

COLORADO Office of State Planning & Budgeting 111 State Capitol Denver, Colorado 80203

FY 2016-17 Figure Setting Comeback Requests for Executive Branch Agencies

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Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

Department:	Department of Human Services	
Title:	Division of Youth Corrections Special Education Request	

	FY 2015-16 Appropriation	FY 2016-17 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total	\$0	\$125,000	\$0	\$125,000	\$125,000
FTE	0.0	\$125,000	\$0	\$125,000	\$125,000
GF	\$0	\$0	\$0	\$0	\$0
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 \$125,000 General Fund for the purpose of completing a needs assessment for special education resources in all Division of Youth Corrections facilities. These funds would support preparation and planning, site reviews, travel, administrative expenses, report development and presentation.

Committee Action:

The Committee denied the request based on the rationale that the Department should hire resources such as special education teachers to address the special education needs of the youth in the Division of Youth Corrections.

OSPB Comeback:

OSPB respectfully requests the Committee reconsider its decision to deny this request and provide \$125,000 for the special education needs assessment.

Background, Procurement Process, Summary:

The Division of Youth Corrections' education program serves approximately 335 students with special education needs over the course of a fiscal year. At any given time, approximately 50% of the student population in DYC is comprised of students with disabilities, and of these, 60% are identified as having emotional disabilities. The national average for the percentage of special education students served during a year in public schools is 12.9% (U.S. Department of Education, National Center for Education Statistics, 2015). This extraordinarily high ratio of special education students in the DYC population requires a much higher staffing level of special education teachers than are provided in the average public school.

The Division of Youth Corrections currently provides special education services to youth committed to the custody of the Department through both State FTE and contract providers. Through both structures, DYC is only able to provide a bare minimum of the services necessary for disabled youth. In addition, the DYC does not have school social workers who are essential in providing certain behavioral intervention support and services. Such positions require a firm understanding of special education laws, specialty education and licensing.

Given the complexity of these youth and the system in which they are involved in, it is critical the Department complete a needs assessment to answer important questions ensuring that an enhanced special education program for youth tine the Division of Youth Correction meets their needs. The request for a needs assessment for special education resources in all DYC facilities will cover the cost of preparation and planning, site reviews, travel, administrative expenses, report development and presentation. The purpose of the education needs assessment is to:

1) Determine whether or not the Division of Youth Corrections is appropriately resourced for educating youth in their facilities.

- Does the Division have sufficient resources to provide regular education services?
- Does the Division have sufficient resources to provide special education services and meet the requirements of federal and state law?
- At a central office level, can the Division adequately support its six State-operated facility education programs?

2) Assess the Division's service provision in general and special education in particular.

- Is the Division providing the appropriate curriculum for general and special education?
- Is the Division providing special education services in accordance with federal and State statute?

3) Assess the Division's provision of Career and Technical Education services.

- Does the Division have the appropriate level of resources to provide Career and technical Education services in all six facilities?
- Is the Division offering the appropriate curricula to ensure youth success?

The Department considered requesting special education staff, but determined it was first appropriate to develop a comprehensive education plan for its facilities. Conducting a needs assessment is the first step in developing this plan.

Office of State Planning and Budgeting FY 2016-17 Figure Setting Comeback Requests

Department:	Department of Human Services		
Title:	Indirect Cost Recovery Offset for DVR Transfer to CDLE		

	FY 2015-16 Appropriation	FY 2016-17 Budget Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total	\$0	\$1,094,283	\$0	\$1,094,283	\$1,094,283
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$0	\$1,094,283	\$0	\$1,094,283	\$1,094,283
CF	\$0	\$0	\$0	\$0	\$0
RF	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

Summary of Initial Request:

The Department of Human Services requested \$1,094,283 General Fund in FY 2016-17 and beyond to backfill the Department's loss of indirect cost recoveries related to the transfer of the Division of Vocational Rehabilitation (DVR) to the Department of Labor and Employment (CDLE).

Committee Action:

The Joint Budget Committee denied this request in full. Joint Budget Committee staff's recommendation stated that if the Department was using indirect costs from the Vocational Rehabilitation Programs to pay overhead costs associated with other programs, the Department should either collect more indirects from those programs or reduce their overhead costs.

OSPB Comeback:

The Office of State Planning and Budgeting respectfully requests the Joint Budget Committee approve this request for \$1,094,283 General Fund in the Department of Human Services. This will provide funding for the Department to pay for central support services and direct office overhead that will remain the same after the transfer of DVR. These central service staff members will continue to support all of the Department's remaining programs. The Department's remaining programs can absorb some of the indirect costs previously allocated to DVR, but will be unable to fully offset the decrease in General Fund and federal funds indirect revenue that was collected by DVR.

