

# MEMORANDUM

---

**TO:** Joint Budget Committee

**FROM:** John Ziegler, JBC Staff

**SUBJECT:** OSPB 1-25-13 Response to JBC Bill re: Statutory Deadlines

**DATE:** January 28, 2013

---

The Office of State Planning and Budgeting (OSPB) wrote a letter to Senator Steadman on January 25 regarding the JBC's proposed legislation to modify the statutory deadline schedule for the Executive Branch's submission of budget request to the Legislature (please see attached). OSPB made the following points regarding the proposed legislation:

1. OSPB concurs modification to the statute should occur.
2. OSPB agrees clarifying the deadlines as January 2 and January 15 is appropriate.
3. OSPB requests that caseload driven supplemental requests for the Division of Youth Corrections and the Department of Corrections be delayed until January 15 so that data from the December 20 population projections can be included in the requests.
4. OSPB suggests that no exception be made for the supplemental deadline for the Medicaid caseload requests and that there be a January 2 deadline for those requests. This would require the supplemental for Medicaid caseload to be based on the prior June actuals. OSPB indicates that they believe it is impractical to provide a revised forecast for Medicaid caseload prior to February 15. OSPB indicates that, should the JBC choose to make the deadline January 2, the Department of Health Care Policy and Finance (HCPF) could provide updated information to the JBC and its staff as HCPF completed projections based on more recent data during the month of February and that adjustments could be made if significant differences resulted from the updated information.

The bill draft (LLS 13-0711) has not yet been delivered to the front desk of the House for introduction. JBC staff suggests that, should the JBC wish to make changes to the proposed legislation based on the OSPB suggestions, the JBC revise the bill draft prior to its being delivered to the front desk of the House for introduction.

# STATE OF COLORADO

## OFFICE OF STATE PLANNING AND BUDGETING

111 State Capitol Building  
Denver, Colorado 80203  
(303) 866-3317



January 25, 2013

John W. Hickenlooper  
Governor  
Henry Sobanet  
Director

The Honorable Pat Steadman  
Chair, Joint Budget Committee  
200 E. 14<sup>th</sup> Avenue, Third Floor  
Legislative Services Building  
Denver, CO 80203

Dear Senator Steadman:

Thank you for the opportunity to provide comment and feedback on the Joint Budget Committee's proposed legislation to modify the statutory deadline schedule for the Executive Branch's submission of budget requests to the Legislature.

To begin, OSPB concurs that the existing statutes contain sufficient ambiguity that a modification is necessary and welcome. We also generally agree that the deadlines of January 2 for supplemental requests and January 15 for budget amendments are reasonable and appropriate, as is the January 15 deadline for K-12 Education supplementals. We would ask, though, that any bill the Committee chooses to sponsor retain language to allow for the submission of supplemental and budget amendment requests after these dates to accommodate unforeseen or emergency circumstances.

It is noteworthy, however, that the January 2 supplemental deadline will not accommodate the inclusion of supplemental requests based on updated population forecasts for the Department of Corrections and the Department of Human Services' Division of Youth Corrections. In both cases, updated population forecasts are published by the Legislative Council and the Department of Public Safety's Division of Criminal Justice on December 20. In a typical year, this leaves only 6 business days for the Executive Branch to incorporate new data into a series of complex budgeting and operational models. Given that this short time also occurs over the winter holidays and most often coincides with the drafting of JBC hearing responses for DOC, OSPB simply cannot guarantee the quality and accuracy of DOC and DYC supplemental requests based on December 20 data by January 2. For this reason, the Executive Branch will only be able to submit supplemental requests for these agencies based on previously available forecasts.

As part of your January 11, 2013 letter, the Committee also requested that the Executive Branch investigate the possibility of preparing estimates for the Medicaid supplemental and budget amendment requests based on data through November of each year, rather than data through December of each year. After conferring with the Department of Health Care Policy and Financing, we have unfortunately determined that it will not be possible to meet a January 15 submission deadline, even when forecasting based on November data.

The reasons for HCPF's inability to produce a forecast by January 15 are much the same as the reasons for DOC and DYC being unable to accommodate the January 2 deadline with new data. Actual November data does not become fully available until mid-December each year. From that time, HCPF reports that its budget staff requires about four weeks to compile forecasting models, perform quality assurance, analyze results, and incorporate those results into budget projections. This four-week time period would coincide with the winter holidays, preparation of responses to JBC hearing questions, and preparation of HCPF supplemental requests not related to Medicaid caseloads. Again, OSPB cannot guarantee the quality and accuracy of any Medicaid caseload request submitted on January 15 based on data that become available in mid-December.

OSPB estimates that, given the competing demands on the time of HCPF budget staff, a request based on November data could be submitted to the Joint Budget Committee by February 1 of each year. Any request based on December data (available in mid-January) cannot be completed with any surety of accuracy before February 15.

Based on this, OSPB would make two recommendations to modify the Committee's proposal:

1. allow for submission of caseload-driven supplemental and budget amendment requests from both DOC and DYC on January 15;
2. make no allowance for any submission of typical supplementals from HCPF after January 2, or typical budget amendments after January 15.

These recommendations would ensure the inclusion of requests based on the most up-to-date data for all agencies except HCPF. For HCPF, the Executive Branch will submit caseload-driven supplemental and budget amendment requests based on the same forecasts used to develop the November 1 budget request. As HCPF completes its updated caseload forecasts in February of each year, they will share those forecasts with the JBC staff. Based on the difference between the November and February estimates, the JBC and its staff can then determine whether or not that difference warrants a modification to the current year and request year budgets.

Once again, we appreciate the opportunity to comment on your proposal to modify this deadline schedule. If you have further questions, please feel free to contact either myself or OSPB's Deputy Director, Erick Scheminske at (303) 866-3317.

Sincerely,



Henry Sobanet

Director, Office of State Planning and Budgeting

Cc: Representative Claire Levy, Joint Budget Committee Vice-Chair  
Senator Mary Hodge, Joint Budget Committee Member  
Senator Kent Lambert, Joint Budget Committee Member  
Representative Crisanta Duran, Joint Budget Committee Member  
Representative Cheri Gerou, Joint Budget Committee Member  
Mr. John Ziegler, Joint Budget Committee Staff Director  
Mr. Erick Scheminske, Office of State Planning and Budgeting, Deputy Director