



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 18-0514	Date: March 8, 2018
Prime Sponsors: Rep. Landgraf; Michaelson Jenet Sen. Coram	Bill Status: House Public Health Care and Human Services
	Fiscal Analyst: Aaron Carpenter 303-866-4918 Aaron.Carpenter@state.co.us

Bill Topic: APPLICATION ASSISTANCE FEDERAL DISABILITY BENEFITS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>potential</i>)	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates a new program operated by the counties, to help individuals with disabilities apply for federal disability benefits. This bill will increase state expenditures and local government revenue and expenditures on an ongoing basis. It also potentially increases state revenue.

Appropriation Summary: This bill requires an appropriation of \$2.1 million in FY 2018-19.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1192**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$2,133,467	\$3,486,450
	Centrally Appropriated	\$5,212	\$6,255
	Total	\$2,138,679	\$3,492,705
	Total FTE	0.8 FTE	1.0 FTE
Transfers		-	-

Summary of Legislation

This bill creates a program to help individuals with disabilities apply for federal disability benefits. The program will be funded through and overseen by the Department of Human Services (DHS) and administered by county departments of human or social services. The bill also creates a new cash fund to pay for the implementation of the program which consists of any unspent appropriations for the Aid to the Needy Disabled Program that remain at the close of FY 2018-19 and any future fiscal year, and any other appropriation from the General Assembly. The DHS must promulgate rules on how to allocate the money to counties, with these rules taking into account the number of participants and ensuring that the program is available in every region. Finally, the bill requires that the DHS evaluate the assistance program, and create and submit a report to the General Assembly every five years.

Background

In FY 2016-2017, there were approximately 5,340 new AND applicants. The AND program serves as a type of interim assistance for persons who are disabled and unable to work while the individual applies for federal Social Security Income (SSI) benefits. Once an individual is approved for SSI benefits, they stop receiving AND benefits and the state is reimbursed by the federal government for the amount of AND benefits paid. When applying for AND benefits, an individual must also apply for SSI. In FY 2017-18, the AND Program was appropriated \$18.8 million with \$12.5 million coming from the General Fund and \$6.3 million coming from various cash funds. Of those cash funds, \$3.4 million came from local funds and \$2.3 million came from federal reimbursement. In FY 2015-16, the AND appropriation was underspent by \$586,159 and in FY 2016-17, it was fully spent.

Pilot program. In 2014, the General Assembly passed Senate Bill 14-012, which established a pilot program to help individuals with disabilities apply for federal SSI benefits. The state contracted with a vendor to test strategies to increase federal income assistance reimbursements in three counties. The pilot program was set to expire on July 1, 2017, and the contract ended June 30, 2016. The pilot program helped 100 individuals file SSI or Social Security Disability Insurance (SSDI) applications, with 54 of these applications being approved. Of those 54, the state was reimbursed for 43 applications. In the 11 cases that did not receive reimbursement, the individual did not receive AND or they were only approved for SSDI, which does not provide a reimbursement to the state.

Assumptions

The fiscal note makes the following assumptions:

- on average, there are 5,340 new AND applications per year;
- 80 percent of new AND applicants will seek assistance on applications;
- it takes an average of 30 hours to complete a SSI application; and
- counties will begin operating application assistant programs on January 1, 2019.

State Revenue

To the extent that the assistance program results in more AND participants being approved for SSI benefits, state cash fund revenue, in the form of federal reimbursements, will increase. Because it is unknown how many more people will be approved because of the program, the exact increase in revenue is unknown. Revenue from federal reimbursements are not subject to TABOR.

State Expenditures

The bill will increase expenditures in the DHS by \$2.1 million and 0.8 FTE in FY 2018-19 and by \$3.5 million and 1.0 FTE in FY 2019-20. The increase in expenditures is summarized in Table 2 and discussed below.

**Table 2
 Expenditures Under HB 18-1192**

	FY 2018-19	FY 2019-20
Department of Human Services		
Personal Services	\$57,084	\$68,500
Operating Expenses and Capital Outlay Costs	\$5,463	\$950
Assistance Programing Funding to Counties	\$1,658,500	\$3,317,000
Evaluation	\$100,000	\$100,000
CBMS Modifications	\$312,420	-
Centrally Appropriated Costs*	\$5,212	\$6,255
FTE – Personal Services	0.8 FTE	1.0 FTE
Total Cost	\$2,138,679	\$3,492,705
Total FTE	0.8 FTE	1.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services. The DHS will require an Analyst IV to oversee the program, manage implementation, develop and deliver training, offer technical assistance to county departments, oversee any contracting, and oversee program evaluation efforts for the program. For FY 2018-19, the FTE is prorated to account for the bill's effective date and the General Fund payday shift. Personal services, operating expenses, and capital outlay expenses for this staff are shown in Table 2 above.

Assistance program funding to counties. To fund counties' administration of the assistance program, the DHS will have costs of \$1.6 million in FY 2018-19 and \$3.3 million in FY 2019-20. Using the assumptions above, 62 county navigators are needed to assist in SSI applications at an average cost of \$52,000 per FTE. For FY 2018-19, costs are prorated to account for a January 1st, start date. Counties will have costs of \$1,500 for providing phones, computers, and milage reimbursement to navigators.

Evaluation. It will cost the DHS \$100,000 per year for a contractor to evaluate the program. This will cover costs to structure the evaluation, establish reporting requirements, develop system updates, structure reporting mechanisms, collect data statewide, and establish reliable comparison methodology. Workload will increase to provide and analyze the data for the evaluation.

CBMS modifications. In FY 2018-19, The DHS will have costs of \$312,420 to make system modifications to the Colorado Benefits Management System (CBMS) to assist counties and to track data for reporting. The modifications will be done by the Office of Information Technology (OIT) and require an estimated 2,460 billable programming hours at a rate of \$127 per hour.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$5,212 in FY 2018-19 and \$6,255 in FY 2019-20.

Local Government

County departments of human or social services will have an increase in revenue and expenditures under the bill. County departments will receive revenue from the DHS to implement the assistance program. Implementing the program will also increase expenditures for county departments to provide assistance with SSI applications through the hiring new staff or providing help in other ways the county deems appropriate.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriation

For FY 2018-19, the Department of Human Services will require a General Fund appropriation of \$2,133,467. Of that amount, \$312,420 will be reappropriated to the Office of Information Technology.

State and Local Government Contacts

Counties	Human Services	Information Technology
----------	----------------	------------------------