

MEMORANDUM

TO: Joint Budget Committee Members
FROM: JBC Staff
SUBJECT: Bill Drafts for Discussion on April 21, 2016
DATE: April 21, 2016

This memo includes the following bill drafts for the Committee's consideration.

- LLS 16-0929: "Concerning the Evaluation of State Tax Expenditures." (Kevin Neimond)
- LLS 16-1169: "Concerning the Expansion of Intensive Residential Treatment for Substance Use Disorders Through Designated Regional Managed Service Organizations, and, in Connection Therewith, Making an Appropriation." (Carolyn Kampman)
- Memo on LLS 16-1183 and Higher Education Intercept Debt (Amanda Bickel)
- LLS 16-1183: "Concerning the Higher Education Revenue Bond Intercept Program." (Amanda Bickel)
- LLS 16-1184: "Concerning Revising the Child Welfare Funding Mechanism." (Robin Smart)

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

REDRAFT

4.18.16

Double underlining
denotes changes from
prior draft

DRAFT

LLS NO. 16-0929.03 Esther van Mourik x4215

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Evaluation Of The State's Tax Expenditures"

A BILL FOR AN ACT

101 **CONCERNING THE EVALUATION OF STATE TAX EXPENDITURES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Joint Budget Committee. The bill specifies that the state auditor is responsible for evaluating the state's tax expenditures. The evaluation must include the following:

- A summary description of the purpose, intent, or goal of the tax expenditure;
- The intended beneficiaries of the tax expenditure;
- Whether the tax expenditure is accomplishing its purpose, intent, or goal;

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

- An analysis of the effect of the state tax policies connected to local taxing jurisdictions on the overall purpose, intent, or goal of the tax expenditure;
- A subjective explanation of the intended economic costs and benefits of the tax expenditure, with objective analyses to support the evaluation if they are available or reasonably possible;
- A comparison of the tax expenditure to other similar tax expenditures in other states;
- Whether there are other tax expenditures, federal or state spending, or other government, nonprofit, commercial, volunteer, or philanthropic programs that have the same or similar purpose, intent, or goal as the tax expenditure, whether those all are appropriately coordinated, and, if not, how coordination could be improved, or whether any redundancies can be eliminated;
- If the evaluation of a particular tax expenditure's economic impact is made difficult because of data constraints, any suggestions for changes in administration or law that would facilitate such data collection; and
- An explanation of the performance measures used to determine the extent to which the tax expenditure is accomplishing its purpose, intent, or goal. The bill specifies that the performance measures must be clear and relevant to the specific tax expenditure being evaluated, should be measurable and track actionable goals, and can be assessable and reportable over time.

To the extent it can be determined by the state auditor, the tax expenditure evaluation should also include the following:

- The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources to address the same purpose, intent, or goal;
- An analysis of the tax expenditure's effect on competition and on business and stakeholder needs; and
- Whether there are any opportunities to improve the effectiveness of the tax expenditure in meeting its purpose, intent, or goal.

The bill specifies that the state auditor must present the results in the form of an annual evaluation report that is posted on the general assembly's website.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-21-301, **add** (3)

1 as follows:

2 **39-21-301. Legislative declaration.** (3) THE GENERAL ASSEMBLY
3 MUST SPEND ITS RESOURCES WISELY AND IT IS BENEFICIAL TO THE STATE
4 TO KNOW WHETHER THE TAX EXPENDITURES THAT ARE IN PLACE ARE
5 ACCOMPLISHING THE GOALS THEY WERE INTENDED TO MEET. IN ENACTING
6 SECTION 39-21-305, IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT
7 THE STATE AUDITOR'S EVALUATION WILL PROVIDE THE STATE WITH
8 FACTUAL EVIDENCE OF WHETHER THE STATE'S TAX EXPENDITURES _____
9 ACHIEVE THE OBJECTIVES THEY ARE INTENDED TO ACHIEVE, INCLUDING
10 ECONOMIC DEVELOPMENT, ASSISTING _____ BENEFICIARIES, _____ AND
11 PROMOTING THE HEALTH, SAFETY, AND WELFARE OF THE PUBLIC,
12 INCLUDING THE BUSINESS ENVIRONMENT. ADDITIONALLY, IT IS THE INTENT
13 OF THE GENERAL ASSEMBLY THAT THE STATE AUDITOR'S EVALUATION:

14 (a) COMPARES THE STATE'S TAX EXPENDITURES _____ WITH OTHER
15 STATE'S TAX EXPENDITURES;

16 (b) COMPARES THE EFFECT OF THE STATE'S TAX EXPENDITURES ON
17 COMPETITION;

18 (c) MEASURES THE EFFECT OF THE STATE'S TAX EXPENDITURES ON
19 BUSINESS AND STAKEHOLDER NEEDS;

20 (d) DETERMINES WHETHER THE STATE'S TAX EXPENDITURES ARE
21 ADMINISTERED EFFICIENTLY AND TRANSPARENTLY WITH DEFINED
22 PERFORMANCE MEASURES THAT SUPPORT ACCOUNTABILITY; AND

23 (e) ANALYZES HOW THE STATE'S TAX EXPENDITURES SERVE THE
24 PUBLIC'S INTERESTS BY PROTECTING TAXPAYER DOLLARS AND HOW THE
25 STATE'S TAX EXPENDITURES ENSURE COST-EFFECTIVENESS. _____

26 **SECTION 2.** In Colorado Revised Statutes, 39-21-302, **add** (1.3)
27 and (1.5) as follows:

1 **39-21-302. Definitions.** As used in this part 3, unless the context
2 otherwise requires:

3 (1.3) "EVALUATION REPORT" MEANS THE EVALUATION REPORT
4 THAT THE STATE AUDITOR IS REQUIRED TO PREPARE PURSUANT TO SECTION
5 39-21-305.

6 (1.5) "STATE AUDITOR" MEANS THE STATE AUDITOR DESCRIBED IN
7 SECTION 2-3-102, C.R.S.

8 **SECTION 3.** In Colorado Revised Statutes, **add** 39-21-305 as
9 follows:

10 **39-21-305. Tax expenditure - state auditor evaluation.**

11 (1) (a) THE STATE AUDITOR SHALL EVALUATE THE STATE'S TAX
12 EXPENDITURES PURSUANT TO THE REQUIREMENTS IN THIS SECTION. IN
13 EVALUATING EACH TAX EXPENDITURE, THE STATE AUDITOR SHALL
14 CONSULT WITH THE INTENDED BENEFICIARIES OR REPRESENTATIVES OF
15 THE INTENDED BENEFICIARIES OF THE TAX EXPENDITURE. IN ADDITION, IF
16 THE TAX EXPENDITURE IS INTENDED TO BENEFIT A SPECIFIC GEOGRAPHIC
17 REGION OF THE STATE, THE STATE AUDITOR SHALL CONSULT WITH THE
18 INTENDED BENEFICIARIES IN THAT SPECIFIC GEOGRAPHIC REGION OF THE
19 STATE.

20 (b) THE STATE AUDITOR'S TAX EXPENDITURE EVALUATION MUST
21 INCLUDE THE FOLLOWING:

22 (I) A SUMMARY DESCRIPTION OF THE PURPOSE, INTENT, OR GOAL
23 OF THE TAX EXPENDITURE;

24 (II) THE INTENDED BENEFICIARIES OF THE TAX EXPENDITURE;

25 (III) WHETHER THE TAX EXPENDITURE IS ACCOMPLISHING ITS
26 PURPOSE, INTENT, OR GOAL;

27 (IV) AN ANALYSIS OF THE EFFECT OF THE STATE TAX POLICIES

1 CONNECTED TO LOCAL TAXING JURISDICTIONS ON THE OVERALL PURPOSE,
2 INTENT, OR GOAL OF THE TAX EXPENDITURE;

3 (V) AN EXPLANATION OF THE INTENDED ECONOMIC COSTS AND
4 BENEFITS OF THE TAX EXPENDITURE, WITH ANALYSES TO SUPPORT THE
5 EVALUATION IF THEY ARE AVAILABLE OR REASONABLY POSSIBLE;

6 (VI) A COMPARISON OF THE TAX EXPENDITURE TO OTHER SIMILAR
7 TAX EXPENDITURES IN OTHER STATES;

8 (VII) WHETHER THERE ARE OTHER TAX EXPENDITURES, FEDERAL
9 OR STATE SPENDING, OR OTHER GOVERNMENT, NONPROFIT, COMMERCIAL,
10 VOLUNTEER, OR PHILANTHROPIC PROGRAMS THAT HAVE THE SAME OR
11 SIMILAR PURPOSE, INTENT, OR GOAL AS THE TAX EXPENDITURE, WHETHER
12 THOSE ALL ARE APPROPRIATELY COORDINATED, AND, IF NOT, HOW
13 COORDINATION COULD BE IMPROVED, OR WHETHER ANY REDUNDANCIES
14 CAN BE ELIMINATED;

15 (VIII) IF THE EVALUATION OF A PARTICULAR TAX EXPENDITURE'S
16 ECONOMIC IMPACT IS MADE DIFFICULT BECAUSE OF DATA CONSTRAINTS,
17 ANY SUGGESTIONS FOR CHANGES IN ADMINISTRATION OR LAW THAT
18 WOULD FACILITATE SUCH DATA COLLECTION; AND

19 (IX) AN EXPLANATION OF THE PERFORMANCE MEASURES USED TO
20 DETERMINE THE EXTENT TO WHICH THE TAX EXPENDITURE IS
21 ACCOMPLISHING ITS PURPOSE, INTENT, OR GOAL. THE PERFORMANCE
22 MEASURES MUST BE CLEAR AND RELEVANT TO THE SPECIFIC TAX
23 EXPENDITURE BEING EVALUATED, SHOULD BE MEASURABLE AND TRACK
24 ACTIONABLE GOALS, AND CAN BE ASSESSABLE AND REPORTABLE OVER
25 TIME. THE STATE AUDITOR SHALL CONSIDER THE ORIGINAL LEGISLATIVE
26 INTENT AS WELL AS SUBSEQUENT DEVELOPMENTS IN THE STATE'S
27 ECONOMY, THE NATIONAL ECONOMY, AND ANY CHANGES IN NATIONAL,

1 STATE, OR LOCAL FISCAL POLICIES AND CONDITIONS.

2 (c) TO THE EXTENT IT CAN BE DETERMINED BY THE STATE
3 AUDITOR, THE TAX EXPENDITURE EVALUATION SHOULD ALSO INCLUDE THE
4 FOLLOWING:

5 (I) THE EXTENT TO WHICH THE TAX EXPENDITURE IS A
6 COST-EFFECTIVE USE OF RESOURCES COMPARED TO OTHER OPTIONS FOR
7 USING THE SAME RESOURCES TO ADDRESS THE SAME PURPOSE, INTENT, OR
8 GOAL; _____

9 (II) AN ANALYSIS OF THE TAX EXPENDITURE'S EFFECT ON
10 COMPETITION AND ON BUSINESS AND STAKEHOLDER NEEDS; AND

11 (III) WHETHER THERE ARE ANY OPPORTUNITIES TO IMPROVE THE
12 EFFECTIVENESS OF THE TAX EXPENDITURE IN MEETING ITS PURPOSE,
13 INTENT, OR GOAL.

14 (d) NO LATER THAN SEPTEMBER 15, 2017, THE STATE AUDITOR
15 SHALL DEVELOP AND PUBLISH A MULTI-YEAR SCHEDULE THAT LISTS ALL
16 TAX EXPENDITURES IN LAW AS OF JULY 1, 2017, AND INDICATES THE YEAR
17 WHEN THE EVALUATION REPORT WILL BE PUBLISHED FOR EACH TAX
18 EXPENDITURE. IN DEVELOPING THE MULTI-YEAR SCHEDULE THE STATE
19 AUDITOR SHALL ENDEAVOR TO REVIEW THE OLDEST TAX EXPENDITURES
20 FIRST AND SHALL ENDEAVOR TO REVIEW A TAX EXPENDITURE WITH A
21 STATUTORY REPEAL DATE SO THAT THE EVALUATION REPORT FOR SUCH
22 TAX EXPENDITURE IS AVAILABLE DURING THE LEGISLATIVE SESSION HELD
23 IN THE CALENDAR YEAR BEFORE THE TAX EXPENDITURE IS SCHEDULED TO
24 REPEAL. THE STATE AUDITOR MAY REVISE THE SCHEDULE SO LONG AS THE
25 STATE AUDITOR CONTINUES TO PROVIDE FOR A SYSTEMATIC EVALUATION
26 OF ALL TAX EXPENDITURES, INCLUDING ANY NEW TAX EXPENDITURES
27 ENACTED BY THE GENERAL ASSEMBLY SINCE THE PUBLICATION OF A

1 PREVIOUS EVALUATION REPORT, AND SO LONG AS EACH TAX EXPENDITURE
2 IS REVIEWED AT LEAST ONCE EVERY FIVE YEARS.

3 (e) THE STATE AUDITOR SHALL PRESENT THE RESULTS IN THE FORM
4 OF AN EVALUATION REPORT THAT THE STATE AUDITOR SHALL ENSURE IS
5 POSTED ON THE GENERAL ASSEMBLY'S WEBSITE. THE STATE AUDITOR
6 SHALL ENSURE THE POSTING OF THE FIRST EVALUATION REPORT NO LATER
7 THAN SEPTEMBER 14, 2018, AND SHALL ENSURE THE POSTING OF
8 SUBSEQUENT EVALUATION REPORTS NO LATER THAN SEPTEMBER 15 OF
9 EACH YEAR THEREAFTER.

