

This Adobe Acrobat file contains the following documents that were presented to the Joint Budget Committee.

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Department of Human Services FY 2007-08 Supplemental Requests January 24, 2007	Pages 2 through 46
Department of Human Services Staff Comeback - Older Americans Act Line Item Supplemental Request January 25, 2007	Pages 47 through 49
Department of Human Services Revised CBMS RFP Supplemental March 8, 2007	Pages 50 through 56
Department of Human Services Elimination of Office of CBMS Supplemental Budget Request and Budget Amendment March 12, 2007	Pages 57 through 59

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2006-07 SUPPLEMENTAL: DEPARTMENT OF HUMAN SERVICES

OFFICE OF INFORMATION TECHNOLOGY SERVICES

COUNTY ADMINISTRATION

SELF SUFFICIENCY

ADULT ASSISTANCE

PRIORITIZED AND NON-PRIORITIZED REQUESTS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

Prepared By:

Michael Cain, JBC Staff

January 24, 2007

For Further Information Contact:

**Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061**

**DEPARTMENT OF HUMAN SERVICES
(OITS, CA, SS, AA)
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 #5 - Aid to the Needy Disabled - State Only Budget Adjustment					
<i>(10) Adult Assistance Programs</i>					
<i>(C) Other Grant Programs</i>					
Aid to the Needy Disabled - State Only	<u>13,540,055</u>	<u>14,666,720</u>	<u>640,000</u>	<u>640,000</u>	<u>15,306,720</u>
General Fund	8,456,742	9,621,423	223,953	223,953	9,845,376
Cash Funds Exempt	5,083,313	5,045,297	416,047	416,047	5,461,344
Supplemental # 6 - TANF Federal Reporting CBMS Maintenance -- NEW LINE ITEM					
<i>(7) Office of Self Sufficiency</i>					
<i>(B) Colorado Works Program</i>					
TANF Federal Reporting Maintenance	<u>N.A.</u>	<u>N.A.</u>	<u>108,720</u>	<u>108,720</u>	<u>108,720</u>
Federal Funds			108,720	108,720	108,720
Supplemental # 7 - Federal TANF Reauthorization CBMS Changes -- NEW LINE ITEM					
<i>(7) Office of Self Sufficiency</i>					
<i>(B) Colorado Works Program</i>					
Federal TANF Reauthorization CBMS Change	<u>N.A.</u>	<u>N.A.</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Federal Funds			100,000	100,000	100,000

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental # 9 - Adjustment to County Reserve Accounts					
<i>(7) Office of Self Sufficiency</i>					
<i>(B) Colorado Works Program</i>					
County Reserve Accounts	<u>0</u>	<u>35,471,635</u>	<u>16,068,277</u>	<u>16,068,277</u>	<u>51,539,912</u>
Federal Funds	0	35,471,635	16,068,277	16,068,277	51,539,912
Supplemental # 10 - Development of RFP for CBMS Maintenance and Operations Support					
<i>(2) Office of Information Technology Services</i>					
Colorado Benefits Management System (CBM	<u>22,905,855</u>	<u>21,663,381</u>	<u>512,400</u>	<u>512,400</u>	<u>22,175,781</u>
General Fund	3,572,949	3,379,578	80,422	80,422	3,460,000
Cash Funds	1,814,249	1,727,966	41,120	41,120	1,769,086
Cash Funds Exempt	8,092,080	7,599,714	177,854	177,854	7,777,568
Federal Funds	9,426,577	8,956,123	213,004	213,004	9,169,127
<i>Medicaid Cash Funds</i>	<i>8,095,613</i>	<i>7,599,714</i>	<i>177,854</i>	<i>177,854</i>	<i>7,777,568</i>
<i>Net General Fund</i>	<i>7,906,820</i>	<i>6,880,878</i>	<i>163,741</i>	<i>163,741</i>	<i>7,044,619</i>
Supplemental # 11 - Adjustment to Workforce Development Council Line					
<i>(7) Office of Self Sufficiency</i>					
<i>(B) Colorado Works Program</i>					
Workforce Development Council	<u>64,007</u>	<u>65,000</u>	<u>11,813</u>	<u>11,813</u>	<u>76,813</u>
Federal Funds	64,007	65,000	11,813	11,813	76,813

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental # 13 - Duplicate 0.2% Reduction Taken for Colorado Works Administration					
<i>(7) Office of Self Sufficiency</i>					
<i>(A) Administration</i>					
Personal Services	<u>2,131,497</u>	<u>1,540,166</u>	<u>2,046</u>	<u>2,046</u>	<u>1,542,212</u>
General Fund	493,726	564,434	0	0	564,434
Federal Funds	1,637,771	975,732	2,046	2,046	977,778
Supplemental # 15 - Aid to the Needy Disabled - Colorado Supplement Program Budget Reduction					
<i>(10) Adult Assistance Programs</i>					
<i>(C) Other Grant Programs</i>					
Aid to the Needy Disabled State Supplemental					
Grant Program	<u>4,861,492</u>	<u>3,268,199</u>	<u>(1,298,199)</u>	<u>(1,298,199)</u>	<u>1,970,000</u>
General Fund	4,331,824	2,493,234	(1,038,559)	(1,038,559)	1,454,675
Cash Funds Exempt	529,668	774,965	(259,640)	(259,640)	515,325
Supplemental # 17 - Colorado Works Excess Long-Term Reserve Distribution to Counties					
<i>(7) Office of Self Sufficiency</i>					
<i>(B) Colorado Works Program</i>					
County Block Grants	<u>124,284,391</u>	<u>154,441,672</u>	<u>5,009,606</u>	<u>5,009,606</u>	<u>159,451,278</u>
General Fund	627,726	627,726	0	0	627,726
Cash Funds Exempt	25,786,567	25,323,033	0	0	25,323,033
Federal Funds	97,870,098	128,490,913	5,009,606	5,009,606	133,500,519

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental # 19 - Older Americans Act Program Budget Correction					
<i>(10) Adult Assistance Programs</i>					
<i>(D) Community Services for the Elderly</i>					
Older Americans Act Program	<u>9,800,886</u>	<u>13,421,987</u>	<u>720,000</u>	<u>0</u>	<u>13,421,987</u>
General Fund	544,537	489,694	0	0	489,694
Cash Funds	0	0	40,000	0	0
Cash Funds Exempt	0	3,126,763	0	0	3,126,763
Federal Funds	9,256,349	9,805,530	680,000	0	9,805,530
<hr/>					
Late Supplemental - County Contingency Emergency Property Tax Relief -- NEW LINE ITEM					
<i>(4) County Administration</i>					
County Contingency Emergency Property Tax Relief	<u>N.A.</u>	<u>N.A.</u>	<u>1,193,877</u>	<u>0</u>	<u>0</u>
General Fund			1,193,877	0	0
Cash Funds			0	0	0
Cash Funds Exempt			0	0	0
Federal Funds			0	0	0

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental # NP-1 - OCBMS Implement BENDEX Modernization					
<i>(2) Office of Information Technology Services</i>					
Colorado Benefits Management System (CBMS)	<u>22,905,855</u>	<u>21,663,381</u>	<u>176,367</u>	<u>176,367</u>	<u>21,839,748</u>
General Fund	3,572,949	3,379,578	27,681	27,681	3,407,259
Cash Funds	1,814,249	1,727,966	14,153	14,153	1,742,119
Cash Funds Exempt	8,092,080	7,599,714	61,217	61,217	7,660,931
Federal Funds	9,426,577	8,956,123	73,316	73,316	9,029,439
<i>Medicaid Cash Funds</i>	<i>8,095,613</i>	<i>7,599,714</i>	<i>61,217</i>	<i>61,217</i>	<i>7,660,931</i>
<i>Net General Fund</i>	<i>7,906,820</i>	<i>6,880,878</i>	<i>56,359</i>	<i>56,359</i>	<i>6,937,237</i>
Supplemental # T-1 - Older Americans Act Program Budget Correction					
<i>(10) Adult Assistance Programs</i>					
<i>(D) Community Services for the Elderly</i>					
Older Americans Act Program	<u>9,800,886</u>	<u>13,421,987</u>	<u>54,847</u>	<u>0</u>	<u>13,421,987</u>
General Fund	544,537	489,694	0	0	489,694
Cash Funds Exempt	0	3,126,763	54,847	0	3,126,763
Federal Funds	9,256,349	9,805,530	0	0	9,805,530

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental # T-7 - Various Program Corrections					
<i>(4) County Administration</i>					
County Administration	<u>51,083,943</u>	<u>36,029,995</u>	<u>0</u>	<u>0</u>	<u>36,029,995</u>
General Fund	11,138,800	14,259,460	0	0	14,259,460
Cash Funds Exempt	26,772,955	6,848,172	0	0	6,848,172
Federal Funds	13,172,188	14,922,363	0	0	14,922,363
<i>Medicaid Cash Funds</i>	<i>17,188,911</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net General Fund</i>	<i>16,701,994</i>	<i>14,259,460</i>	<i>0</i>	<i>0</i>	<i>14,259,460</i>
<i>(7) Office of Self Sufficiency</i>					
<i>(C) Special Purpose Welfare Programs</i>					
(8) Systematic Alien Verification for Eligibility	<u>42,952</u>	<u>49,912</u>	<u>0</u>	<u>0</u>	<u>49,912</u>
General Fund	8,683	10,646	(3,846)	(3,846)	6,800
Cash Funds	0	0	1,360	1,360	1,360
Cash Funds Exempt	28,612	28,620	5,380	5,380	34,000
Federal Funds	5,657	10,646	(2,894)	(2,894)	7,752
Total for Supplemental #T-7	<u>51,126,895</u>	<u>36,079,907</u>	<u>0</u>	<u>0</u>	<u>36,079,907</u>
General Fund	11,147,483	14,270,106	(3,846)	(3,846)	14,266,260
Cash Funds	0	0	1,360	1,360	1,360
Cash Funds Exempt	26,801,567	6,876,792	5,380	5,380	6,882,172
Federal Funds	13,177,845	14,933,009	(2,894)	(2,894)	14,930,115
<i>Medicaid Cash Funds</i>	<i>17,188,911</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net General Fund</i>	<i>16,701,994</i>	<i>0</i>	<i>(3,846)</i>	<i>(3,846)</i>	<i>(3,846)</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Previously Approved 1331 Supplemental - CBMS Emergency Processing Unit -- NEW LINE ITEM					
<i>Executive Director's Office</i>					
CBMS Emergency Processing Unit	<u>N.A.</u>	<u>N.A.</u>	<u>0</u>	<u>266,640</u>	<u>266,640</u>
General Fund			0	91,991	91,991
Cash Funds			0	21,331	21,331
Cash Funds Exempt			0	0	0
Federal Funds			0	153,318	153,318
<i>(7) Self Sufficiency</i>					
<i>(A) Administration</i>					
Personal Services	<u>2,131,497</u>	<u>1,540,166</u>	<u>245,212</u>	<u>0</u>	<u>1,540,166</u>
General Fund	493,726	564,434	84,598	0	564,434
Cash Funds	0	0	19,617	0	0
Cash Funds Exempt	0	0	0	0	0
Federal Funds	1,637,771	975,732	140,997	0	975,732
<i>(7) Self Sufficiency</i>					
<i>(A) Administration</i>					
Operating Expenses	<u>106,131</u>	<u>69,735</u>	<u>21,428</u>	<u>0</u>	<u>69,735</u>
General Fund	29,174	50,173	7,393	0	50,173
Cash Funds	0	0	1,714	0	0
Cash Funds Exempt	0	0	0	0	0
Federal Funds	76,957	19,562	12,321	0	19,562

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total for Previously Approved Supplemental	<u>2,237,628</u>	<u>1,609,901</u>	<u>266,640</u>	<u>266,640</u>	<u>1,876,541</u>
General Fund	522,900	614,607	91,991	91,991	706,598
Cash Funds	0	0	21,331	21,331	21,331
Cash Funds Exempt	0	0	0	0	0
Federal Funds	1,714,728	995,294	153,318	153,318	1,148,612

