</u>	<u>(478.0)</u>	<u>(448.0)</u>	<u>(926.0)</u>
<b>Contract Beds</b>	<b>721.0</b>	<b>31.0</b>	<b>752.0</b>

\* Includes a reduction of 46 beds related to realignment at Lookout Mountain.

	<b>Contract Beds</b>	<b>Estimated Rate</b>	<b>General Fund</b>	<b>Medicaid CF</b>	<b>Total</b>	<b>Net GF</b>
PRTF (0.0%)	0.0	\$385.00	0	0	0	0
TRCCF (34.5%) Treatment	248.7	\$181.40	16,466,676	0	16,466,676	16,466,676
TRCCF (34.5%) Fee-for-Service	248.7	\$18.58	0	1,686,609	1,686,609	843,304
<u>RCCFs (65.5%)</u>	<u>472.3</u>	<u>\$133.06</u>	<u>22,938,147</u>	<u>0</u>	<u>22,938,147</u>	<u>22,938,147</u>
<b>Total Commitment Beds</b>	<b>721.0</b>		<b>39,404,823</b>	<b>1,686,609</b>	<b>41,091,431</b>	<b>40,248,127</b>
Detention Beds	31.0	\$129.83	1,469,026	0	1,469,026	1,469,026
<b>DYC Request / Continuation Adjusted for Caseload</b>			<b>40,873,849</b>	<b>1,686,609</b>	<b>42,560,457</b>	<b>41,717,154</b>
Plus Provider Rate Increase (1.5% Increase)			<u>497,610</u>	<u>27,293</u>	<u>524,903</u>	<u>511,257</u>
<b>JBC Staff Recommendation</b>			<b>41,371,459</b>	<b>1,713,902</b>	<b>43,085,360</b>	<b>42,228,411</b>

*Assumptions:*

1. Assumes the December 2008 Legislative Council Staff (LCS) projection of 1,206 commitment beds for FY 2008-09.
2. Estimated beds for Boulder Impact Project reflect January 2009 DYC estimated capacity for FY 2008-09.
3. Assumes 479 detention beds pursuant to Section 19-2-1201, C.R.S. Of these, 448 are in state-operated facilities.
4. Assumes contract rates provided by the Division of Youth Corrections as a part of its FY 2008-09 bed plan as amended in January 2008.
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 budget request for FY 2008-09.
6. The calculation includes the portion of the 1.5 percent provider rate increase appropriated in FY 2008-09 that is not being requested by the Department as a reduction in FY 2008-09.

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**Supplemental Request, Department Priority #30a  
Hiring Freeze Savings**

	Request	Recommendation
Total	(\$399,735)	(\$399,735)
FTE	<u>0.0</u>	<u>(7.8)</u>
General Fund	(399,735)	(399,735)

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of <i>data that was not available when the original appropriation was made.</i>	

**Department Request:** The Department requests a FY 2008-09 supplemental reduction in the Division of Youth Corrections of \$399,735 General Fund related to hiring freeze savings.

**Staff Analysis:** Staff makes the following observations regarding this supplemental request.

1. *Supplemental Criteria Met.* Adjustments are requested based on the statewide hiring freeze that occurred in FY 2008-09. Because these hiring freeze savings are the result of data that was not available when the original appropriation was made, these adjustments meet the supplemental criteria.
2. *Useful to Reduce Unused Personal Services.* JBC staff believes it is useful for the Committee to reduce personal services appropriations based on hiring freeze savings accumulated by the Department. However, staff also believes it is appropriate to reduce the FTE by a commensurate level. Staff has calculated an FTE reduction of 7.8 FTE based on the average dollar amount per FTE in the affected line item (excluding contract dollars).

**Staff Recommendation:** Staff recommends that the Committee approve the request to reduce the personal services appropriation by \$399,735 General Fund related to hiring freeze savings. However, staff also recommends reducing the FTE in the affected line item by 7.8 FTE.