10 (2) (a) AS SET FORTH IN SECTION 24-72-204 (1) (a), C.R.S., ANY
11 INFORMATION, ANALYSIS, OR DATA REQUESTED BY THE STATE AUDITOR
12 THAT INCLUDES CONFIDENTIAL INFORMATION MAY NOT BE INSPECTED BY
13 A PERSON PURSUANT TO THE "COLORADO OPEN RECORDS ACT", PART 2 OF
14 ARTICLE 72 OF TITLE 24, C.R.S., BECAUSE SUCH INSPECTION WOULD BE
15 CONTRARY TO STATE STATUTE.

16 (b) THE DEPARTMENT OF REVENUE MUST PROVIDE ANY REQUESTED
17 INFORMATION, ANALYSIS, OR DATA, IF AVAILABLE AND UNDER THE
18 CONTROL OF THE DEPARTMENT, AS REQUESTED BY THE STATE AUDITOR;
19 EXCEPT THAT, IF THE REQUEST INCLUDES CONFIDENTIAL INFORMATION,
20 SUCH INFORMATION MUST REMAIN CONFIDENTIAL IN THE HANDS OF THE
21 STATE AUDITOR, AND THE STATE AUDITOR IS SUBJECT TO THE SAME
22 LIMITATIONS SPECIFIED IN SECTION 39-21-113.

23 (c) THE STATE AUDITOR'S AUTHORITY SET FORTH IN SECTION
24 2-3-107, C.R.S., APPLIES TO THE STATE AUDITOR'S EVALUATION SET
25 FORTH IN THIS SECTION.

26 **SECTION 4. Act subject to petition - effective date. This act**
27 **takes effect at 12:01 a.m. on the day following the expiration of the**

1 ninety-day period after final adjournment of the general assembly (August
2 10, 2016, if adjournment sine die is on May 11, 2016); except that, if a
3 referendum petition is filed pursuant to section 1 (3) of article V of the
4 state constitution against this act or an item, section, or part of this act
5 within such period, then the act, item, section, or part will not take effect
6 unless approved by the people at the general election to be held in
7 November 2016 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

DRAFT
4.12.16

DRAFT

LLS NO. 16-1169.01 Jane Ritter x4342

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Intensive Residential Substance Use Treatment"

A BILL FOR AN ACT

101 **CONCERNING THE EXPANSION OF INTENSIVE RESIDENTIAL TREATMENT**
102 **FOR SUBSTANCE USE DISORDERS THROUGH DESIGNATED**
103 **REGIONAL MANAGED SERVICE ORGANIZATIONS, AND, IN**
104 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills summaries>.)

Joint Budget Committee. The bill requires each designated regional managed service organization (MSO) throughout the state to assess the sufficiency of intensive residential treatment for substance use

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

disorders (intensive residential treatment) in its geographic region for adults, young adults ages 18 through 25, pregnant women, women who are postpartum and parenting, and others who are in need of intensive residential treatment. Each MSO will provide the department of human services (department) and the department of health care policy and financing with a plan to expand intensive residential treatment in its geographic region based on the results of the community assessment. The department shall post the results of the MSO plans on its website, as well as provide a summary report of the plans to the joint budget committee, the health and human services committee of the senate, and the public health care and human services committee of the house of representatives, or any successor committees.

On July 1, 2016, the department shall disburse to each MSO 60% of the MSO's allocation from the marijuana tax cash fund. The department shall disburse to each MSO the remaining 40% of the MSO's allocation after submission of the MSO's plan. Each MSO may use up to 15% of its state fiscal year 2016-17 allocation from the marijuana tax cash fund for the community assessment and related plan and the remainder for intensive residential treatment that is not otherwise covered by public or private insurance. On July 1, 2017, and on July 1 each year thereafter, the department shall disburse to each MSO 100% of the MSO's allocation from the marijuana tax cash fund.

For state fiscal year 2016-17, and each state fiscal year thereafter, the department shall allocate money that is annually appropriated from the marijuana tax cash fund to MSOs based on the department's allocation of the federal substance abuse prevention and treatment block grant for specific geographic areas. The department shall modify the allocation methodology as necessary in subsequent fiscal years.

Each MSO may utilize money allocated to it from the marijuana tax cash fund in whatever way it deems most effective to expand access to intensive residential treatment.

Each MSO shall submit mid-year and annual reports to the department on its activities, use of money, and the impact of intensive residential treatment on target populations.

The department is directed to contract with an evaluation contractor and to work collaboratively with that entity and the department of health care policy and financing to study the overall effectiveness of intensive residential treatment in the state. Prior to entering into a contract for the evaluation of intensive residential treatment, the department shall seek input from MSOs and residential substance use disorder treatment providers concerning relevant outcome measures.

1 *Be it enacted by the General Assembly of the State of Colorado:*

1 **SECTION 1.** In Colorado Revised Statutes, **add** 27-80-107.5 as
2 follows:

3 **27-80-107.5. Managed service organizations - substance use**
4 **disorder treatment services - assessment - expansion plan -**
5 **allocations - reporting requirements - evaluation.** (1) ON OR BEFORE
6 FEBRUARY 1, 2017, EACH MANAGED SERVICE ORGANIZATION DESIGNATED
7 PURSUANT TO SECTION 27-80-107 SHALL ASSESS THE SUFFICIENCY OF
8 SUBSTANCE USE DISORDER TREATMENT SERVICES WITHIN ITS GEOGRAPHIC
9 REGION FOR ADULTS, YOUNG ADULTS AGES EIGHTEEN THROUGH
10 TWENTY-FIVE, PREGNANT WOMEN, WOMEN WHO ARE POSTPARTUM AND
11 PARENTING, AND OTHERS WHO ARE IN NEED OF INTENSIVE RESIDENTIAL
12 TREATMENT. DURING THE COMMUNITY ASSESSMENT PROCESS, EACH
13 MANAGED SERVICE ORGANIZATION MAY SEEK INPUT AND INFORMATION
14 FROM APPROPRIATE ENTITIES, SUCH AS COMMUNITY MENTAL HEALTH
15 CENTERS, BEHAVIORAL HEALTH ORGANIZATIONS, COUNTY DEPARTMENTS
16 OF HUMAN OR SOCIAL SERVICES, LOCAL PUBLIC HEALTH AGENCIES,
17 SUBSTANCE USE DISORDER TREATMENT PROVIDERS, LAW ENFORCEMENT
18 AGENCIES, AND PROBATION DEPARTMENTS. THE COMMUNITY ASSESSMENT
19 MUST INCLUDE AN ANALYSIS OF EXISTING FUNDING AND RESOURCES
20 WITHIN THE COMMUNITY TO PAY FOR SUCH TREATMENT FOR ADULTS,
21 YOUNG ADULTS AGES EIGHTEEN THROUGH TWENTY-FIVE, PREGNANT
22 WOMEN, WOMEN WHO ARE POSTPARTUM AND PARENTING, AND OTHERS
23 WHO ARE IN NEED OF INTENSIVE RESIDENTIAL TREATMENT.

24 (2) (a) ON OR BEFORE MARCH 1, 2017, EACH MANAGED SERVICE
25 ORGANIZATION THAT HAS COMPLETED A COMMUNITY ASSESSMENT
26 PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL SUBMIT A PLAN IN
27 ELECTRONIC FORMAT TO THE DEPARTMENT AND THE DEPARTMENT OF

1 HEALTH CARE POLICY AND FINANCING THAT SUMMARIZES THE RESULTS OF
2 THE COMMUNITY ASSESSMENT. THE PLAN MUST INCLUDE A DESCRIPTION
3 OF HOW THE MANAGED SERVICE ORGANIZATION WILL UTILIZE ITS
4 ALLOCATION OF FUNDING FROM THE MARIJUANA TAX CASH FUND CREATED
5 IN SECTION 39-28.8-501, C.R.S., TO ADDRESS THE MOST CRITICAL SERVICE
6 GAPS IN EACH GEOGRAPHIC REGION AND A TIMELINE FOR IMPLEMENTATION
7 OF THE PLAN.

8 (b) ON OR BEFORE MAY 1, 2017, THE DEPARTMENT SHALL POST
9 THE PLANS FROM THE MANAGED SERVICE ORGANIZATIONS DEVELOPED
10 PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) ON ITS WEBSITE. ON
11 OR BEFORE MAY 1, 2017, THE DEPARTMENT SHALL SUBMIT A REPORT
12 SUMMARIZING ALL OF THE PLANS RECEIVED FROM THE MANAGED SERVICE
13 ORGANIZATIONS TO THE JOINT BUDGET COMMITTEE, THE HEALTH AND
14 HUMAN SERVICES COMMITTEE OF THE SENATE, AND THE PUBLIC HEALTH
15 CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF
16 REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES.

17 (3) (a) ON JULY 1, 2016, THE DEPARTMENT SHALL DISBURSE TO
18 EACH DESIGNATED MANAGED SERVICE ORGANIZATION SIXTY PERCENT OF
19 THE DESIGNATED MANAGED SERVICE ORGANIZATION'S ALLOCATION FROM
20 THE MONEY APPROPRIATED FROM THE MARIJUANA TAX CASH FUND. EACH
21 DESIGNATED MANAGED SERVICE ORGANIZATION THAT CONDUCTS A
22 COMMUNITY ASSESSMENT AND PREPARES A PLAN PURSUANT TO
23 SUBSECTION (2) OF THIS SECTION MAY USE UP TO FIFTEEN PERCENT OF ITS
24 STATE FISCAL YEAR 2016-17 ALLOCATION FROM THE MARIJUANA TAX
25 CASH FUND FOR SUCH PURPOSES AND THE REMAINDER FOR SUBSTANCE USE
26 DISORDER TREATMENT FOR THE TARGET POPULATIONS. THE DEPARTMENT
27 SHALL DISBURSE THE REMAINING FORTY PERCENT OF THE DESIGNATED

1 MANAGED SERVICE ORGANIZATION'S MARIJUANA TAX CASH FUND
2 ALLOCATION TO THE DESIGNATED MANAGED SERVICE ORGANIZATION
3 AFTER THE SUBMISSION OF THE PLANS PREPARED PURSUANT TO
4 SUBSECTION (2) OF THIS SECTION.

5 (b) ON JULY 1, 2017, AND ON EVERY JULY 1 THEREAFTER, THE
6 DEPARTMENT SHALL DISBURSE TO EACH DESIGNATED MANAGED SERVICE
7 ORGANIZATION ONE HUNDRED PERCENT OF THE DESIGNATED MANAGED
8 SERVICE ORGANIZATION'S ALLOCATION FROM THE MONEY APPROPRIATED
9 FROM THE MARIJUANA TAX CASH FUND.

10 (c) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT EACH
11 DESIGNATED MANAGED SERVICE ORGANIZATION USE MONEY ALLOCATED
12 TO IT FROM THE MARIJUANA TAX CASH FUND TO COVER EXPENDITURES FOR
13 SUBSTANCE USE DISORDER TREATMENT THAT IS NOT OTHERWISE COVERED
14 BY PUBLIC OR PRIVATE INSURANCE.