Totals Excluding Pending Items					
DEPARTMENT OF HUMAN SERVICES					
TOTALS for ALL Departmental line items	483,128,649	513,555,900	23,566,394	21,597,670	535,153,570
FTE	<u>403.7</u>	<u>462.9</u>	<u>0.0</u>	<u>0.0</u>	<u>462.9</u>
General Fund	63,140,382	75,993,154	575,519	(618,358)	75,374,796
Cash Funds	78,955,944	90,249,768	117,964	77,964	90,327,732
Cash Funds Exempt	107,818,820	62,119,198	455,705	400,858	62,520,056
Federal Funds	233,213,503	285,193,780	22,417,206	21,737,206	306,930,986
<i>Medicaid Cash Funds</i>	<i>25,751,906</i>	<i>8,054,974</i>	<i>239,071</i>	<i>239,071</i>	<i>8,294,045</i>
<i>Net General Fund</i>	<i>65,663,851</i>	<i>70,119,001</i>	<i>595,525</i>	<i>(506,361)</i>	<i>69,612,640</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplementals #NP-10, #NP-11, and #NP-12					
Non-Prioritized HCP&F CBMS Supplementals					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	362,030	<u>Pending</u>	<u>N.A.</u>
General Fund			56,819		
Cash Funds			29,051		
Cash Funds Exempt			125,680		
Federal Funds			150,480		
<i>Medicaid Cash Funds</i>			125,650		
<i>Net General Fund</i>			115,683		
<hr/>					
Statewide Supplementals					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	(1,161,461)	<u>Pending</u>	<u>N.A.</u>
General Fund			(516,377)		
Cash Funds			13,802		
Cash Funds Exempt			(23,697)		
Federal Funds			(635,189)		
<i>Medicaid Cash Funds</i>			(13,973)		
<i>Net General Fund</i>			(523,363)		

	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	483,128,649	513,555,900	22,766,963	21,597,670	535,153,570
FTE	<u>403.7</u>	<u>462.9</u>	<u>0.0</u>	<u>0.0</u>	<u>462.9</u>
General Fund	63,140,382	75,993,154	115,961	(618,358)	75,374,796
Cash Funds	78,955,944	90,249,768	160,817	77,964	90,327,732
Cash Funds Exempt	107,818,820	62,119,198	557,688	400,858	62,520,056
Federal Funds	233,213,503	285,193,780	21,932,497	21,737,206	306,930,986
<i>Medicaid Cash Funds</i>	<i>25,751,906</i>	<i>8,054,974</i>	<i>350,748</i>	<i>239,071</i>	<i>8,294,045</i>
<i>Net General Funds</i>	<i>65,663,851</i>	<i>70,119,001</i>	<i>187,845</i>	<i>(506,361)</i>	<i>69,612,640</i>

Key:

"N.A." = Not Applicable

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Supplemental # 5 - Aid to the Needy Disabled - State Only Budget Adjustment

	Request	Recommendation
Total	\$640,000	\$640,000
General Fund	223,953	223,953
Cash Funds	0	0
Cash Funds Exempt	416,047	416,047
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that updated information about the caseload for the program for this year constitute new information that meets the Committee's criteria.	

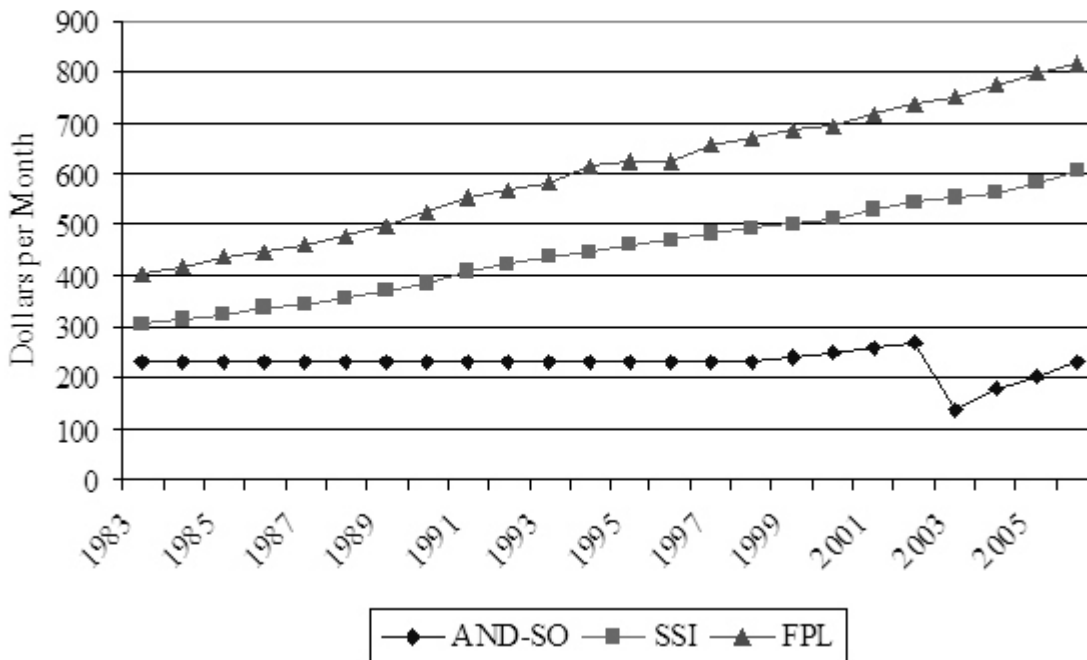
Department Request: The Department requests \$640,000 for the Aid to the Needy Disabled - State Only (AND-SO) program in order to accommodate an increase in the number of recipients. Cash funds exempt would be \$360,059 in increased collections and \$55,988 county share. In addition, the Department requests changes in the letter note language associated with the AND-SO cash funds exempt appropriation to indicate that the funding split is estimated, in order to allow the Department to make greater use of collections without a supplemental request. The Department is requesting an identical increase as an amendment to their FY 2007-08 budget request.

Staff Recommendation: While a complete analysis of this request as a stand-alone item is provided, staff recommends that the Committee consider it in combination with Supplemental #15, Aid to the Needy Disabled - Colorado Supplement Budget Reduction. Staff recommends that the Committee approve the Department's request for \$640,000. With respect to the letter note language, staff recommends that the Committee deny the request as a supplemental for the current fiscal year but reconsider it during figure setting for the FY 2007-08 Long Bill. These recommendations are based on the following analysis.

Background of the AND-SO program. AND-SO recipients must be between the ages of 18 and 59 and must have a disability that will prevent them from working for a period of six months or longer. The AND-SO program is intended to be an interim assistance program that provides basic support until the recipient can qualify for and receive federal Supplemental Security Income (SSI) payments. In order to qualify for the AND-SO grant, the individual must have income lower than the maximum grant standard. The maximum grant was last adjusted in April 2006, and is \$230 per month. According to the Department, approximately

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AND-SO Compared to SSI, Federal Poverty Level



20% of the recipients are homeless, 43% have some form of psychiatric disorder, and 34% have physical impairments.

AND-SO maximum grants are small compared to SSI or federal poverty levels. The graph above shows the history of the maximum grants for the AND-SO program and the federal SSI program, as well as the federal poverty level. For many years, the maximum AND-SO grant did not change. Increases made beginning in 1999 were sharply reversed in 2003 due to pressures on the State budget. At the present time, the maximum grant represents 38% of the federal SSI payment and only 28% of the federal poverty level.

Unanticipated caseload increase. The average monthly AND-SO caseload for FY 2005-06 was 5,439. According to Department figures, from April to July 2006, the AND-SO caseload increased by 220 recipients. The Department believes that the caseload level has now stabilized, but at the new level, the current appropriation is \$640,000 less than what would be needed to fund the current maximum grant level for the entire fiscal year. Staff believes that this unanticipated increase in caseload constitutes new information and satisfies the supplemental appropriation guidelines. The Department's alternative to the supplemental request

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would be to reduce the maximum grant to approximately \$210 per month for the remainder of FY 2006-07 in order to stay within the current appropriation. Staff recommends increasing the appropriation in preference to reducing the maximum grant.

Existing letter note specifies exact dollar amounts. The current Long Bill letter note for AND-SO funding specifies exact amounts. In particular, the dollars to be recovered from refunds are specified exactly. The Department reports that historically, collections have been somewhat higher than the amount specified in the letter note. With the present wording, such excess collections may not be spent, but must revert at the end of the fiscal year. The Department has requested that the amounts shown be described as "estimated". The General Assembly has used such language in other letter notes; that situation may indicate that there has been a historical reason for excluding the use of "estimated" for this line item.

If the Committee wishes to reconsider the spending flexibility that is given to the Department, staff recommends that it do so during figure-setting for the FY 2007-08 Long Bill. At that time, the Committee may consider a variety of options: whether more flexibility is necessary, to which funding sources such flexibility should be applied, and exactly how much flexibility should be provided. In addition, the Department has suggested the option of combining the AND-SO funding with the Aid to the Needy Disabled - Colorado Supplement program which would also increase spending flexibility. Staff believes that providing an increased degree of flexibility is worth considering, but not during the supplemental process, and recommends against changing the letter note at this time.

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Supplemental # 6 - TANF Federal Reporting CBMS Maintenance

	Request	Recommendation
Total	\$108,720	\$108,720
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	108,720	108,720

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that this request is in response to an unforeseen contingency, and that it meets the Committee's criteria for supplemental requests.	

Department Request: The Department requests spending authority for \$108,720 federal funds (TANF) in order to support maintenance costs for CBMS for federal reporting for the TANF program.

Staff Recommendation: Staff recommends that the Committee approve the Department's request. This recommendation is based on the following analysis.

Expense is part of CBMS contract. Colorado is required to report a variety of quarterly data to the federal government as part of the Temporary Assistance for Needy Families (TANF) program. The State has a contractual agreement with EDS, the vendor currently providing maintenance and operations support for the CBMS system, to support the federal reporting process for TANF. These support activities include responding to staff questions, help-desk tickets, and other on-call issues.

Request covers nine months from October 2006 to June 2007. Reporting using the EDS-supported process began in October 2006, and will be ongoing. The contract requires the State pay \$12,080 per month for the service. This yields the \$108,720 total for the request. The Department has submitted a decision item for the FY 2007-08 budget to include this ongoing expense in their base appropriation for CBMS. The original plan for this reporting function called for beginning in FY 2005-06. The Department indicates that funds to cover this particular expense were included in the appropriation for that year, but were not spent because of the delays. The State Controller did not grant a request from the Department for roll-forward authority, leading to the need for this supplemental. Staff believes that the delay in completing the reporting capability and the resulting expiration of spending authority is an unforeseen contingency that falls within the Committee's

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criteria for a supplemental request.

Failure to report can result in sanctions. Failure to provide the required reports in a timely and accurate manner may result in federal sanctions. These penalties could be as high as \$15 million in reductions in the State's TANF block grant.

Analysis. In order to meet its obligations to the federal government, the Department designed a reporting process. Support of that process is provided under contract by EDS, an outside vendor. Delays in implementing the process resulted in expiration of spending authority that would have covered the first year of the contract. Staff recommends that the Committee approve the Department's request in order to allow them to meet the terms of the contract and continue reporting in proper fashion.

Supplemental # 7 - Federal TANF Reauthorization CBMS Changes

	Request	Recommendation
Total	\$100,000	\$100,000
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	100,000	100,000

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that federal changes in the work participation requirements for the federal TANF program are new information that meets the Committee's supplemental criteria.	

Department Request: The Department requests a supplemental appropriation of \$100,000 in federal funds (TANF) to fund changes in the Colorado Benefits Management System (CBMS). These changes would allow Colorado counties to more accurately gather and report work participation rates. Following changes in federal TANF rules that became effective in October 2006, Colorado is no longer in compliance with the federally-required work participation levels. The federal government may impose sanctions if the State fails to meet the federal targets. The supplemental request is accompanied by a budget amendment for FY 2007-08 of \$250,000 in federal funds, making the total cost of the CBMS changes \$350,000.

