JOINT
BUDGET
COMMITTEE

STAFF BUDGET BALANCING
FY 2019-20 & FY 2020-21

DEPARTMENT OF HUMAN SERVICES

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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HOW TO USE THIS DOCUMENT

The **first section** of this document includes a summary table showing:

- Committee action on Long Bill appropriations through March 16, 2020; and

- Staff recommended changes to Long Bill appropriations, assuming that General Fund appropriations in FY 2020-21 must be kept at approximately the same level as FY 2019-20 to bring the budget into balance. This recommendation is based on the Legislative Council Staff March 16, 2020, revenue forecast, assumes that the statutory General Fund reserve will be increased in FY 2020-21 as proposed by the Governor, and assumes that only the federal increase in the Medicaid matching funds rate will be available to help cover shortfalls.

The table is followed by descriptions of each change recommended by staff.

A **second section** of the document (if applicable) summarizes staff recommendations that require statutory changes. This may include appropriation reductions that cannot be implemented without a statutory change, changes that affect the amount of available General Fund (e.g., a transfer from a cash fund), or any other items that are not captured in the Long Bill appropriations table. The recommendations in the second section are also based on the assumption that General Fund appropriations in FY 2020-21 must be kept at approximately the level of FY 2019-20 to bring the budget into balance.

A **third section** of the document includes additional staff recommendations and options for the Committee to consider if deeper cuts are required. For purposes of this section, staff has assumed additional reductions of 10.0 to 20.0 percent in General Fund appropriations and transfers will be required to bring the budget into balance in FY 2020-21.

SUMMARY OF STAFF BUDGET BALANCING RECOMMENDATIONS FOR LONG BILL

Department Of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2019-20 Appropriation						
SB 19-207 (Long Bill)	$2,305,389,929	$1,033,037,078	$431,621,749	$203,762,670	$636,968,432	5,132.3
Other legislation	39,172,052	10,262,856	8,385,334	10,469,440	10,054,422	(1.4)
HB 20-1248 (Supplemental Bill)	4,762,115	(2,259,880)	5,980,464	(2,373,080)	3,414,611	11.8
Subtotal - JBC Action as of 3/16/20	**2,349,324,096**	**1,041,040,054**	**445,987,547**	**211,859,030**	**650,437,465**	**5,142.7**
Regional center electronic health record – reduce	(650,000)	0	0	(650,000)	0	0.0
Division of Youth Services contract placements – reduce	(1,800,000)	(1,800,000)	0	0	0	0.0
Division of Youth Services medical services – reduce	(887,911)	(887,911)	0	0	0	0.0
Community Transition Services - reduce	(1,500,000)	(1,500,000)	0	0	0	0.0
S3 Splitting Lookout Mountain Youth Services Center into distinct facilities - undo	(180,410)	(180,410)	0	0	0	(1.2)
ES Family First Act and Colorado Trails - partially undo	(689,161)	(633,510)	0	0	(55,651)	(5.6)
TOTAL	**$2,343,616,614**	**$1,036,038,223**	**$445,987,547**	**$211,209,030**	**$650,381,814**	**5,135.9**
INCREASE/(DECREASE)	**($5,707,482)**	**($5,001,831)**	**$0**	**($650,000)**	**($55,651)**	**(6.8)**
Percentage Change	(0.2%)	(0.5%)	0.0%	(0.3%)	(0.0%)	(0.1%)

Department Of Human Services	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2020-21 Recommended Appropriation						
FY 2019-20 Appropriation	$2,349,324,096	$1,041,040,054	$445,987,547	$211,859,030	$650,437,465	5,142.7
R1 Improving child care quality	5,460,296	2,730,148	0	0	2,730,148	7.2
R2 Early intervention caseload	3,507,294	3,507,294	0	0	0	0.0
R3 Colorado Child Care Assistance Program	6,762,447	1,803,437	1,803,437	0	3,155,573	0.0
R4 L2 operating and staffing	4,078,778	4,078,778	0	0	0	36.0
R5a Drug detection devices	1,016,000	1,016,000	0	0	0	10.0
R5b Splitting Lookout Mountain into distinct facilities	747,748	747,748	0	0	0	7.0
R5c Youth services supervisor salary increase	1,170,411	1,170,411	0	0	0	0.0
R5d Youth services day reporting	725,000	725,000	0	0	0	0.0
R5e Youth services candidate assessment	75,000	75,000	0	0	0	0.0
R6 Family first and Trails	3,575,996	1,865,321	0	0	1,710,675	12.4
R7a Youth facilities refurbishment and safety	682,192	682,192	0	0	0	0.0
R7b Homelike environment at Lookout	908,321	908,321	0	0	0	0.0
R8 Scholarships for early childhood educators	0	0	0	0	0	0.0
R9 Evidence based home visiting	503,991	503,991	0	0	0	0.9
R10 Child support pass through	439,160	439,160	0	0	0	0.0
R11 Respite care task force	265,890	265,890	0	0	0	0.0
R12 Subsidized training and employment	2,634,120	0	0	0	2,634,120	0.0
R13 County child welfare staffing, phase 6	3,157,894	2,004,477	631,579	0	521,838	0.0
R14 Joint agency interoperability	12,099,423	2,326,384	0	9,507,438	265,601	0.0
R15 Human resource staffing	937,909	399,196	27,082	367,640	143,991	7.7
R16 Child welfare provider rate increase	11,144,134	5,349,184	2,228,827	0	3,566,123	0.0
R17 Records and Reports Fund	352,448	281,931	70,517	0	0	1.0
R18 Electronic health record staffing	218,555	218,555	0	0	0	0.0
R19 Replace legacy phone systems	917,525	917,525	0	0	0	0.0
R20 Child welfare legal representation	6,009,940	0	6,009,940	0	0	0.0
R22 Medicaid funding adjustment	79,166	950,000	395,833	(1,900,000)	633,333	0.0
R23 Leased space adjustment	(48,558)	0	0	(48,558)	0	0.0
R24 Old age pension adjustment	(22,268,490)	0	(22,268,490)	0	0	0.0
R25 Substance use treatment	0	0	0	0	0	0.0
R26 Veteran Community Living Centers reserves	0	0	0	0	0	0.0
R27 Colorado Child Care Assistance Program intrastate redistribution	(1,094,939)	0	0	0	(1,094,939)	0.0
R28 Post Affordable Care Act	(647,000)	(647,000)	0	0	0	0.0
R29 Reduce duplicative activities	(380,000)	0	(380,000)	0	0	0.0
R30 Evaluation funding, gambling	(50,000)	0	(50,000)	0	0	0.0
R31 Resource and referral funding reduction	0	0	0	0	0	0.0
R32 Realign regional center funding	100,000	100,000	0	0	0	0.0
R33 Older Coloradans Cash Fund	0	(3,000,000)	3,000,000	0	0	0.0
R34 Mental health technical correction	0	0	0	0	0	0.0
R35 Common policy provider rate adjustment	17,932,679	10,565,567	2,892,658	165,615	4,308,839	0.0
BA1 Psychologist pay adjustment	540,894	540,894	0	0	0	0.0
BA3 Prevention and Intervention Services Cash Fund	598,953	0	598,953	0	0	0.0
BA4 Mental health institutes revenue adjustment	0	0	0	0	0	0.0
BA5 DYS caseload reduction	(4,637,778)	(4,160,874)	0	(198,592)	(278,312)	0.0
JBC staff initiated annual depreciation	3,103,396	3,103,396	0	0	0	0.0
JBC staff initiated Brain Injury Trust Fund	900,000	450,000	0	450,000	0	0.0
JBC staff initiated Rural Interpreting Services Program	700,000	0	0	700,000	0	5.0
JBC staff initiated Tobacco Master Settlement adjustment	130,080	0	130,080	0	0	0.0

Department Of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
JBC staff initiated (M) Note change	0	0	0	0	0	0.0
JBC staff initiated Veterans Community Living Centers line item name change	0	0	0	0	0	0.0
JBC staff initiated Title IV-E Waiver adjustment	(6,482,762)	(250,009)	(6,000,000)	0	(232,753)	0.0
JBC staff initiated Consent Decree fines and fees	2,947,000	2,947,000	0	0	0	0.0
Centrally appropriated line item	6,871,178	3,385,989	146,196	3,073,765	265,228	0.0
Technical adjustments	5,464,087	3,827,539	260,394	293,889	1,082,265	0.0
Indirect cost assessment	1,913,954	0	136,587	1,233,877	543,490	0.0
Nonprioritized budget requests	1,734,968	(158,867)	6,357	1,853,675	33,803	0.0
Annualize prior year budget actions	538,934	2,384,906	(623,680)	(989,070)	(233,222)	(17.6)
Annualize prior year legislation	(27,549,107)	2,393,891	(5,149,081)	(9,267,433)	(15,526,484)	(5.9)
Subtotal - JBC Action as of 3/16/20	**2,397,111,223**	**1,095,488,429**	**429,854,736**	**217,101,276**	**654,666,782**	**5,206.4**
Annualize Long Bill add-on	5,955,648	5,249,997	0	650,000	55,651	6.8
Community Transition Services reduction	(600,000)	(600,000)	0	0	0	0.0
Reverse R5a drug detection devices	(206,837)	(206,837)	0	0	0	0.0
Reverse R5b splitting Lookout Mountain into distinct facilities	(747,748)	(747,748)	0	0	0	(7.0)
Reverse R6 Family First Act and Colorado Trails	(3,060,508)	(1,530,254)	0	0	(1,530,254)	(12.4)
R15 Human resources staffing - undo	(399,196)	(399,196)	0	0	0	0.0
R5e Division of Youth Services candidate assessment - undo	(75,000)	(75,000)	0	0	0	0.0
Contract Medical Services at CMHIP - reduce	(750,000)	(750,000)	0	0	0	0.0
R18 Electronic health record staffing - undo	(218,555)	(218,555)	0	0	0	0.0
R28 High Risk Pregnant Women program – reduce	(725,000)	0	0	(725,000)	0	0.0
R14 Joint agency interoperability - reduce	(4,157,461)	(760,368)	0	(2,940,210)	(456,883)	0.0
S.B. 19-008 Substance use disorder treatment in criminal justice system - reduce	(1,151,279)	(1,151,279)	0	0	0	0.0
R35 Common policy provider rate adjustment – undo	(17,932,679)	(10,565,567)	(2,892,658)	(165,615)	(4,308,839)	0.0
R5d Division of Youth Services day reporting – undo	(725,000)	(725,000)	0	0	0	0.0
R13 County child welfare staffing, phase 6 – undo	(3,157,894)	(2,004,477)	(631,579)	0	(521,838)	0.0
R7b Division of Youth Services, homelike environment at Lookout Mountain Youth Services Center - undo	(908,321)	(908,321)	0	0	0	0.0
R12 Subsidized training and employment – undo	(2,634,120)	0	0	0	(2,634,120)	0.0
R26 Adjust Veterans Community Living Center reserves - refinance	0	(2,669,922)	2,669,922	0	0	0.0
Early Literacy Book Distribution appropriation – undo	(100,000)	(100,000)	0	0	0	0.0
R9 Evidence based home visiting - undo	(503,991)	(503,991)	0	0	0	(0.9)
Incredible Years Program - refinance	0	(173,841)	173,841	0	0	0.0
R11 Respite Care Task Force - undo	(265,890)	(265,890)	0	0	0	0.0
Division of Youth Services outsourced contracted services - reduce	(1,200,000)	(1,200,000)	0	0	0	0.0
Tony Grampsas Youth Services Program - reduce MTCF	(1,500,000)	0	(1,000,000)	(500,000)	0	0.0
R16 child welfare provider rate increase (SB 18-254), phase 3 - undo	(11,144,134)	(5,349,184)	(2,228,827)	0	(3,566,123)	0.0
Colorado Brain Injury Trust Fund appropriation - undo	(900,000)	(450,000)	0	(450,000)	0	0.0
R1 Improving child care quality - undo	(5,460,296)	(2,730,148)	0	0	(2,730,148)	(7.2)
R17 Records and Reports Fund - refinance	0	(281,931)	281,931	0	0	0.0