15 (d) (I) FOR STATE FISCAL YEAR 2016-17, AND EACH STATE FISCAL
16 YEAR THEREAFTER, THE DEPARTMENT SHALL ALLOCATE MONEY THAT IS
17 ANNUALLY APPROPRIATED TO IT FROM THE MARIJUANA TAX CASH FUND TO
18 THE DESIGNATED MANAGED SERVICE ORGANIZATIONS BASED ON THE
19 DEPARTMENT'S ALLOCATION OF THE FEDERAL SUBSTANCE ABUSE
20 PREVENTION AND TREATMENT BLOCK GRANT TO GEOGRAPHICAL AREAS
21 FOR THE SAME STATE FISCAL YEAR.

22 (II) FOR STATE FISCAL YEAR 2017-18 AND EACH FISCAL YEAR
23 THEREAFTER, THE DEPARTMENT SHALL MODIFY THE ALLOCATION
24 METHODOLOGY SET FORTH IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (d)
25 IF THE DESIGNATED MANAGED SERVICE ORGANIZATIONS RECOMMEND, BY
26 CONSENSUS, A CHANGE. ANY SUCH RECOMMENDATION MUST BE
27 SUBMITTED TO THE DEPARTMENT BY MARCH 31 PRIOR TO THE STATE

1 FISCAL YEAR IN WHICH THE CHANGE WOULD APPLY.

2 (4) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION,
3 EACH MANAGED SERVICE ORGANIZATION MAY USE ITS ALLOCATION FROM
4 THE MARIJUANA TAX CASH FUND IN WHATEVER WAY IT DEEMS MOST
5 EFFECTIVE TO EXPAND ACCESS TO SUBSTANCE USE DISORDER TREATMENT
6 SERVICES FOR THE TARGET POPULATIONS. USAGE MAY INCLUDE:

7 (a) MAKING FUNDING AVAILABLE TO EXISTING RESIDENTIAL
8 TREATMENT PROVIDERS TO INCREASE CAPACITY;

9 (b) ALLOCATING FUNDING FOR A GUARANTEED NUMBER OF BEDS
10 TO ENSURE CONTINUED CAPACITY AND SUFFICIENT CASH FLOW FOR
11 PROVIDERS;

12 (c) PURCHASING SERVICES FROM OTHER GEOGRAPHIC REGIONS
13 AND PAYING FOR TRANSPORTATION OR OTHER ASSOCIATED SERVICES; AND

14 (d) PROVIDING A SIMILAR LEVEL OF SERVICE IN A NONRESIDENTIAL
15 SETTING IF SUCH SERVICES ARE EFFECTIVE.

16 (5) (a) ON OR BEFORE SEPTEMBER 1, 2017, AND ON OR BEFORE
17 EACH SEPTEMBER 1 THEREAFTER, EACH DESIGNATED MANAGED SERVICE
18 ORGANIZATION SHALL SUBMIT AN ANNUAL REPORT TO THE DEPARTMENT
19 CONCERNING THE AMOUNT AND PURPOSE OF ACTUAL EXPENDITURES MADE
20 USING MONEY FROM THE MARIJUANA TAX CASH FUND IN THE PREVIOUS
21 STATE FISCAL YEAR. THE REPORT MUST CONTAIN A DESCRIPTION OF THE
22 IMPACT OF THE EXPENDITURES ON ADDRESSING THE NEEDS THAT WERE
23 INITIALLY IDENTIFIED IN THE COMMUNITY ASSESSMENT AND PLAN
24 DEVELOPED PURSUANT TO SUBSECTION (2) OF THIS SECTION, AS WELL AS
25 ANY OTHER REQUIREMENTS ESTABLISHED FOR THE CONTENTS OF THE
26 REPORT BY THE DEPARTMENT.

27 (b) ON OR BEFORE FEBRUARY 1, 2017, AND ON OR BEFORE EACH

1 FEBRUARY 1 THEREAFTER, EACH DESIGNATED MANAGED SERVICE
2 ORGANIZATION SHALL SUBMIT TO THE DEPARTMENT A MID-YEAR REPORT
3 CONCERNING ACTUAL EXPENDITURES FROM JULY 1 THROUGH DECEMBER
4 31.

5 (6) (a) ON OR BEFORE NOVEMBER 1, 2016, THE DEPARTMENT
6 SHALL ENTER INTO A CONTRACT WITH AN EVALUATION CONTRACTOR TO
7 STUDY THE EFFECTIVENESS OF INTENSIVE RESIDENTIAL TREATMENT OF
8 SUBSTANCE USE DISORDERS PROVIDED THROUGH MANAGED SERVICE
9 ORGANIZATIONS. THE DEPARTMENT AND THE DEPARTMENT OF HEALTH
10 CARE POLICY AND FINANCING SHALL COLLABORATE WITH THE
11 EVALUATION CONTRACTOR ON THE DESIGN OF THE EVALUATION SO THAT
12 THE DATA AND ANALYSES WILL BE OF MAXIMUM BENEFIT FOR EVALUATING
13 WHETHER THE MEDICAID BEHAVIORAL HEALTH BENEFIT SHOULD BE
14 EXPANDED TO INCLUDE INTENSIVE RESIDENTIAL TREATMENT FOR
15 SUBSTANCE USE DISORDERS.

16 (b) PRIOR TO ENTERING INTO A CONTRACT FOR THE EVALUATION
17 OF INTENSIVE RESIDENTIAL TREATMENT OF SUBSTANCE USE DISORDERS
18 PROVIDED THROUGH MANAGED SERVICE ORGANIZATIONS, THE
19 DEPARTMENT SHALL SEEK INPUT FROM MANAGED SERVICE
20 ORGANIZATIONS AND RESIDENTIAL SUBSTANCE USE DISORDER TREATMENT
21 PROVIDERS CONCERNING RELEVANT OUTCOME MEASURES TO BE USED BY
22 THE EVALUATION CONTRACTOR IN THE STUDY.

23 (c) ON OR BEFORE FEBRUARY 1, 2019, THE DEPARTMENT SHALL
24 SUBMIT A COPY OF THE EVALUATION CONTRACTOR'S FINAL REPORT TO THE
25 JOINT BUDGET COMMITTEE, THE HEALTH AND HUMAN SERVICES
26 COMMITTEE OF THE SENATE, AND THE PUBLIC HEALTH CARE AND HUMAN
27 SERVICES COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR ANY

1 SUCCESSOR COMMITTEES.

2 **SECTION 2.** In Colorado Revised Statutes, 39-28.8-501, **amend**
3 (2) (b) (IV) introductory portion and (2) (b) (IV) (C) as follows:

4 **39-28.8-501. Marijuana tax cash fund - creation - distribution**
5 **- repeal.** (2) (b) (IV) Subject to the limitation in subsection (5) of this
6 section, the general assembly may annually appropriate any ~~moneys~~
7 MONEY in the fund for any fiscal year following the fiscal year in which
8 they were received by the state for the following purposes:

9 (C) To treat people with any type of ~~substance-abuse disorder~~
10 SUBSTANCE USE DISORDER, especially those with co-occurring disorders,
11 TO EVALUATE THE EFFECTIVENESS OF SUBSTANCE USE DISORDER
12 TREATMENTS, AND TO ASSESS THE SUFFICIENCY OF SUBSTANCE USE
13 DISORDER SERVICES;

14 **SECTION 3. Appropriation.** (1) For the 2016-17 state fiscal
15 year, \$6,000,000 is appropriated to the department of human services.
16 This appropriation is from the marijuana tax cash fund created in section
17 39-28.8-501 (1), C.R.S. To implement this act, the department may use
18 this appropriation as follows:

19 (a) \$ _____ for distribution to managed service organizations
20 pursuant to section 27-80-107.5 (3), C.R.S.; and

21 (b) \$ _____ for an evaluation of the effectiveness of
22 intensive residential substance use disorder treatment pursuant to section
23 27-80-107.5 (6), C.R.S.

24 **SECTION 4. Safety clause.** The general assembly hereby finds,
25 determines, and declares that this act is necessary for the immediate
26 preservation of the public peace, health, and safety.

MEMORANDUM

TO: Joint Budget Committee
FROM: Amanda Bickel
SUBJECT: LLS 16-1183 and Higher Education Intercept Debt
DATE: April 21, 2016

On March 16, the JBC authorized staff to develop a bill draft to modify the current Higher Education Revenue Bond Intercept Program, authorized in Section 23-11-106 (10) (b), C.R.S. As part of this process, staff solicited information from the governing boards regarding the amount of debt they had issued under this program. Staff also shared bill drafts with the governing boards, the Treasurer, and the Office of State Planning and Budgeting. The current draft, included in the JBC's packet, is the result of this process. This memo provides background on the program and explains the proposed changes.

What is the Higher Education Revenue Bond Intercept Program?

The Higher Education Revenue Bond Intercept Program, first authorized in 2008, enables the governing boards of higher education institutions to issue debt under the state's credit rating rather than their own. This reduces the cost of debt for governing boards but also makes the State responsible for making timely payments on the debt if the governing board is not able to do so.

Pursuant to Section 23-11-106 (10) (b), C.R.S. (most recently modified in S.B. 13-099), to qualify for the Revenue Bond Intercept Program, an institution must have:

- (1) A credit rating in one of the three highest categories from a nationally recognized statistical rating organization
- (2) A debt service coverage ratio of at least 1.5x (net revenue available for debt service/annual debt service subject to this article)
- (3) Pledged revenues for the issue of not less than the net revenues of auxiliaries; 10% of tuition if an enterprise; indirect cost recovery revenues; facility construction fees designated for bond repayment; and student fees and revenues pledged to bondholders.

If it meets these requirements and participates in the Program, and if the institution indicates that it will fail to meet the required payment, the State Treasurer makes the payment, and the amount owed is then withheld from the institution's fee-for-service contract, from any other state support for the institution, and from any unpledged tuition moneys collected by the institution.

Pursuant to Section 23-1-106 (10) (b), C.R.S., any higher education cash funded project costing \$2.0 million or more which is subject to the Higher Education Revenue Bond Intercept Program must be reviewed and approved by the Colorado Commission on Higher Education (CCHE) and the Capital Development Committee (CDC). The CDC is then required to make a recommendation regarding the project to the JBC, which is required to refer its recommendations, with written comments, to the CCHE.

Staff envisions two types of circumstances in which use of the intercept program might be invoked:

- A natural or human-made disaster, which leads a campus to be shut for some period of time.
- For some of the financially weaker governing boards, financial problems could lead a board to become insolvent. If the State allowed a governing board to close, the State would still be obligated to make payments on debt it had guaranteed under the intercept program.

Concerns about the Current Program

Just before the Committee finalized the Long Bill, staff determined the Metropolitan State University of Denver had issued \$27.5 million in new intercept debt that had not been reviewed or approved by the JBC. This raised some questions about the current program that led staff to recommend the Committee sponsor legislation related to the program. Specific concerns about the current program:

- **Under current law, large amounts of new intercept debt may be issued without any formal review or approval by members of the General Assembly. No centralized approval of any kind is required, e.g., by the Treasurer.** Based on data submitted in recent weeks, the CDC and JBC had no review process in place for nearly half of the outstanding debt payments now obligated under the intercept program: *\$1.3 billion out of \$2.8 billion in outstanding intercept debt payment obligations had no review.*
- **There is no requirement in law that ties maximum intercept debt obligations for a governing board to the annual General Fund operating support for a board.** Under the intercept program, if a governing board is unable to make a debt payment, the State makes the payment. *If the payments due exceed annual General Fund support, where will the State find the money to make the payments?*

Description of LLS 16-1183

LLS 1183 is designed to address these significant concerns and, in general, increase involvement of the Treasurer and the General Assembly in the intercept debt review process. The bill includes the following changes to the existing intercept debt program:

- The CDC and JBC must approve expansion of intercept debt for all governing boards. This includes funding for new projects of any size (including those under \$2.0 million) and refinance of debt that was previously issued outside of the intercept program. Current law does not require review for all intercept debt and does not explicitly require CDC/JBC approval for any intercept debt. The CDC and JBC must, instead, refer their "recommendations" to CCHE.
- Establishes exceptions so that the Treasurer may approve refinance of existing intercept debt on an expedited basis (15-day turnaround), so long as the refinance provides savings to the governing board and does not extend the number of years of repayment.
- Adds a new restriction to the program to require that when new debt is issued, total debt payments from previous debt plus the new debt may not exceed 75 percent of fee-for-service and stipend payments.