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Staff Recommendation: Staff recommends that the Committee approve the Department's request. This recommendation is based on the following analysis.

Federal work participation rules have changed. In December 2005, Congress passed reauthorization legislation for the Temporary Assistance for Needy Families (TANF) program. President Bush signed the bill into law in February 2006. The federal Department of Health and Human Services issued new rules in June 2006. Those rules became effective October 1, 2006. One very important outcome of the rule changes was a significant increase in the effective work participation rate targets which Colorado is required to achieve within the program. This change was described in greater detail in staff's budget briefing for the Department previously presented to the Committee. Staff believes that these rule changes constitute an unforeseen contingency, and that the request meets the Committee's requirements for a supplemental item.

Significant federal sanctions are possible if Colorado fails to meet federal targets. The federal government may impose sanctions if the State fails to meet the federal targets. The initial sanction may be a reduction of up to 5% of the State's block grant, or about \$7.5 million. The State would also be required to replace the withheld funds with state or local dollars, effectively doubling the penalty to \$15 million. Federal penalties are not imposed immediately; the penalties may be waived if the U.S. Department of Health and Human Services approves a corrective compliance plan advanced by the State. The State is already out of compliance with the new federal rules, and staff believes that it is in the State's interest to begin efforts to correct that situation during the current fiscal year.

CBMS enhancements may improve the reported work participation rates. The Department, working with the counties, has committed to increasing work participation rates by 30%. The Department and counties have identified changes that could be made to CBMS that would allow the counties to more accurately record and report work participation activities. The current CBMS budget is committed to other change requests. The State has a system for ranking the priority of various change requests that are submitted, and the currently accepted requests are all high-priority items. Without a supplemental appropriation, some of these other high-priority requests would have to be delayed in order to accommodate the changes needed for work participation reporting.

TANF funds are available to cover this request. In response to footnote 82 in the 2006 Long Bill, the Department provided relatively detailed information about its TANF funds. In particular, the Department provided estimates that \$226.4 million total funds would be available to the State in FY 2006-07, and estimated that expenditures would total \$185.7 million.

Staff recommends approving this request. During discussion of the TANF rule changes during the budget briefing for the Department, staff noted that the State would almost certainly have to make changes in the Colorado Works program in order to comply with the new work participation rate targets. Changes would be required both programs and administration. This supplemental is requested in order to implement just such

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an administrative change. Funds are available to cover the request. Staff recommends approving the request.

Supplemental # 9 - Adjustment to County Reserve Accounts

	Request	Recommendation
Total	\$16,068,277	\$16,068,277
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	16,068,277	16,068,277

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]	
Staff and the Department agree that the supplemental request is the result of new data.	

Department Request: The Department requests an increase in spending authority of \$16,068,277 federal funds (TANF) for the county reserve accounts. This request is not for new dollars; it is an adjustment of spending authority for funds that were appropriated in prior years.

Staff Recommendation: Staff recommends that the Committee approve the Department's request. This is an annual request made by the Department. Pursuant to statute [Section 26-2-714 (5) (a), C.R.S.], at the end of each fiscal year, a county may retain the balance of the county block grant remaining in the county's reserve account. In order to comply with statute, the County Reserves balance must be recalculated at the end of each fiscal year to accurately reflect the correct spending authority. The current year appropriation is then adjusted to reflect the new spending authority amount through a supplemental request.

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Supplemental # 10 - Development of RFP for CBMS Maintenance and Operations Support

This supplemental request also appears as Supplemental #1 for the Governor's Office, and as a non-prioritized supplemental for the Department of Health Care Policy and Financing. In the following discussion, the phrase "the departments" should be interpreted to mean all three departments. A nearly identical 1331 supplemental request was submitted by the departments in November; the Committee chose not to act on that request. This request will *not* be discussed in detail during the presentation on Governor's Office requests.

	Request	Recommendation
Total	\$512,400	\$512,400
General Fund	80,422	80,422
Cash Funds	41,120	41,120
Cash Funds Exempt	177,854	177,854
Federal Funds	213,004	213,004
<i>Medicaid Cash Funds</i>	<i>177,854</i>	<i>177,854</i>
<i>Net General Fund</i>	<i>163,741</i>	<i>163,741</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]	
Staff agrees with the Department's assessment that the project plan developed in 2006 constitutes new information that satisfies the Committee's supplemental criteria.	

Department Request: The departments request \$512,400 in funding from several sources (identified in detail below) to hire outside experts to prepare an RFP for a new maintenance and operations support contract for CBMS. In addition, the departments request roll-forward authority for this funding if expenses, including payments, spill over into FY 2007-08.

Staff Recommendation: Staff recommends that the Committee approve the request in the amount of \$512,400 using the funding sources identified by the departments. Staff further recommends that the Committee grant the roll-forward authority requested. This recommendation is based on the following considerations and analysis.

CBMS will require ongoing maintenance and operations support. CBMS is a large, complex, *dynamic* IT system. It is a component in the distribution of over two billion dollars in annual benefits, maintains records for over 500,000 individual clients, and supports processing of some 40,000 re-determinations and

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30,000 new applications each month. Over 80 separate benefits programs are affected in some way by the system. CBMS is required to interface with over 100 other IT systems. Any changes in eligibility requirements in any of those programs, in record-keeping required by state or federal statute or rules, or in the information that must be exchanged with external systems or the methods of exchange require modifications to code and/or data tables within CBMS. The contract with the current support vendor will expire on July 15, 2008. Staff believes that the risks of continuing operations without a new contract are unacceptable, and agrees with the departments that July 15, 2008 is currently a hard date by which new support arrangements must be in place.

Maintenance and operations support is a large job. CBMS consists of three million lines of source code, plus all of the fixed data tables that drive portions of the code. Because of the critical role that CBMS plays in the delivery of social services in Colorado, even small changes require that extensive testing be performed. The software engineering literature is filled with examples of systems in which small changes were made and put into service without adequate testing, and resulted in very large problems in the field. An extensive staff is required to handle the design, implementation and system testing of the ongoing changes that will be required. EDS, the developer of CBMS and the current support vendor, is scheduled to be paid \$8.7 million for such services in the upcoming fiscal year. Based on their experience with the current arrangement, the departments wish to include maintenance of decision tables – a task currently handled by the State – in the new contract. This will make the vendor's task somewhat larger, but will allow improved coordination of code and data changes.

Re-procurement appears to be both necessary and desirable. Much of the development cost for CBMS was paid with federal dollars. The federal government requires that projects to which they contribute be rebid from time to time. In order to seek a long-term extension of the current contract, Colorado would need to get permission from all of the federal agencies whose funds were used in the development. At least one of those agencies has indicated, informally, that they will not give that permission. Given the size of the payments involved, staff agrees that the departments should allow multiple vendors to bid for this work. As will be discussed below, allowing for the possibility that a new vendor will win the contract, and the time that a new vendor would require to learn the CBMS internals, is a dominant factor in the schedule that motivates the timing of the departments' request for funding.

The clarity and overall quality of the new contract will depend on the quality of the RFP, and the departments lack the expertise to prepare a high-quality RFP. An RFP that clearly spells out exactly what services the State requires from the vendor improves all of the subsequent steps of the process. The quality of the vendor responses is improved because they start with a better understanding of exactly what is expected of them. High-quality responses make the job of vendor selection easier by reducing the number of times the selection team may have to request additional or clarifying information. Finally, contract negotiations will be simpler if both parties already have a clear understanding of exactly which services are to be delivered. Staff notes that many people attribute a significant part of the serious problems that CBMS experienced at

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roll-out to the poor quality of the initial contract. The departments state in their request that they lack the expertise to prepare a high-quality RFP, and staff has no reason to think that they are underestimating their own abilities. Preparing a high-quality RFP for an IT project is somewhat of an art, and experience is a significant advantage. The departments do not write RFPs for large IT projects often, so it is not surprising that they lack expertise in that particular area. Staff believes that hiring an external specialist firm to provide the necessary skills should greatly improve the quality of the RFP.

The departments' project schedule appears reasonable. The project activities along with their start and completion dates as listed by the departments are shown in the following table. The overall length of the schedule is dominated by the possibility that a vendor other than EDS will be selected. In order to accommodate that case, the schedule allows for a period where the new vendor works in parallel with the current vendor in order to learn the details of the system. The project plan includes eight months of parallel operation.

Task	Start Date	End Date
Research best practices	04/01/06	07/01/06
Determine RFP Committee membership	06/01/06	07/01/06
RFP Research	07/14/06	10/25/06
Select RFP writing vendor	02/05/07	04/13/07
First RFP draft	04/23/07	06/22/07
Review by EDs and CIOs	06/25/07	07/20/07
Final RFP development start	07/23/07	08/17/07
Review by federal agencies	06/22/07	08/17/07
Review by EDs and CIOs	08/06/07	08/17/07
RFP released	08/20/07	08/20/07
RFP responses due	11/03/07	11/03/07
Review RFP responses	11/06/07	11/06/07
Award new contract	11/22/07	11/22/07
Contract negotiations	11/22/07	12/28/07
New contractor transition overlap	12/31/07	07/15/08
Start of new vendor support	07/01/08	

Eight months is not unreasonable for that portion of the project. The vendor must become familiar with the large body of code that makes up CBMS as well as the ways that Colorado makes use of the system. In

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addition to the code, many of the processes that CBMS implements are "data driven"; that is, data tables define the actual rules for eligibility and other conditions, and non-specialized code interprets those tables in order to make decisions. Under the current contract, many of those data tables are maintained by the State. The departments intend to include maintenance of the data tables as part of the responsibilities of the new vendor, increasing the amount that vendor will have to learn. A successful handover to a new vendor will be less likely if this part of the schedule is shortened. Under this schedule, the RFP will not be completed until the early part of FY 2007-08. As a consequence of that, staff recommends that the Committee grant the requested roll-forward authority for the funding in this supplemental.

This supplemental request is based on new information. The current project schedule was developed in detail as part of the initial "researching best practices" task conducted from April to July of 2006. The departments state that only after the details of the current schedule were completed did they realize how soon the RFP writing task would have to begin. Staff believes that this qualifies as new information under the Committee's criteria for supplemental requests.

The requested amount appears to be a reasonable minimum for what might be needed. The departments developed the \$512,400 figure for this supplemental request by estimating the levels of expertise that would be required (senior consultant, consultant, junior consultant), the number of hours that would be required in each of those categories, and the billing rates that a consulting firm would use for each category. As a sanity check, the departments cite the State's recent experience in hiring an outside firm to prepare the RFP for the re-bid of Colorado's Medicaid Management Information System (MMIS). The total cost in that case was \$457,600. Staff's opinion is that the CBMS RFP will be at least as complex as the MMIS RFP, and probably more so. The departments point out that the actual cost for the CBMS RFP could be significantly higher than the amount they are requesting because vendors might consider writing an RFP associated with CBMS to be a high-risk undertaking. The departments estimate that the actual costs could be as high as \$2 million. The actual amount will not be known until after bids are received. However, with the requested amount in hand, the RFP writing process could begin.

Covering the costs out of existing appropriations is not possible. Historically, the departments have taken the approach of including only routine operations and small-scale developments in the base budget for CBMS. If and when more significant undertakings related to CBMS were necessary, the departments sought additional funding or spending authority for those activities from the Legislature. In one case, such an undertaking was funded in part by the Governor's Office using flexible federal funds rather than by making a supplemental request. To staff's knowledge, such alternative funding sources are no longer available. This request is in line with that historical practice: the departments covered the early planning steps for the RFP process with their base budget, and are now seeking funding to execute a specific sizeable project.

