

# STATE OF COLORADO

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## FY 2014-15 Supplemental Comeback Requests for Executive Branch Agencies

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## Office of State Planning and Budgeting FY 2014-15 Supplemental Comeback Requests

Department:	Department of Human Services
Title:	S-02 Mental Health Institutes Treatment Unit for Patients Previously Transferred per 17-23-101 C.R.S. (2014)

	FY 2014-15 Appropriation	FY 14-15 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$75,346,897</b>	<b>\$2,415,911</b>	<b>\$0</b>	<b>\$2,415,911</b>	<b>\$2,415,911</b>
FTE	959.9	30.6	0.0	30.6	30.6
GF	\$61,960,038	\$2,415,911	\$0	\$2,415,911	\$2,415,911
CF	\$5,055,451	\$0	\$0	\$0	\$0
RF	\$8,131,789	\$0	\$0	\$0	\$0
FF	\$199,619	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department of Human Services requested \$2,415,911 General Fund and 30.6 FTE in FY 2014-15 in order to provide staffing and operating funds for the Mental Health Institutes Treatment Unit for patients previously transferred to the Department of Corrections per Section 17-23-103, C.R.S. (2014). The additional staff and operating funds will ensure a safe, therapeutic treatment environment at the Colorado Mental Health Institute at Pueblo (CMHIP) for these highly acute patients.

### Committee Action:

The Joint Budget Committee voted to deny the funding request, noting that it did not meet supplemental criteria. Additionally, the Committee voiced concern that the Department elected to make a policy change and spend State funds to implement this change prior to seeking authorization from the General Assembly.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the JBC approve the Department of Human Services' supplemental request as submitted. The Administration and OSPB recognize the JBC's concern that the Department elected to make a policy change and spend State funds to implement this change prior to seeking authorization from the General Assembly. We have taken steps to ensure that complete coordination and communication occur beforehand to prevent a future mistake, but also to raise cultural understanding around the importance of the partnership with the General Assembly on such matters. We believe that both branches appreciate the seriousness and uniqueness of this situation. We are eager to work with you to find a permanent plan to ensure that these patients receive care and treatment in an appropriate therapeutic setting.

DHS and DOC, in consultation with the Governor's Office, reviewed the practice of transferring individuals from CMHIP to San Carlos Correctional Facility pursuant to Section 17-23-103 C.R.S. (2014) in the spring of 2014. As a result of information learned in this review, it was determined that these transfers were not in the best interest of the patients. The parties also agreed that it was of the utmost importance for the five individuals at DOC's San Carlos facility to be transferred back to the Mental Health Institutes as they have not been criminally convicted or sentenced and therefore should not be held as inmates in a prison setting. Due to the highly acute nature of these patients, the Department required new staff, operating expenses, and facility modifications in order to provide a safe and secure treatment environment for patients and staff at CMHIP. Thus, based on new data gathered during the review, the Department determined there would be a need for additional funding in FY 2014-15 to cover these staff and operating expenses.

OSPB would also like to address two specific concerns regarding the fiscal impact of this request brought forward in the JBC's consideration of supplemental requests on January 21, 2014.

**First**, the JBC expressed concern that the supplemental request did not take into account the full analysis of statewide fiscal impact of the policy change. Specifically, JBC members indicated that it seems reasonable to believe that there will be a positive fiscal impact to DOC as a result of the patients being returned to CMHIP from DOC.

As stated in the January 6, 2015 DOC JBC Hearing responses, DOC had managed the patients in question as offenders. Despite this practice, the patients "actually consumed more resources than are available in the prison staffing pattern when compared to a hospital staffing pattern." DOC elaborated during the hearing that the five patients were held in a unit at San Carlos Correctional Facility that was staffed to manage 24 offenders. The five patients from DHS required the usage of existing staff from their floor and staff from other floors during crisis situations. This caused a trickle effect, adversely impacting programming on other floors and the escorting of other patients to treatment. DOC was managing the patients with existing staff, but at the cost of other operations. The return of the five patients to DHS allowed DOC to resume normal operations with no change in staffing.