Department Of Human Services	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
General Fund appropriation to Aid to the Needy Disabled - reduce	(2,700,000)	(2,700,000)	0	0	0	0.0
R10 Child support pass through - undo	(51,679)	(51,679)	0	0	0	0.0
R2 Early Intervention caseload - undo	(2,004,220)	(2,004,220)	0	0	0	0.0
R5c Division of Youth Services supervisor salary increase - delay	(1,170,411)	(1,170,411)	0	0	0	0.0
TOTAL	**$2,332,909,170**	**$1,055,442,776**	**$426,227,366**	**$212,320,451**	**$638,918,577**	**5,178.9**
INCREASE/(DECREASE)	**($64,202,053)**	**($40,045,653)**	**($3,627,370)**	**($4,780,825)**	**($15,748,205)**	**(27.5)**
Percentage Change	(2.7%)	(3.7%)	(0.8%)	(2.2%)	(2.4%)	(0.5%)

Note: Changes to staff recommendations for common policy items, including salary survey and provider rates, will be addressed in statewide policy packets.

The following recommendations concerning a decrease in the Department of Human Services budget were formulated based on the following:

- The reversal of decisions made to fund new State FTE in the FY 2019-20 supplemental process;
- The creation of no new State FTE positions in FY 2020-21;
- The funding of no new programs in FY 2020-21;
- The expansion of no existing programs in FY 2020-21;
- Elimination or delay of funding for programs not yet implemented; and
- Consideration of the impacts of the COVID-19 pandemic on human services program capacity.

Joint Budget Committee (JBC) Staff is working with the Department to develop additional recommendations should further General Fund reductions be required beyond those included in this document. JBC Staff anticipates that a follow-up memo will be made available to the Committee in the coming week.

FY 2019-20

➔ Regional Center Electronic Health Record – Reduce

JBC Action as of 3/16/20: The Committee approved a FY 2019-20 appropriation of $698,688 Medicaid reappropriated funds for the Regional Centers Electronic Health Record.

Recommendation: Staff recommends a one-time reduction in FY 2019-20 in the appropriation to Office of Information Technology Services line item of $650,000 Medicaid reappropriated funds.

Key Considerations: The Department of Human Services has indicated that if the appropriation is not reduced, it will revert $650,000 reappropriated funds, including $325,000 Medicaid General Fund, because the system will not be fully operational until FY 2020-21. Staff has included this decision item in the document concerning the Department of Health Care Policy and Financing.

➔ DIVISION OF YOUTH SERVICES CONTRACT PLACEMENTS – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2019-20 total appropriation of $15,212,867 total funds, including $13,605,155 General Fund, for the purchase of contract placements.

RECOMMENDATION: Staff recommends a one-time reduction in FY 2019-20 of $1.8 million General Fund in the appropriation to the Division of Youth Services, Community Programs for the Purchase of Contract Placements.

KEY CONSIDERATIONS: The Department of Human Services has indicated that the Purchase of Contract Placements line item in the Division of Youth Services will be underspent by $1.8 million General Fund in FY 2019-20.

➔ DIVISION OF YOUTH SERVICES MEDICAL SERVICES – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2019-20 total appropriation of $13,064,019 General Fund, for Division of Youth Services medical services.

RECOMMENDATION: Staff recommends a one-time reduction in FY 2019-20 of $877,911 General Fund in the appropriation to the Division of Youth Services, Institutional Programs for Medical Services.

KEY CONSIDERATIONS: The Department of Human Services has indicated that the Medical Services line item in the Division of Youth Services will be underspent by $887,911 General Fund in FY 2019-20.

FY 2019-20 and FY 2020-21

➔ COMMUNITY TRANSITION SERVICES – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved an appropriation of $7,711,134 General Fund for Community Transition Services in FY 2019-20. This line item includes the Momentum program.

RECOMMENDATION: Staff recommends a reduction of $1.5 million General Fund for FY 2019-20, based on expected reversions. While the full appropriation is encumbered, the Department does not expect the vendors to fully spend their contract.

For FY 2020-21, the Committee has already approved a $400,000 General Fund reduction for the R28 Post ACA request. Staff is recommending an additional $600,000 General Fund reduction based on prior year reversions (as outlined below).

KEY CONSIDERATIONS:
No immediate health, life, or safety impact.

Other Items of Note: The program has had significant reversions.

Additional Background:
As discussed during figure setting and JBC Staff comebacks, this line item has had significant reversions in the past five years. Staff's interpretation is that the Department is underutilizing the funds for two reasons:

- Bigger picture structural challenges - primarily, lack of capacity in the community.
- Perceived limitations in the Department's ability to expand the scope of their services. The Department has interpreted that this funding is intended for direct services, not for capacity building activities.

The table below was provided by the Department upon request of the Committee during comebacks.

Community Transition Services Line Item (Momentum & Transition Services)					
Fiscal Year	**FY 2014-15[1]**	**FY 2015-16**	**FY 2016-17[2]**	**FY 2017-18**	**FY 2018-19[3]**
Original Appropriation	$7,722,398	$5,147,901	$5,147,901	$4,307,449	$5,938,773
Supplemental request			($900,000)		($2,150,000)
Final Appropriation	$7,722,398	$5,147,901	$4,247,901	$4,307,449	$3,788,773
Expenditures	$4,801,597	$3,890,935	$4,247,901	$3,803,614	$2,128,738[4]
Reversions	**$2,920,801**	**$1,256,966**	**$0**	**$503,835**	**$1,660,035**

➔ S3/R5B DYS SPLITTING LOOKOUT MOUNTAIN YOUTH SERVICES CENTER INTO DISTINCT FACILITIES – DELAY

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2019-20 appropriation of $180,410 General Fund and 1.2 FTE to establish four distinct commitment facilities on the campus at Lookout Mountain Youth Services Center. The request includes funding for a Director of Facility Operations, three facility directors, one assistant facility director, and two clinical directors with a start date of April 1, 2020. In addition, the Committee approved a FY 2020-21 appropriation of $747,748 General Fund and 7.0 FTE for the ongoing program.

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[1] In addition to the "Momentum" transition services program, this line also included appropriations for the ACT program, which were subsequently moved out of this Long Bill Line Item in FY 2015-16.

[2] In FY 2016-17 a $900,000 supplemental reduction request was made to the "Transition Services" Long Bill Line Item by the Department that was subsequently approved by the General Assembly.

[3] In FY 2018-19 a $2,150,000 supplemental reduction request under S.B 19-223 was made to the "Transition Services" Long Bill Line Item by the Department that was subsequently approved by the General Assembly.

[4] Actual, final contract expenditures for Momentum and transition services in FY18-19 were $3,817,600: $2,128,738 charged to the appropriation and $1,688,862 to Federal block grants.

RECOMMENDATION: Staff recommends that the Committee delay funding increases associated with this request until FY 2021-22.

KEY CONSIDERATIONS: The Department indicates that a cost savings can be realized by utilizing vacancy savings and by splitting Lookout Mountain Youth Services Center into three units rather than the four units identified in the request. This will allow the initiative to move forward in FY 2019-20 and FY 2020-21 without the addition of new General Fund.

➔ ES FAMILY FIRST ACT AND COLORADO TRAILS – PARTIALLY UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2019-20 appropriation of $1,433,360 total funds, including $1,117,239 General Fund and 5.6 FTE for the modernization and modification of the Colorado Trails child welfare reporting system and to begin implementation of the federal Family First Prevention Services Act of 2018 (Family First). In addition, the Committee approved a FY 2020-21 appropriation of $3,575,996 total funds, including $1,865,321 General Fund and 12.4 FTE for the ongoing program.

RECOMMENDATION: Staff's revised recommendation includes:
- $744,199 total funds, including $483,729 General Fund, in FY 2019-20 for the modernization and modification of Colorado Trails;
- $515,488 total funds, including $335,067 General Fund, in FY 2020-21 for the modernization and modification of Colorado Trails; and
- No increase in funding and FTE for the implementation of Family First or for assessments in either FY 2019-20 and FY 2020-21.

Staff recommends that implementation of Family First be accomplished within existing resources.

The revised recommendation reduces General Fund appropriation by:
- $633,510 in FY 2019-20; and
- $1,530,254 in FY 2020-21.

KEY CONSIDERATIONS:

IMPLEMENTATION OF FAMILY FIRST
The Department asserts that the funding for the decision item is still necessary as six of the seven positions have been filled. The Department released an announcement this week, however, indicating that the implementation of Family First has been delayed for a second time. The announcement did not provide a new date for implementation. Given that, JBC staff believes that no funding should be provided for the implementation of Family First at this time and that the Department should be required to submit a prioritized budget request for this funding when it is certain the initiative will actually be implemented. If the Department believes maintaining the filled positions is necessary, then it should be required to do so within existing resources.

Background Information:
The Department requested funding for the following FTE:

- Auditor III (1.0 FTE) – Responsible for reviewing county processes to determine Title IV-E eligibility and assessing accuracy and compliance.
- Program Manager III (1.0 FTE) – Serves as the Trails product owner and is responsible for managing changes to the system to ensure that it aligns with the FFPSA, coordinating Trails stakeholder input, and ensuring successful implementation of Trails modernization and modifications.
- Project Manager III (1.0 FTE) – Responsible for ensuring the implementation of the FFPSA.
- Training Specialist V (1.0 FTE) – Responsible for providing technical assistance and oversight to county departments on newly Title IV-E eligible prevention services and activities and on new requirements related to placements of children in QRTP settings.
- Social Services Specialist IV (2.0 FTE) – Responsible for creating guidelines for QRTP accreditation standards, monitoring the fidelity of the standards, and investigating complaints from the Office of Behavioral Health when QRTPs are non-compliant in the delivery of trauma informed care models with fidelity.
- Data Analyst IV (1.0 FTE) – Responsible for analyzing and providing prevention related data and for reporting on the evaluation of the FFPSA.