Other factors that may matter. The departments are considering the option of seeking a one-year extension of the current contract with EDS. If such an extension is obtained, then the time pressure for releasing an RFP

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would be relaxed considerably. Pursuing the extension requires both concurrence by all involved parties at the state level, and obtaining permission from the federal agencies that have funded much of the CBMS development. It is unlikely that the departments will know if the current contract will be extended prior to the scheduled beginning of the RFP writing. A one-year extension would only delay the need for an RFP, not eliminate it. A one-year delay would not have large impacts on the content of the RFP, so preparing it in 2007 would not be a "wasted" effort.

Funding details. The details of the funding sources identified by the departments are shown in the following tables. Note that funds from the Department of Health Care Policy and Financing are transferred first to the Department of Human Services, where additional funding is added and the total amount of \$512,400 is then transferred to the Office of CBMS. All of the funding sources appear to have adequate reserves to cover the costs of this supplemental.

Governor's Office

(6) Office of Colorado Benefits Management System

Line item: Program Costs

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$0	\$0	\$512,400	\$0

Cash funds exempt are transferred from DHS

Department of Human Services

(2) Office of Information Technology Services

Line item: Colorado Benefit Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$80,422	\$41,120	\$177,854	\$213,004

Cash funds are from Old Age Pension Fund

Cash funds exempt are transferred from HCP&F

Federal funds are \$146,290 TANF and \$66,714 Food Stamps

Department of Health Care Policy and Financing

(6) Department of Human Services Medicaid-Funded Programs

(B) Office of Information Technology Services - Medicaid Funding

Line item: Colorado Benefits Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$177,854	\$83,319	\$0	\$10,640	\$83,895

Cash funds exempt are \$9,720 from Children's Basic Health Plan Trust Fund and \$920 from Old Age Pension Fund

Federal funds are Title XIX and Title XXI

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Summary and recommendations. Staff believes that the important factors in deciding on this supplemental request are the following:

- Current contract for maintenance and operations support will expire July 15, 2008.
- Maintenance and operations support activities will have to continue, and a vendor must be hired to do that job.
- The schedule for hiring a vendor that allows for the time a new vendor would need to learn the system requires RFP writing to begin in April 2007, and is reasonable.
- The schedule provides previously unknown information and justifies a supplemental request.
- The same schedule indicates that the RFP will not be released prior to the end of FY 2006-07, so roll-forward of the spending authority may be needed.
- The amount of the request appears to be a reasonable estimate of the cost for the task, excluding an unknown factor vendors may demand for undertaking a project they perceive as exposing them to various sorts of unusual risk.

Based on these factors, staff recommends the Committee approve the departments' request in the amount of \$512,400. Staff further recommends that the Committee approve roll-forward spending authority for these funds.

Supplemental # 11 - Adjustment to Workforce Development Council Line

	Request	Recommendation
Total	\$11,813	\$11,813
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	11,813	11,813

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]	
Staff and the Department agree that this request is made on the basis of new information.	

Department Request: The Department requests an appropriation of \$11,813 federal funds (TANF) for the

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Workforce Development Council line item. For fiscal year 2006-07, the General Assembly increased the Department of Local Affairs' Workforce Development Council appropriation from \$340,395 to \$466,016. Pursuant to the federal Workforce Investment Act of 1998, the Department of Human Services is required to contribute a portion of that increased appropriation in TANF dollars. Based on the formula that determines the amount each agency is required to contribute, the Department's share increases from the \$65,000 in the 2006 Long Bill to \$76,813. This supplemental request covers that increase.

Staff Recommendation: Staff recommends that the committee approve the Department's request. This recommendation is based on the following analysis.

Pursuant to the federal Workforce Investment Act of 1998, the Department is required, as the recipient of the federal TANF block grant, to contribute to the Workforce Development Council (WDC) budget. Pursuant to state statute [Section 24-46.3-101, C.R.S.], the allocation of the WDC Council budget is determined by the Office of State Planning and Budgeting (OSPB). OSPB informs the departments which must contribute to the WDC budget what their allocation is in late May or early June. As the result of this timing, any changes from the previous year's continuation level must be submitted as a supplemental request.

Supplemental # 13 - Duplicate 0.2% Reduction Taken for Colorado Works Administration

	Request	Recommendation
Total	\$2,046	\$2,046
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	2,046	2,046

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]	
Staff and the Department agree that a technical error was made during figure-setting for the FY 2006-07 Long Bill.	

Department Request: In the 2006 Long Bill, the administrative costs for the Colorado Works program were separated from the rest of the administrative costs incurred by the Division of Self Sufficiency. During figure setting, the standard 0.2% reduction in the base amount was applied to the entire administrative amount, then

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applied again to the portion of the administrative appropriation that was split off for the new Colorado Works administration line item. The Department requests a supplemental appropriation of \$2,046 in federal funds (TANF) to correct this error.

Staff Recommendation: Staff recommends that the Committee approve the Department's request for the correction of a technical error.

Supplemental # 15 - Aid to the Needy Disabled - Colorado Supplement Program Budget Reduction

	Request	Recommendation
Total	(\$1,298,199)	(\$1,298,199)
General Fund	(1,038,559)	(1,038,559)
Cash Funds	0	0
Cash Funds Exempt	(259,640)	(259,640)
Federal Funds	0	0

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]	
Staff and the Department agree that up-to-date information regarding caseload and average grant size for the AND-CS program constitute new data in accordance with the Committee's criteria for supplemental requests.	

Department Request: The Department requests a reduction in the Aid to the Needy Disabled - Colorado Supplement program of \$1,298,199. Of this total, \$1,038,559 would be General Fund dollars. The cash funds exempt dollars represent the county 20% share of the AND-CS grants.

Staff Recommendation: Staff recommends that the Committee approve the Department's request. This recommendation is based on the following analysis.

Spending is determined by caseload, grant size, and other factors. AND-CS grants are paid to recipients of federal Supplemental Security Income (SSI) benefits. The Colorado grants are intended to "top up" the total received by SSI clients who get less than the maximum federal grant. The amount to be paid out thus depends on the caseload (number of clients who are paid), the size of the maximum federal grant, and the amount by which the average client's federal grant falls below the federal maximum. Neither the caseload

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nor the average payment can be determined accurately in advance. For example, the federal grant standard was increased from \$603 per month to \$623 per month, effective January 1, 2007. Updated information on these factors represents new information that meets the JBC standard for considering a supplemental.

Increasing grant size has other consequences. One alternative to reducing the appropriation would be for the Department to increase its spending by increasing the size of the AND-CS grant. The AND-CS grant standard is currently tied to the federal SSI grant (so was also increased effective January 1). If the AND-CS grant standard were increased so that it would be larger than the federal SSI maximum, all of the more than 50,000 SSI recipients in Colorado would become eligible for AND-CS benefits. This could put the State in the position of having to process large numbers of applications and to then write large numbers of (probably) small monthly checks. In addition, increasing the grant size in order to increase current spending could result in an increase in future maintenance of effort spending requirements.

Maintenance of effort requirements are not threatened by this request. The federal government requires states to make a certain level of payments to SSI recipients. This requirement is called the "maintenance of effort" requirement, or MOE. Colorado's MOE is based on the total amount paid to SSI recipients through a variety of programs. Some payments such as the AND-CS grants are made only to SSI recipients. In other programs, such as Colorado's property tax rebate, only the portion of total payments made to SSI recipients counts towards the MOE. MOE calculations are made, in this case, on a calendar year basis. The Department believes that the reduced spending anticipated by this supplemental request will not threaten Colorado's ability to meet its MOE target for calendar year 2007.

General Fund dollars will revert at the end of the fiscal year. If the supplemental request is not granted, and the anticipated underspending occurs, the General Fund dollars will revert at the end of the fiscal year. One way to look at that situation is that the dollars aren't going to "disappear" if this supplemental request is not approved. However, in light of other supplemental requests for increased General Fund spending, the General Assembly may find it desirable to have the money available now, for the current fiscal year, rather than at the end of June.

More complicated alternatives within the AND programs are possible. In its cost-benefit analysis, the Department points out that there are relationships between some of the AND programs. For example, the AND-SO program is an interim program which pays benefits to clients who have applied for federal SSI benefits but have not yet been accepted. Once accepted, those clients are no longer eligible for AND-SO benefits, but may be eligible for AND-CS benefits. Thus the speed at which applications are processed by the federal government may result in more or less clients making that transition. In this year's supplemental package, the Department has requested both an increase of \$640,000 in AND-SO funding and a decrease of \$1,298,199 in AND-CS funding. Some (although it is difficult to determine how much) of that may be the result of clients waiting longer for acceptance in the SSI program. The Department points out that simplification is possible by combining the funding for the two programs.

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Staff believes that there are potential advantages to simplifying the AND funding. However, staff recommends that the Committee not consider such changes as part of the supplemental process for the current fiscal year.

Supplemental # 17 - Colorado Works Excess Long-Term Reserve Distribution to Counties

	Request	Recommendation
Total	\$5,009,606	\$5,009,606
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	5,009,606	5,009,606

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]	
Staff and the Department agree that changes in the federal requirements for work participation in TANF families constitute an unforeseen contingency under the Committee's criteria.	

Department Request: The Department requests spending authority to distribute \$5,009,606 in excess Colorado Works Long-Term Reserve funds to county departments of social services to assist the counties in meeting the federal TANF work participation rates. These funds represent prior year TANF grants. The Department's preferred method for determining the distribution of funds to counties would consider their TANF caseloads, their current work participation rates, and their county reserve balance.

Staff Recommendation: Staff recommends that the Committee approve the Department's request. This recommendation is based on the following analysis.

Excess long-term reserve funds are distributed from time to time. The Colorado Long-Term Works Reserve Fund is created by statute and shall consist of TANF block grant and other moneys to be used for the purpose of implementing the Colorado Works program [Section 26-2-721, C.R.S.]. The Department states that its policy is to maintain at least \$15 million in the Fund. The Department further states that it feels obligated to distribute of excess funds back to counties for implementation of their TANF programs. The current balance is approximately \$21.5 million. The Department's request seeks authority to distribute just

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over \$5 million to the counties, leaving \$16.5 million in the fund.

The Department has statutory flexibility in determining distribution formulas. Pursuant to Section 26-2-714, C.R.S., the Department is allowed to adjust the county block grants based upon a broad set of factors and subject to a variety of constraints. In determining such adjustments, the Department is required to reach agreement with the Works Allocation Committee, five of whose seven members are appointed by a statewide county association. As part of this supplemental request, the Department seeks permission to make allocations with the intent of assisting those counties most in need of help in meeting new federal requirements for work participation rates in the TANF program.

Federal work participation rules have changed. In December 2005, Congress passed reauthorization legislation for the Temporary Assistance for Needy Families (TANF) program. President Bush signed the bill into law in February 2006. The federal Department of Health and Human Services issued new rules in June 2006. Those rules became effective October 1, 2006. One very important aspect of the reauthorization legislation was a significant change in way that the work participation rates which states are required to achieve within the program are calculated. This change was described in greater detail in staff's budget briefing for the Department previously presented to the Committee. Staff believes that these rule changes constitute an unforeseen contingency, and that the request meets the Committee's requirements for a supplemental item.

Significant federal sanctions are possible if Colorado fails to meet federal targets. The federal government may impose sanctions if the State fails to meet the federal targets. The initial sanction may be a reduction of up to 5% of the State's block grant, or about \$7.5 million. The State would also be required to replace the withheld funds with state or local dollars, effectively doubling the penalty to \$15 million. Federal penalties are not imposed immediately; the penalties may be waived if the U.S. Department of Health and Human Services approves a corrective compliance plan advanced by the State. The State is already out of compliance with the new federal rules; staff believes that it is in the State's interest to begin efforts to correct that situation during the current fiscal year.

Some counties are in difficult positions with respect to funding program changes to meet new requirements. The Department reports that some counties have low work participation rates, high TANF caseloads, and little or no funds in their reserve accounts. Such counties are in a difficult situation if they need to make changes in their current programs to help the state meet its new TANF work participation targets. Analysis presented by staff in the most recent budget briefing pointed out that, unless a small number of counties with the highest TANF caseloads meet the new targets, the State will likely fail to meet its overall target. Staff believes that supplements to the county block grants intended to address the work requirement targets must be allocated according to such factors.