**Second**, the JBC was concerned that the return of the five patients would require a longer length of stay than the patients who were previously being treated on the treatment unit at CMHIP, resulting in a reduction of DHS' capacity to meet the needs of other civil and forensic patients in the future.

In response, the staffing requested meets the therapeutic needs of the individuals on the unit while maintaining a safe environment for all patients and staff. The creation of this specialized unit and additional staff will not affect the capacity of CMHIP to meet the needs of other patients in the future. In fact, of the six DOC inmates previously housed in the E2 unit at CMHIP, four individuals that continue to require a higher level of care have been successfully moved to other units within CMHIP which appropriately meet their therapeutic needs.

In order to provide the optimal treatment environment for these patients, while at the same time ensuring the continued safety of other patients and staff at CMHIP, OSPB respectfully requests that the Committee reconsider its decision and approve this comeback request for FY 2014-15.

## Office of State Planning and Budgeting FY 2014-15 Supplemental Comeback Requests

Department:	Department of Human Services
Title:	DYC Staffing Enhancements

	FY 2014-15 Appropriation	FY 14-15 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$121,124,033</b>	<b>(\$270,422)</b>	<b>(\$1,551,307)</b>	<b>(\$270,422)</b>	<b>\$1,280,885</b>
FTE	734.0	23.8	0.0	23.8	23.8
GF	\$98,087,627	(\$150,189)	(\$1,431,074)	(\$150,189)	\$1,280,885
CF	\$1,012,169	\$0	\$0	\$0	\$0
RF	\$14,918,066	(\$92,581)	(\$92,581)	(\$92,581)	\$0
FF	\$7,106,171	(\$27,652)	(\$27,652)	(\$27,652)	\$0

### Summary of Initial Request:

The Department of Human Services requested a reduction of \$270,422 total funds including a reduction of \$150,189 General Fund and an increase of 23.8 FTE in FY 2014-15. This request was based on two dynamics: a reduction in the projected Division of Youth Corrections caseload by Legislative Council; and the need for additional staff to address safety for youth and staff at the state-operated facilities given the recent increase in assaults and fights. The request specifically included:

- A transfer of funds from the Purchase of Contract Placement appropriation by \$1,551,307 total funds, including \$1,480,143 General Fund, to the Institutional Programs Personal Services appropriation as the result of a decrease in the average daily population of committed youth from the currently appropriated projection of 784.5 to the December 2014 Legislative Council projection of 760.3;
- An increase in the Institutional Programs Personal Services appropriations for Correctional, Youth, Security Officer, I (CYSO I) and Correctional, Youth, Security Officer, III (CYSO III) staff hired in November and December 2014 by \$1,280,885 General Fund and 23.8 FTE, which annualizes to 53.0 FTE, to mitigate safety and security issues in the facilities; and
- A proposal to use \$80,000 from the cancelled Spring 2015 Provider Conference to offset the cost of additional staff.

### Committee Action:

The Joint Budget Committee reduced the Purchase of Contract Placements appropriation by \$1,551,307 total funds based on the forecast, and denied the funding request for increased staff to address safety and security issues.

## **OSPB Comeback:**

The Office of State Planning and Budgeting respectfully requests that the JBC approve the transfer of existing appropriations from the Purchase of Contracts Placement line to the Institutional Programs Personal Services line item to enhance staff safety and security at state-operated DYC facilities. The Department is addressing current safety and security issues with this funding by ensuring adequate supervision on overnight shifts as well as by filling additional positions.

In the supplemental request, the Department indicated that it hired 53 additional staff in November and December, and offset the cost of the additional staff through the use of projected savings resulting from the reduction in Purchase of Contract Placement expenditures. As of January 20, 2015, all of the 53 additional FTE have been hired and have started training.

The Department hired these staff within the footnote flexibility provided by the Joint Budget Committee. The budgetary flexibility granted to the Department by the General Assembly has been in place since the 2003 Long Bill and serves to facilitate the placement and treatment of youth in the most appropriate setting. The footnote states that:

*The department may transfer a total of up to \$5,000,000 General Fund between line items in the Institutional Programs section and the Community Programs line items for Purchase of Contract Placements, Parole Program Services, and S.B. 91-94 Programs to facilitate the placement and treatment of youth in the most appropriate setting, to support appropriate treatment, transition, and wrap-around services for youth in residential and non-residential settings, and to support community-based alternatives to secure detention placements, except that this transfer authority may not be used to reduce the S.B. 91-94 Programs line item.*

The footnote allows DYC to provide services to youth in its custody in the most appropriate and least restrictive setting while ensuring a safe environment for youth and staff.