FTE-related Costs			
Position	Total	Total Compensation	Operating Expenses
Auditor III (0.8 FTE in FY 2019-20)	$74,714	$69,061	$5,653
Program Manager III (0.8 FTE in FY 2019-20)	101,355	95,702	5,653
Project Manager III (0.8 FTE in FY 2019-20)	96,551	90,898	5,653
Training Specialist V (0.8 FTE in FY 2019-20)	90,061	84,408	5,653
Social Services Specialist IV (1.6 FTE in FY 2019-20)	149,426	138,120	11,306
Data Analyst IV (0.8 FTE in FY 2019-20)	74,714	69,061	5,653
Total Request and Recommendation	**$586,820**	**$547,250**	**$39,571**

Finally, the federal Act requires that a third-party assessor evaluate the validity of placements of children in QRTP settings at an estimated annual cost of $361,800 General Fund.

Continuation of Trails Modernization and FFPSA-related Modifications

In conjunction with its operating budget request, the Department has submitted a Capital IT 1331 budget request to ensure the completion of Trails modernization by September 2020 and add necessary FFPSA functionality by January 2020.

According to the Department, the federal Administration of Children and Families performed the Child and Family Services Review in September 2017 and found that Trails is not in conformity with case management system requirements and is not meeting the needs of system users. In addition, Trails does not currently comply with federal requirements of the Child Abuse Prevention and Treatment Act of 2016 or the Every Student Succeeds Act of 2015; nor does the system comply with the current Judicial interface encryption requirements. The modernization project is intended to address these issues, however if additional funding for the modernization of Trails is not approved, the project will cease on September 30, 2019 requiring the operation of both the legacy and new systems in tandem.

As described previously, implementation of the FFPSA requires modifications to the Trails system that go beyond the modernization project. These modifications will allow counties to enter required data concerning the placement of children in QRTP settings and the delivery of prevention services. Capturing these data is necessary because it directly informs the required federal reporting concerning Title IV-E eligible services.

The Department requests $744,199 total funds, including $483,729 General Fund, to contract with the Governor's Office of Information Technology for the ongoing maintenance and monitoring of Trails and for project management of Trails modifications associated with the FFPSA. This will include ongoing technical support to county users for a new web based and mobility technology being introduced in the Trails modernization project as a result of FFPSA. It will also include changes that will ensure that Trails remains in compliance with the Comprehensive Child Welfare Information System. JBC Staff recommends that this funding be maintained.

FY 2020-21

ⓘ COMPETENCY FINES AND FEES

JBC ACTION AS OF 3/16/20: The Committee's action includes $2.9 million General Fund for FY 2020-21 to pay for fines and fees accrued as part of the Consent Decree resulting from the *Center for Legal Advocacy (d/b/a Disability Law Colorado) v. Barnes and Marshall (Colorado Department of Human Services)* lawsuit.

ANALYSIS: On April 7, 2020, the Office of Behavioral Health (OBH) issued notice[5] that face-to-face competency evaluations would be suspended in response to the COVID-19 outbreak. During this time, OBH is triaging and prioritizing the admission of the most acute individuals (Tier I). Pretrial detainees are admitted in cohorts and monitored for symptoms for 14 days in compliance with and direction of the Centers for Disease Control and the Colorado Department of Public Health and Environment. In the event Tier 1 or those pretrial detainees who are recommended by the forensic navigator cannot be medically cleared, telehealth provider-to-provider consultation will be offered to jails.

This action is expected to delay compliance with the Consent Decree, unless the parties agree to exceptions due to circumstances. A delay in compliance will lead to an increase in fines. The Department is working with the Court and attorneys to assess the impact of the delay and expects to provide an estimate in the near future. Staff will follow up with a memo to the Committee when that information becomes available.

However, for reference, that amount could be up to $7.7 million General Fund for FY 2020-21. The annual fines are capped at $10.0 million plus inflation, in addition to the fees charged by the Special Master. For FY 2020-21, staff would estimate the maximum to be around $10.6 million. The Committee's action to date appropriates $2.9 million General Fund for this purpose, leaving a potential balance of $7.7 million, should the fines meet the maximum.

[5] Office of Behavioral Health Notice of Ending Face-to-Face Competency Evaluation: https://us14.campaign-archive.com/?u=ab4d57df3cf259d7a3ccc3565&id=87b39d0cc5

ⓘ R4 L2 OPERATING AND STAFFING

JBC ACTION AS OF 3/16/20: The Committee's action includes $4.0 million General Fund and 36.0 FTE in FY 2020-21 to operate and staff the new L2 High Security Forensic Unit at the Colorado Mental Health Institute at Pueblo (CMHIP). The 24-bed L2 expansion was funded through an FY 2017-18 capital request and is expected to be open for patient occupancy on December 1, 2020. The expected full year cost for FY 2021-22 is $5.8 million and 59.8 FTE.

L2 PERSONAL SERVICES CALCULATIONS				
	FY 2020-21		FY 2021-22	
	FTE	GENERAL FUND	FTE	GENERAL FUND
EDO	0.0	626,183	0.0	960,820
Operations	1.1	87,190	1.6	119,444
OBH	34.9	3,296,307	57.8	4,732,861
TOTAL	**36.0**	**$4,009,680**	**59.4**	**$5,813,125**

RECOMMENDATION: Staff recommends no changes to this appropriation.

KEY CONSIDERATIONS:
These forensic beds will expand capacity for competency related services and assist the Department in meeting the terms of the Consent Decree resulting from the *Center for Legal Advocacy (d/b/a Disability Law Colorado) v. Barnes and Marshall (Colorado Department of Human Services)* lawsuit. Not funding this unit is likely to increase delays in compliance with the Consent Decree, leading to additional fines and fees.

ⓘ MARIJUANA TAX CASH FUND REFINANCE

There are a number of programs within the Office of Behavioral Health (OBH) that receive appropriations from the Marijuana Tax Cash Fund (MTCF), including line items that have both General Fund and MTCF appropriations. Depending on the availability of MTCF following both initial balancing actions and the revenue forecast, there are several programs within OBH that could be refinanced with MTCF, either on a one-time basis or ongoing.

Section 39-28.8-501 (2)(b)(IV), C.R.S. specifies a number of allowable uses for MTCF. For OBH, there are two in particular with fairly broad applicability:

> **(C)** *To treat and provide related services to people with any type of substance use or mental health disorder, including those with co-occurring disorders, or to evaluate the effectiveness and sufficiency of behavioral health services;*
> **(D)** *For jail-based and other behavioral health services for persons involved in or diverted from the criminal justice system;*

Staff has identified several options for refinancing, should the Committee wish to hold these appropriations at current levels. Please note: the totals below represent JBC Action as of 3/16/20. They do not include changes recommended in balancing documents.

MTCF REFINANCE OPTIONS		
LINE ITEM	JBC ACTION: GENERAL FUND	JBC ACTION: MTCF
Treatment and Detoxification Programs	$14,608,748	$0

MTCF REFINANCE OPTIONS		
LINE ITEM	JBC ACTION: GENERAL FUND	JBC ACTION: MTCF
Circle Program and Other Rural Treatment Programs	3,139,251	318,0474
Behavioral Health Crisis Response System Crisis Hotline	3,597,302	0
Behavioral Health Crisis Response System Public Awareness Campaign	600,000	600,000
Jail-based Behavioral Health Services	7,323,955	0

➔ R15 HUMAN RESOURCES STAFFING - UNDO

JBC ACTION AS OF 3/16/20: The Committee approved $937,909 total funds, including $399,196 General Fund, and 7.7 FTE to increase the number of Department Human Resources professionals.

RECOMMENDATION: Staff recommends that the Committee consider reversing its decision to increase the General Fund appropriation, resulting in a General Fund reduction of $399,196.

KEY CONSIDERATIONS: The Division of Human Resources within the Department of Human Services is responsible for the Department's human resources functions, including personnel management, employee benefits and worker's compensation administration, learning and development, and civil rights. Currently, the Division is staffed by 51 FTE, including 3 administrative professionals, 12 technical staff, and 36 human resources professionals each with Human Resources Specialist or Training Specialist job classifications. The Department indicates that maintaining the reappropriated funds spending authority provides an opportunity for the hiring of additional professionals with departmental indirect cost recoveries.

➔ R5E DIVISION OF YOUTH SERVICES CANDIDATE ASSESSMENT - UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2020-21 appropriation of $75,000 General Fund to utilize a candidate assessment instrument for employment applicants to the Division of Youth Services.

RECOMMENDATION: Staff recommends that the Committee consider reversing its decision to appropriate funding for this assessment instrument, thereby reducing General Fund appropriations in FY 2020-21 by $75,000.

KEY CONSIDERATIONS: In an attempt to improve hiring practices, the number of appropriate and qualified employees hired, and staff turnover rates at youth services facilities, the Department requested funding to purchase and implement a pre-employment screening instrument. JBC Staff recommends that the Department implement the candidate assessment process within existing resources.

➔ CONTRACT MEDICAL EXPENSES AT CMHIP – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved a total of $3,384,664 General Fund for contract medical expense at the Mental Health Institute at Pueblo (CMHIP).

RECOMMENDATION: Staff recommends a reduction of $750,000 General Fund in FY 2020-21.
KEY CONSIDERATIONS:

The program has had significant reversions.

Additional Background:
This line item covers the costs of outside medical expenses for CMHIP patients. In FY 2017-18, this line item reverted $1.3 million General Fund. In FY 2018-19, $1.0 million General Fund was reverted.

Staff is recommending a reduction of $750,000 General Fund. Given the current COVID-19 environment, staff is hesitant to reduce the line item by the full reversion amount, as this line item covers medical treatment for patients at CMHIP. However, both staff and the Department feel a $750,000 reduction is manageable.

➔ R18 ELECTRONIC HEALTH RECORD STAFFING – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved $218,555 General Fund in FY 2020-21 for programming support from the Office of Information Technology (OIT) for the electronic health records systems at the Mental Health Institutes.

RECOMMENDATION: Staff recommends eliminating this appropriation.

KEY CONSIDERATIONS:
New program (not yet fully implemented or new proposal for FY 2020-21)/ No immediate health, life, or safety impact

Additional Background:
The Mental Health Institutes operate a number of electronic records systems, including clinical electronic health records (EHR), a system related to legal proceedings, and systems tracking programming needs, visitor logs, and patient grievances. In May 2018, the Department implemented a new behavioral electronic health record system (BEHR). The new BEHR system provides the Institutes with an EHR system similar to those used in other acute care and behavioral health care hospitals, and helps to provide accurate and current patient information that can be securely shared between clinicians.

The requested programmers would have two primary functions: (1) convert the previous, aging systems from Access databases to more secure platforms, and (2) build bridges from the previous systems to the new system in order to preserve historical data and enable better functionality and communication between the systems.