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Supplemental # 19 - Older Americans Act Program Budget Correction

	Request	Recommendation
Total	\$720,000	\$0
General Fund	0	0
Cash Funds	40,000	0
Cash Funds Exempt	0	0
Federal Funds	680,000	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	NO
The Department characterizes letter note text which appeared in the 2004 Long Bill, but was missing in the 2005 and 2006 Long Bills, as new information. In supplemental request #T-1, the Department characterizes this same missing text as a technical error. Staff disagrees in both cases.	

Department Request: The Department requests an increased spending authority of \$40,000 in cash funds and \$680,000 in Federal Funds. The cash funds amount would be from current period interest on the Older Coloradans Cash Fund, and the federal funds are anticipated federal matching dollars under the Older Americans Act.

Staff Recommendation: Staff recommends that the Committee deny the Department's request on the grounds that it does not meet the Committee's supplemental criteria. In the event that the Committee decides that this request does meet criteria, staff recommends that the Committee deny the request on the grounds that it constitutes substantive legislation. This recommendation is based on the following analysis.

History of the letter note in question. S.B. 05-114, a supplemental appropriations bill for the Department of Human Services, included the following footnote for the cash funds exempt funding for the Older Americans Act Programs line item:

^fOf this amount, \$3,039,710 (L) shall be from local funds and is shown for informational purposes, and \$87,053 shall be from interest earnings on the Older Coloradans Cash Fund pursuant to Section 26-11-205.5 (5), C.R.S.

In the unamended 2004 Long Bill, and in the 2005 and 2006 Long Bills, the corresponding letter notes read:

^cThese amounts, shown for informational purposes only, shall be from local funds.

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The Department states that the version added in S.B. 05-114 was intended to be continuing in nature, and the change that occurred in the 2005 Long Bill (and again in 2006) was a technical error. At this point in time, staff believes that this difference cannot be considered as either a technical error or new information, and that this request does not meet the criteria for a supplemental. Inasmuch as the Department has indicated that they wish the change to be permanent, providing access to the interest income portion of the Older Coloradans Cash Fund each year, staff believes this should be at least a decision item. The Department has submitted an identical budget amendment request for FY 2007-08.

The Older Coloradans Cash Fund. Pursuant to statute [Section 36-29-123, C.R.S.], \$3 million of state sales and use tax revenue is to be deposited into the Older Coloradans Cash Fund each year. Further, statute requires that interest earned on the fund shall be credited to the fund [Section 26-11-205.5 (5), C.R.S.]. At the present time, the interest portion of the fund is approximately \$169,000, and the fund earns on the order of \$50,000 in interest each year. By statute [Section 26-11-205.5 (2), C.R.S.], moneys appropriated from the Fund are to be distributed to Area Agencies on Aging (AAAs) using the same formula that the State uses to distribute funds available under the Older Americans Act of 1965 (Title III), *but the state funds are allocated as a whole rather than to the individual parts of Title III.*

Spending on Older Americans Act Programs draw down federal matching dollars, and incur certain restrictions. State spending on programs under the Older Americans Act draws down federal matching funds at a ratio of \$17 federal dollars for every state dollar. The \$40,000 requested by the Department is anticipated to draw down some \$680,000 in matching funds, making a total of \$720,000 available for the Older Americans Act programs. State funds used to draw down the federal match are subject to federal requirements and restrictions on how the funds are to be allocated across programs.

Diversion from Older Coloradans to Older Americans defeats legislative intent. Both the Older Americans Act and the Older Coloradans program are intended to provide services to the elderly. The Department makes the argument that because of the similarities in the services, expending funds from the Older Coloradans Cash Fund on services in the federally-matched program is consistent with the original intent of the legislation. Staff notes that while the services may be similar, the diversion defeats the clear legislative intent of giving the individual AAAs local control in allocating funds between services based on local needs. Staff believes that this constitutes substantive legislation not allowed in the Long Bill, and recommends the Committee deny the request.

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Late Supplemental - County Contingency Emergency Property Tax Relief

	Request	Recommendation
Total	\$1,193,877	\$0
General Fund	1,193,877	0
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	NO
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
The Department asserts that this request is made on the basis of new information, but does not indicate precisely which information is new. The situation surrounding the County Contingency Fund is ongoing, not new.	

Department Request: The Department requests one-time spending authority of \$1,193,877 General Fund for emergency property tax relief to selected counties who cannot meet their 20% share of the cost of social services. The Department also recommends assembling a workgroup of county commissioners, county directors, and representatives from the Department to address concerns with the existing County Contingency Fund statute.

Staff Recommendation: Staff recommends that the Committee deny the Department's request on the grounds that it does not meet the Committee's criteria for a supplemental request. If the Committee decides that the request does satisfy the criteria, staff recommends that the Committee deny the request on the grounds that the Department lacks statutory authority to act in this fashion. This recommendation is based on the following analysis.

County Contingency Background. Pursuant to statute [Section 26-1-122, C.R.S.], each Colorado county is required to fund 20% of the costs of state-mandated social services delivered in that county. The County Contingency Fund was created [Section 26-1-126, C.R.S.] to assist in mitigating the burden this might place on property tax payers in counties with a combination of high case loads and/or low property values. The Fund pays up to 50% of a calculated "shortfall" in counties that meet specific criteria. The formula for calculating the shortfall is given in statute. The total amount provided to all counties can be limited by the amount appropriated to the Fund by the General Assembly. In the event that the appropriated funds are not sufficient to cover all county claims, payments to counties are prorated based on the size of the claims.

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County Contingency formula leads to more counties qualifying for assistance. The formula provided in Section 26-1-126, C.R.S., is such that the county "share" that is used for comparison will remain relatively constant: as property values increase, the mill levy used in the calculation is decreased correspondingly. The cost of social services, on the other hand, tends to increase with a variety of factors such as inflation. One outcome that could be expected from this arrangement is that over time, more counties will qualify for County Contingency funding. Today, 41 of Colorado's counties do qualify. Funding which was intended to assist a small number of counties must now be distributed across almost two-thirds of the counties.

In recent years, the appropriation has not fully funded the amount calculated by formula. During the 1990s, the State typically appropriated the full amount calculated by the statutory formula. In recent years, that has not happened. The appropriation for the current fiscal year is \$11,069,321. This is \$10,178,923 less than the total calculated by the formula. Counties are receiving only a little more than half of the state's share of the their calculated shortfall.

The Department may fund counties at a higher level in case of emergency. The Department is normally allowed to reimburse counties at a rate no higher than 80% of the cost of providing the social services. Section 26-1-122 (4) (d)), C.R.S., however, authorizes the Department to reimburse counties at a rate higher than 80% in cases of an "emergency or other temporary condition". The statute appears to leave the determination of what conditions qualify to the discretion of the Department, but does indicate that the conditions must be temporary. The Department has chosen the 15 counties that would receive assistance under this request (shown in the following table) on the basis of a calculation done using a modified version of the statutory County Contingency formula. Nothing in the Department's analysis suggests that the modifications were based on temporary conditions in those counties. Staff believes that these counties qualify because of long-term trends; that the same counties would have qualified if the modified test had been applied last year; and that the same counties will qualify for an indefinite period into the future if a similar criteria were used.

County	Proposed Distribution		County	Proposed Distribution
Alamosa	\$101,717		Logan	\$32,065
Bent	32,397		Mesa	139,105
Conejos	40,043		Otero	84,582
Costilla	6,420		Prowers	53,158
Crowley	17,242		Pueblo	549,894
Delta	16,638		Rio Grande	32,224
Fremont	55,257		Saguache	22,315

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Lincoln	10,820			
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The request meets neither the supplemental criteria nor the statutory authority. Because the same counties would have been singled out by applying a similarly modified formula last year or next year, staff believes that the request fails to meet the new-information criterion for supplemental requests. After consulting with Legislative Legal Services, staff believes that the conditions that were used to qualify the counties are not temporary and therefore the Department lacks statutory authority to use these conditions to justify the modification of its reimbursement rate for these counties.

Supplemental # NP-1 - OCBMS Implement BENDEX Modernization

This supplemental is prioritized request #2 from the Office of CBMS within the Governor’s office. It is presented here because staff is attempting to keep CBMS requests in as few packets as reasonable. The same request appears as a non-prioritized request by the Department of Health Care Policy and Financing (HCP&F). Where staff uses “the departments” in the following discussion, the intent is to include all of the Office of CBMS, the Department of Human Services (DHS), and HCP&F.

	Request	Recommendation
Total	\$176,367	\$176,367
General Fund	27,681	27,681
Cash Funds	14,153	14,153
Cash Funds Exempt	61,217	61,217
Federal Funds	73,316	73,316
<i>Medicaid Cash Funds</i>	<i>61,217</i>	<i>61,217</i>
<i>Net General Fund</i>	<i>56,359</i>	<i>56,359</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]	
Staff agrees with the Departments’ assessment that the release of federal requirements for the updated BENDEX interface in October 2006 constitutes new information within the meaning of the Joint Budget Committee’s criteria.	

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Department Request: The departments request \$176,367 from various sources to fund changes to the CBMS interface that allows the system to accept BENDEX records from the federal Social Security Administration (SSA). States are required by federal statute to accept information in the BENDEX formats. These formats were recently changed.

Staff Recommendation: Staff recommends that the Committee approve the departments' request. This recommendation is based on the following analysis.

Background on the BENDEX system. The federal Social Security Administration (SSA) operates the Beneficiary Earnings and Data Exchange (BENDEX) system that contains master records for all Social Security Title II benefits. The BENDEX system also contains data on benefits paid for Medicare Part A (hospitalization) and Medicare Part B (medical services). BENDEX records are provided to the states for use in their federally-mandated income and eligibility determination systems. The federal Medicare Prescription Drug, Improvement and Modernization Act of 2003 required that additional benefits be reported. The final rules implementing the federal statutory requirement were published on October 27, 2006. The SSA is in the process of modifying the BENDEX system and the BENDEX records that are provided to the states to incorporate the additional data.

Department of Human Services provides BENDEX services to the counties. Pursuant to statute [Section 26-1-111, C.R.S.], the Department of Human Services (DHS) provides services to the counties to assist them in the delivery of social services. One of those services is the automated use of BENDEX records by CBMS. In addition, DHS is required by statute [Section 26-2-105, C.R.S.] to comply with federal requirements for public assistance programs, which include proper use of the BENDEX records. According to DHS, over 126,000 individuals receiving public assistance in Colorado are affected by BENDEX information. If CBMS is not modified to match the new changes in the BENDEX data, the only alternative appears to be to process and apply the data manually. Staff believes this would impose a nearly-impossible increase in workload on county staffs.

Risks associated with non-compliance. Failure to make use of updated BENDEX information puts the State at risk of federal sanctions due to overpayment of benefits.

Amount of the request appears to be reasonable. The departments state that the development costs for the changes to the BENDEX interface would be \$147,567 as determined by the standard change request estimation process. In addition, the departments estimate an additional \$28,800 will be needed to develop testing scenarios and to conduct the tests. These amounts are in line with various other requests that have been made for CBMS enhancements and modifications.

Accommodating this development within existing resources defers other changes. The amount of this request is approximately one-third of the remaining CBMS maintenance budget. In order to fund this change

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without an additional appropriation, other high-priority change requests would have to be deferred. The departments have not indicated which changes would be deferred in such a case.

Detailed funding information. The funding sources for this request are shown in the following table.

Funding Source	Amount
Cash Funds	
Old Age Pension	14,153
Cash Funds Exempt	
Medicaid from HCP&F	61,217
Federal Funds	
Food Stamps	22,963
TANF	50,353

Exceptions to the General Fund 6% limit. The Office of Legislative Legal Services has provided a verbal opinion that this expenditure to modify the CBMS interface to the federal BENDEX system is the result of a federal mandate that satisfies the conditions to exempt the General Fund portion of the total from the 6% limit on annual increases to General Fund appropriations.