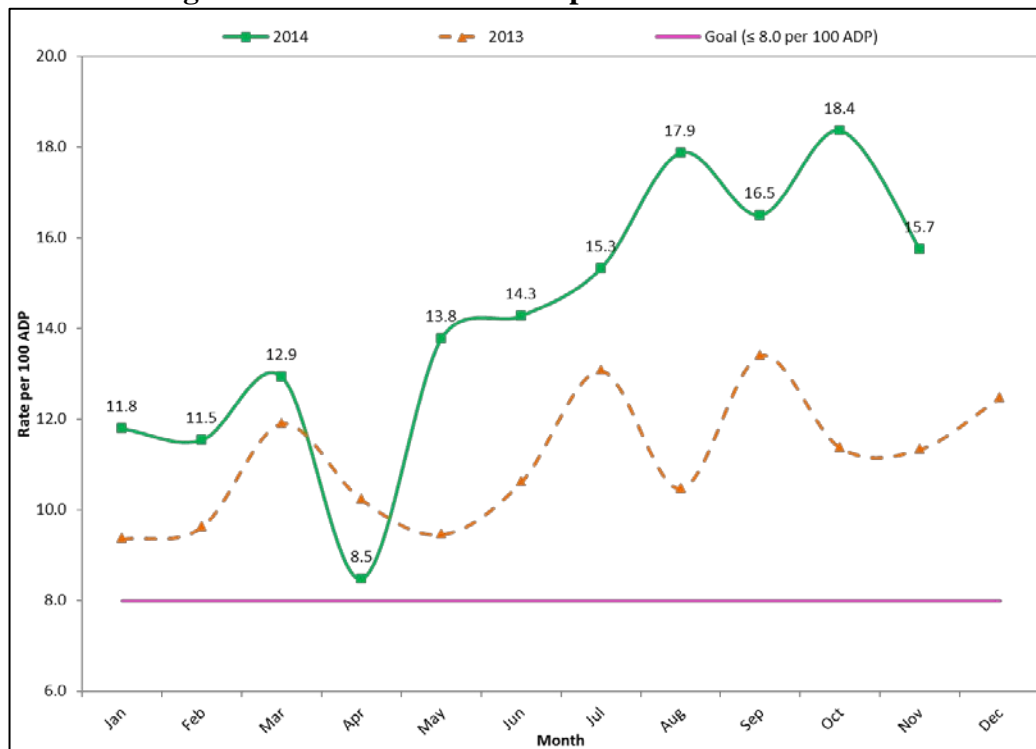
In the context of increasing incidents of fights and assaults, the Department analyzed the characteristics of youth in detention and commitment, staffing resources, and the structure of staffing patterns based on facility configuration. Through this review, it became apparent that additional staffing was necessary to improve the safety of youth and staff in DYC state-operated secure facilities. The Department initiated the hiring of the additional FTE in late October 2014. Though the decision changed the DYC staff-to-offender ratio, the base budget of the DYC is adequate to keep the newly higher ratio on a going forward basis.

As noted earlier, we have taken steps to ensure that complete coordination and communication occur beforehand to prevent a future mistake but also to raise cultural understanding around the importance of the partnership with the General Assembly on such matters. Relative to this particular situation, in hindsight, the Department should have connected these conversations with the Committee during its regular hearings. The Department acknowledges that it needs to do a better job of informing the legislature on discussions like this and is committed to doing so.

## Assault and Fight Trends - Updates

Although fights and assaults have been increasing since 2010, there has been a significant increase in the past eight months. The following C-Stat data depicts assault/fight trends since January 2013. It is important to note that C-Stat data includes *all* fights and assaults in a facility, whereas the table in the budget hearing document prepared for the Committee was based on *critical incidents*, but not all fights and assaults reach the level of a “critical” incident. Critical incidents include fights, medical issues, and other serious or potentially serious life safety or security incidents. This includes fights and assaults that result in contacting law enforcement, escapes, or serious injury. In the table that follows, rates are calculated on the number of fights and assaults per 100 average daily population.