- Specifies that the required minimum 1.5x coverage ratio (moneys available for debt payment/ annual payment) applies to all of the governing board's debt and not solely intercept debt.
- Requires that the Treasurer submit a report on September 1 of each year to the CDC, JBC, the Colorado Commission on Higher Education (CCHE) and the Governor's Office of State Planning and Budgeting (OSPB) with information on each governing board's credit rating, debt service coverage ratio, total bonds issued and total bonds issued under the intercept program and the payment schedules for the outstanding debt.
- Requires that as part of the September 1 report, the Treasurer provide an annual pre-approval certificate indicating whether the governing board qualifies for the program and identifying the maximum additional debt the board may issue while complying with the provisions of the program. This certificate may be amended at the CDC's request, based on information subsequently submitted related to a particular project.
- Broadens the sources of funds from which the Treasurer may collect repayments from governing boards if the intercept is invoked.
- Expands reporting requirements so that the CDC, JBC, OSPB, and CCHE all receive final "official statements" when new intercept debt is issued. Also requires these parties and the Treasurer to receive electronic notification when a "preliminary official statement" is issued (issued prior to pricing on new debt). Establishes timeframes for filing intercept-related information with the Treasurer and other parties. Clarifies that failure to file these reports does not affect the Treasurer's obligations under the intercept program.

Issues not Fully "Solved" by the Bill: The bill draft described above will help improve transparency and controls on the intercept program. However, *even if this bill is adopted, the State may in the future find itself in a position in which it must make payments under the intercept program that exceed annual operating support for a governing board.* For example if the General Assembly approves intercept debt lasting 30 years in 2016, and the intercept is invoked in 2045, it is hard to know whether or not there will be a General Fund support for a governing board that can be "intercepted" in 2045.

Staff believes that the benefits of the intercept program outweigh the risks—if the General Assembly adds the additional restrictions included in OLLS 16-1183. However, this is ultimately something that legislators must decide.

Background: Bonds Issued Thus Far Under the Intercept Program without Review

After it became clear that MSU had issued debt without approval, staff submitted a request for information from all of the governing boards to get a complete picture of all of the intercept debt that exists. The table below summarizes the responses and shows what debt received legislative review by the CDC and JBC and what debt did not. Projects that were not reviewed by the CDC and JBC did not receive any central review or sign-off, e.g., by the Treasurer. While the Treasurer should have received notification of debt issued under the intercept program after

Higher Education Intercept Debt

Page 4

April 21, 2016

issuance, the Treasurer does not provide any kind of sign off under current law. Instead, *the governing board simply attests to bond counsel that it has complied with necessary legal requirements.*

The table below reflects outstanding payments due on debt issued under the program (principal and interest) for the life of any such debt. *As shown, there's \$2.8 billion in outstanding obligations for the program, of which only \$1.5 billion have received any legislative review.*

Outstanding Payments Due on Debt Issued Under Intercept Program, March 2016						
	No Legislative Review Related to Use of Intercept Program				Received At Least Partial Review	Total Payments Outstanding
	Project Predates 2010 Process	Refinance	Cash part of state-funded project	Small Projects/ Other		
Adams State University	\$74,507,975	\$27,471,613	\$0	\$0	\$22,119,098	\$124,098,686
Colorado Mesa University	69,275,570	101,139,041	34,133,045	0	159,729,092	364,276,748
Metropolitan State University	110,930,364	0	0	4,612,392	48,934,580	164,477,336
Western State Colorado U.	37,179,250	13,725,924	0	0	137,391,233	188,296,407
Colorado State U.	1,544,200	505,794,172	0	0	903,524,494	1,410,862,866
Ft. Lewis College	0	53,564,640	0	8,641,218		62,205,858
Colorado School of Mines	0	8,416,300	45,401,747	0	180,262,303	234,080,350
University of Northern Colorado	0	204,178,568	0	0		204,178,568
Community College System	0	3,588,613	0	0	46,436,139	50,024,752
Total	\$293,437,359	\$917,878,871	\$79,534,792	\$13,253,610	\$1,498,396,939	\$2,802,501,571

As indicated in the table, there appear to be **four types of situations in which intercept debt was issued without any legislative review:**

- Refinance of existing debt that was not issued originally under the intercept program.
- Prior to 2010: New cash-funded projects authorized prior to the General Assembly instituting a review process specifically for intercept debt. The intercept program was authorized in 2008; a new process for review of cash-funded projects was authorized in 2009 and took effect January 2010. The new process included provisions for separate authorization of intercept-funded cash-funded projects over \$2.0 million. Prior to this, cash-funded projects were reviewed through a process that involved the General Assembly authorizing an informational appropriation in the Long Bill for each cash-funded project; however, use of the intercept program was not separately called-out or approved.
- After 2010: Debt issued for projects that have received state General Fund support and are using intercept debt to finance some or all of a cash funds match for the project.
- After 2010: Bonds for groups of projects that individually cost less than \$2.0 million.

The Office of Legislative Legal Services has expressed an informal opinion that ***bonds issued in the circumstances described above did not require review by the CDC and JBC under current law.*** This is because the statute that requires CDC and JBC review of intercept-funded projects is located at 23-1-106 (10) (b) and thus applies only to cash funded projects (those not receiving any state support) that cost more than \$2.0 million. It thus does not technically apply to matching funds for state-funded projects or groups of projects that may cost less than \$2.0 million each.

In addition to projects in these categories, JBC and CDC staff have identified some issuances starting in 2010 that should, possibly, have been subject to CDC/JBC review but that were not submitted for review. This includes projects which could be described either as single, larger projects with multiple parts or as multiple small projects (e.g., what appear to be energy performance contract projects). *Without further investigation, staff cannot say whether all projects received proper review or not. Regardless, current law seems to require review in only limited circumstances.*

Governing Board Status Under Current/Recommended Tests for Intercept Participation

The chart below summarizes the current tests for participation in the intercept program and the proposed new test under LLS 16-1183.

Summary Current Intercept versus LLS 1183		
Provisions	Current	New
Coverage ratio (Funds Available for Debt Service/Debt Service)		
Intercept debt only	150%	n/a
All debt	n/a	150%
Credit Rating	in 3 highest	in 3 highest
Payment as % General Fund Appropriation	n/a	75%
Pre-certification by Treasurer	n/a	yes
CDC/JBC approval for intercept debt increase	some	all
Treasurer approval for refinance existing intercept debt	some	all

The tables below show the data that determines whether or not a governing board qualifies for the program under current and proposed new tests. ***Changes to the tests do not affect whether any governing board qualifies for the program at the moment.*** In particular, all governing boards are still well under the 75 percent General Fund test. However, some would not be able to issue additional debt if the test used a 50% of General Fund standard. *If the Committee wished to further restrict the program without cutting out current participants, it could also use a 60-65% of General Fund appropriations test.*

Higher Education Intercept Debt

Page 6

April 21, 2016

	FY 2015-16 Fee-for-service and Stipend General New Test: Ratio						New Test: Coverage Ratio (Pledged Revenue/ Debt Service) - All bonds	Current Law Test: Coverage ratio - Intercept bonds
	Fund Reappropriated to Governing Board	Intercept Debt Service to FY 2015-16 Appropriations	FY2015/16 Intercept Debt Service	FY2015-16 Total Debt Service	FY 2014-15 Revenue Pledged for Bond Payments			
Adams State	\$14,121,017	35%	\$5,006,934	\$5,006,934	\$7,095,458		142%	142%
Colorado Mesa	24,465,356	52%	12,736,170	13,574,116	22,762,931		168%	179%
Metropolitan State	50,153,399	12%	6,084,824	10,003,322	28,438,545		284%	467%
Western State*	11,643,992	52%	6,024,069	6,024,069	8,057,978		150%	150%
Colorado State U.**	134,660,184	32%	42,675,724	51,695,703	141,070,723		218%	287%
Ft. Lewis College	11,822,422	3%	397,086	1,985,253	8,743,674		440%	2202%
School of Mines U. of Northern CO	20,547,328	41%	8,447,124	13,602,242	45,119,000		332%	534%
	41,092,729	22%	9,171,649	9,812,267	26,725,086		272%	291%
Community Colleges	153,549,541	1%	1,771,893	7,749,981	32,068,598		414%	1810%

*Excludes payments from a reserve fund; excludes foundation debt

**Figures are based on net debt service, which takes account of capitalized interest and Build America Bond subsidies

	Current and New Test Credit Rating in 3 Highest Categories (A rated) (Moody's/Standard & Poor's)*	Does The Board Qualify for New Intercept Debt (Both Current and New Tests)	Reason Cannot Participate in New Intercept Debt
Adams State	A3 (negative outlook)	NO	Fails 150% coverage test
Colorado Mesa	A2 (stable outlook)	YES	
Metropolitan State	A1 (stable outlook)	YES	
Western State	Baa1 (stable outlook)	NO	Fails credit rating test
Colorado State U.	Aa3 (stable)/A+(negative)	YES	
Ft. Lewis College	A2 (stable outlook)	YES	
School of Mines	Aa3 (stable outlook)	YES	
U. of Northern CO	A1 (negative outlook)	YES	
Community Colleges	Aa3 (stable outlook)	YES	

Moody's Ratings scale (highest to lowest): Aa1, Aa2 Aa3, A1, A2, A3, Baa1, Baa2

Higher Education Intercept Debt

Page 7

April 21, 2016

Additional Data on Scale of Governing Board Debt

	FY 2014-15 Governing Board Bonds and Capital Leases (thousand \$s)	FY 2014-15 Governing Board Revenue (thousand \$s)	Ratio Bonds and Capital Leases to Total Revenue	FY 2014-15 Governing Board Student FTE	Liabilities per Student FTE
Adams State University	73,045	51,485	141.9%	2,325	\$31,417
Colorado Mesa U.	197,353	123,984	159.2%	7,399	\$26,673
Metro State U. of Denver	124,445	199,855	62.3%	16,111	\$7,724
Western State Colorado U.	91,746	47,842	191.8%	1,991	\$46,080
Colorado State University	1,096,761	1,185,829	92.5%	27,730	\$39,551
Fort Lewis College	51,715	68,531	75.5%	3,542	\$14,601
Colorado School of Mines	200,395	263,361	76.1%	5,529	\$36,244
University of Northern Colorado	143,805	213,437	67.4%	8,953	\$16,062
Community College System	99,162	601,157	16.5%	53,015	\$1,870
University of Colorado	1,707,629	3,367,680	50.7%	50,765	\$33,638

Data source: FY 2014-15 financial statements and data provided by governing boards for Composite Financial Index Calculations

Summary of Intercept Review Process in the New Bill

September 1, every year: Treasurer submits a pre-approval certificate identifying maximum additional debt that can be issued by each governing board under the intercept program based on the statutory limits on the program and information available at that point.

New Project that Involves New Debt Under the Intercept Program or Refinance of Old Debt Previously Issued Outside of the Intercept Program: Governing Board submits a request for the program through CCHE/CDC, similar to the current process.

- Cash funded project over \$2.0 million: The process will be the same as it is today for a cash-funded project costing over \$2.0 million.
- State-funded project with cash component: For a state-funded project, which already receives CDC, JBC, and General Assembly review, the project request will need to explicitly identify the maximum amount anticipated to be borrowed for the project under the intercept program so that that can be reviewed and approved.
- Cash funded project(s) under \$2.0 million: For cash-funded projects/collections of cash funded projects costing under \$2.0 million that will be funded through the intercept program, the governing board will now have to specifically submit a request for approval, like the requests now submitted for cash-funded projects costing over \$2.0 million.
- Refinance of debt previously issued outside the intercept program: This will now need to go through CDC/JBC approval, as for other cash funded projects supported by intercept. This may be done well in advance of other legal steps towards issuing the new debt to avoid any problems with timing or pricing the debt.

Refinance Projects:

- Refunding bonds/refinance debt that simply refinances amounts previously financed under the intercept program and that does not extend the term of the debt may be approved by the Treasurer. The treasurer has 15 days from the time a request is submitted to send an approval certification. The treasurer may provide this certification even if a governing board is not currently able to comply with the coverage ratios and credit rating requirements.
- Refunding bonds that refinance amounts previously financed outside of the intercept program or that extend the length of a repayment will need to receive approval through the CDC/JBC process described above.

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

DRAFT
4.19.16

DRAFT

LLS NO. 16-1183.01 Esther van Mourik x4215

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Higher Education Revenue Bond Intercept Program"

A BILL FOR AN ACT

101 **CONCERNING THE HIGHER EDUCATION REVENUE BOND INTERCEPT**
102 **PROGRAM.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Joint Budget Committee. The higher education revenue bond intercept program allows the state to be available as a backup for the necessary payments of principal and interest on revenue bonds issued by a governing board of a state-supported institution of higher education (institution). The institution is able to bond for a project or projects using the state's credit rating, which generally saves the institution money. In

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

order to participate in the program, the institution must meet certain requirements regarding its credit rating and its debt service coverage ratio.