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Supplemental # T-1 - Older Americans Act Program Budget Correction

	Request	Recommendation
Total	\$54,847	\$0
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	54,847	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff disagrees with the Department's opinion that this is the result of a technical error. Staff does believe, however, that the over expenditure could not be known until shortly before the end of the fiscal year, so meets the Committee's new information criterion for supplemental requests.	

Department Request: The Department requests \$54,847 in cash funds exempt (fund balance in the Older Coloradans Cash Fund) to offset an over expenditure by the same amount of General Fund during FY 2005-06 for the Older Americans Act Programs line item. The Department states that the over expenditure was caused by a combination of State obligations and an inability to access funds that could be used to draw down federal matching funds. The Department further states that this inability was caused by a technical error in a letter note that appeared in both the 2005 and 2006 Long Bills.

Staff Recommendation: Staff recommends that the Committee deny the request on the grounds that it constitutes substantive legislation not allowed in the Long Bill. This recommendation is based on the following analysis.

The letter note in question does not appear to be a technical error. The letter note in question is associated with the Adult Assistance Division, the Older Americans Act Programs line item. The text of the letter note as it appears in the amended version of the 2004 Long Bill is as follows:

^fOf this amount, \$3,039,710(L) shall be from local funds and is shown for informational purposes, and \$87,053 shall be from interest earnings on the Older Coloradans Fund pursuant to Section 26-11-205.5 (5), C.R.S.

In the 2005 and 2006 Long Bills, the corresponding letter note includes only the local funds informational purposes portion. The Department states that the cash funds exempt funding from the Older Coloradans Fund

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was intended to be continuing and that the absence of the necessary letter note language in subsequent years is a technical error. Staff will argue in this discussion that the change of language in the letter notes in the 2005 and 2006 Long Bills is not a technical error, but rather is the result of recognizing that the diversion from the Older Coloradans Cash Fund for spending under the Older Americans Act is substantive legislation.

If the supplemental request is not granted, current year spending is restricted but matching federal funds are not lost. For FY 2005-06, the Department overspent General Fund appropriations for this line item. As a consequence, its General Fund spending for FY 2006-07 is restricted by the amount of the over expenditure. In general, state spending under the Older Americans Act draws down matching federal funds at the rate of \$17 federal dollars for every state dollar. The Department has received an opinion from the State Comptroller that federal matching is based on the amount appropriated, rather than the amount expended, so that the restriction does not result in the loss of any federal dollars. That is, the \$54,847 restriction does not affect the \$932,399 matching federal funds that it generates.

The Older Coloradans Cash Fund. Pursuant to statute [Section 36-29-123, C.R.S.], \$3 million of state sales and use tax revenue is to be deposited into the Older Coloradans Cash Fund each year. Further, statute requires that interest earned on the fund shall be credited to the fund [Section 26-11-205.5 (5), C.R.S.]. By statute [Section 26-11-205.5 (2), C.R.S.], moneys appropriated from the Fund are to be distributed to Area Agencies on Aging (AAAs) using the same formula that the State uses to distribute funds available under the Older Americans Act of 1965 (Title III), but the state funds are allocated as a whole rather than to the individual parts of Title III. Other than a limit on the percentage of the state funds that can be spent on administrative costs, statute *does not allow the State to impose restrictions on the allocation of these funds to the supported programs made by the local agencies.*

Diversion from Older Coloradans to Older Americans defeats legislative intent. Both the Older Americans Act and the Older Coloradans program are intended to provide services to the elderly. The Department makes the argument that because of the similarities in the services, expending funds from the Older Coloradans Cash Fund on services in the federally-matched program is consistent with the original intent of the legislation. However, by using the state dollars to draw down federal matching funds, federal restrictions on how the funds are to be allocated apply. Staff's interpretation of the statute, confirmed by a verbal opinion from Legislative Legal Services, is that the diversion defeats the clear legislative intent of giving the individual AAAs local control in allocating funds between services based on local needs. As a result, staff believes that this constitutes substantive legislation not allowed in the Long Bill, and recommends the Committee deny the request.

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Supplemental # T-7 - Various Program Corrections

	Request	Recommendation
Total	\$0	\$0
General Fund	(3,846)	(3,846)
Cash Funds	1,360	1,360
Cash Funds Exempt	5,380	5,380
Federal Funds	(2,894)	(2,894)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that this request meets the Committee's criteria for a supplemental request. There are two parts of the request; one part pertains to a technical error, the other part involves new information.	

Department Request: Two separate changes are combined in this request. The first corrects a technical error made in an appropriations clause in S.B. 06-219, which changed many of the responsibilities of and the funding appropriations for the Department of Human Services (DHS) and the Department of Health Care Policy and Financing (HCP&F). The description of the funding transferred from DHS does not match the description of the funds transferred to HCP&F. This item is a technical error. The second change requested is in the Office of Self Sufficiency, Special Purpose Welfare Programs, Systematic Alien Verification for Eligibility (SAVE) line item. The allocation of the funding for this line across multiple funding sources is based on an estimate of the number of cases in different programs that make use of SAVE. The Department has new estimates that would change the funding split.

Staff Recommendation: Staff recommends that the Committee approve both parts of the Department's request. This recommendation is based on the following analysis.

Technical error contained in S.B. 06-219. S.B. 06-219 transferred \$18,306,628 in cash funds exempt spending authority for county administration from DHS to HCP&F. On the DHS end, this is described as consisting entirely of Medicaid funding from HCP&F. On the HCP&F end, this is described to include \$3,717,918 from local funds. As a result of this error, DHS loses access to \$3,717,918 in Medicaid funding that it should have. Staff has verified that the difference is indeed a drafting error, and recommends that the Committee approve the request to change the language.

New information changes allocation of SAVE costs. The funding split in the Systematic Alien Verification

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for Eligibility line item is intended to reflect the number of cases in different programs that are impacted by the federal SAVE regulations. The Department has new estimates of the relative caseloads, and has asked to change the funding split accordingly. The changes do not affect the total funding, only the funding split. Under the Department's new allocation, slightly less General Fund is used. Staff recommends that the Committee approve the Department's request.

Previously Approved 1331 Supplemental - CBMS Emergency Processing Unit

	Previously Approved	Current Staff Recommendation
Total	\$266,640	\$266,640
General Fund	113,322	91,991
Cash Funds	5,333	21,331
Cash Funds Exempt	0	0
Federal Funds	147,985	153,318

Description of Supplemental: The Department submitted a supplemental request for continued operation of the emergency processing unit (EPU) originally created pursuant to a court order involving the Colorado Benefits Management System . The funding for this support service terminated June 30, 2006. Because maintaining this service was required to comply with agreements with the plaintiffs, the Department sought ongoing funding. A request corresponding to the portion of the EPU's expenses incurred by the Department of Health Care Policy and Financing was considered separately. The Committee partially approved the Department's request.

Department has modified the request. While the total funds requested is the same as the amount previously approved, the Department has made other changes to the request. The funding split has changed, with less General Fund and more cash funds and federal funds. More significantly, the Department's 1331 request included the creation of a line new item in the Executive Director's Office. In the modified request, the Department has asked that the additional appropriation be to the existing Self Sufficiency Division, Administration, Personal Services and Operating Expenses line items. The Department justifies the line item change on the basis that few, if any, of the calls received by the unit are related to problems with the CBMS system itself.

Staff recommends approving the new funding split, but not moving the appropriation into existing line

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items. For the period from August through October 2006, the Department estimated the amount of time spent on calls for its major benefits areas. The results were 69% Food Stamps, 23% Colorado Works, and 8% for Old Age Pension. The new funding split reflects those fractions, and staff recommends that the Committee approve that split. Because the EPU was created as a result of a CBMS lawsuit, and its continued operation is the result of an agreement with the plaintiffs in that still-unsettled case, staff recommends creation of a new line item so the expenditures can be more easily separated from other Department expenses. While only a small portion of the expenses fall outside the Self Sufficiency Division, staff believes these are still important enough to justify placing the line in the Executive Director's Office.

Department has submitted a budget amendment to convert contract workers to FTE. In addition to this request for FY 2006-07, the Department has submitted a budget amendment for FY 2007-08 that would convert the five contract workers currently staffing the EPU with 4.0 FTE. Staff believes that the potential approval of FTE to staff the FPU is another reason to maintain a separate line item.

**Supplementals #NP-10, #NP-11, and #NP-12
Non-Prioritized HCP&F CBMS Supplementals**

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the JBC when it considers supplementals for the Department of Health Care Policy and Financing. Figures for the Department line items covered in this presentation are summarized in the following table.

	Request	Recommendation
Total	\$362,030	Pending
General Fund	56,819	
Cash Funds	29,051	
Cash Funds Exempt	125,680	
Federal Funds	150,480	
<i>Medicaid Cash Funds</i>	<i>125,650</i>	
<i>Net General Fund</i>	<i>115,683</i>	

Staff Recommendation: The staff recommendation for these requests is pending committee action on the corresponding supplementals for the Department of Health Care Policy and Financing. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the committee acts

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on those requests. If staff believes there is reason to deviate from the actions taken on those requests, staff will appear before the committee at a later time to present the relevant analysis.

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. Figures for the Department line items covered in this presentation are summarized in the table on the following page.

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.

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Department of Human Service's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Medicaid Cash Funds	Net General Fund
1. Vehicle Reconciliation							
2. Vehicle Replacement							
3. MNT / Telecommunications	(286,238)	(174,606)	(2,862)	(22,899)	(85,871)	(13,398)	(181,305)
4. Computer Service (GGCC)	(936,633)	(403,487)	16,664	(492)	(549,318)	(575)	(403,774)
5. ALJ Adjustments							
6. Communication Services Payments	61,410	61,716	0	(306)	0	0	61,716
7. Capital Complex Lease - Technical							
8. Capital Complex Utilities							
9. Risk Management							
Total Statewide Supplemental Requests for Department of Human Services	(1,161,461)	(516,377)	13,802	(23,697)	(635,189)	(13,973)	(523,363)

Notes:

Blank lines indicate that changes in the line item, if any, are covered in other supplemental presentations.

Bottom-line total is for the populated lines only.

MEMORANDUM

TO: Joint Budget Committee

FROM: Michael Cain, Joint Budget Committee Staff

SUBJECT: Staff Comeback - Older Americans Act Line Item Supplemental Request

DATE: January 25, 2007

This memorandum discusses the Department of Human Services' supplemental request #T-1, OAA Restoration of Restricted GF by Using CFE. Staff's understanding of this request was incomplete. This memo describes the situation more accurately, and makes a different set of recommendations.

	Request	Recommendation
Total	\$54,847	\$0
General Fund	0	87,053
Cash Funds	0	0
Cash Funds Exempt	54,847	(87,053)
Federal Funds	0	0

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]

This supplemental request involves a restriction on General Fund spending for this line item due to an expenditure in excess of appropriations. Section 24-75-109 (4) (a) , C.R.S., specifically allows the Department to make such a request.

Department Request: The Department requests \$54,847 in cash funds exempt spending authority from the Older Coloradans Cash Fund for the Older Americans Act (OAA) Programs line item to compensate for a spending restriction due to an over expenditure of General Fund on this line in FY 2005-06. The Department further requests a modification of the letter note associated with the cash funds exempt amount on this line to allow spending of \$87,053 in accumulated interest from the Older Coloradans Cash Fund in FY 2006-07.

Staff Recommendation: Staff recommends that the Committee release the restriction on General Fund spending authority for this line item. Staff recommends that the Committee deny

the request for spending authority from the Older Coloradans Cash Fund in FY 2006-07, but approve in its place an increase of \$87,053 in General Fund. These recommendations are based on the following analysis.

History of the letter note in question. The crux of this matter is a set of changes that were made over time to the funding level and letter note associated with the cash funds exempt funding of the Older Americans Act Programs line item in the Department of Human Services, Adult Assistance Division. An amendment to the 2004 Long Bill added the following letter note:

^fOf this amount, \$3,039,710(L) shall be from local funds and is shown for informational purposes, and \$87,053 shall be from interest earnings on the Older Coloradans Fund pursuant to Section 26-11-205.5 (5), C.R.S.