**Fights and Assaults in State-Operated Secure Facilities**



The thorough analysis of safety vulnerabilities resulted in several important conclusions including the following:

- The acuity of both detention youth and youth committed to the custody of the Department has continued to increase. Recent information provided by the Department to the Joint Budget Committee outlines this increase in the severity of aggression, mental health and substance abuse treatment needs, gang activity, and other treatment needs.
- Two facilities in particular were significantly understaffed based on their size, configuration, population served and staffing resources. This includes the Zebulon Pike and Pueblo facilities.
- Night shifts were generally understaffed.
- Research directly links higher staff to youth ratios as a significant factor to enhance staff and youth safety.

As a result of this safety analysis the Department made significant changes in program operations and related policies as follows:

- Additional staff training in supervising youth.
- Structured shift briefings to increase staff awareness of concerns in the milieu.
- Review and strengthening of program structure to ensure youth are kept busy and active.
- Facility implementation of staffing/debriefing assault/fight incidents for learning and action planning with individual youth as well as overall practices.
- New staff on-the-job training program for new hires.
- Increased supervisory presence.
- Training staff in trauma-informed practices.
- Implementing strengths-based behavior management program.
- Training staff in restorative justice practices and mediation.



## Office of State Planning and Budgeting FY 2014-15 Supplemental Comeback Requests

Department:	Department of Human Services
Title:	S-11 Division of Vocational Rehabilitation SWAP

(9) Services for People with Disabilities; (C) Division of Vocational Rehabilitation; School to Work Alliance Program

	FY 2014-15 Appropriation	FY 14-15 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$9,973,705</b>	<b>(\$851,405)</b>	<b>\$0</b>	<b>(\$809,549)</b>	<b>\$809,549</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$0	\$0	\$0	\$0
CF	\$34,647	\$0	\$0	\$0	\$0
RF	\$2,089,753	(\$181,349)	\$0	(\$172,436)	\$172,436
FF	\$7,849,305	(\$670,056)	\$0	(\$637,113)	\$637,113

(9) Services for People with Disabilities; (C) Division of Vocational Rehabilitation; Vocational Rehabilitation Services

	FY 2014-15 Appropriation	FY 14-15 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$17,696,996</b>	<b>\$851,405</b>	<b>\$0</b>	<b>\$809,549</b>	<b>(\$809,549)</b>
FTE	223.7	0.0	0.0	0.0	0.0
GF	\$3,097,576	\$0	\$0	\$0	\$0
CF	\$34,647	\$0	\$0	\$0	\$0
RF	\$671,884	\$181,349	\$0	\$172,436	(\$172,436)
FF	\$13,927,536	\$670,056	\$0	\$637,113	(\$637,113)

### Summary of Initial Request:

The Department of Human Services requested the transfer of \$181,349 in reappropriated funds and \$670,056 in federal funds from the School to Work Alliance Program (SWAP) line item to the Division of Vocational Rehabilitation (DVR) Personal Services and DVR Operating Expenses line items in FY 2014-15 in order to avoid reverting federal funds in the SWAP line and to serve additional DVR clients.

### Committee Action:

The Joint Budget Committee (JBC) voted to deny the funding request in light of discussions related to transferring the Vocational Rehabilitation Programs to the Department of Labor and Employment.

**OSPB Comeback:**

The Office of State Planning and Budgeting respectfully requests that the JBC approve the Department of Human Services' request to move spending authority from the SWAP line to the DVR Services lines. The Department agrees with the adjusted funding details outlined in the JBC Staff Supplemental Recommendations to transfer \$809,549 in spending authority from the SWAP line item to the Vocational Rehabilitation Personal Services (\$556,058), Vocational Rehabilitation Services Operating (\$158,284), and Centrally Appropriated (\$95,207) line items.