The bill:

- Requires a governing board of an institution to obtain a preapproval certificate from the state treasurer and seek approval from the capital development committee and the joint budget committee to use the higher education revenue bond intercept program prior to issuing bonds under the program;
- Requires the state treasurer to issue annual preapproval certificates to the governing boards of institutions that indicate that the governing board of an institution meets the program requirements related to credit rating and debt service coverage ratio, describes the basis for the amount to be preapproved, and specifies that the preapproval certificate may be amended based on additional data;
- Specifies that the intercept program can only be used if the maximum total annual debt service payment of the revenue bond issue plus the debt service payment for any other revenue bond issues that were issued by the same governing board of an institution equals 75% or less of the most recent general fund appropriation for stipends and fee-for-service contracts that is reappropriated to such governing board;
- Establishes and clarifies exceptions to allow for expedited approval by the state treasurer to refinance some intercept debt;
- Requires the state treasurer to provide the capital development committee, the joint budget committee, the Colorado commission on higher education, and the office of state planning and budgeting with an annual report that includes:
 - The credit rating of each governing board of an institution that has issued revenue bonds under the intercept program;
 - The debt service coverage ratio of each governing board of an institution that has issued revenue bonds under the intercept program;
 - The total amount of all revenue bonds issued by governing boards of institutions under the intercept program, including the anticipated payment schedule for such revenue bonds; and
 - The total amount of all revenue bonds issued by governing boards of institutions, including the

anticipated payment schedule for all such revenue bonds;

- Amends statutes related to how the state treasurer recovers any amounts paid to a paying agent;
- Expands the reporting requirements related to the program; and
- Makes conforming amendments to the capital construction planning statutes for state-supported institutions of higher education.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 23-5-139, **amend** (1)
3 (b), (1) (c), (3), and (5); and **add** (1) (d) and (1.5) as follows:

4 **23-5-139. Higher education revenue bond intercept program.**

5 (1) (b) This section applies to revenue bonds issued by ~~an~~ THE
6 GOVERNING BOARD OF AN institution pursuant to this article on or after
7 ~~April 26, 2013~~ THE EFFECTIVE DATE OF THIS PARAGRAPH (b), AS
8 AMENDED, and to refunding bonds issued by THE GOVERNING BOARD OF
9 an institution pursuant to article 54, 56, or 57 of title 11, C.R.S., on or
10 after ~~April 26, 2013, if, on the date the bonds are issued~~ THE EFFECTIVE
11 DATE OF THIS PARAGRAPH (b), AS AMENDED, IF:

12 (I) THE MAXIMUM TOTAL ANNUAL DEBT SERVICE PAYMENT OF THE
13 REVENUE BOND ISSUE PLUS THE DEBT SERVICE PAYMENT FOR ALL OTHER
14 REVENUE BOND ISSUES TO WHICH THIS SECTION APPLIES THAT WERE
15 ISSUED ON OR AFTER JUNE 4, 2008, BY THE SAME GOVERNING BOARD OF
16 AN INSTITUTION, EQUALS SEVENTY-FIVE PERCENT OR LESS OF THE MOST
17 RECENT FISCAL YEAR GENERAL FUND APPROPRIATION FOR STIPENDS AND
18 FEE-FOR-SERVICE CONTRACTS THAT IS REAPPROPRIATED TO SUCH
19 GOVERNING BOARD; AND

20 ~~(I)~~ (II) EXCEPT AS PROVIDED IN PARAGRAPH (c) OF THIS

1 SUBSECTION (1), the governing body BOARD of the institution has:

2 (A) A credit rating in one of the three highest categories, without
3 regard to modifiers within a category, from at least one nationally
4 recognized statistical rating organization and, if more than one such
5 organization has rated an institution, no credit rating that is in a category
6 below the three highest categories, without regard to modifiers within a
7 category; and

8 (B) A debt service coverage ratio of at least one and one-half to
9 one, measured by dividing the institution's GOVERNING BOARD OF THE
10 INSTITUTION'S net revenue available for annual debt service over the SUCH
11 GOVERNING BOARD'S total amount of annual debt service ~~subject to this~~
12 ~~article and~~ PLUS the annual debt service to be issued ~~pursuant to this~~
13 ~~article~~ BY SUCH GOVERNING BOARD; and

14 ~~(H)~~ (III) The pledged revenues for the issue include not less than:

15 (A) The net revenues of auxiliaries;

16 (B) Ten percent of tuition if the institution is an enterprise, as
17 defined in section 24-77-102 (3), C.R.S.;

18 (C) Indirect cost recovery revenues, if any;

19 (D) Facility construction fees designated for bond repayment, if
20 any; and

21 (E) Student fees and ancillary revenues currently pledged to
22 existing bondholders; AND

23 (IV) EXCEPT AS PROVIDED IN PARAGRAPH (c) OF THIS SUBSECTION
24 (1), THE GOVERNING BOARD OF THE INSTITUTION HAS OBTAINED A
25 PREAPPROVAL CERTIFICATE FROM THE STATE TREASURER AS DESCRIBED
26 IN SUBPARAGRAPH (II) OF PARAGRAPH (d) OF THIS SUBSECTION (1), AND
27 OBTAINED APPROVAL FROM BOTH THE CAPITAL DEVELOPMENT COMMITTEE

1 AND THE JOINT BUDGET COMMITTEE AS SPECIFIED IN SUBSECTION (1.5) OF
2 THIS SECTION.

3 (c) (I) ~~The state treasurer may exempt an institution from the~~
4 ~~requirements of subparagraph (I)~~ IF THE STATE TREASURER DETERMINES
5 THAT A GOVERNING BOARD OF AN INSTITUTION DOES NOT MEET THE
6 REQUIREMENTS SET FORTH IN SUBPARAGRAPH (II) of paragraph (b) of this
7 subsection (1), if the STATE TREASURER CONFIRMS THAT THE revenue
8 bonds to be issued are refunding bonds that result in cost savings to the
9 GOVERNING BOARD OF THE institution BASED ON A CASH FLOW ANALYSIS
10 BY THE STATE TREASURER, THE REFUNDING BONDS WILL REFUND REVENUE
11 BONDS THAT WERE ORIGINALLY ISSUED UNDER THE INTERCEPT PROGRAM,
12 AND THE REFUNDING BONDS WILL NOT EXTEND THE NUMBER OF YEARS OF
13 REPAYMENT, THEN THE REQUIREMENTS SET FORTH IN SUBPARAGRAPHS (II)
14 AND (IV) OF PARAGRAPH (b) OF THIS SUBSECTION (1) SHALL NOT APPLY.
15 NO LATER THAN FIFTEEN DAYS AFTER RECEIVING A REQUEST IN WRITING
16 FROM A GOVERNING BOARD OF AN INSTITUTION TO USE THE INTERCEPT
17 PROGRAM, THE STATE TREASURER SHALL SEND A CERTIFICATION THAT A
18 GOVERNING BOARD OF AN INSTITUTION HAS MET THE REQUIREMENTS OF
19 THIS SUBPARAGRAPH (I) TO THE CAPITAL DEVELOPMENT COMMITTEE, THE
20 JOINT BUDGET COMMITTEE, THE COLORADO COMMISSION ON HIGHER
21 EDUCATION, AND THE OFFICE OF STATE PLANNING AND BUDGETING.

22 (II) IF THE STATE TREASURER DETERMINES THAT A GOVERNING
23 BOARD OF AN INSTITUTION MEETS THE REQUIREMENTS SET FORTH IN
24 SUBPARAGRAPH (II) OF PARAGRAPH (b) OF THIS SUBSECTION (1), THE
25 STATE TREASURER CONFIRMS THAT THE REVENUE BONDS TO BE ISSUED
26 ARE REFUNDING BONDS THAT RESULT IN COST SAVINGS TO THE GOVERNING
27 BOARD OF THE INSTITUTION BASED ON A CASH FLOW ANALYSIS BY THE

1 STATE TREASURER, THE REFUNDING BONDS WILL REFUND REVENUE BONDS
2 THAT WERE ORIGINALLY ISSUED UNDER THE INTERCEPT PROGRAM, AND
3 THE REFUNDING BONDS WILL NOT EXTEND THE NUMBER OF YEARS OF
4 REPAYMENT, THEN THE REQUIREMENTS SET FORTH IN SUBPARAGRAPH (IV)
5 OF PARAGRAPH (b) OF THIS SUBSECTION (1) SHALL NOT APPLY. NO LATER
6 THAN FIFTEEN DAYS AFTER RECEIVING A REQUEST IN WRITING FROM A
7 GOVERNING BOARD OF AN INSTITUTION TO USE THE INTERCEPT PROGRAM,
8 THE STATE TREASURER SHALL SEND A CERTIFICATION THAT A GOVERNING
9 BOARD OF AN INSTITUTION HAS MET THE REQUIREMENTS OF THIS
10 SUBPARAGRAPH (II) TO THE CAPITAL DEVELOPMENT COMMITTEE, THE
11 JOINT BUDGET COMMITTEE, THE COLORADO COMMISSION ON HIGHER
12 EDUCATION, AND THE OFFICE OF STATE PLANNING AND BUDGETING.

13 (d) (I) NO LATER THAN SEPTEMBER 1, 2016, AND EACH SEPTEMBER
14 1 THEREAFTER, THE STATE TREASURER SHALL PROVIDE THE CAPITAL
15 DEVELOPMENT COMMITTEE, THE JOINT BUDGET COMMITTEE, THE
16 COLORADO COMMISSION ON HIGHER EDUCATION, AND THE OFFICE OF
17 STATE PLANNING AND BUDGETING WITH A REPORT THAT INCLUDES:

18 (A) THE CREDIT RATING DESCRIBED IN SUB-SUBPARAGRAPH (A) OF
19 SUBPARAGRAPH (II) OF PARAGRAPH (b) OF THIS SUBSECTION (1) OF EACH
20 GOVERNING BOARD OF AN INSTITUTION THAT HAS ISSUED REVENUE BONDS
21 UNDER THE INTERCEPT PROGRAM DESCRIBED IN THIS SECTION;

22 (B) THE DEBT SERVICE COVERAGE RATIO DESCRIBED IN
23 SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (II) OF PARAGRAPH (b) OF
24 THIS SUBSECTION (1) OF EACH GOVERNING BOARD OF AN INSTITUTION
25 THAT HAS ISSUED REVENUE BONDS UNDER THE INTERCEPT PROGRAM
26 DESCRIBED IN THIS SECTION;

27 (C) THE TOTAL AMOUNT OF ALL REVENUE BONDS ISSUED BY

1 GOVERNING BOARDS OF INSTITUTIONS UNDER THE INTERCEPT PROGRAM
2 DESCRIBED IN THIS SECTION, INCLUDING THE ANTICIPATED PAYMENT
3 SCHEDULE FOR SUCH REVENUE BONDS; AND

4 (D) THE TOTAL AMOUNT OF ALL REVENUE BONDS ISSUED BY
5 GOVERNING BOARDS OF INSTITUTIONS UNDER SECTION 23-5-101.7 (2),
6 INCLUDING THE ANTICIPATED PAYMENT SCHEDULE FOR ALL SUCH
7 REVENUE BONDS.