In the first year, two FTE are requested in order to complete the reprogramming and rebuilding. After the first year, one FTE is requested in order to support and maintain the systems.

➔ R28 HIGH RISK PREGNANT WOMEN PROGRAM – REDUCE

JBC ACTION AS OF 3/16/20: The Committee denied the Department's request for a reduction of $637,000 reappropriated funds for the High Risk Pregnant Women program.

RECOMMENDATION: Staff recommends approving the reduction, which includes a 50/50 split of General Fund ($362,500) and federal funds ($362,500) reappropriated from HCPF. Staff requests permission to make the associated reductions in HCPF.

KEY CONSIDERATIONS:
The program has had significant reversions.

Additional Background:
This program was one of three reduction requests made by the Department due to underexpenditures (show in the table below).

Appropriation and Expenditure History			
Line Item	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**
High Risk Pregnant Women Program			
Appropriation	$1,600,000	$1,662,430	$1,838,861
Expenditures	$1,077,589	$1,147,889	$138,241
Net Total	**($522,411)**	**($514,541)**	**($1,700,620)**

The program, known as Special Connections, is for pregnant women who are eligible for Medicaid and who have alcohol and/or drug abuse problems. The program helps women have healthier pregnancies and healthier babies by providing case management, individual and group counseling, health education, and residential treatment during pregnancy and up to one year after delivery. The Department contracts with several providers to operate Special Connections Programs. This program was developed to: deliver a healthy baby; reduce or stop the substance using behavior of the pregnant woman during and after the pregnancy; promote and assure a safe child-rearing environment for the newborn and other children; and maintain the family unit. This line item is supported by reappropriated funds transferred from HCPF (which originate as General Fund and federal Medicaid funds).

The Department provided the following as reasons for underexpenditures:

- Providers withdrawing from the program due to low reimbursement rates. The Department indicates that they have worked with MSOs to adjust the rates after receiving feedback that rates were inadequate.
- Complex billing procedures.
- Limited provider capacity.

➔ R14 JOINT AGENCY INTEROPERABILITY – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved staff recommendation for the Department's R14 request for $12,099,423 total funds, including $2,326,384 General Fund, $9,507,438 reappropriated funds, and $265,601 federal funds, in FY 2020-21 and ongoing for funding operations and maintenance of the Joint Agency Interoperability Project.

RECOMMENDATION: Staff recommends a partial reduction of the approved appropriation, **reducing the appropriation to the Department by $4,157,461 total funds, including $760,368 General Fund and $2,940,210 reappropriated funds, and $456,883 federal funds.**

KEY CONSIDERATIONS:
- The Caseworker View module of this project is relatively new, as compared to the other project modules and is in the early phases of development and deployment. In the short-term, this module is non-essential to the Joint Agency Interoperability Project.
- Does not affect a vulnerable population.
- No immediate health, life, or safety impact.

Additional Background: The Joint Agency Interoperability Project is a result of a federal effort to encourage states to integrate the eligibility determination functions across health and human services programs. The Colorado Department of Human Services began its work on the JAI Project in 2012 when it received a $1,125,000 planning grant from the U.S. Health and Human Services Administration for Children and Families. This grant allowed the Department to conduct an in-depth analysis of its information technology (IT) systems and environment, resulting in an Interoperability Roadmap.

In 2014, the Department began implementing a formalized Interoperability Roadmap with a 5-year strategic plan. The purpose of the Roadmap is to provide clear and strategic direction to the Department as it establishes and maintains the organizational, procedural, and technical resources necessary for creating a robust ecosystem for the information technology systems that support the provision of human services. The Interoperability Leadership Council, which includes county representatives from Colorado Counties Inc. and Colorado Human Services Directors Association, serves as the executive steering committee for the project. The Council has approved projects that include expanding the state's Caseworker View, as well as working to establish the legal and technical framework to connect external systems including county operated systems.

There are two broad categories of expenditures: Licensing and Professional Services and Personal Services. The former includes the purchase of software licenses, servers and hardware, and vendor support. The latter are expenditures for the JAI Project team. The cost projections below were provided by the Department.

Interoperability Program Operating and Maintenance FY 2020-21 Cost Projections			
Description	Vendor	Estimated Hardware and Software Costs	Personal Services Costs
Integration Capability	MuleSoft	$1,275,216	$791,200
Identity and Access Management (county users)	One Identity and Ping	157,155	433,200
Identity Resolution	Health Information Exchange	650,000	0
Data Management	Erwin Meta Data Repository	209,000	0
Caseworker View	Salesforce	2,200,000	250,000
Analytics	Salesforce	354,733	245,267
Licensing and Professional Services Subtotal		***$4,846,104***	***$1,719,667***
Description	Hourly Rate		
Project Manager	$77		$160,160
Business Analyst	79		164,320
Health IT Architect	110		229,403
Tester	63		130,000

INTEROPERABILITY PROGRAM OPERATING AND MAINTENANCE FY 2020-21 COST PROJECTIONS			
DESCRIPTION	VENDOR	ESTIMATED HARDWARE AND SOFTWARE COSTS	PERSONAL SERVICES COSTS
Identity Management Analyst	40		83,200
Application Developer	75		156,000
Integration Developer	75		156,270
Security Operations	75		156,000
Data Governance Manager	$72		$150,000
JAI Project Team Subtotal			***$1,385,354***
Total Cost			**$7,951,125**

Source: CDHS analysis of Interoperability program maintenance and operations
Note: Costs estimates are subject to change pending approval of the project IAPDU. Contract Costs based on 2080 hours.

The Department identified the Caseworker View module as non-essential to the short-term operations and maintenance of the JAI Project. The Caseworker View provides for functionality that no county systems currently offer. The Caseworker View is designed to use data from multiple programs to assist a worker's ability to make decisions, coordinate services across programs and improve client outcomes. The interoperability infrastructure is capable of providing state data securely to county systems. Delaying the implementation of the Casework View would save $2.5 million total funds, including $760,368 General Fund in FY 2020-21.

➔ S.B. 19-008 SUBSTANCE USE DISORDER TREATMENT IN CRIMINAL JUSTICE SYSTEM – REDUCE

JBC ACTION AS OF 3/16/20: The Committee's action includes approval of a $1,146,861 General Fund increase to annualize S.B. 19-008 (Substance Use Disorder Treatment in the Criminal Justice System).

RECOMMENDATION: Staff recommends a reduction of $1,151,279 General Fund to eliminate the annualization for S.B. 19-008.

RECOMMENDED REDUCTION FOR S.B. 19-008	
PURPOSE	GENERAL FUND
Administration	($29,207)
MAT Treatment in County Jails	(735,000)
Co-Responder Expansion	(387,072)
Total	**($1,151,279)**

KEY CONSIDERATIONS:
New program (not yet fully implemented or new proposal for FY 2020-21).

Additional Background:

MAT Treatment in County Jails
For FY 2019-20, the Department was appropriated $798,780 General Fund and 0.7 FTE to provide medication-assisted treatment (MAT) to persons confined in county jails. For FY 2020-21, that amount increases by $735,000 General Fund. The recommendation retains the base funding, but eliminates the increase for FY 2020-21.

Co-Responder Expansion
For FY 2019-20, the Department was appropriated $1,165,052 General Fund and 0.8 FTE to increase the number of co-responder programs from eight to 12. For FY 2020-21, that amount increases by $387,072 General Fund. Eliminating the increase would reduce expansion by one site (from 12 to 11).

➔ R35 COMMON POLICY PROVIDER RATE ADJUSTMENT - UNDO

JBC ACTION AS OF 3/16/20: The Committee approved $17.9 million total funds, including $10.6 million General Fund, for a 1.9 percent common policy increase in community provider rates.

RECOMMENDATION: Staff recommends no common policy community provider rate increase, saving $17.3 million total funds, including $10.6 million General Fund.

KEY CONSIDERATIONS: Eliminating this increase would have no immediate negative health, life, or safety impact.

➔ R5D DIVISION OF YOUTH SERVICES DAY REPORTING - UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2020-21 appropriation of $725,000 General Fund for day reporting programming for youth parolees in the Division of Youth Services.

RECOMMENDATION: Staff recommends that the Committee consider reversing its decision to appropriate funding for this program, thereby reducing General Fund appropriations in FY 2020-21 by $725,000.

KEY CONSIDERATIONS: The Department requested funding to implement a pilot contracted day reporting program and perform evaluation of the pilot. The pilot is intended to provide juvenile parolees who present with higher risk and need with a structured introduction back into the community. It would offer a higher level of contact with service providers and juvenile parole officers, increased opportunities for the development of prosocial interests and peer associations, and direct access to treatment services. The Department indicates that the program is not essential to maintaining the safety and security of youth and staff at its facilities.

➔ R13 COUNTY CHILD WELFARE STAFFING, PHASE 6 – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2020-21 appropriation of $3,157,894 total funds, including $2,004,477 General Fund, to increase county child welfare staff.

RECOMMENDATION: Staff recommends that the Committee consider reversing its decision to increase appropriations for county child welfare staff, thereby reducing General Fund appropriations in FY 2020-21 by $2,004,477.

KEY CONSIDERATIONS: Fiscal year 2020-21 is the sixth year during which increased appropriations have been requested to fund county child welfare staff in response to the 2014 Office of the State Auditor's Workload Study. JBC Staff estimates the cost of fully funding the 2014 Workload Study is $14.6 million total funds, including $9.3 million General Fund.

➔ R7B DIVISION OF YOUTH SERVICES, HOMELIKE ENVIRONMENT AT LOOKOUT MOUNTAIN YOUTH SERVICES CENTER – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2020-21 appropriation of $908,321 General Fund to purchase homelike furnishings for three of the four residential units at Lookout Mountain Youth Services Center.

RECOMMENDATION: Staff recommends that the Committee consider reversing its decision to appropriate funding for the upgrade of small distinct units at the Lookout Mountain Youth Services Center, thereby reducing General Fund appropriations by $908,321.

KEY CONSIDERATIONS: The Department requested $908,321 General Fund to upgrade three of the four small distinct commitment units to create a homelike setting. Currently, as a result of the pilot mandated in H.B. 17-1329 (Reform Division of Youth Corrections), one of the units, the Aspen Unit, received significant upgrades to create a natural living environment, including new paint, carpet, and faux wood flooring; new beds, dressers, and desks; and upgraded mattresses and comforters. The unit was also equipped with a kitchenette and living room furniture. If approved, the requested funding will be used to upgrade the remaining units (identified in 5b above) with the same amenities. The homelike environment is intended to create a trauma responsive and normalized environment for youth.

➔ R12 SUBSIDIZED TRAINING AND EMPLOYMENT – UNDO

JBC ACTION AS OF 3/16/20: The committee approved staff recommendation to appropriate $2,634,120 federal funds in Temporary Assistance for Needy Families (TANF) funds for FY 2020-21 to continue the pilot Colorado Works Subsidized Training and Employment Program (CW STEP), created in Section 26-2-706.6 (9), C.R.S.