This funding adjustment will help ensure three positive outcomes for the DVR program. First, it will prevent a reversion of \$637,113 federal funds in the SWAP line due to fewer school districts participating in the program in FY 2014-15 than anticipated. Second, the use of these federal funds will ensure that \$172,436 in reappropriated funding can still be used to serve DVR clients. Finally, the additional funding to fill personnel vacancies will allow the Department to fill key positions responsible for oversight, financial management, data analysis, and front line DVR services. The additional staff will allow DVR to provide services more efficiently to a greater number of clients.

Should the General Assembly decide to move the DVR program to the Department of Labor and Employment, the transition is not likely to occur in FY 2014-15. OSPB believes that the decision to transfer spending authority in the current fiscal year should be made independently of a larger discussion over which Executive Department should oversee the program.

OSPB requests that the Committee reconsider its decision and approve the Department's request to ensure that resources in the current fiscal year can be used to the fullest extent and serve the greatest number of individuals in need of vocational rehabilitation services.

## **Office of State Planning and Budgeting FY 2014-15 Supplemental Comeback Requests**

Department:	Department of Human Services
Title:	Child Welfare Administration Evaluation

### **Summary of Initial Request:**

The Department of Human Services requested \$100,000 Total Funds (\$83,000 General Fund and \$17,000 Federal Funds) to hire a contractor to conduct an evaluation of the staffing level and administrative processes within the Division of Child Welfare.

### **Committee Action:**

The Joint Budget Committee denied the request on the basis that it did not meet supplemental criteria. The Department submitted this request after the November 2014 audit of child welfare was released. The supplemental request process was the first available time to request resources to respond to the new data from the audit.

### **OSPB Comeback:**

The Office of State Planning and Budgeting respectfully requests that the Joint Budget Committee consider this request either as requested or for FY 2015-16. This request will allow an evaluation within the Division of Child Welfare of both of business processes (potentially through Lean) and staffing levels, with the goal of improving the administrative capacity of the Division.

The Division of Child Welfare has had a significant increase in workload over the past several years and is concerned that staffing levels are not keeping up with workload. New programs such as SafeCare, Nurse Family Partnership, and the Differential Response pilot were added through the Governor's Keeping Kids Safe and Families Healthy 2.0 plan. The Department is also overseeing the implementation of a statewide youth plan.

This evaluation is important as it will yield an objective, comprehensive look at the administrative functions within the Division of Child Welfare, providing an understanding of the gaps in current staffing levels, achieving efficiencies in administrative processes, and identifying opportunities for improvement. Additionally, the recent audit of the Collaborative Management program indicated that the Department should improve administrative oversight of this program.

While the Department has taken major steps towards implementing and developing the right programs and services, it must also take steps to ensure an effective and efficient workforce in order to better implement Child Welfare programs. Adherence to fidelity, and ultimately the success, of the multiple initiatives depends on having the right resources available. Proper staffing and efficient processes will improve administration and oversight of local governments as they address the most fragile population in Colorado: children at risk of abuse and neglect.



## Office of State Planning and Budgeting FY 2014-15 Supplemental Comeback Requests

Department:	Department of Public Safety
Title:	Additional Funding for Colorado Bureau of Investigation Arvada Laboratory

	FY 2013-14 Appropriation	FY 14-15 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$7,200,000</b>	<b>\$4,022,154</b>	<b>\$2,768,058</b>	<b>\$4,022,154</b>	<b>\$1,254,096</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$7,200,000	\$4,022,154	\$2,768,058	\$4,022,154	\$1,254,096
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Department requested an additional \$4,022,154 General Fund to be transferred into the Capital Construction Fund for the revised estimate of construction renovation costs associated with the new CBI forensic laboratory in Arvada.

### Committee Action:

The Joint Budget Committee approved \$2,768,058 for this project. This reduced the Department's overall request by \$1,254,096. These reductions were taken in the categories of design and professional services, inflation for construction and equipment, art in public places, and renovation contingency.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Committee approve this request in full. The amount approved by the Committee will be insufficient to effectuate construction of this new laboratory space. Without approval of the full \$4.0 million request, the CBI will be unable to complete construction and take occupancy of a functional, accredited forensic laboratory.

**Design and Professional Services:** The Office of the State Architect's Construction Management/General Contractor (CM/GC) Program requires all departments to handle projects of this size and scope using specific rules and procedures. These procedures mandate the use of a project manager as an advocate for the department during construction, the use of specific designed state contracts for services, such as construction management or general contractor, and the use of a contingency fund to handle unforeseen issues that arise during construction.