In the 2005 Long Bill, the corresponding letter note read as follows:

^eThese amounts, shown for informational purposes only, shall be from local funds.

The cash funds exempt entry was changed to \$3,126,763(L) and the federal funds spending authority based on federal matches to this amount was not changed. This larger amount of local funds was not available. In order to meet its contractual obligations with the Area Agencies on Aging (AAAs), the Department overspent General Fund by \$54,847. This over expenditure of state funds was necessary to guarantee the federal match. The OAA match is \$17 in federal funds for each state dollar. The cash funds exempt line item entry and the corresponding footnote in the 2006 Long Bill are identical to those appearing in the 2005 Long Bill. The Department states that the actual local funds available is the same as last year, which are insufficient to fund the appropriation.

Restrictions due to over expenditure will affect federal matching dollars. Because of the over expenditure of General Fund during the last fiscal year, the Department's spending is restricted by the same \$54,847 this year. Without some form of offset for the restriction, the Department will lose federal matching dollars at the 17-for-one rate, so that the available funds will be decreased by \$932,399. Without these funds, the Department will probably not be able to meet its obligations to the AAAs. Without an offset for the shortfall in local fund (that is, something to correspond to last year's over expenditure), the Department will lose further federal funds.

Statute does not allow Older Coloradans funds to be spent on OAA programs. The situation is more complicated than it first appears. Pursuant to statute [Section 36-29-123, C.R.S.], \$3 million of state sales and use tax revenue is to be deposited into the Older Coloradans Cash Fund each year. Further, statute requires that interest earned on the fund shall be credited to the fund [Section 26-11-205.5 (5), C.R.S.]. At the present time, the interest portion of the fund is approximately \$169,000, and the fund earns on the order of \$50,000 in interest each year. By statute [Section 26-11-205.5 (2), C.R.S.], moneys appropriated from the Fund are to be distributed to the AAAs using the same formula that the State uses to distribute funds available under the Older Americans Act of 1965 (Title III), *but the state funds are allocated as a whole*

rather than to the individual parts of Title III.

Both the Older Americans Act and the Older Coloradans program are intended to provide similar services to the elderly. Funds spent pursuant to the Older Americans Act are subject to federal restrictions on allocation between programs. Staff notes that while the services may be similar, the diversion of Older Coloradans funds to the OAA Programs line defeats the clear legislative intent of giving the individual AAAs local control in allocating such funds between services based on local needs. Staff believes that the letter note appropriating Older Coloradans funds to the Older Americans Act Programs line constitutes substantive legislation not allowed in the Long Bill. Legislative Legal Services has provided a verbal opinion confirming this interpretation. Simply replacing the letter note text with the previous version does not appear to be possible within current statute.

There are two issues that must be addressed. The first of these is the restriction on current fiscal year spending. The \$54,847 is relatively small, and the federal matching formula is extremely generous. Staff notes that the General Assembly has the authority to release that restriction if it so chooses. The remaining issue is the shortfall of \$87,053 in cash funds exempt funding sources in the current fiscal year. Other cash funds or cash funds exempt sources do not appear to be available. There are several possible options.

The JBC could encourage legislation that would allow the Older Americans Act Programs line item access to at least the accumulated interest in the Older Coloradans cash fund, which would make a cash funds exempt source available. The JBC could make up the shortfall with General Fund spending, although staff is given to understand that General Fund for the current fiscal year is already over-committed. Or the JBC could reduce the cash funds exempt and federal funds entries for the line item to reflect the funding that is actually available.

Staff recommendations. On the basis of the very large federal match for money spent in these programs, staff recommends that the Committee (1) release the restriction on General Fund spending for the current fiscal year, (2) approve an increase in General Fund spending for this line of \$87,053 while making a corresponding decrease in the cash funds exempt entry, and (3) encourage legislation that would make accumulated interest in the Older Coloradans Cash Fund available for appropriation to the Older Americans Act Programs line.

M E M O R A N D U M

TO: Joint Budget Committee

FROM: Michael Cain, Joint Budget Committee Staff

SUBJECT: Revised CBMS RFP Supplemental

DATE: March 8, 2007

This memorandum discusses a late supplemental budget request for FY 2006-07 from the Department of Human Services (DHS), the Department of Health Care Policy and Financing (HCP&F), and the Governor's Office of Information Technology (OIT). In the following discussion, the phrase "the departments" will be used to indicate all three groups. One part of this request, the CBMS maintenance and operations support reprocurement RFP, originally appeared as a 1331 supplemental submitted in November 2006 and was presented as part of the DHS budget briefing. The Committee declined to act on the request at the time. The Committee similarly declined to act following the presentation of additional material at the DHS budget hearing. That supplemental request has, since that point, been resubmitted and withdrawn multiple times.

This supplemental request has three parts. The first of these is a savings of \$100,550 that will accrue due to the elimination of the Office of CBMS within the Governor's Office. The second of these is a reduction of \$170,603 in funding for the Medicaid Management Information System (MMIS) Reprocurement line, in the the Executive Director's Office of HCP&F. The third is the aforementioned request for funding to have an outside firm prepare an RFP for the reprocurement of maintenance and operations support for CBMS. The total request and the net funding split is shown in the following table. A more detailed funding breakout for the individual items in the request will be presented later in this memo.

	Request		Recommendation	
	Funding	FTE	Funding	FTE
CBMS RFP project	\$512,400		\$512,400	
MMIS reprocurement reduction (HCP&F)	(170,603)		(170,603)	
Office of CBMS elimination (Gov's Office)	(100,550)	(0.9)	(100,550)	(0.9)
Total net funding	241,247	(0.9)	241,247	(0.9)
General Fund	90,238		90,238	
Cash Funds	33,051		33,051	
Cash Funds Exempt	6,761		6,761	
Federal Funds	111,197		111,197	

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]

Staff agrees with the departments' assessment that the project plan developed in 2006 for developing an RFP for reprourement of CBMS maintenance and operations support constitutes new information that satisfies the Committee's supplemental criteria. The elimination of the Office of CBMS, and the MMIS reprourement adjustment, also reflect new information in those areas.

Elimination of the Office of CBMS. In February 2007, Governor Ritter issued Executive Order D 005 07 which dissolves both the Office of CBMS (within the Governor's Office) and the CBMS Steering Committee. It is the Governor's stated intent that most staff from the Office of CBMS will retain similar responsibilities but will be reassigned to either the Department of Human Services or the Department of Health Care Policy and Financing; the order gives the Executive Directors until April 1, 2007, to determine specific reassignments. The Executive Directors of those two departments will jointly assume the functions of the Steering Committee, and are allowed to establish other committees to assist in the management of CBMS. While the majority of OCBMS staff will continue their work, the Executive Directors have determined that the Director position from OCBMS (currently vacant) will be eliminated, as well as the administrative assistant for the former Director.

The departments have determined that the elimination of these positions will result in a savings of \$100,550 for the remainder of FY 2006-07. The departments request a reduction of \$100,550 cash funds exempt and 0.9 FTE in the appropriation for the Office of CBMS line, and corresponding reductions in the appropriation for the CBMS line within the Office of Information Technology Services at DHS, and the appropriation for the Medicaid Funding, CBMS, line in HCP&F. **Staff recommends the Committee approve the departments' request for these reductions.** A detailed breakdown of the funding sources is shown in the following tables.

Governor's Office

(6) Office of Colorado Benefits Management System

Line item: Program Costs

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	(\$100,550)	\$0	\$0	(\$100,550)	\$0

Cash funds exempt are transferred from DHS

Department of Human Services

(2) Office of Information Technology Services

Line item: Colorado Benefit Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	(\$100,550)	(\$15,782)	(\$8,069)	(\$34,901)	(\$41,798)

Cash funds are from Old Age Pension Fund

Cash funds exempt are transferred from HCP&F

Federal funds are TANF and Food Stamps

Department of Health Care Policy and Financing
 (6) Department of Human Services Medicaid-Funded Programs
 (B) Office of Information Technology Services - Medicaid Funding
 Line item: Colorado Benefits Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	(\$34,901)	(\$16,350)	\$0	(\$2,088)	(\$16,463)

Cash funds exempt are from Children's Basic Health Plan Trust Fund and from Old Age Pension Fund
 Federal funds are Title XIX and Title XXI

Reduction in MMIS Reprourement Expenses. MMIS is the system which supports payment of bills submitted by care providers for services covered by Medicaid. Pursuant to federal rules, HCP&F is in the process of reprocurring support for the system. HCP&F has determined that some funds in this line item will not be needed since the transition is going more smoothly than anticipated due to the incumbent vendor winning the new contract. The Department of Health Care Policy and Financing requests that the line item appropriation be reduced by \$170,603.

Staff recommends the Committee approve the Department's request for this reduction.

The funding split for this supplemental request is shown in the following table.

Department of Health Care Policy and Financing
 Line item: Medicaid Management Information System Reprourement

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	(\$170,603)	(\$41,371)	\$0	(\$1,791)	(\$127,441)

Cash fund exempt are from Children's Basic Health Plan Trust Fund

CBMS RFP Procurement Request. The departments request \$512,400 in funding from several sources (identified in detail below) to hire outside experts to prepare an RFP for a new maintenance and operations support contract for CBMS. In addition, the departments request roll-forward authority for this funding in order to handle the possibility that expenses, including payments, will spill over into FY 2007-08. Supervision of this work would be done in the Governor's Office of Information Technology; funding is derived from DHS and HCP&F. **Staff recommends the Committee approve the request in the amount of \$512,400 using the funding sources identified by the departments. Staff further recommends that the Committee grant the roll-forward authority requested.** This recommendation is based on the following considerations and analysis.

CBMS will require ongoing maintenance and operations support. CBMS is a large, complex, *dynamic* IT system. It is a critical component in the distribution of over two billion dollars in annual benefits, maintains records for over 500,000 individual clients, and supports processing of some 40,000 re-determinations and 30,000 new applications each month. Over 80 separate benefits programs are affected in some way by the system. CBMS is required to interface with over 100 other IT systems. Any changes in eligibility requirements in any of those programs, in record-keeping required by state or federal statute or rules, or in the information that must be exchanged with external systems or the methods of exchange require modifications to code and/or data tables within CBMS. The contract with the current support vendor will expire on July 15, 2008. Staff believes that the risks of continuing operations without a new contract

are unacceptable, and agrees with the departments that July 15, 2008 is currently a hard date by which new support arrangements must be in place.

Maintenance and operations support is a large job. CBMS consists of three million lines of source code, plus all of the fixed data tables that drive portions of the code. Because of the critical role that CBMS plays in the delivery of social services in Colorado, even small changes can require that extensive testing be performed. EDS, the developer of CBMS and the current support vendor, is scheduled to be paid \$8.7 million for such services in the upcoming fiscal year. Based on their experience with the current arrangement, the departments wish to include maintenance of decision tables – a task currently handled by the State – in the new contract. This will make the vendor's task somewhat larger, but will allow improved coordination of code and decision table changes.

Reprocurement appears to be both necessary and desirable. Much of the development cost for CBMS was paid with federal dollars. The federal government requires that projects to which they contribute be rebid from time to time. In order to seek a long-term extension of the current contract, Colorado would need to get permission from all of the federal agencies whose funds were used in the development. At least one of those agencies has indicated, informally, that they will not give that permission. Given the total size of a multi-year support contract, staff believes that the departments should allow multiple vendors to bid for this work. As will be discussed below, allowing for the possibility that a new vendor will win the contract, and the time that a new vendor would require to learn the CBMS internals, is a dominant factor in the schedule that motivates the timing of the departments' request for funding.