RECOMMENDATION: Staff recommends <u>not</u> continuing the CW STEP pilot, **reducing the appropriation to the Department by $2,634,120 federal funds for FY 2020-21.**

KEY CONSIDERATIONS:

- No immediate health, life, or safety impact
- Program added since FY 2013-14

Other Items of Note: The TANF funds that would have been utilized for this decision item can be repurposed for core services or to refinance General Fund appropriations in allowable line items within the Department.

Additional Background: Pursuant to Section 26-2-707.5 (9)(c), C.R.S., CW Step ends June 30, 2020. The Department is required to submit a final report and program evaluation to the Joint Budget Committee and the Joint Health and Human Services Committee by October 15, 2020. Despite the statutory creation and repeal of the CW STEP, the Department contends that federal regulations do not require that the State provide statutory authority for TANF funds to be expended for this purpose. However, given that General Assembly appropriates TANF funds and saw fit to establish CW STEP in statute as a pilot, it is clear that the General Assembly's intent was to provide an opportunity for the Department to assess the viability of the program.

CW STEP is available to any individual who is currently enrolled in TANF, and STEP participants enroll in the program an average of seven months after enrolling in TANF. Participants enroll after receiving a referral from their TANF case manager and, in some cases, after meeting with a representative of the contractor organization that administers the STEP program in their county. The average STEP participant is 33 years old and has 2 children. Approximately 83.0 percent are single parents and 86.0 percent are women. Most program participants have at least a high school diploma and STEP participants have, on average, stronger employment and earnings histories than other TANF recipients do.

TANF Long-term Reserve Sustainability

A primary concern with the continued funding of CW STEP is the impact of its expenditures on the State's TANF Long-term Reserve. The Department provided a status update to the State's TANF fund on January 1, 2020 in response to the FY 2019-20 Long Bill Request for Information #4. The table below summarizes TANF funds sources and expenditures for FY 2018-19 through FY 2023-24.

TANF Funds Availability as Reported by the Department of Human Services (January 1, 2020)						
	FY 2018-19 Actuals	FY 2019-20 Appropriated	FY 2020-21 Projected	FY 2021-22 Projected*	FY 2022-23 Projected*	FY 2023-24 Projected*
Prior Year Funds Available	$140,463,018	$91,316,787	$70,955,317	$66,356,337	$61,757,357	$57,158,377
State Family Assistance Grant	135,607,703	136,056,690	136,056,690	136,056,690	136,056,690	136,056,690
Contingency Fund	15,716,131	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Sub-total – TANF funds	$291,786,852	$239,373,477	$219,012,007	$214,413,027	$209,814,047	$205,215,067
Less County Reserves	(54,782,061)	(2,754,953)	0	0	0	0
Total TANF Funds	**$237,004,791**	**$236,618,524**	**$219,012,007**	**$214,413,027**	**$209,814,047**	**$205,215,067**
TANF Spending/Appropriations						
General & Administrative & Prior Year Adjustment	$3,970,422	$5,288,518	$5,288,518	$5,288,518	$5,288,518	$5,288,518
OIT Common Policy	330,381	999,101	999,101	999,101	999,101	999,101
Colorado Benefits Management System	1,761,793	2,658,422	2,617,833	2,617,833	2,617,833	2,617,833
Colorado Works Administration	3,843,132	4,021,291	3,966,223	3,966,223	3,966,223	3,966,223
County Block Grants	124,252,960	128,198,357	128,198,357	128,198,357	128,198,357	128,198,357
Transfers to Social Security Block Grant (Title XX)	2,200,262	2,267,261	2,267,261	2,267,261	2,267,261	2,267,261
Transfers to Child Care Development Fund	1,196,520	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
County Training	337,124	386,859	383,922	383,922	383,922	383,922
Domestic Abuse Program	629,677	629,677	629,677	629,677	629,677	629,677
Works Program Evaluation	486,723	495,440	495,440	495,440	495,440	495,440
Workforce Development Council	76,211	76,211	76,211	76,211	76,211	76,211
Employment Opportunities With Wages (SB 17-292)	3,789,471	4,000,000	0	0	0	0
Child Support Services Program (New)	0	952,669	1,819,966	1,819,966	1,819,966	1,819,966
Refugee Assistance	2,752,242	2,762,021	2,705,334	2,705,334	2,705,334	2,705,334
Electronic Benefits Transfer Service	58,834	205,406	205,406	205,406	205,406	205,406
System Alien Verification for Eligibility	2,252	2,421	2,421	2,421	2,421	2,421

TANF Funds Availability as Reported by the Department of Human Services (January 1, 2020)						
	FY 2018-19 Actuals	FY 2019-20 Appropriated	FY 2020-21 Projected	FY 2021-22 Projected*	FY 2022-23 Projected*	FY 2023-24 Projected*
Child Welfare	0	9,700,000	0	0	0	0
SB 19-235 Voter Registration	0	19,553	0	0	0	0
Total TANF Expend.	**$145,688,004**	**$165,663,207**	**$152,655,670**	**$152,655,670**	**$152,655,670**	**$152,655,670**
State TANF Long-term Reserve balance	**$91,316,787**	**$70,955,317**	**$66,356,337**	**$61,757,357**	**$57,158,377**	**$52,559,397**

* Projections provided by JBC staff.

JBC staff provided the projections for FY 2021-22 and beyond, assuming flat funding and expenditure growth in the out years. These assumptions were made given the available data. As shown, if funding and expenditures remain at their current level, the Long-term Reserve balance will slowly decrease over time. This means that any additional expenditures of TANF funds will quicken the decline in balance.

➔ R26 Adjust Veterans Community Living Center Reserves – Refinance

JBC Action as of 3/16/20: The Committee approved an ongoing appropriation of $2,669,922 General Fund to the four Veterans Community Living Centers line items.

Recommendation: Staff recommends that the Committee consider a one-time refinancing of $2,669,922 General Fund with cash funds from the Central Fund for Veterans Community Living Centers in FY 2020-21.

FY 2020-21 R26 Adjust Veterans Community Living Center Reserves Department Request			
Line Item	Total Funds	General Fund	Cash Funds
Fitzsimons Veterans Community Living Center	$0	($965,580)	$965,580
Florence Veterans Community Living Center	0	(513,096)	513,096
Homelake Veterans Community Living Center	0	(567,049)	567,049
Rifle Veterans Community Living Center	0	(624,197)	624,197
Total	**$0**	**($2,669,922)**	**2,669,922**

Key Considerations: Veterans Community Living Centers (Centers) qualify as an enterprise as defined by Section 20, Article X of the State Constitution. The FY 2019-20 appropriation to the subdivision is $59.4 million total funds, including $3.5 million General Fund, $34.5 million cash funds from the Central Fund for Veterans Community Living Centers (continuously appropriated), and $21.4 million federal funds. The Colorado Constitution defines an enterprise as a "government-owned business authorized to issue its own revenue bonds and receiving under 10.0 percent of annual revenue in grants from all Colorado state and local governments combined." The FY 2019-20 appropriation to the subdivision is approximately 5.9 percent General Fund. By statute, revenue from each Center is combined in the Central Fund and accounted for together, however the Department requires each Center to operate as self-supporting enterprises and accounts for the revenue and expenditures of each Center independently. Revenue is generated from private resident payments, Medicaid, Medicare, and the U.S. Department of Veterans Affairs. Expenditures can include personal services, medical services, food, and medical supplies.

There is currently a cash fund balance in the Central Fund of $25.8 million. The Office of the State Architect reports that the current replacement value (CRV) of the Veterans Community Living Centers is $88,212,563. JBC Staff recommends that the refinancing of General Fund occur in FY 2020-21, only, to ensure that the enterprise status of the Veterans Community Living Centers is not put at risk in the future.

➔ EARLY LITERACY BOOK DISTRIBUTION APPROPRIATION – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved staff's recommendation for $100,000 General Fund for FY 2020-21 for the early literacy book distribution grant program.

RECOMMENDATION: Staff recommends **the Committee reduce the appropriation to the Early Literacy Book Distribution line item by $100,000** and remove the line from the FY 2020-21 Long Bill.

KEY CONSIDERATIONS:
No immediate health, life, or safety impact/ Program added since FY 2013-14/ Does not affect vulnerable population

Additional Background: The program was created in the Long Bill in FY 2014-15. Funding for this line provides a contractor with a $100,000 grant to distribute 11,540 new books to approximately 6,320 young children during their routine well child visit. Health care providers will distribute and advise parents to read aloud to their children in order to promote their child's cognitive and literacy skills. The contractor will focus on expanding reading programs in counties that do not already have established programs. The program will primarily serve children living in families with incomes under 250 percent of the federal poverty level.

➔ R9 EVIDENCE BASED HOME VISITING – UNDO

JBC ACTION AS OF 3/16/20: The committee approved staff recommendation to appropriate $503,991 General Fund and 0.9 FTE for FY 2020-21 to expand the HealthySteps and Home Instruction For Parents of Preschool Youngsters (HIPPY). The Committee also approved the staff recommendation to rename Healthy Steps for Young Children line item to Home Visiting for School Readiness, to accommodate the appropriation for HIPPY.

RECOMMENDATION: Staff recommends the Committee not fund the expansion of these programs, **reducing the appropriation for the Department by $503,991 General Fund and 0.9 FTE for FY 2020-21.**

KEY CONSIDERATIONS:
- No immediate health, life, or safety impact
- Does affect vulnerable population

Additional Background:
The approved appropriation would allow the two programs to expand. The Department estimates that the HIPPY expansion will serve 40 more children at four more sites in Alamosa and Pueblo

Counties. The HealthySteps expansion will serve 320 more children in the first year, with expansion into the following counties: Rio Grande, Pueblo, Montezuma, Mesa, and Delta.
HealthySteps is an early childhood integrated behavioral health model that is embedded in pediatric primary care. The program serves children birth to three (3) years of age and is intended to provide families with comprehensive information about development and behavior. HealthySteps uses a team approach to primary health care. A HealthySteps Specialist, an individual with expertise in development, partners with a primary care provider to collaboratively provide enhanced well childcare to families enrolled. Working with physicians and families, the specialists provide personalized support to help parents grow in competence and confidence as they raise healthy families. HealthySteps is an evidence-based, interdisciplinary pediatric primary care program that promotes positive parenting and healthy development for babies and toddlers, with an emphasis on families living in low-income communities.