The original cost estimates for this project were performed by an architect that was contracted by the Department to perform a feasibility study of the building in February 2014. The costs estimated in the

original feasibility study were incorrect. A final feasibility study performed by the awarded general contractor and project manager indicated a cost increase of \$4,022,154 over the initial projection. As project costs increase, the fees for professional services, code reviews, art in public places and renovation contingency increase accordingly. Therefore, the Department based the amounts included in the supplemental on the final feasibility study.

The Department is evaluating the continued use of the specific architectural firm that provided the original feasibility study. Regardless of the decision to retain or release this specific architectural firm from their state contract, the Department will need architectural services to complete this project. The Department will be required to compensate the architectural firm for their services per rules prescribed by the Office of the State Architect CM/GC program.

**Inflation for Construction and Equipment:** This project was originally scheduled to be completed during FY 2014-15. However, as a result of this significant budgetary issue, the construction schedule has been pushed back. Therefore, the majority of the construction will occur during FY 2015-16. Unfortunately, construction costs in Colorado continue to rise due to the State's strong economic recovery. Although some estimates of annual construction and equipment inflation are approaching 10.0 percent, this request is based on a modest inflationary adjustment of 3.5 percent.

**Art in Public Places:** Art in Public Places must be 1.0 percent of total construction costs. Based on existing statute, this is not a discretionary cost.

**Renovation Contingency:** The Office of the State Architect's CM/GC program planning documents mandate a 10.0 percent contingency for all renovation projects. This contingency is designed to control for unforeseen issues associated with the building or costs of construction delays.

## Office of State Planning and Budgeting FY 2014-15 Supplemental Comeback Requests

Department:	Office of State Planning and Budgeting
Title:	CORE Emergency Supplemental

	FY 2013-14 Appropriation	FY 14-15 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
<b>Total</b>	<b>\$0</b>	<b>\$5,080,604</b>	<b>\$5,080,604</b>	<b>\$5,080,604</b>	<b>\$0</b>
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$4,463,642	\$3,159,743	\$4,463,642	\$1,303,899
CF	\$0	\$616,962	\$1,600,191	\$616,962	(\$983,229)
RF	\$0	\$0	\$320,670	\$0	(\$320,670)
FF	\$0	\$0	\$0	\$0	\$0

### Summary of Initial Request:

The Executive Branch requested a transfer of \$5,080,604 into the Capital Construction Fund to complete the implementation of the Colorado Operations Resource Engine (CORE), and to facilitate some important expansion of the system. Of this amount, \$4,463,642 was requested to be transferred to the CCF from General Fund, and \$616,962 from the Supplier Database Cash Fund.

### Committee Action:

The Committee approved the request, but appropriated \$3,159,743 of the total amount as transferred from the General Fund, with an additional \$1,303,899 from Cash and Reappropriated Funds to be collected from individual departments.

### OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests that the Committee reverse its decision and use General Fund for \$4,463,642 of this request.

This supplemental request, along with a number of other requests for FY 2014-15 and FY 2015-16, was submitted with General Fund as the sole source for funding in order to minimize the short-term impact of large IT programs on various cash funds around the State. Particularly in the departments of Natural Resources and Labor and Employment, such large projects have begun to threaten the solvency of cash funds with minimally flexible revenue streams. For programs to absorb large additional costs often requires months and years of planning, and mid-year changes such as this one cannot occur without other programmatic impacts.

OSPB recognizes the Committee's wish to charge cash and federal sources for their fair share of large IT expenditures. It should be noted, however, that our plan for funding this CORE request will allow for recoveries from these sources. Once the projects are complete and implemented, they will be capitalized in the State's accounting records, and depreciation will begin. Depreciation expenses will

be included common policy calculations for the CORE system, which will allow the State to assess cash and federal sources for the costs of implementing large systems such as this.

Through this mechanism, the General Fund will be proportionally repaid from cash and federal sources over the ten-year depreciable life of the CORE asset. And, importantly, departments with less flexible cash revenue streams will have ample time to plan for the added expense.