Importantly, while the transfer of DVR will prevent DHS from collecting indirect cost recoveries on associated federal grants, the State of Colorado will still benefit from these indirect cost recoveries. In fact, OSPB's November budget request already includes an increase in indirect cost recoveries within the Department of Labor and Employment that will partially offset General Fund overhead expenditures in other areas of State government. In this way, indirect cost recoveries from the federal DVR grants will continue to pay the overhead costs associated with the management of those grants.

Joint Budget Committee Staff raised a number of concerns about this request during its figure setting presentation. Those concerns are addressed below.

1. The Department is using DVR to subsidize Department indirects for other programs:

Table 1 shows the percentage of indirect costs assessed to each program. DVR contributed approximately 4% of the total amount of indirects for the Department. Table 2 displays the total indirect costs and the proprational amount that DVR pays in indirects costs. The FY 2015-16 total authorized FTE for the Department is 4,970.9 FTE. The transfer of DVR will reduce this count by 240.0 FTE, or 4.8%, indicating the DVR program is not subsidizing other programs.

Office	Funding Source/ Program	% Indirect Cost Allocated	
Department-wide	Medicaid (50%)	6%	
Department-wide	District Pools	1%	
Department-wide	State Programs	2%	
Office of Behavioral Health	Alcohol and Drug Abuse Division (ADAD)	1%	
Office of Behavioral Health	Mental Health Community Programs	1%	
Office of Behavioral Health	Mental Health Institutes	21%	
Office of Community Access and Independence	Aging	0%	
Office of Community Access and Independence	Aging & Adult Services (III,V)	1%	
Office of Community Access and Independence	Disability Determination Services	2%	
Office of Community Access and Independence	Veterans Community Living Centers	2%	
Office of Community Access and Independence	Regional Centers	12%	
Office of Community Access and Independence	Vocational Rehabilitation	4%	
Office of Children, Youth, and Families	Child Support Enforcement Title IV-D	4%	
Office of Children, Youth, and Families	Child Welfare IV-B	1%	
Office of Children, Youth, and Families	Child Welfare IV-E	6%	
Office of Children, Youth, and Families	Child Welfare-Child Abuse	0%	
Office of Children, Youth, and Families	Division of Youth Corrections (DYC)	10%	
Office of Children, Youth, and Families, Office of Early Childhood, Office of Community Access and Independence	Title XX	7%	
Office of Early Childhood	Early Child Care	3%	
Office of Economic Security	Adult Financial Services & OAP	0%	
Office of Economic Security	Food Assistance (SNAP)	9%	
Office of Economic Security	Low Income Energy Assistance (LEAP)	1%	
Office of Economic Security	Refugees	0%	
Office of Economic Security	Temporary Assistance to Needy Families (TANF)	6%	
¹ These are projections based on actual data from FY	Total	100%	

Table 2: FY 2016-17 Projected Indirect Cost Overviewof DVR and Other DHS Programs					
Funding Source/ Program	Indirect Costs Allocation Structure Within DHS	General Fund	Cash and Reappropriated Funds	Federal Funds	% Costs Allocated
Other DHS Programs	\$53,287,174	\$32,202,994	\$10,966,237	\$10,117,943	96%
DVR	\$2,092,543	\$460,360	\$0	\$1,632,183	4%
DHS Total	\$55,379,717	\$32,663,354	\$10,966,237	\$11,750,126	100%

2. The Department should reduce overhead costs:

Indirect costs include central support services and direct office overhead costs for benefitting programs. Central support services costs are costs that are a legitimate cost of doing business; and costs that cannot be directly identified with a single program or area. This would include employees in Accounting, Contracts, Procurement, and Human Resources who help support multiple offices within the Department. Direct office overhead is the cost of personal services and operating expenses associated with Office-specific FTE including the Office Director, Deputy Office Director, the assigned Budget Analyst, the assigned C-stat Performance Analyst, and other Office-specific administrative positions. These positions support the programs of the Department and the functions will still be necessary without the Division. Positions cannot be eliminated and the salaries cannot be reduced because the funding from this program will no longer be available.

3. Which line items receive indirect costs?

Please see Table 1 above for the list of Department programs that receive indirect costs.

4. Which lines are affected/reduced if this is not funded?

The Department would need to reduce its administrative budget by \$1.7 million General Fund to achieve the necessary savings. This equates to over 20 FTE in fiscal, procurement, human resources, management and other critical infrastructure needs.

5. The budget should have included a base reduction based on the loss of indirect costs.

As noted above, the DVR indirect funding supports a small portion of the Department's budget. The positions it funded support the programs of the Department and the functions will still be necessary without the Division. The remaining Department programs will not earn enough indirect revenue to fully offset the decrease in General Fund and federal fund indirect cost recoveries that were allocated to DVR. As a result, without additional resources, the Department may over-expend General Fund in many of its programs' personal services line items that have indirect overhead charges allocated to them.