Home Instruction for Parents of Preschool Youngsters (HIPPY) is an evidence-based home visiting program that helps parents prepare their 2- to 5-year old children for success in school and throughout life. By using curriculum, storybooks, and other materials, parents strengthen their children's cognitive, literacy, social-emotional and physical development. HIPPY strengthens both communities and families by encouraging parents to play an active role in preparing their children for school. The HIPPY curriculum has an emphasis on cognitive development and supports school readiness with activities that are naturally interesting to the child. The curriculum focuses on developing vital skills and concepts that include problem solving, reading and math readiness, creativity, and motor skills. The curriculum is composed of 30 weeks of activities for parents to use in instructing their children. The activity packets, which can be compared to a lesson plan for a beginning teacher, use a step-by-step, structured approach that includes a careful sequencing of activities so both parent and child experience success.

➔ INCREDIBLE YEARS PROGRAM – REFINANCE

JBC ACTION AS OF 3/16/20: The Committee approved staff's recommendation for $860,570 total funds, including $173,841 General Fund and $686,729 cash funds, and 1.1 FTE for FY 2020-21.

RECOMMENDATION: Staff recommends **refinancing the $173,841 General Fund approved for the Incredible Years Program with an equivalent amount form the Colorado Children's Trust Fund.**

KEY CONSIDERATIONS:
Refinance, so no program impact / No immediate health, life, or safety impact/ Program added since FY 2013-14

Additional Background:
The Incredible Years® (IY) is a suite of evidence-based programs that includes three prevention components for parents and teachers of young children. The Colorado Department of Human Services, with support from its Implementation Partner, Invest in Kids (IIK), funds and supports all aspects of the implementation of the three IY components in Colorado. These are Teacher Classroom Management (TCM), Dinosaur School, and the Preschool BASIC Parent Program (Parent Program). Each work to reduce risk factors and increase protective factors by leveraging positive parent-child and teacher-child relationships to promote preschool-aged children's social-emotional skills, which

prepare young children for success in school and in life. While the focus is on contracting with sites that serve children from low-income families, children of color and English Language Learners, these prevention program components of IY are delivered universally and with a prioritization for program delivery in under-resourced communities that have clearly identified unmet needs.

The Colorado Children's Trust Fund has sufficient cash on hand to cover the cost of this refinance through at least FY 2022-23.

COLORADO CHILDREN'S TRUST FUND				
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED
Beginning FY Balance	$1,636,509	$1,806,915	$1,943,095	$2,079,275
Projected Revenues	350,060	452,570	452,570	452,570
Expenditures	(179,654)	(316,390)	(316,390)	(316,390)
Ending FY Balance Without Transfer	$1,806,915	$1,943,095	$2,079,275	$2,215,455
Proposed Refinance	0	0	0	173,841
Ending FY Balance After Transfer	$1,806,915	$1,943,095	$2,079,275	$2,041,614
Fee Impact: Revenue for the Fund is from the petitioner in a proceeding for dissolution of marriage or civil union, legal separation, or declaration of invalidity of marriage or civil union, and by the petitioner in an action for a declaratory judgment concerning the status of marriage or civil union.				

➔ R11 RESPITE CARE TASK FORCE – UNDO

JBC ACTION AS OF 3/16/20: The committee approved staff recommendation to appropriate $265,890 General for FY 2020-21 to complete implementation of the recommendations of the Respite Care Task Force.

RECOMMENDATION: Staff recommends <u>not</u> funding the staff recommendation for R11, **reducing the appropriation to the Department by $265,890 General Fund for FY 2020-21.**

KEY CONSIDERATIONS:

- No immediate health, life, or safety impact
- Does affect a vulnerable population
- Affects a program or sector that is likely to be severely affected by the current crisis that is not receiving adequate support from federal or other sources

Additional Background: Respite care provides temporary relief for family caregivers from the ongoing responsibility of caring for an individual of any age with special needs, or who may be at risk of abuse or neglect. State funding is appropriated to the Department of Health Care Policy and Financing and the Department of Human Services for respite care services. During the 2016 Legislative Session, the General Assembly passed H.B. 16-1398 (Implement Respite Care Task Force Recommendations) that required the Department to use a contractor to implement the recommendations of the Respite Care Task Force. These recommendations included a variety of studies and analyses on the benefits of respite care services, online training tools to assist individuals in becoming respite care providers, and marketing and outreach projects to share information regarding respite care services. To fulfil these obligations, the Department entered into a contract with Easterseals to perform the work from February 1, 2017 (FY 2016-17) through March 1, 2021 (FY 2020-21).

Over the last several fiscal years, the General Assembly has appropriated funding for the continued implementation of these recommendations. To date, these appropriations have totaled $1,017,392 General fund. The Department indicates that the total cost of the contract with Easterseals to complete the work of H.B. 16-1398 will be $1,283,282. The fiscal note for H.B. 16-1398 estimated the total contact cost to be approximately $2.2 million. Staff's recommendation is the difference between appropriations to-date and the estimated total contract cost provided by the Department.

RESPITE CARE TASK FORCE FUNDING	
FISCAL YEAR	GENERAL FUND APPROPRIATIONS
2016-17	$900,000
2017-18	0
2018-19	62,677
2019-20	54,715
Total to-date	**$1,017,392**
Total contract cost	$1,283,282
Remaining to be funded	**$265,890**

➔ DIVISION OF YOUTH SERVICES OUTSOURCED CONTRACTED SERVICES – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved a total appropriation of $71,489,363 General Fund in the Personal Services line item for the Division of Youth Services, Institutional Programs.

RECOMMENDATION: Staff recommends a reduction in the appropriation of $1,200,000 General Fund to reduce funding for outsourced contracted services.

KEY CONSIDERATIONS: The Department indicates that the Personal Services line item appropriation is used to fund both state FTE and contracted services for Institutional Programs and that a reduction in contracted services will allow for the General Fund decrease.

➔ TONY GRAMPSAS YOUTH SERVICES PROGRAM – REDUCE MARIJUANA TAX CASH FUND

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2020-21 appropriation of $9,868,064 total funds for the Tony Grampsas Youth Services (TGYS) Program. This appropriation includes $1,467,475 General Fund, $6,026,917 cash funds from the Youth Services Program Fund (originating as Tobacco Master Settlement Funds), $1,373,672 cash funds from the Marijuana Tax Cash Fund, and $1,000,000 reappropriated funds from the Youth Mentoring Services Cash Fund (originating as Marijuana Tax Cash Fund).

RECOMMENDATION: Staff recommends that the Committee consider reducing the appropriation to the TGYS Program by $1,000,000 total funds, including $500,000 cash funds from the Marijuana Tax Cash Fund and $500,000 reappropriated funds from the Youth Mentoring Services Cash Fund.

In addition, Staff recommends that the Committee consider reducing the appropriation to the Youth Mentoring Services Cash Fund by $500,000 cash funds from the Marijuana Tax Cash Fund.

KEY CONSIDERATIONS: Reducing the appropriation to the Tony Grampsas Youth Services Program will result in a reduction in the funding awarded to program grantees.

➔ R16 CHILD WELFARE PROVIDER RATE INCREASE (S.B. 18-254), PHASE 3 – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2020-21 appropriation of $11,144,134 total funds, including $5,349,184 General Fund, for the third of four phases of targeted child welfare provider rate increases required pursuant to H.B. 17-1292 and S.B. 18-254.

RECOMMENDATION: Staff recommends that the Committee consider reversing its decision to increase appropriations for targeted child welfare provider rate increases, thereby reducing General Fund appropriations in FY 2020-21 by $5,349,184.

KEY CONSIDERATIONS: During the 2017 legislative session, the Joint Budget Committee sponsored H.B. 17-1292 (Child Welfare Provider Rates) concerning the development of a rate-setting methodology for licensed out-of-home child welfare placement providers, including CPAs and RCCFs. The language in H.B. 17-1292 was drafted through a large stakeholder input process and was supported by county human services agencies, county commissioners, CPAs, and RCCFs. The intent of this bill was to begin the process of addressing capacity issues that exist in the child welfare system, and to provide a concise method through which an evaluation of the true cost of providing services to children placed in CPAs and RCCFs could occur. The department contracted Public Consulting Group, Inc., (PCG) to perform the actuarial and salary analyses required by the bill. The analysis was based on FY 2016-17 data and adjusted for FY 2018-19 projected expenditures for the same number of placements. The costs were projected to be $77.3 million if counties continued to negotiate rates at the same level as FY 2016-17. PCG concluded that if congregate care providers were paid a daily rate sufficient to fully cover the cost of serving children with the highest acuity, counties should have spent $52.0 million more than the $77.3 million already accounted for.

In addition to the salary survey and actuarial analysis, H.B 17-1292 required the outside contractor hired by the Department to develop a rate setting methodology to ensure that congregate care providers are paid a rate consistent with the findings of the actuarial analysis. It also required the Department to implement the new rate setting methodology on July 1, 2018. Because the bill did not include additional funding to implement the new methodology, fully implementing the new rates would have resulted in a shift of $52.0 million of funding allocated to counties through the Child Welfare Block allocation from prevention and intervention services to out-of-home/congregate care placements. While it is important for children placed in congregate care settings to have access to the services they need, this funding shift would have resulted in a reduced capacity in the prevention/intervention portion of the system.

The Joint Budget Committee sponsored S.B. 18-254 (Child Welfare Reforms) during the 2018 legislative session to make significant changes to the child welfare system. These changes included adjustments to the language in statute concerning the implementation of the rate setting methodology required by H.B. 17-1292, ensuring that rate increases will be accomplished within available appropriations and fully implemented by June 30, 2022. Additionally, the bill includes language allowing the Department to request additional funding through a supplemental bill to increase funding for the implementation of the rate setting methodology, if necessary. Supplemental budget requests to increase rates are allowable through FY 2021-22. Senate Bill 18-254 included an appropriation of $14.6 million to increase rates for congregate care providers in FY 2018-19.

The Department has implemented rate increases consistent with S.B. 18-254 and with upcoming changes to out-of-home placement regulations that are required by the Family First Prevention Services Act of 2018 (FFPSA). No rate increases were applied to settings for which federal Title IV-E reimbursement will be unavailable under the FFPSA. During the FY 2018-19 supplemental budget process, an additional $4.9 million total funds, including $2.4 million General Fund, was added to the Child Welfare Services line item; and in FY 2019-20, the appropriation was increased by $10.3 million total funds, including $5.0 million General Fund.

Appropriations pursuant to Section 26-5-104 (6)(g), C.R.S.				
Bill	Total Funds	General Fund	Cash Funds	Federal Funds
S.B. 18-254 (Child Welfare Reforms)	$14,583,334	$7,000,000	$2,916,667	$4,666,667
S.B. 19-114 (DHS Supplemental Bill, JBC staff-initiated recommendation)	4,908,507	2,356,084	981,701	1,570,722
S.B. 19-207 (Long Bill)	10,350,000	4,968,000	2,070,000	3,312,000
Total	$29,841,841	$14,324,084	$5,968,368	$9,549,389

The actuarial analysis and rate setting methodology indicate that $52,130,105 total funds must be added to the system over four years to fund the targeted rate increases. With two years remaining, an additional $22,288,264 total funds, including $10,698,367 General Fund, will need to be appropriated to the Child Welfare Services line item to fully fund the rate setting methodology required by H.B. 17-1292.