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**Supplemental Request, Department Priority #31  
Provider Rate Reduction**

	<b>Request</b>	<b>Recommendation</b>
Total	(\$268,180)	<u>Pending</u>
General Fund	(253,984)	
Reappropriated Funds	(14,196)	
<i>Medicaid Cash Funds</i>	<i>(14,196)</i>	
<i>Net General Fund</i>	<i>(261,082)</i>	

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of <i>data that was not available when the original appropriation was made.</i>	

**Department Request:** The Department requests a FY 2008-09 supplemental reduction of \$268,180, including \$253,984 General Fund and \$14,196 reappropriated funds, associated with a provider rate reduction.

**Staff Analysis:** Staff makes the following observations regarding this supplemental request.

1. *Supplemental Criteria Met.* Adjustments are requested based on reducing the provider rate increase that was included in the FY 2008-09 Long Bill. Because this reduction is the result of data that was not available when the original appropriation was made, these adjustments meet the supplemental criteria.
2. *Common Policy Determination.* It is staff's understanding that the Committee will address provider rate increases across all departments as a common policy supplemental issue. As such, staff's recommendation is pending a common policy determination with regard to provider rates.

**Staff Recommendation:** The staff recommendation for this request 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**



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**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.

**Other Balancing Options**

These options are presented without staff recommendation in order to maximize the Committee's choices. The Committee may wish to consider these options now or in the future.

**Numbering does not indicate priority.**

Options with <i>Appropriation</i> Impacts	GF	CF	RF	FF	Total	FTE
1	82,401	0	0	0	82,401	0.0
<b>Purchase of Contract Placements Reduction</b>						
This option includes the difference between staff's calculation of the required FY 2008-09 appropriation for the Purchase of Contract Placements line item and the Department's FY 2008-09 supplemental request for the line item. The Department has indicated that this difference would be used by the Division of Youth Corrections to maintain its Continuum of Care Initiative.						
2	13,297,406	0	0	0	13,297,406	0.0
<b>S.B. 91-94 Programs Reduction</b>						
This option would reduce the appropriation available for S.B. 91-94 programs. These programs are designed to provide local communities with alternatives to incarceration for youth offenders. During the previous economic downturn, this funding was reduced substantially. However, staff believes it actually costs the State more to eliminate these programs than it saves because the alternatives to incarceration are generally less costly than commitment to the Division of Youth Corrections.						
3	4,543,898	0	0	909,856	5,453,754	0.0
<b>Parole Program Services Reduction</b>						
This option would reduce the appropriation available for parole services. Currently, all youth offenders committed to the Division are required to complete six months of mandatory parole. This appropriation also was reduced substantially during the last downturn. Again, staff believes that it may cost the State more to reduce these services than it saves because a lack of parole services has been shown to increase recidivism. Given that the DYC commitment population has been declining in recent years, it may not be worth reducing this appropriation if it leads to an increasing commitment population in the future. Alternatively, the Committee could consider reducing or even eliminating mandatory parole; however, this would require a statutory change.						

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>DEPARTMENT OF HUMAN SERVICES</b>					
<b>Executive Director - Karen L. Beye</b>					
<b>Division of Youth Corrections Director - John Gomez</b>					
<b>Supplemental #17 - Department Technical</b>					
<i>(11) Division of Youth Corrections</i>					
<i>(B) Institutional Programs</i>					
Operating Expenses	<u>3,485,826</u>	<u>3,411,434</u>	<u>0</u>	<u>0</u>	<u>3,411,434</u>
General Fund	2,078,067	2,081,234	0	0	2,081,234
Reappropriated Funds	0	1,330,200	(1,330,200)	0	1,330,200
Federal Funds	1,407,759	0	1,330,200	0	0
<hr/>					
<b>Supplemental #28 - Reduction to Youth Corrections Based on Flexibility Allowed in Footnote 41 of H.B. 08-1375</b>					
<i>(11) Division of Youth Corrections</i>					
<i>(C) Community Programs</i>					
Purchase of Contract Placements	<u>45,508,487</u>	<u>53,665,253</u>	<u>(9,149,992)</u>	<u>(9,149,992)</u>	<u>44,515,261</u>
General Fund	43,657,783	50,857,836	(9,149,992)	(9,149,992)	41,707,844
Reappropriated Funds	1,850,704	2,807,417	0	0	2,807,417
Medicaid Cash Funds*	1,850,704	2,807,417	0	0	2,807,417
Net General Fund*	44,583,135	52,261,545	(9,149,992)	(9,149,992)	43,111,553
<hr/>					