8 (II) THE REPORT DESCRIBED IN SUBPARAGRAPH (I) OF THIS
9 PARAGRAPH (d) IS THE BASIS FOR THE ANNUAL PREAPPROVAL CERTIFICATE
10 THAT THE STATE TREASURER SHALL ISSUE TO EACH GOVERNING BOARD OF
11 AN INSTITUTION THAT MEETS THE REQUIREMENTS SET FORTH IN
12 SUBPARAGRAPH (II) OF PARAGRAPH (b) OF THIS SUBSECTION (1). THE
13 PREAPPROVAL CERTIFICATE MUST INCLUDE THE TOTAL AMOUNT OF
14 REVENUE BONDS THAT THE GOVERNING BOARD OF AN INSTITUTION MAY
15 ISSUE UNDER THE INTERCEPT PROGRAM DESCRIBED IN THIS SECTION FOR
16 THE PERIOD THAT THE PREAPPROVAL CERTIFICATE COVERS. THE TOTAL
17 AMOUNT OF REVENUE BONDS THAT A GOVERNING BOARD OF AN
18 INSTITUTION MAY ISSUE MUST BE CALCULATED BASED ON THE LESSER OF
19 THE FOLLOWING, AS OF THE DATE OF ISSUANCE OF THE PREAPPROVAL
20 CERTIFICATE:

21 (A) THE DIFFERENCE BETWEEN SEVENTY-FIVE PERCENT OF THE
22 MOST RECENT FISCAL YEAR'S GENERAL FUND APPROPRIATIONS FOR
23 STIPENDS AND FEE-FOR-SERVICE CONTRACTS THAT ARE REAPPROPRIATED
24 TO SUCH GOVERNING BOARD AND THE TOTAL ANNUAL DEBT SERVICE
25 PAYMENTS OF SUCH GOVERNING BOARD; OR

26 (B) THE TOTAL AMOUNT OF ADDITIONAL DEBT A GOVERNING
27 BOARD COULD ISSUE WHILE MAINTAINING THE REQUIREMENTS SET FORTH

1 IN SUBPARAGRAPH (II) OF PARAGRAPH (b) OF THIS SUBSECTION (1).

2 (III) THE PREAPPROVAL CERTIFICATE DESCRIBED IN
3 SUBPARAGRAPH (II) OF THIS PARAGRAPH (d) MAY BE AMENDED IF
4 REQUESTED BY THE CAPITAL DEVELOPMENT COMMITTEE AS SPECIFIED IN
5 SUBPARAGRAPH (II) OF PARAGRAPH (a) OF SUBSECTION (1.5) OF THIS
6 SECTION.

7 (1.5) (a) (I) A GOVERNING BOARD OF AN INSTITUTION DESIRING TO
8 ISSUE REVENUE BONDS SUBJECT TO THE INTERCEPT PROGRAM DESCRIBED
9 IN THIS SECTION SHALL PRESENT THE STATE TREASURER'S PREAPPROVAL
10 CERTIFICATE, DESCRIBED IN PARAGRAPH (d) OF SUBSECTION (1) OF THIS
11 SECTION, TO THE CAPITAL DEVELOPMENT COMMITTEE AND REQUEST
12 APPROVAL FROM THE CAPITAL DEVELOPMENT COMMITTEE. THE REQUEST
13 MUST INCLUDE:

14 (A) A DESCRIPTION OF THE PROJECT OR PROJECTS THAT THE
15 GOVERNING BOARD OF THE INSTITUTION SEEKS TO FINANCE THROUGH THE
16 ISSUANCE OF REVENUE BONDS SUBJECT TO THE INTERCEPT PROGRAM;

17 (B) THE MAXIMUM AMOUNT OF REVENUE BONDS THE GOVERNING
18 BOARD OF AN INSTITUTION SEEKS TO ISSUE FOR THE PROJECT OR PROJECTS;

19 (C) THE ANTICIPATED TERMS OF THE REVENUE BONDS INCLUDING
20 THE MAXIMUM ANTICIPATED ANNUAL DEBT SERVICE PAYMENT; AND

21 (D) IF AVAILABLE, A COPY OF THE GOVERNING BOARD'S
22 RESOLUTION THAT AUTHORIZES THE ISSUANCE OF REVENUE BONDS.

23 (II) IF THERE ARE ACTUAL OR ANTICIPATED CHANGES TO THE
24 FINANCIAL POSITION AND CREDIT RATING OF THE GOVERNING BOARD OF AN
25 INSTITUTION THAT MAY AFFECT THE GOVERNING BOARD'S COMPLIANCE
26 WITH PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION SINCE THE
27 PREAPPROVAL CERTIFICATE WAS ISSUED BY THE STATE TREASURER, THE

1 GOVERNING BOARD OF AN INSTITUTION SHALL PROVIDE THE CAPITAL
2 DEVELOPMENT COMMITTEE WITH DOCUMENTATION REGARDING SUCH
3 CHANGES. THE CAPITAL DEVELOPMENT COMMITTEE MAY REQUEST THE
4 STATE TREASURER TO PREPARE AN AMENDED PREAPPROVAL CERTIFICATE
5 ON THE BASIS OF THIS ADDITIONAL DOCUMENTATION.

6 (b) NO LATER THAN THIRTY DAYS AFTER THE REQUEST FOR
7 APPROVAL DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (1.5)
8 DURING A REGULAR LEGISLATIVE SESSION OF THE GENERAL ASSEMBLY, OR
9 NO LATER THAN FORTY-FIVE DAYS AFTER THE REQUEST FOR APPROVAL
10 DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (1.5) DURING ANY
11 PERIOD THAT THE GENERAL ASSEMBLY IS NOT IN REGULAR LEGISLATIVE
12 SESSION, THE CAPITAL DEVELOPMENT COMMITTEE SHALL REVIEW THE
13 REQUEST FOR APPROVAL AND FORWARD A LETTER TO THE JOINT BUDGET
14 COMMITTEE SETTING FORTH ITS APPROVAL OR DISAPPROVAL FOR SUCH
15 GOVERNING BOARD OF THE INSTITUTION TO USE THE INTERCEPT PROGRAM
16 AND, IF APPROVED, ANY RECOMMENDATIONS THE CAPITAL DEVELOPMENT
17 COMMITTEE MAY HAVE REGARDING THE MAXIMUM AMOUNT OF REVENUE
18 BONDS THAT MAY BE ISSUED BY SUCH GOVERNING BOARD SUBJECT TO THE
19 INTERCEPT PROGRAM.

20 (c) NO LATER THAN FORTY-FIVE DAYS AFTER RECEIPT OF THE
21 LETTER FROM THE CAPITAL DEVELOPMENT COMMITTEE DURING THE
22 PERIOD OF OCTOBER 10 TO APRIL 10 OF ANY CALENDAR YEAR, OR NO
23 LATER THAN NINETY-FIVE DAYS AFTER RECEIPT OF THE LETTER FROM THE
24 CAPITAL DEVELOPMENT COMMITTEE DURING THE PERIOD OF APRIL 11 TO
25 OCTOBER 9 OF ANY CALENDAR YEAR, THE JOINT BUDGET COMMITTEE
26 SHALL REVIEW THE PROJECT OR PROJECTS AND THE GOVERNING BOARD OF
27 THE INSTITUTION'S REQUEST TO FINANCE THE PROJECT OR PROJECTS

1 THROUGH THE ISSUANCE OF REVENUE BONDS SUBJECT TO THE INTERCEPT
2 PROGRAM. THE JOINT BUDGET COMMITTEE SHALL FORWARD A LETTER TO
3 THE STATE TREASURER, THE OFFICE OF STATE PLANNING AND BUDGETING,
4 THE COLORADO COMMISSION ON HIGHER EDUCATION, AND THE
5 GOVERNING BOARD SETTING FORTH THE COMMITTEE'S APPROVAL OR
6 DISAPPROVAL FOR SUCH GOVERNING BOARD TO USE THE INTERCEPT
7 PROGRAM AND THE MAXIMUM AMOUNT OF REVENUE BONDS THAT MAY BE
8 ISSUED BY SUCH GOVERNING BOARD SUBJECT TO THE INTERCEPT
9 PROGRAM.

10 (d) EXCEPT AS PROVIDED IN PARAGRAPH (c) OF SUBSECTION (1) OF
11 THIS SECTION, NO GOVERNING BOARD MAY ISSUE BONDS SUBJECT TO THE
12 INTERCEPT PROGRAM UNTIL THE JOINT BUDGET COMMITTEE ISSUES THE
13 APPROVAL LETTER DESCRIBED IN PARAGRAPH (c) OF THIS SUBSECTION
14 (1.5).

15 (3) If an institution indicates that it will not make a payment by
16 the date on which it is due, or if the state treasurer is unable to contact the
17 institution, the state treasurer shall forward the amount in immediately
18 available funds necessary to make the payment of the principal of or
19 interest on the bonds or other obligations of the institution to the paying
20 agent. The state treasurer shall recover the amount forwarded by
21 withholding amounts from the institution's payments of the state's
22 fee-for-service contract with the institution, from any other state support
23 for the institution, and from any unpledged tuition OR OTHER moneys
24 collected by the institution. ~~The total amount withheld in a month from~~
25 ~~the state's fee-for-service contract with the institution for each occasion~~
26 ~~on which the state treasurer forwards an amount pursuant to this section~~
27 ~~shall not exceed one-twelfth of the amount forwarded. The state treasurer~~

1 ~~shall not withhold for more than twelve consecutive months for each~~
2 ~~occasion on which the treasurer forwards amounts pursuant to this~~
3 ~~section. Notwithstanding any other provision of this subsection (3), an~~
4 ~~institution may elect to make early repayment of all or any portion of an~~
5 ~~amount forwarded by the state treasurer on behalf of the institution~~
6 ~~pursuant to this section.~~

7 (5) (a) Any GOVERNING BOARD OF AN institution with a bond issue
8 for which this section applies shall file with the state treasurer WITHIN
9 THIRTY DAYS OF ITS PUBLIC RELEASE a copy of the resolution that
10 authorizes the issuance of bonds; a copy of the official statement or other
11 offering document for the bonds; the agreement, if any, with the paying
12 agent for the bonds; and the name, address, and telephone number of the
13 paying agent. A COPY OF THE OFFICIAL STATEMENT OR OTHER OFFERING
14 DOCUMENT FOR THE BONDS MUST ALSO BE SUBMITTED WITHIN THIRTY
15 DAYS OF ITS PUBLIC RELEASE TO THE OFFICE OF STATE PLANNING AND
16 BUDGETING, THE COLORADO COMMISSION ON HIGHER EDUCATION, THE
17 CAPITAL DEVELOPMENT COMMITTEE, AND THE JOINT BUDGET COMMITTEE.

18 (b) ON THE DAY A PRELIMINARY OFFICIAL STATEMENT IS PUBLICLY
19 RELEASED FOR A BOND TO BE ISSUED UNDER THE INTERCEPT PROGRAM
20 DESCRIBED IN THIS SECTION, THE GOVERNING BOARD OF AN INSTITUTION
21 SHALL NOTIFY THE STATE TREASURER, THE OFFICE OF STATE PLANNING
22 AND BUDGETING, THE COLORADO COMMISSION ON HIGHER EDUCATION,
23 THE CAPITAL DEVELOPMENT COMMITTEE, AND THE JOINT BUDGET
24 COMMITTEE BY PROVIDING AN ELECTRONIC LINK TO OR AN ELECTRONIC
25 COPY OF THE PRELIMINARY OFFICIAL STATEMENT.

26 (c) The failure of any GOVERNING BOARD OF AN institution to file
27 ~~such~~ ANY information ~~shall~~ REQUIRED IN THIS SUBSECTION DOES not affect

1 the obligation of the state treasurer to withhold the state's fee-for-service
2 contract payments to the institution STATE TREASURER'S OBLIGATIONS SET
3 FORTH IN THIS SECTION.

4 **SECTION 2.** In Colorado Revised Statutes, 23-1-106, **amend** (1),
5 (3), (5) (a), (6), (7) (a), (7) (c) (I), (9), (10.2) (a) (I), and (10.5); and
6 **repeal** (10) and (11) (a) (II) as follows:

7 **23-1-106. Duties and powers of the commission with respect**
8 **to capital construction and long-range planning - legislative**
9 **declaration - definitions.** (1) Except as permitted by ~~subsections (9) and~~
10 ~~(10)~~ SUBSECTION (9) of this section, it is declared to be the policy of the
11 general assembly not to authorize any activity requiring capital
12 construction or capital renewal for state institutions of higher education
13 unless approved by the commission.

14 (3) The commission shall review and approve facility master plans
15 for all state institutions of higher education on land owned or controlled
16 by the state or an institution and capital construction or capital renewal
17 program plans for projects other than those projects described in
18 subsection (9) ~~or (10)~~ of this section. The commission shall forward the
19 approved facility master plans to the office of the state architect. Except
20 for those projects described in subsection (9) ~~or (10)~~ of this section, no
21 capital construction or capital renewal shall commence except in
22 accordance with an approved facility master plan and program plan.

23 (5) (a) The commission shall approve plans for any capital
24 construction or capital renewal project at any state institution of higher
25 education regardless of the source of funds; except that the commission
26 need not approve plans for any capital construction or capital renewal
27 project at a local district college or area vocational school or for any

1 capital construction or capital renewal project described in subsection (9)
2 ~~or (10)~~ of this section.