➔ Colorado Brain Injury Trust Fund Appropriation - Undo

JBC Action as of 3/16/20: The Committee approved a FY 2020-21 appropriation of $450,000 General Fund to the Appropriation to the Colorado Brain Injury Trust Fund line item and the reappropriation of those funds to the Colorado Brain Injury Trust Fund line item.

Recommendation: Staff recommends that the Committee consider reversing its decision to appropriate $450,000 General Fund to the Appropriation to the Colorado Brain Injury Trust Fund line item in FY 2020-21, only.

Key Considerations: A reduction in the appropriation to the Trust Fund will likely result in a decrease of services made available to individuals with a brain injury.

➔ R1 Improving child care quality – Undo

JBC Action as of 3/16/20: The Committee approved staff's recommendation of $5,460,296 total funds, including $2,730,148 General Fund and an equal amount of federal funds from Child Care Development Funds, and 7.2 FTE for FY 2020-21 to fund the Department's R1 (Improving child care quality) decision item.

R1 IMPROVING CHILD CARE QUALITY - JBC STAFF RECOMMENDATION [APPROVED]				
	FY 2020-21		FY 2021-22	
CATEGORY	TOTAL FUNDS	FTE	TOTAL FUNDS	FTE
Quality Improvement	$4,629,506	1.8	$4,662,843	2.0
Licensing	330,790	5.4	419,554	6.0
Provider Recruitment	500,000	0.0	500,000	0.0
Total	**$5,460,296**	**7.2**	**$5,582,398**	**8.0**

RECOMMENDATION: Staff recommends the Committee take the following balancing options:

- Staff recommends the Committee not fund the expansion of the childcare facilities licensing program, **reducing the appropriation for the Department by $330,790 total funds and 5.4 FTE.**
- Staff recommends the Committee not fund provider recruitment**, reducing the appropriation for the Department by $500,000 total funds.**
- Staff recommends the Committee not fund Early Childhood Council quality improvement, **reducing the appropriation for the Department by $1.0 million total funds.**
- Staff recommends the Committee not fund the expansion of quality improvement assistance funding, **reducing the appropriation for the Department by $3,629,506 total funds and 1.8 FTE.**

KEY CONSIDERATIONS:

- New federal resources provided through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) include $42.5 million in Child Care Development Funds, with no matching requirement, for Colorado. Child Care Development Funds are annually appropriated by the General Assembly.
- Current federal guidance is that the funding provided through the CARES Act is intended to supplement, not supplant, current state funding for affected programs.

Other Items of Note: Beyond the General Fund savings resulting from this recommendation, the Child Care Development Funds that would have been utilized for this decision item can be repurposed for core services or to refinance General Fund appropriations in allowable line items within the Department.

Additional Background: The R1 request is intended to expand the Department's efforts to engage licensed childcare providers and facilities through the Colorado Shines Quality Rating and Improvement System (CO Shines QRIS), expand the licensing and inspections of childcare providers and facilities, and to assist Early Childhood Councils in recruiting childcare providers. According to the Early Childhood Council tri-annual report, about half of the council representatives interviewed indicated that funding support for general operating purposes would be most helpful. Quality improvement funding was identified as one of several secondary priority areas, which also included sustainable provider wages and benefits, parent education and resources, and expanding apprenticeship programs. Many of those interviewed expressed their view that early childhood education is not adequately funded at the state level.

The Child Care Development Fund is complex, with many interrelated components. The CCDF consists of three different grants: Mandatory, Matching, and Discretionary. The Mandatory and

Discretionary grants do not require a state match, and the Matching grant requires the State to match at the federally approved rate, currently 50% for Colorado. Each grant has a different schedule for when the funds must be obligated and liquidated. Mandatory funds are available for one year, Matching funds are available for two years, and Discretionary funds are available for three years.

CCDF has spending requirements and limitations in the following categories:

- Quality – 9.0 percent of the total CCDF award, including TANF transfers and State match in excess of required amount, shall be spent on quality activities.
- Infant Toddler – 3.0 percent of the total CCDF award, including TANF transfers and State match in excess of required amount, shall be spent on infant toddler activities.
- Administration - No more than 5.0 percent of the total CCDF award, including TANF transfers and State match in excess of required amount, shall be spent on administration.
- Direct Services, Mandatory/Matching – 70.0 percent of the total Mandatory and Matching expenditures, including State match in excess of required amount, must be spent on direct services.
- Direct Services, Discretionary – 70.0 percent of the Discretionary funds, including TANF transfers, remaining after reserving funds for quality, infant toddler, and administrative activities must be spent on direct services.
- The State may spend remaining funds to fund IT systems and other non-direct expenditures.

Parents may select a child care provider that satisfies any applicable state or local requirements, including basic health and safety requirements. These requirements must address prevention and control of infectious diseases, including immunizations; building and physical premises safety; and minimum health and safety training. States may also require that the providers participate in the state quality rating and improvement system, as long as the requirement does not limit the types of providers available to families. One of the key goals of the CCDF is to help more children from low-income families access higher-quality care.

➔ R17 RECORDS AND REPORTS FUND – REFINANCE

JBC ACTION AS OF 3/16/20: The Committee approved staff recommendation to appropriate $352,448 total funds, including $281,931 General Fund and $70,517 cash funds, and 1.0 FTE for FY 2020-21. Staff recommended, and the Committee approved, granting the Department's cash fund waiver request for the Records and Reports Fund.

RECOMMENDATION: Staff recommends the **Committee refinance the $281,931 previously approved General Fund with cash fund spending authority from the Records and Reports Fund**, created in Section 19-1-307 (2.5), C.R.S.

KEY CONSIDERATIONS:

- Refinance, so no program impact
- No immediate health, life, or safety impact

Other Items of Note:

- This is a one-time reduction.
- The Department is experiencing a drop in reports due to COVID. In addition, the facilities serviced by this request will also be experiencing a drop in hiring, therefore requiring fewer

background checks. The Department estimates that this reduction will result in a 25.0 percent decrease in revenues and expenditures.

- This decision item is intended to address increased workload for the Background Investigation Unit and Administrative Review Division, which primarily is the result of two pieces of legislation: H.B. 17-1284 (Data System Check For Employees Serving At-risk Adults) and S.B. 19-177 (Background Checks Persons Who Work With Children).

Additional Background: The Department requested a cash fund waiver for the Records and Reports Fund from the statutory requirement of the maintain an uncommitted reserve balance of no more than 16.5 percent. The Fund has been out of compliance with this requirement in the last couple of fiscal years because the unexpected increase in revenue from CAPS checks has resulted in excess revenue. JBC staff tried to address this issue through the FY 2019-20 supplemental, but revenue projections for FY 2020-21 exceed projected expenditures.

Records and Reports Fund Projected Revenue and Expenditures				
	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Estimated	FY 2020-21 Estimated
Beginning Balance	$274,107	$161,812	$505,812	$274,352
Revenue	1,093,731	1,781,538	1,781,538	1,730,047
Expenditures	1,206,026	1,437,538	2,012,998	1,498,745
Surplus/(deficit)	($112,295)	$344,000	($231,460)	$231,303
End balance	$161,812	$505,812	$274,352	$505,655
Target reserve balance	$198,994	$237,194	$274,352	$247,293
Excess uncommitted reserve balance	($37,182)	$268,618	($0)	$258,362

To help address this issue, the Department has reduced the CAPS check fee from $15.50 to $9.00 beginning January 1, 2020. Even accounting for this fee reduction, the Records and Reports Fund is projected to carry a FY 2020-21 end-of-year balance in excess of the required 16.5 percent.

<u>General Fund Refinance</u>

Pursuant to Section 19-1-307 (2.5)(b), C.R.S., the Records and Reports Fund is subject to annual appropriation "for the direct and indirect costs of administering" the Child Abuse or Neglect program and the At-risk Adult Abuse or Neglect program. Statute does not distinguish between revenue generated by the various fees that feed into the Fund, nor does it contain specific provisions that revenue generated by a program be spent only on that program. The money in the Fund can be appropriated by the General Assembly and used by the Department for both the child and adult abuse or neglect programs.

The Department requested General Fund to offset the projected revenue shortfall of the CAMDRS appeals unit for the Child Abuse or Neglect program. Staff projects the Records and Reports Fund to have a balance at the end of FY 2020-21 of $505,665. This balance is approximately double the approved FY 2020-21 General Fund subsidy. The program has experienced an increase in overall expenditures since FY 2017-18 because of a change in the methodology of how legal services costs are assessed to the program. The Child Abuse or Neglect program currently represents about 80.0 percent of the expenditures from the Records and Reports fund.

➔ GENERAL FUND APPROPRIATION TO AID TO THE NEEDY DISABLED - REDUCE

ACTION AS OF 3/16/20: The Committee approved staff's recommendation for $18,844,238 total funds, including $12,554,065 General Fund and $6,290,173 cash funds, for FY 2020-21.

RECOMMENDATION: Staff recommends **reducing the appropriation to the Department by $2,700,000 General Fund for FY 2020-21.**

KEY CONSIDERATIONS:

- Refinance, so no program impact
- No immediate health, life, or safety impact
- Does not affect vulnerable population

Other Items of Note: The Aid to the Needy Disabled (AND) Program line item has had significant reversions in recent years, with a little over $2.5 million cash funds being reverted in FY 2017-18 and approximately $2.9 million cash funds being reverted in FY 2018-19. These funds are from federal Interim Assistance Reimbursements (IARs) and State Intercepts. As a matter of practice, the AND Program spends out its General Fund appropriation first before spending its cash fund appropriation. If the General Fund can accommodate program needs, the cash funds may not be spent. The Department reports that in the past few years program participation has been declining, resulting in the cash fund appropriation being underspent. The average reversion in the last two fiscal years for which we have actual data is $3,211,003 total funds, including $503,015 General Fund and $2,707,988 cash funds.

Any unused funds in the AND Program line item can be transferred to the State Supplemental Security Income Stabilization Fund, created Section 26-2-210 (1), C.R.S. In previous years, these funds have been transferred to bolster the Fund. However, the Fund has been at or near capacity for the past couple of years, so the transfers have not occurred. As a result of both declining program participation in the past two years combined with minimal fund transfers, the cash funds appropriated in the AND Program line item have been relatively unused.

AID TO THE NEEDY DISABLED PROGRAM LINE ITEM - REVERSIONS			
FISCAL YEAR	TOTAL FUNDS	GENERAL FUNDS	CASH FUNDS
FY 2011-12	$271,438	$670,909	($399,471)
FY 2012-13	(519,084)	0	(519,084)
FY 2013-14	3,280,012	0	3,280,012
FY 2014-15	3,552,647	92,374	3,460,273
FY 2015-16	3,999,846	0	3,999,846
FY 2016-17	333,690	0	333,690
FY 2017-18	3,415,910	876,420	2,539,490
FY 2018-19	$3,006,095	$129,609	$2,876,486

Additional Background: The Aid to the Needy Disabled Program provides cash assistance for low income individuals with disabilities. For some beneficiaries, these funds supplement federal Supplemental Security Income (SSI) payments. Other beneficiaries either do not qualify for federal SSI or have pending applications for federal SSI. Funding for this program is comprised of General Fund, county matching funds, and federal reimbursements for payments to individuals who initially receive a state-only subsidy, but are ultimately deemed eligible for federal SSI.