The clarity and overall quality of the new contract will depend on the quality of the RFP, and the departments lack the expertise to prepare a high-quality RFP. An RFP that clearly spells out exactly what services the State requires from the vendor improves all of the subsequent steps of the process. The quality of the vendor responses is improved because they start with a better understanding of exactly what is expected of them. High-quality responses make the job of vendor selection easier by reducing the number of times the selection team may have to request additional or clarifying information. Finally, contract negotiations will be simpler if both parties have a clear understanding of exactly which services are to be delivered. Staff fears that failure to use a high-quality RFP and negotiate a high-quality contract is an invitation to repeat many of the difficulties experienced by CBMS over the past two years. The departments state in their request that they lack the expertise to prepare a high-quality RFP. Preparing a high-quality RFP for an IT project is somewhat of an art, and experience is a significant advantage. The departments do not write RFPs for large IT projects often, so it is not surprising that they lack expertise in that particular area. Staff believes that hiring an external specialist firm to provide the necessary skills will greatly improve the quality of the RFP.

The departments' project schedule appears reasonable. The project activities along with their start and completion dates as listed by the departments are shown in the following table. The overall length of the schedule is dominated by the possibility that a vendor other than EDS will be selected. In order to accommodate that case, the schedule allows for a period where the new vendor works in parallel with the current vendor in order to learn the details of the system.

The project plan includes eight months of parallel operation.

Task	Start Date	End Date
Research best practices	04/01/06	07/01/06
Determine RFP Committee membership	06/01/06	07/01/06
RFP Research	07/14/06	10/25/06
Select RFP writing vendor	02/05/07	04/13/07
First RFP draft	04/23/07	06/22/07
Review by EDs and CIOs	06/25/07	07/20/07
Final RFP development start	07/23/07	08/17/07
Review by federal agencies	06/22/07	08/17/07
Review by EDs and CIOs	08/06/07	08/17/07
RFP released	08/20/07	08/20/07
RFP responses due	11/03/07	11/03/07
Review RFP responses	11/06/07	11/06/07
Award new contract	11/22/07	11/22/07
Contract negotiations	11/22/07	12/28/07
New contractor transition overlap	12/31/07	07/15/08
Start of new vendor support	07/01/08	

Eight months is not unreasonable for that portion of the project. The vendor must become familiar with the large body of code that makes up CBMS as well as the ways that Colorado makes use of the system. In addition to the code, many of the processes that CBMS implements are "data driven"; that is, data tables define the actual rules for eligibility and other conditions, and non-specialized code interprets those tables in order to make decisions. Under the current contract, many of those data tables are maintained by the State. The departments intend to include maintenance of the data tables as part of the responsibilities of the new vendor, increasing the amount that vendor will have to learn. A successful handover to a new vendor will be less likely if this part of the schedule is shortened. Under this schedule, which is already starting to slip, the RFP will not be completed until the early part of FY 2007-08. As a consequence of that aspect of the schedule, staff recommends that the Committee grant the requested roll-forward authority for the funding in this supplemental.

The requested amount appears to be reasonable. The departments developed the \$512,400 figure for this supplemental request by estimating the levels of expertise that would be required (senior consultant, consultant, junior consultant), the number of hours that would be required in each of those categories, and the billing rates that a consulting firm would use for each category. As a sanity check, the departments cite the State's recent experience in hiring an outside firm to prepare the RFP for the re-bid of Colorado's Medicaid Management Information System (MMIS). The total cost in that case was \$457,600. Staff's opinion is that the CBMS RFP will be

at least as complex as the MMIS RFP, and possibly more so.

Covering the costs out of existing appropriations is not possible. Historically, the departments have taken the approach of including only routine operations and small-scale developments in the base budget for CBMS. If and when more significant undertakings related to CBMS were necessary, the departments sought additional funding or spending authority for those activities from the Legislature. In one case, such an undertaking was funded in part by the Governor's Office using flexible federal funds rather than by making a supplemental request. To staff's knowledge, such alternative funding sources are no longer available. This request is in line with that historical practice: the departments covered the early planning steps for the RFP process with their base budget, and are now seeking funding to execute a specific sizeable project.

Funding details. The details of the funding sources identified by the departments are shown in the following tables. Note that funds from the Department of Health Care Policy and Financing are transferred first to the Department of Human Services, where additional funding is added and the total amount of \$512,400 is then transferred to the Office of CBMS. All of the funding sources appear to be adequate to cover the costs of this supplemental.

Total net funding

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$163,741	\$41,120	\$10,640	\$296,899

Governor's Office

(6) Office of Colorado Benefits Management System

Line item: Program Costs

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$0	\$0	\$512,400	\$0

Cash funds exempt are transferred from DHS

Department of Human Services

(2) Office of Information Technology Services

Line item: Colorado Benefit Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$512,400	\$80,422	\$41,120	\$177,854	\$213,004

Cash funds are from Old Age Pension Fund

Cash funds exempt are transferred from HCP&F

Federal funds are TANF and Food Stamps

Department of Health Care Policy and Financing
 (6) Department of Human Services Medicaid-Funded Programs
 (B) Office of Information Technology Services - Medicaid Funding
 Line item: Colorado Benefits Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2006-07	\$177,854	\$83,319	\$0	\$10,640	\$83,895

Cash funds exempt are from Children's Basic Health Plan Trust Fund and from Old Age Pension Fund
 Federal funds are Title XIX and Title XXI

Summary and recommendations. Staff believes that the important factors in deciding on this supplemental request are the following:

- Current contract for maintenance and operations support will expire July 15, 2008.
- Maintenance and operations support activities will have to continue, and a vendor must be hired to do that job.
- The schedule for hiring a vendor that allows for the time a new vendor would need to learn the system requires RFP writing to begin in April 2007, and is reasonable.
- The schedule provides previously unknown information and justifies a supplemental request.
- The same schedule indicates that the RFP will not be released prior to the end of FY 2006-07, so roll-forward of the spending authority may be needed.
- The amount of the request appears to be a reasonable estimate of the cost for the task, excluding an unknown factor vendors may demand for undertaking a project they perceive as exposing them to various sorts of unusual risk.

Based on these factors, staff recommends the Committee approve the departments' request in the amount of \$512,400. Staff further recommends that the Committee approve roll-forward spending authority for these funds.

MEMORANDUM

TO: Joint Budget Committee

FROM: Michael Cain, Joint Budget Committee Staff

SUBJECT: Elimination of Office of CBMS Supplemental Budget Request and Budget Amendment

DATE: March 12, 2007

This memorandum discusses a late supplemental budget request for FY 2006-07 and budget amendment for FY 2007-08 from the Governor's Office regarding the Office of CBMS.

In February 2007, Governor Ritter issued Executive Order D 005 07 which dissolves both the Office of CBMS (OCBMS) within the Governor's Office and the CBMS Steering Committee. Both organizations were originally created by executive orders. It is the Governor's intent that most staff from OCBMS will retain similar job responsibilities but will be reassigned to either the Department of Human Services or the Department of Health Care Policy and Financing. The order gives the Executive Directors until April 1, 2007, to determine specific reassignments. The Executive Directors of those two departments will jointly assume the functions of the Steering Committee, and are allowed to establish other committees to assist in the management of CBMS. While the majority of OCBMS staff will continue their work, the Executive Directors have determined that the Director position from OCBMS will be eliminated, as well as the administrative assistant for the former Director.

The Committee has previously considered the funding effects on FY 2006-07 of eliminating the Director of OCBMS and corresponding administrative assistant positions. In this request, the Governor's Office requests the addition of a footnote to the FY 2006-07 budget. The proposed footnote is shown here:

N Governor – Lieutenant Governor – State Planning and Budgeting Office, Office of Colorado Benefits Management System, Program Costs; Department of Health Care Policy and Financing Totals; Department of Human Services Totals – Executive Order D 005 07 dissolved the Office of the Colorado Benefits Management System on February 15, 2007. The remaining 24.0 FTE appropriated in this line will be transferred to the Colorado Departments of Human Services and Health Care Policy and Financing effective July 1, 2007. Per Executive Order D 005 07, these departments will determine the reassignment of these staff no later than April 1, 2007. A transition plan outlining the re-allocation of these appropriated FTE will be submitted to the Joint Budget Committee by April 15, 2007.

Staff sees no particular benefit from adding this footnote to the FY 2006-07 budget. It does nothing to eliminate the need for an eventual supplemental request to transfer authorization for FTE from OCBMS to DHS and HCP&F. The Governor is certainly free to instruct the Executive Directors of those departments to inform the Joint Budget Committee and the General Assembly of the transition plan by April 15 whether the footnote is added or not. Finally, the footnote might be interpreted to indicate Joint Budget Committee and General Assembly approval of the intent to transfer the authorization for a specific number of FTE; staff believes that such approval should not be given, even implicitly, until such time as the Committee is provided with the details of the proposed transfer. **Staff recommends the Committee deny the request to include this footnote in the FY 2006-07 Long Bill.**

Because the plan for reallocating the remaining FTE and funds will be submitted by the departments after FY 2007-08 figure setting, the Governor's Office requests that the Office of CBMS line item be retained in the FY 2007-08 Long Bill, but be reduced by \$190,430 cash funds exempt and 2.0 FTE to reflect the elimination of the Director and administrative assistant positions. The request affects several line items, as shown in the following table.

Line Item	Department Request	Staff Recommend.
Health, Life and Dental	(14,805)	(14,805)
Short-term Disability	(176)	(202)
Amortization Equalization Disbursement	(1,558)	(1,912)
Supplemental AED	0	(452)
Office of Colorado Benefits Management System	(173,891)	(173,891)
Total	(190,430)	(191,262)

In addition, the Governor's Office requests that the following footnote be added, to annotate all of the affected appropriations.

N Governor – Lieutenant Governor – State Planning and Budgeting Office, Office of Colorado Benefits Management System, Program Costs; Department of Health Care Policy and Financing Totals; Department of Human Services Totals – It is the intent of the General Assembly that effective July 1, 2007, the 24.0 FTE and corresponding funding for the Office of Colorado Benefits Management System will be transferred to the Departments of Health Care Policy and Financing and Human Services according to the April 2007 allocation plan provided pursuant to Executive Order D 005 07 which dissolved the Office of the Colorado Benefits Management System. The Executive Branch will submit a FY 2007-08 supplemental request to the Joint Budget Committee to reflect the reallocation of these remaining FTE and related funds within the departments on a General Fund cost neutral basis.

The funding changes are a straightforward annualization of the savings due to elimination of the Director and administrative assistant position. **Staff recommends the Committee retain the**

Office of CBMS line in the FY 2007-08 budget and approve a reduction of \$191,262 from the previously approved line item totals. This reduction was calculated in accordance with Committee-approved common policy. Staff's calculation is summarized in the table above. The footnote is more problematic. As with the previous footnote, staff believes that this footnote could be interpreted as approval of the transfer of authorization for 24.0 FTE. Staff believes that the Committee should not explicitly approve (or disapprove) the number of FTE to be transferred until the details of the transfer plan can be considered. Therefore, **staff recommends the Committee deny the request to include this footnote in the FY 2007-08 Long Bill.**

Because the funding for the Office of CBMS is done by a transfer from the Departments of Human Services and Health Care Policy and Financing, there are corresponding reductions in lines in those departments. **Staff recommends the Committee approve the reductions shown in the following tables.**

Department of Human Services

(2) Office of Information Technology Services

Line item: Colorado Benefit Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2007-08	(\$191,262)	(\$30,018)	(\$15,349)	(\$66,387)	(\$79,508)

Cash funds are from Old Age Pension Fund

Cash funds exempt are transferred from HCP&F

Federal funds are TANF and Food Stamps

Department of Health Care Policy and Financing

(6) Department of Human Services Medicaid-Funded Programs

(B) Office of Information Technology Services - Medicaid Funding

Line item: Colorado Benefits Management System

Fiscal Year	Total Amount	GF	CF	CFE	FF
2007-08	(\$66,387)	(\$31,100)	\$0	(\$3,972)	(\$31,315)

Cash funds exempt are from Children's Basic Health Plan Trust Fund and from Old Age Pension Fund

Federal funds are Title XIX and Title XXI