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Supplemental #30a - Hiring Freeze Savings</b>					
<i>(11) Division of Youth Corrections</i>					
<i>(B) Institutional Programs</i>					
Personal Services - GF	46,740,221	42,666,971	(399,735)	(399,735)	42,267,236
FTE	792.4	794.3	0.0	(7.8)	786.5
<b>Supplemental #31 - Provider Rate Reduction</b>					
<i>(11) Division of Youth Corrections</i>					
<i>(B) Institutional Programs</i>					
Purchase of Contract Placements	<u>45,508,487</u>	<u>53,665,253</u>	<u>(268,180)</u>	<u>Pending</u>	<u>53,665,253</u>
General Fund	43,657,783	50,857,836	(253,984)	0	50,857,836
Reappropriated Funds	1,850,704	2,807,417	(14,196)	0	2,807,417
<i>Medicaid Cash Funds*</i>	<i>1,850,704</i>	<i>2,807,417</i>	<i>(14,196)</i>	<i>0</i>	<i>2,807,417</i>
<i>Net General Fund*</i>	<i>44,583,135</i>	<i>52,261,545</i>	<i>(261,082)</i>	<i>0</i>	<i>52,261,545</i>
<b>Totals Excluding Pending Items</b>					
Department of Human Services					
Totals for ALL DYC line items	131,679,204	143,531,783	(9,549,727)	(9,549,727)	133,982,056
FTE	<u>975.5</u>	<u>1,009.8</u>	<u>0.0</u>	<u>(7.8)</u>	<u>1,002.0</u>
General Fund	126,398,445	137,644,397	(9,549,727)	(9,549,727)	128,094,670
Cash Funds	83,306	89,548	0	0	89,548
Reappropriated Funds	2,004,935	4,637,357	(1,330,200)	0	4,637,357
Federal Funds	3,192,518	1,160,481	1,330,200	0	1,160,481
<i>Medicaid Cash Funds*</i>	<i>1,930,426</i>	<i>2,885,273</i>	<i>0</i>	<i>0</i>	<i>2,885,273</i>
<i>Net General Fund*</i>	<i>127,311,415</i>	<i>139,087,034</i>	<i>(9,549,727)</i>	<i>(9,549,727)</i>	<i>129,537,307</i>

	FY 2007-08	FY 2008-09	Fiscal Year 2008-09 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<b>Totals Including Pending Items</b>					
Department of Human Services					
Totals for ALL DYC line items	131,679,204	143,531,783	(9,817,907)	(9,549,727)	133,982,056
FTE	<u>975.5</u>	<u>1,009.8</u>	<u>0.0</u>	<u>(7.8)</u>	<u>1,002.0</u>
General Fund	126,398,445	137,644,397	(9,803,711)	(9,549,727)	128,094,670
Cash Funds	83,306	89,548	0	0	89,548
Reappropriated Funds	2,004,935	4,637,357	(1,344,396)	0	4,637,357
Federal Funds	3,192,518	1,160,481	1,330,200	0	1,160,481
<i>Medicaid Cash Funds*</i>	<i>1,930,426</i>	<i>2,885,273</i>	<i>(14,196)</i>	<i>0</i>	<i>2,885,273</i>
<i>Net General Fund*</i>	<i>127,311,415</i>	<i>139,087,034</i>	<i>(9,810,809)</i>	<i>(9,549,727)</i>	<i>129,537,307</i>

Key:

N.A. = Not Applicable or Not Available

\* These amounts are shown for informational purposes only. Medicaid cash funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed plus the General Fund transferred as part of Medicaid.