3 (6) (a) The commission shall request annually from each
4 governing board of each state institution of higher education a five-year
5 projection of capital construction or capital renewal projects to be
6 constructed but not including those projects described in subsection (9)
7 ~~or (10)~~ of this section. The projection must include the estimated cost, the
8 method of funding, a schedule for project completion, and the governing
9 board-approved priority for each project. The commission shall determine
10 whether a proposed project is consistent with the role and mission and
11 master planning of the institution and conforms to standards
12 recommended by the commission.

13 (b) The commission shall request annually from the governing
14 board of each state institution of higher education a two-year projection
15 of capital construction projects to be undertaken pursuant to subsection
16 (9) ~~or (10)~~ of this section and estimated to require total project
17 expenditures exceeding two million dollars. The projection must include
18 the estimated cost, the method of funding, and a schedule for project
19 completion for each project. A state institution of higher education shall
20 amend the projection prior to commencing a project that is not included
21 in the institution's most recent projection.

22 (7) (a) The commission annually shall prepare a unified, five-year
23 capital improvements report of projects to be constructed, but not
24 including those capital construction or capital renewal projects to be
25 undertaken pursuant to subsection (9) ~~or (10)~~ of this section, coordinated
26 with education plans. The commission shall transmit the report to the
27 office of state planning and budgeting, the office of the state architect, the

1 capital development committee, and the joint budget committee,
2 consistent with the executive budget timetable, together with a
3 recommended priority of funding of capital construction or capital
4 renewal projects for the system of public higher education. The
5 commission shall annually transmit the recommended priority of funding
6 of capital construction or capital renewal projects to the capital
7 development committee no later than November 1 of each year.

8 (c) (I) The commission annually shall prepare a unified, two-year
9 report for capital construction or capital renewal projects described in
10 subsection (9) ~~or (10)~~ of this section and estimated to require total project
11 expenditures exceeding two million dollars, coordinated with education
12 plans. The commission shall transmit the report to the office of state
13 planning and budgeting, the governor, the capital development
14 committee, and the joint budget committee, consistent with the executive
15 budget timetable.

16 (9) (a) Except as provided in paragraph (d) of this subsection (9),
17 a capital construction or capital renewal project for an auxiliary facility
18 initiated by the governing board of a state institution of higher education
19 that is contained in the most recent two-year projection approved pursuant
20 to subparagraph (II) of paragraph (c) of subsection (7) of this section, as
21 the projection may be amended from time to time, and that is to be
22 acquired or constructed and operated and maintained solely from cash
23 funds held by the institution is not subject to additional review or
24 approval by the commission, the office of state planning and budgeting,
25 the capital development committee, or the joint budget committee;
26 EXCEPT THAT, IF THE CAPITAL CONSTRUCTION OR CAPITAL RENEWAL
27 PROJECT FOR AN AUXILIARY FACILITY IS TO BE ACQUIRED OR

1 CONSTRUCTED IN WHOLE OR IN PART USING MONEYS SUBJECT TO THE
2 HIGHER EDUCATION REVENUE BOND INTERCEPT PROGRAM ESTABLISHED
3 PURSUANT TO SECTION 23-5-139, THEN THE GOVERNING BOARD OF A
4 STATE INSTITUTION OF HIGHER EDUCATION MUST OBTAIN APPROVAL FROM
5 THE GENERAL ASSEMBLY AS SPECIFIED IN THAT SECTION.

6 (b) Except as provided in paragraph (d) of this subsection (9), a
7 capital construction or capital renewal project for an academic facility
8 initiated by the governing board of a state institution of higher education
9 that is contained in the most recent two-year projection approved pursuant
10 to subparagraph (II) of paragraph (c) of subsection (7) of this section, as
11 the projection may be amended from time to time, and that is to be
12 acquired or constructed solely from cash funds held by the institution and
13 operated and maintained from such funds or from state moneys
14 appropriated for such purpose, or both, is not subject to additional review
15 or approval by the commission, the office of state planning and
16 budgeting, the capital development committee, or the joint budget
17 committee; EXCEPT THAT, IF THE CAPITAL CONSTRUCTION OR CAPITAL
18 RENEWAL PROJECT FOR AN ACADEMIC FACILITY IS TO BE ACQUIRED OR
19 CONSTRUCTED IN WHOLE OR IN PART USING MONEYS SUBJECT TO THE
20 HIGHER EDUCATION REVENUE BOND INTERCEPT PROGRAM ESTABLISHED
21 PURSUANT TO SECTION 23-5-139, THEN THE GOVERNING BOARD OF A
22 STATE INSTITUTION OF HIGHER EDUCATION MUST OBTAIN APPROVAL FROM
23 THE GENERAL ASSEMBLY AS SPECIFIED IN THAT SECTION. Any capital
24 construction or capital renewal project subject to this paragraph (b) must
25 comply with the high performance standard certification program
26 established pursuant to section 24-30-1305.5, C.R.S.

27 (c) Each governing board shall ensure, consistent with its

1 responsibilities as set forth in section 5 (2) of article VIII of the state
2 constitution, that a capital construction or capital renewal project initiated
3 pursuant to this subsection (9) is in accordance with its institution's
4 mission, be of a size and scope to provide for the defined program needs,
5 and be designed in accordance with all applicable building codes and
6 accessibility standards.

7 (d) (I) ~~The provisions of this subsection (9) do not apply to a~~
8 ~~capital construction or capital renewal project that is to be acquired or~~
9 ~~constructed in whole or in part using moneys subject to the higher~~
10 ~~education revenue bond intercept program established pursuant to section~~
11 ~~23-5-139.~~

12 (II) Any plan for any such capital construction or capital renewal
13 project that is estimated to require total expenditures of two million
14 dollars or less is not subject to review or approval by the commission.

15 (e) A capital construction or acquisition project approved and
16 appropriated prior to January 1, 2010, may be contained in the most
17 recent unified two-year capital improvements project projection approved
18 pursuant to subparagraph (II) of paragraph (c) of subsection (7) of this
19 section. The projection may be amended from time to time and is not
20 subject to additional review or approval by the commission, the office of
21 state planning and budgeting, the capital development committee, or the
22 joint budget committee.

23 (10) (a) (I) ~~The commission shall review and approve any plan for~~
24 ~~a capital construction or capital renewal project for an auxiliary facility~~
25 ~~that is estimated to require total expenditures exceeding two million~~
26 ~~dollars and that is to be acquired or constructed and operated and~~
27 ~~maintained solely from cash funds held by the state institution of higher~~

1 ~~education that, in whole or in part, are subject to the higher education~~
2 ~~revenue bond intercept program established pursuant to section 23-5-139.~~

3 ~~(H) The commission shall review and approve any plan for a~~
4 ~~capital construction or capital renewal project for an academic facility~~
5 ~~that is estimated to require total expenditures exceeding two million~~
6 ~~dollars, that is to be acquired or constructed solely from cash funds held~~
7 ~~by the state institution of higher education that, in whole or in part, are~~
8 ~~subject to the higher education revenue bond intercept program~~
9 ~~established pursuant to section 23-5-139, and that is operated and~~
10 ~~maintained from such cash funds or from state moneys appropriated for~~
11 ~~such purpose, or both. Any capital construction or capital renewal project~~
12 ~~subject to this subparagraph (H) must comply with the high performance~~
13 ~~standard certification program established pursuant to section~~
14 ~~24-30-1305.5, C.R.S.~~

15 ~~(HH) Any plan for any such capital construction or capital renewal~~
16 ~~project that is estimated to require total expenditures of two million~~
17 ~~dollars or less is not subject to review or approval by the commission.~~

18 ~~(b) Upon approval of a plan for a capital construction or capital~~
19 ~~renewal project pursuant to paragraph (a) of this subsection (10), the~~
20 ~~commission shall submit the plan to the capital development committee.~~
21 ~~The capital development committee shall make a recommendation~~
22 ~~regarding the project to the joint budget committee. Following the receipt~~
23 ~~of the recommendation, the joint budget committee shall refer its~~
24 ~~recommendations regarding the project, with written comments, to the~~
25 ~~commission.~~

26 ~~(c) A capital construction project approved and appropriated prior~~
27 ~~to January 1, 2010, may be contained in the most recent two-year~~

1 ~~projection approved pursuant to subparagraph (H) of paragraph (c) of~~
2 ~~subsection (7) of this section, and the projection may be amended from~~
3 ~~time to time.~~

4 (10.2) (a) (I) Notwithstanding any law to the contrary, all
5 academic facilities acquired or constructed, or an auxiliary facility
6 repurposed for use as an academic facility, solely from cash funds held by
7 the state institution of higher education and operated and maintained from
8 such cash funds or from state moneys appropriated for such purpose, or
9 both, including, but not limited to, those facilities described in paragraph
10 (b) of subsection (9) of this section, ~~and subparagraph (H) of paragraph~~
11 ~~(a) of subsection (10) of this section~~, that did not previously qualify for
12 state controlled maintenance funding will qualify for state controlled
13 maintenance funding, subject to funding approval by the capital
14 development committee and the eligibility guidelines described in section
15 24-30-1303.9, C.R.S.

16 (10.5) (a) For any project subject to subsection (9) ~~or (10)~~ of this
17 section, if, after commencement of construction, the governing board of
18 the state institution of higher education receives an additional gift, grant,
19 or donation for the project, the governing board may amend the project
20 without the approval of the commission, the office of state planning and
21 budgeting, the capital development committee, or the joint budget
22 committee so long as the governing board notifies the commission, the
23 office of state planning and budgeting, the capital development
24 committee, and the joint budget committee in writing, explaining how the
25 project has been amended and verifying the receipt of the additional gift,
26 grant, or donation.

27 (b) For any project subject to subsection (9) ~~or (10)~~ of this section,

1 the governing board may enhance the project in an amount not to exceed
2 fifteen percent of the original estimate of the cost of the project without
3 the approval of the commission, the office of state planning and
4 budgeting, the capital development committee, or the joint budget
5 committee so long as the governing board notifies the commission, the
6 office of state planning and budgeting, the capital development
7 committee, and the joint budget committee in writing, explaining how the
8 project has been enhanced and the source of the moneys for the
9 enhancement.

10 (c) For any project subject to subsection (9) ~~or (10)~~ of this section,
11 the governing board of the state institution of higher education
12 implementing the project is not required to submit for the project
13 quarterly expenditure reports as described in section 24-30-204 (2),
14 C.R.S. The governing board shall submit for the project annual
15 expenditure reports as required in section 24-30-204 (1), C.R.S.

16 (11) (a) Each state institution of higher education shall submit to
17 the commission on or before September 1 of each year a list and
18 description of each project for which an expenditure was made during the
19 immediately preceding fiscal year that:

20 (II) ~~Was approved pursuant to subsection (10) of this section;~~

21 **SECTION 3.** In Colorado Revised Statutes, 24-30-204, **amend**
22 (2) (b) as follows:

23 **24-30-204. Fiscal year.** (2) (b) Notwithstanding the provisions
24 of paragraph (a) of this subsection (2), a governing board that implements
25 a capital construction or acquisition project as described in section
26 23-1-106 (9), ~~or (10)~~, C.R.S., is not required to submit for the project
27 quarterly reports as described in paragraph (a) of this subsection (2).

1 **SECTION 4.** In Colorado Revised Statutes, 24-30-1303, **amend**
2 (5) (c) as follows:

3 **24-30-1303. Office of the state architect - responsibilities.**

4 (5) (c) If the state architect determines that the governing board of a state
5 institution of higher education has adopted procedures that adequately
6 meet the safeguards set forth in the requirements of part 14 of this article
7 and article 92 of this title, the state architect may exempt the institution
8 from any of the procedural requirements of part 14 of this article and
9 article 92 of this title in regard to a capital construction project to be
10 constructed pursuant to the provisions of section 23-1-106 (9), ~~or (10)~~;
11 C.R.S.; except that the selection of any contractor to perform professional
12 services as defined in section 24-30-1402 (6) must be made in accordance
13 with the criteria set forth in section 24-30-1403 (2).

14 **SECTION 5.** In Colorado Revised Statutes, 24-37-304, **amend**
15 (1) (c.3) (I) (A) as follows:

16 **24-37-304. Additional budgeting responsibilities.** (1) In
17 addition to the responsibilities enumerated in section 24-37-302, the
18 office of state planning and budgeting shall:

19 (c.3) (I) Ensure submission to the capital development committee
20 of:

21 (A) Except for projects authorized pursuant to section 23-1-106
22 (9), ~~or (10)~~, C.R.S., all cash-funded capital construction or capital
23 renewal budget requests by each state agency for the upcoming fiscal year
24 no later than September 15 of each year;

25 **SECTION 6. Safety clause.** The general assembly hereby finds,
26 determines, and declares that this act is necessary for the immediate
27 preservation of the public peace, health, and safety.

