

MEMORANDUM

TO: Joint Budget Committee Members
FROM: Megan Davisson, JBC Staff
SUBJECT: Supplemental Comeback Regional Center Group Home Improvements
DATE: January 27, 2014

The following supplemental was tabled pending the Department of Human Services providing the Committee with a copy of the Department's capital improvement master plan for all facilities owned by the Department.

The Department submitted information about historical capital improvement plans, funded and unfunded projects from prior years, and information about the Regional Center Group Homes on January 23, 2014.

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #4 AMENDMENT TO REGIONAL CENTER CAPITAL OUTLAY

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
Medicaid Reappropriated Funds	0	0
<i>Net General Fund</i>	<i>0</i>	<i>0</i>

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	In Part
JBC staff and the Department agree that it was not known at the time the original appropriation there would be excess revenues available in FY 2013-14. Staff does not believe that the Department was not aware that improvements were needed to group homes when the FY 2013-14 Long Bill was set, and could have included a request for improvements prior to setting the FY 2013-14 appropriation.	

Department Request: The Department requests a footnote be added to the Regional Centers' FY 2013-14 appropriation to provide the flexibility to transfer \$420,000 Medicaid reappropriated funds from the Pueblo Regional Center to the Wheat Ridge Regional Center and roll forward spending authority into FY 2014-15. The \$420,000 Medicaid reappropriated funds would be used for improvements to fourteen state-owned group homes in Wheat Ridge. The request is intended to replace the November 1 request for the same amount of spending authority in FY 2014-15.

As discussed during the January 16, 2014 presentation, **if the Committee decides to approve the supplemental staff recommends the funding be placed in a new line item for transparency and accountability purposes, and the appropriation to the Pueblo Regional Center be reduced by \$420,000 Medicaid reappropriated funds. Staff requests permission to work with the Department to identify the specific dollar amounts from each line item that will be reduced.**

Staff Recommendation: Staff recommends that the Committee deny the request because staff does not believe this request meets supplemental criteria, uncertainty about which group homes would be improved (the November 1 request clearly indicated that group homes in Pueblo and Grand Junction would be improved but the supplemental list provided to staff only included improvements to Wheat Ridge group homes), and uncertainty about how much the actual improvements would cost.

Staff Analysis: The Department supplemental budget request is intended to replace the November 1 request for \$420,000 Medicaid reappropriated funds for improvements to twelve group homes in Pueblo and Grand Junction. The November 1 request indicated the twelve group homes had not yet been selected and the Department would determine which group homes were most in need of improvements. Staff voiced concerns that the Department had not identified which group homes would be improved, and did not include as part of the request detailed cost estimates of those improvements on a home-specific basis.

Staff is concerned that in the span of time from the November 1 request to the January 2 supplement request, the Department identified an additional fourteen group homes at the Wheat Ridge Regional Center which required improvements. The Department did provide a list of the fourteen group homes at the Wheat Ridge Regional Center, but without a comprehensive list of all the improvements to all the state owned group homes, what the total cost will actually be.

Staff is also concerned that without more detailed cost estimates the real cost of the renovations could greatly exceed the request. The assumptions used by the Department for the costs of flooring and cabinets are based on the cost of recent repairs at other group homes. The cabinet improvements would enable staff to secure cabinets in compliance with Public Health life safety code regulations.

The request argues that the use of the \$420,000 excess Medicaid reappropriated funds (of which \$210,000 is General Fund) in FY 2013-14 would offset the need for \$210,000 General Fund in FY 2014-15. If the \$420,000 Medicaid funds are not expended, the \$210,000 General Fund portion will revert to the General Fund, thus increasing General Fund revenue by \$210,000 in FY 2013-14. Not approving the request does not cost the General Fund anything because the \$210,000 revenue increase in FY 2013-14 would offset the requested FY 2014-15 expenditure of \$210,000 General Fund.

Staff does acknowledge that the State has a responsibility to ensure the homes in which these individuals live is safe. If the conditions of a home create hazardous living conditions the State does have the responsibility to improve the homes to a point where individuals and care providers can live and work safely. On the other hand, without better cost estimates, and prioritization criteria staff is not recommending the request.