

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE June 18, 2021
SUBJECT Potential FY 2020-21 Reversion/FY 2021-22 Supplemental for Independent Living Centers

COMMITTEE OPTION: The Committee may vote to send the attached letter to the Colorado Department of Labor and Employment expressing its intent to sponsor a supplemental bill during the FY 2022 legislative session that provides an additional General Fund appropriation for the Independent Living Centers in FY 2021-22 in the amount reverted by the Independent Living Centers to the General Fund in FY 2020-21.

BACKGROUND: Pursuant to Section 8-85-103 (2)(a), the state's nine non-profit independent living centers provide services for people with disabilities including:

- Information and referral services;
- Independent living skills training;
- Peer counseling, including cross-disability peer counseling;
- Individual and systems advocacy; and
- Transition services or diversion from nursing homes and institutions to home- and community-based living;
- Transition services upon leaving secondary education; and
- Any other services and assistance as defined by federal regulations.

For FY 2021-22, the Long Bill includes an appropriation for the Centers of \$6,662,512, including \$6,286,160 General Fund. The balance is federal funds shown for informational purposes and a required local match for the federal funds. Five of the nine centers also receive direct federal support.

ROLL FORWARD APPROVED FOR FY 2021-22 TO FY 2022-23: The FY 2021-22 Long Bill, as introduced by the JBC and adopted by the General Assembly, includes a new footnote authorizing the roll-forward of up to 10.0 percent of the annual General Fund appropriation for the Independent Living Centers.

69 Colorado Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Office of Independent Living Services, Independent Living Services -- Of the General Fund appropriation in this line item, 10.0 percent remains available until the close of the 2022-23 fiscal year.

This footnote was added by the Committee based on a request from the independent living centers. The centers noted that the Department of Labor and Employment uses a reimbursement method for paying the centers for their services, and General Fund is the primary source of support for some (although not all) of the centers. Because of this, a disruption such as a vacant director position can put a center in a position in which it is unable to fully spend its appropriation by the end of the year.

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Thus, centers may revert funds or resort to large (and potentially unreasonable) end of year spending for activities that are not their highest priorities.

POTENTIAL FY 2020-21 REVERSION BY INDEPENDENT LIVING CENTERS: After the Long Bill was adopted, the Independent Living Centers approached staff and Sen. Moreno requesting clarification on the General Assembly's action. At that point, it became clear that *the Centers had also been seeking roll-forward authority from FY 2020-21 to FY 2021-22, in addition to roll-forward authority from FY 2021-22 onward.*

Based on information recently provided by the Department of Labor and Employment, the Department anticipates that the centers could revert up to \$130,000 General Fund at the end of FY 2020-21, based on spending to-date. Based on footnotes in the FY 2020-21 Long Bill, the Department and the centers have the following options with respect to funds unspent at the end of FY 2020-21:

- Revert the balance to the General Fund; or
- Transfer unused General Fund appropriations to Vocational Rehabilitation Services, which has greater flexibility in the timing of spending due to the structure of its federal match (it may “pre-spend” General Fund, providing a match for federal funds that are spent later). There was a transfer of approximately \$200,000 in FY 2018-19 and \$138,477 in FY 2019-20.

Given that the legislative session has concluded, there is no effective mechanism by which the JBC can formally authorize a roll-forward from FY 2020-21 to FY 2021-22 for the independent living centers. While the interim supplemental process can be used to provide overexpenditure authority for FY 2021-22, *the specifics of this situation do not meet interim supplemental criteria.* Among other factors, OSPB has made no related request, and the independent living centers are not at risk of overspending their existing FY 2021-22 appropriation before the General Assembly is back in session.

OPTION FOR JBC CONSIDERATION: While staff does not believe the JBC can authorize a FY 2020-21 roll-forward or *interim* FY 2021-22 supplemental for the independent living centers, **the committee could express its intent to provide a regular FY 2021-22 supplemental in the amount of any FY 2020-21 General Fund reversion by the independent living centers.** Staff anticipates that such an expression of intent:

- Would lead the Department to allow unused independent living center funds to revert to the General Fund (instead of transferring such funds to vocational rehabilitation programs); and
- Would encourage the Department to request and the JBC to approve a related FY 2021-22 supplemental appropriation during the regular supplemental process (January 2022). While the JBC would not be legally bound to introduce such a supplemental (as it is with a formal interim supplemental), staff assumes it would abide by its expressed intent.

A draft letter is attached for the Committee's consideration.

STATE OF COLORADO

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DRAFT - June 18, 2021

Mr. Joe Barela
Executive Director
Colorado Department of Labor and Employment
633 17th Street, Suite 201
Denver, Colorado 80202

Dear Director Barela:

During the Joint Budget Committee meeting today, the Committee discussed concerns raised by independent living centers about their ability to fully expend the annual General Fund appropriation for the centers by the end of FY 2020-21. The FY 2021-22 Long Bill provides authority for the centers to roll forward up to 10.0 percent of their annual appropriation from FY 2021-22 to FY 2022-23, but it does not provide authority to roll forward funds from FY 2020-21 to FY 2021-22. In response to the concerns raised by the centers, the Committee voted to express its intent to you, through this letter, to introduce a bill that includes a FY 2021-22 supplemental appropriation for the independent living centers during the 2022 regular legislative session that compensates for any FY 2020-21 reversions by the centers. Specifically, our intent is to authorize a FY 2021-22 supplemental appropriation for the independent living services line item that is equal to the amount reverted to the General Fund from the independent living services line item at the close of FY 2020-21. Final action is subject to approval by the General Assembly and the Governor through the regular supplemental budget process.

If you have any questions about this issue, please contact our staff analyst, Amanda Bickel at amanda.bickel@state.co.us.

Sincerely,

Dominick Moreno
Chair

Cc: Carolyn Kampman, Director, JBC Staff
Jeanni Stefanik, Budget Director, Colorado Department of Labor and Employment (CDLE)
Kristin Corash, Division Director, Division of Vocational Rehabilitation, CDLE
Peter Pike, Manager of Center for Independent Living Office, CDLE
Lauren Larson, Director, Office of State Planning and Budgeting