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

DRAFT
4.19.16

DRAFT

LLS NO. 16-1184.01 Jane Ritter x4342

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Restructure Child Welfare Funding"

A BILL FOR AN ACT

101 **CONCERNING REVISING THE CHILD WELFARE FUNDING MECHANISM.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Joint Budget Committee. The bill instructs the department of human services (department) to work in conjunction with directors of county departments of human or social services, providers of residential treatment programs, and the joint budget committee to develop a rate-setting process consistent with medicaid requirements. The department, in conjunction with directors of county departments of human or social services and providers of residential treatment programs, shall provide annual reports to the joint budget committee and review the

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

rate-setting process every 2 years and submit any changes to the joint budget committee.

The bill directs the child welfare allocations committee (committee) to consider, on or before August 1, 2016, whether a restructuring of child welfare funding policy would be advisable. The committee shall solicit and include input in its consideration from any interested county commissioners, directors of county departments of human or social services, county child welfare directors, county financial officers, the department, and the joint budget committee. The committee shall complete the consideration process on or before December 15, 2016, and provide the joint budget committee with its findings and any recommendations for restructuring child welfare funding. The committee may also develop an evaluation process for child welfare funding.

The bill also directs the committee to consider developing a revised allocations model on or before June 15, 2017, based on the committee's recommendations.

As part of its review of the methodology by which counties set rates, services, and outcomes with licensed providers, the department shall convene a group of representatives from the department, counties, provider community, and the joint budget committee to review the rate-setting process for provider compensation. The group shall, on or before December 15, 2016, provide the committee and the joint budget committee with a report including recommendations for improving or maintaining the current rate-setting process.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 26-1-132, **amend** (1)
3 introductory portion, (1) (a), and (4) as follows:

4 **26-1-132. Department of human services - rate setting -**
5 **residential treatment service providers - monitoring and auditing -**
6 **report.** (1) IN CONJUNCTION WITH THE GROUP OF REPRESENTATIVES
7 CONVENED BY THE STATE DEPARTMENT PURSUANT TO SECTION 26-5-104
8 (6) (e) TO REVIEW THE RATE-SETTING PROCESS FOR CHILD WELFARE
9 SERVICES, the state department shall develop a rate-setting process
10 consistent with medicaid requirements for providers of residential
11 treatment services in the state of Colorado. ~~Representatives of counties~~

1 ~~and the provider community shall be involved in the actual development~~
2 ~~of the rate-setting process.~~ THE DEPARTMENT OF HEALTH CARE POLICY
3 AND FINANCING SHALL APPROVE the rate-setting process for rates funded
4 by medicaid. ~~shall be approved by the department of health care policy~~
5 ~~and financing.~~ The rate-setting process developed pursuant to this section
6 may include: ~~but shall not be limited to:~~

7 (a) A range for reimbursement that represents a base-treatment
8 rate for serving a child who is subject to out-of-home placement due to
9 dependency and neglect, a child placed in a residential child care facility
10 pursuant to the "Child Mental Health Treatment Act", article 67 of title
11 27, C.R.S., or a child who has been adjudicated a delinquent, which
12 includes a defined service package to meet the needs of the child;

13 (4) (a) The state department, in conjunction with the counties and
14 providers, shall submit an initial report to the joint budget committee of
15 the general assembly on or before January 1, ~~2008~~ 2017, AND EVERY
16 JANUARY 1 THEREAFTER. The report ~~shall~~ MUST include the rate-setting
17 process and the implementation timeline developed pursuant to this
18 section.

19 (b) The department of health care policy and financing and the
20 state department, in consultation with ~~the representatives of the counties~~
21 ~~and the provider community,~~ THE GROUP OF REPRESENTATIVES CONVENED
22 BY THE STATE DEPARTMENT PURSUANT TO SECTION 26-5-104 (6) (e) TO
23 REVIEW THE RATE-SETTING PROCESS FOR CHILD WELFARE SERVICES, shall
24 review the rate-setting process every two years and shall submit any
25 changes to the joint budget committee of the general assembly.

26 **SECTION 2.** In Colorado Revised Statutes, 26-5-103.5, **add** (6)
27 as follows:

1 **26-5-103.5. Child welfare allocations committee - organization**
2 **- advisory duties - allocations model.** (6) ON OR BEFORE JUNE 15, 2017,
3 THE CHILD WELFARE ALLOCATIONS COMMITTEE SHALL CONSIDER
4 DEVELOPING AN ALLOCATIONS MODEL BASED ON THE RECOMMENDATIONS
5 DEVELOPED PURSUANT TO SECTION 26-5-104 (9). NONE OF THE
6 PROVISIONS OF HOUSE BILL 16-___ SUPERSEDE OR INFRINGE ON THE
7 STATUTORY AUTHORITY OF THE CHILD WELFARE ALLOCATIONS
8 COMMITTEE.

9 **SECTION 3.** In Colorado Revised Statutes, 26-5-104, **amend** (6)
10 (d) and (6.5); and **add** (6) (e) and (9) as follows:

11 **26-5-104. Funding of child welfare services - rules - funding**
12 **mechanism review.** (6) **County negotiations with providers.** (d) By
13 July 1, 2008, and by July 1 of each even-numbered year thereafter, the
14 state department shall complete a review of the methodology by which
15 counties negotiate rates, services, and outcomes with licensed providers.
16 ~~which~~ THE methodology USED is governed by rules promulgated by the
17 state department pursuant to paragraph (b) of this subsection (6). In
18 preparing for and conducting the review, the state department shall ~~invite~~
19 ~~and accept the participation of representatives of the counties~~ CONVENE
20 A GROUP OF PERSONS REPRESENTING THE DIRECTORS OF COUNTY
21 DEPARTMENTS OF HUMAN OR SOCIAL SERVICES and the provider
22 community.

23 (e) ON OR BEFORE AUGUST 1, 2016, AS A CONTINUATION OF THE
24 REVIEW CONDUCTED PURSUANT TO PARAGRAPH (d) OF THIS SUBSECTION
25 (6) OF THE METHODOLOGY BY WHICH COUNTIES NEGOTIATE RATES,
26 SERVICES, AND OUTCOMES WITH LICENSED PROVIDERS, THE STATE
27 DEPARTMENT SHALL CONVENE A GROUP OF REPRESENTATIVES FROM THE

1 STATE DEPARTMENT, COUNTIES, THE PROVIDER COMMUNITY, AND THE
2 JOINT BUDGET COMMITTEE TO REVIEW THE RATE-SETTING PROCESS FOR
3 PROVIDER COMPENSATION. ON OR BEFORE DECEMBER 15, 2016, THE
4 GROUP SHALL PROVIDE THE JOINT BUDGET COMMITTEE AND THE CHILD
5 WELFARE ALLOCATIONS COMMITTEE WITH A REPORT THAT RECOMMENDS
6 WHETHER ANY CHANGES TO THE RATE-SETTING PROCESS FOR PROVIDER
7 COMPENSATION ARE ADVISABLE AND, IF SO, THE RECOMMENDED PROCESS
8 OR METHODOLOGY. THE GROUP IS NOT REQUIRED TO RECOMMEND
9 CHANGES TO THE CURRENT RATE-SETTING PROCESS IF IT DETERMINES
10 THAT THE CURRENT RATE-SETTING PROCESS IS THE PREFERABLE OPTION.

11 (6.5) The state department shall analyze and evaluate expenditures
12 as reported by child placement agencies each year and compare such
13 expenditures to county expenditures for the provision of foster care
14 services. The state department shall provide, at least on an annual basis,
15 such analyses and comparisons to county departments AND THE JOINT
16 BUDGET COMMITTEE.

17 (9) **Child welfare funding review and restructure.** (a) ON OR
18 BEFORE AUGUST 1, 2016, THE CHILD WELFARE ALLOCATIONS COMMITTEE
19 SHALL CONSIDER WHETHER A RESTRUCTURING OF CHILD WELFARE
20 FUNDING POLICY WOULD BE ADVISABLE. THE CHILD WELFARE
21 ALLOCATIONS COMMITTEE SHALL SOLICIT AND INCLUDE INPUT FROM ANY
22 INTERESTED COUNTY COMMISSIONERS, DIRECTORS OF COUNTY
23 DEPARTMENTS OF HUMAN OR SOCIAL SERVICES, COUNTY CHILD WELFARE
24 DIRECTORS, COUNTY FINANCIAL OFFICERS, THE STATE DEPARTMENT, AND
25 THE JOINT BUDGET COMMITTEE IN ITS CONSIDERATION OF CHILD WELFARE
26 FUNDING RESTRUCTURING. ANY SUCH POLICY CHANGES MUST REFLECT
27 FEDERAL AND STATE LAW, AS WELL AS CURRENT CHILD WELFARE

1 PRACTICES.

2 (b) ON OR BEFORE DECEMBER 15, 2016, THE CHILD WELFARE
3 ALLOCATIONS COMMITTEE SHALL PROVIDE THE JOINT BUDGET COMMITTEE
4 WITH ITS FINDINGS AND ANY RECOMMENDATIONS FOR RESTRUCTURING
5 CHILD WELFARE FUNDING. THE RECOMMENDATIONS MUST INCLUDE THE
6 INPUT FROM STAKEHOLDERS AS PROVIDED FOR IN PARAGRAPH (a) OF THIS
7 SUBSECTION (9), AND MAY INCLUDE STANDARDS FOR A NEW ALLOCATIONS
8 MODEL FOR CHILD WELFARE FUNDING AND AN EVALUATION PROCESS. THE
9 CHILD WELFARE ALLOCATIONS COMMITTEE IS NOT REQUIRED TO
10 RECOMMEND CHANGES TO THE CURRENT CHILD WELFARE FUNDING
11 STRUCTURE IF IT DETERMINES THAT THE CURRENT STRUCTURE IS THE
12 PREFERABLE OPTION.

13 (c) THE CHILD WELFARE ALLOCATIONS COMMITTEE SHALL
14 CONSIDER INPUT FROM STAKEHOLDERS AS PROVIDED FOR IN PARAGRAPH
15 (a) OF THIS SUBSECTION (9) IN DISCUSSING:

16 (I) FUNDING FOR COUNTY LEVEL STAFF, SERVICES, CHILD
17 WELFARE-RELATED OPERATIONAL EXPENSES, AND ADMINISTRATIVE AND
18 SUPPORT FUNCTIONS;

19 (II) STRATEGIES THAT ENHANCE THE FLEXIBILITY FOR COUNTIES
20 TO USE CHILD WELFARE FUNDING IN ACCORDANCE WITH STATE AND
21 FEDERAL LAWS;

22 (III) STRATEGIES TO IMPROVE JOB ENRICHMENT AND EMPLOYEE
23 RETENTION;

24 (IV) THE IMPACT OF ANY RECOMMENDATION ON LOCAL SPENDING
25 REQUIREMENTS;

26 (V) ANY STATUTORY CHANGES NECESSARY TO IMPLEMENT THE
27 RECOMMENDATIONS; AND

1 (VI) ALLOCATIONS THAT SUPPORT CURRENT CHILD WELFARE
2 PRACTICES.

3 (d) ON OR BEFORE JANUARY 1, 2018, AND EACH JANUARY 1
4 THEREAFTER, THE CHILD WELFARE ALLOCATIONS COMMITTEE SHALL
5 SUBMIT AN ANNUAL REPORT TO THE JOINT BUDGET COMMITTEE, THE
6 PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF
7 REPRESENTATIVES, AND THE SENATE HEALTH AND HUMAN SERVICES
8 COMMITTEE, OR ANY SUCCESSOR COMMITTEES. THE REPORT MUST
9 INCLUDE THE RESULTS OF REGULAR ASSESSMENTS OF THE METHODS FOR
10 THE EVALUATION OF AND REPORTING ON THE ALLOCATION, USE,
11 SUFFICIENCY, AND EFFECTIVENESS OF FUNDING AND SERVICES FUNDED
12 THROUGH LINE ITEMS FROM WHICH ALLOCATIONS ARE MADE TO COUNTIES.

13 **SECTION 4. Safety clause.** The general assembly hereby finds,
14 determines, and declares that this act is necessary for the immediate
15 preservation of the public peace, health, and safety.