➔ R10 CHILD SUPPORT PASS THROUGH – UNDO

JBC ACTION AS OF 3/16/20: The committee approved staff recommendation to appropriate $439,160 General Fund for FY 2020-21 and ongoing to the Department of Human Services to ensure sufficient funding for full implementation of the child support pass-through policy. This recommendation was a continuation of the Committee's supplemental decision for the same purpose.

RECOMMENDATION: Staff recommends the Committee consider reducing the staff recommendation for R10, **reducing the appropriation for the Department by $51,679 General Fund for FY 2020-21.** This will align the appropriation with the anticipated cost of fulling funding the child support pass-through policy.

The Committee could take the additional action of only funding 90.0 percent of the anticipated full cost of the child support pass-through policy, further reducing the appropriation for the Department by $483,491 General Fund for FY 2020-21. This reduction risks triggering the child support pass-through policy to revert to a partial pass-through.

KEY CONSIDERATIONS:

- Pursuant to House Bill 20-1100, which was signed into law on March 24, 2020, the General Assembly must appropriate at least 90.0 of the total cost to reimburse counties for their share of child support pass-through collections.
- Based on staff projections, the Committee could reduce the current approved appropriation by $535,170 General Fund in FY 2020-21 and still allow for the full pass-through of child support payments.
- No immediate health, life, or safety impact
- Program added since FY 2013-14
- Does affect a vulnerable population

Other Items of Note:

- This is a one-time reduction, as the General Assembly will likely have to appropriate additional resources in out years to fully implement the State's child support pass-through policy.
- Staff projections indicate that the total cost of reimbursement payments for the implementation of the State's child support pass-through policy will be $4,834,907 in FY 2020-21. Currently, the Committee has approved a FY 2020-21 appropriation of $4,886,586 for this purpose.

APPROPRIATIONS VERSUS FUNDING NECESSARY TO FULLY IMPLEMENT THE CHILD SUPPORT PASS-THROUGH PROGRAM					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 ESTIMATED	FY 2020-21 ESTIMATED
Total Appropriation	$1,910,636	$3,024,000	$4,447,426	$4,886,586	$4,886,586
Full funding	746,379	4,113,572	4,813,405	4,824,144	4,834,907
Funding surplus/(deficit)	$1,164,257	($1,089,572)	($365,979)	$62,442	$51,679
* The implementation of this program began in April 2017.					

- With the passage and enactment of H.B. 20-1100, the minimum appropriation required to implement the State's child support pass-through policy will be $4,351,416.

Additional Background: In 2015, the General Assembly passed S.B. 15-012 (Colorado Works Pass-through Child Support Payment) making Colorado the first state to implement a full child support pass-through program. This legislation changed state policy to allow the full amount of child support payments made on behalf of children whose family received monthly cash assistance through the Temporary Assistance for Needy Families (TANF) program to go directly to those children and families. Previously, the State, on behalf of the federal government, and counties retained a portion of the child support payments to recover the cost of providing public assistance. The policy was implemented beginning in April 2017.

A provision of the policy change enacted by S.B. 15-012 allows for reimbursement of counties "for fifty percent of child support collections and the federal government for its share of child support collections" that would have otherwise been siphoned from the child support payments. An additional provision provides for the reinstatement of the partial pass-through of child support in the event that the General Assembly does not appropriate sufficient funding for a full fiscal year of reimbursements. (Section 26-2-108 (1)(b)(II)(B), C.R.S.) In both FY 2017-18 and FY 2018-19, the mechanism to revert to a partial pass-through has been triggered.

On March 24, 2020, Governor Polis signed into law House Bill 20-1100 (Pass-through Child Support Payments) that alters appropriation requirements regarding the pass-through of child support payments to recipients of TANF. The bill reduces this threshold so that if the General Assembly appropriates less than 90.0 percent of the reimbursement amount to counties, the pass-through of child support payments must cease for that year. Additionally, any unexpended and unencumbered money that was appropriated to the Department for the implementation of the child support pass-through program will be credited to the Fund at the end of the fiscal year. This bill takes effect on the day following the expiration of the ninety-day period after final adjournment of the General Assembly.

➔ R2 EARLY INTERVENTION CASELOAD – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved staff's recommendation of $3,507,294 General Fund in FY 2020-21 and ongoing to fund anticipated caseload growth of 5.2 percent in Early Intervention Services. Staff's recommendation was higher than the Department's request.

The Committee also approved the Department's request for $1,503,074 General Fund in FY 2019-20 to fund anticipated caseload growth of 3.7 percent in Early Intervention Services.

RECOMMENDATION: Staff recommends the Committee take the following balancing options:

- Staff recommends the Committee not fund staff's recommendation in excess of the Department's request, **reducing the appropriation for the Department by $275,354 General Fund.**
- Staff recommends the Committee not fund the requested FY 2020-21 caseload growth adjustment, **reducing the appropriation for the Department by $1,728,866 General Fund.**

KEY CONSIDERATIONS:

- No immediate health, life, or safety impact
- Does affect a vulnerable population
- Creation of a waitlist in this program will result in the loss of federal funds.

Other Items of Note: Pursuant to 34 CFR, Section 303.225 (b), the State is required to assure the federal government that sufficient funds have been budgeted to "at least equal" the amount of money "actually expended for early intervention services…in the most recent preceding fiscal year" for which there is actual data. This requirement applies to the total State and local funds utilized for EI services. This provision is **not** a Maintenance of Effort requirement and allows for the reduction of funding based on caseload. This provision is identified in the Code of Federal Regulations as a "prohibition against supplanting" federal funding.

- In FY 2018-19, the last year for which there is actual data, the General Assembly appropriated $60,815,817 total funds, including $39,720,428 million General Fund, for Early Intervention Services.
- In FY 2019-20, the General Assembly appropriated $67,311,990 total funds, including $41,538,022 General Fund, for Early Intervention Services.
- For FY 2020-21, the Committee approved an appropriation of $70,041,857 total funds, including $44,213,432 General Fund, for Early Intervention Services

Additional Background: The Division of Community and Family Support in the Office of Early Childhood administers the Early Intervention (EI) program, which provides services to infants and toddlers from birth through two years of age. These services are provided to infants and toddlers who have a developmental delay or disability, been diagnosed with a physical or mental condition that has a high probability of resulting in a significant delay in development, or who are living with a parent who has a developmental disability. The Early Intervention Services appropriation in FY 2019-20 is $65.8 million in total funds, including $40.0 million General Fund.

The Department of Human Services is designated as Colorado's lead agency under Part C of the Federal Individuals with Disabilities Education Act (IDEA). Intervention services are provided to eligible children and their families to enhance child development in 15 allowable areas of service that include cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, and self-help skills. The Department contracts with 20 Community Centered Boards (CCBs) to deliver these services statewide. CCBs are private corporations that can be either for-profit or not-for-profit entities. In FY 2018-19, the EI program provided one or more service-types to 9,290 infants and toddlers each month on average. Overall, caseload, or the number of children eligible for services, is driven by the volume of referrals, intake, eligibility determinations, the development of individualized family service plans, and the total number of children entering the program compared to the number exiting the program.

In response to a continuing Request for Information (RFI), the Department annually submits a report to the Joint Budget Committee on or before January 1 concerning caseload growth for Early Intervention services. The report includes information regarding:

- the total number of early intervention services performed compared to the projected amount;
- the amount of funds expended in the fiscal year from July 1 through the time period when the report is created compared to projected spending; and,
- the amount of any expected gaps between the appropriation in the Long Bill and actual expenditures.

The RFI report submitted by the Department on January 1, 2020, identifies anticipated caseload growth of 4.7 percent in FY 2019-20. In FY 2018-19, the last fiscal year for which we have complete data, the EI program served on average 9,290 infants and toddlers each month and the program has experienced an approximate 5.2 percent compound annual caseload growth rate since FY 2013-14. In FY 2016-17, caseload growth within the EI program spiked 12.9 percent; however, the Department discovered that Medicaid funding was not being fully utilized which attributed to the increase. To rectify the situation, the Department implemented new EI operating practices – including the CCB cost reimbursement methodology and requirements that providers must be enrolled in Medicaid - aimed at better managing available funding and improving program efficiencies.

Early Intervention Caseload and State Population (0-3 years of age)					
	State Population[1]	State Population Growth	EI Average Monthly Enrollment	EI % of State Population	EI Average Monthly Enrollment Growth
FY 2013-14	263,547		6,845	2.6%	
FY 2014-15	264,655	0.4%	7,250	2.7%	5.9%
FY 2015-16	266,569	0.7%	7,606	2.9%	4.9%
FY 2016-17	267,582	0.4%	8,584	3.2%	12.9%
FY 2017-18	266,378	(0.4%)	9,063	3.4%	5.6%
FY 2018-19	263,437	(1.1%)	9,290	3.5%	2.5%
FY 2019-20[2]	260,162	(1.2%)	9,702	3.7%	4.4%

[1] Data provided by the State Demography Office.
[2] Average monthly enrollment estimated by JBC staff.

➔ R5C Division of Youth Services Supervisor Salary Increase – Delay

JBC Action as of 3/16/20: The Committee approved compression pay salary increases for supervisors of direct care employees in the Division of Youth Services in FY 2020-21. The cost of the compression pay adjustment is $1,170,411 General Fund.

Recommendation: Staff recommends delaying the funding for compression pay salary increases for supervisors of direct care employees until FY 2021-22, reducing General Fund appropriations in FY 2020-21 by $1,170,411 General Fund.

Key Considerations: The Department indicates that it can use vacancy savings to cover the cost the salary increases in FY 2020-21. The Department will need an increase in appropriations to cover the cost in FY 2021-22.

ⓘ New Federal Funds to Be Received

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides funding for food and nutritional assistance programs, for childcare providers, to the federal Administration for Community Living, for family violence prevention and services, and for energy assistance.

Food and Nutritional Assistance

Food and nutritional assistance is provided through the Supplemental Nutrition Assistance Program (SNAP) and The Emergency Food Assistance Program (TEFAP). The bill appropriates an additional $15.5 billion for SNAP to cover the projected increase in enrollment due to job loss and business closures. **SNAP benefits are an entitlement, and the funds are deposited directly from the federal government onto clients' Electronic Benefit Transfer (EBT) cards; the state does not receive or manage these funds.** The Department anticipates SNAP benefits will increase among all households who are eligible and enrolled. The bill also appropriates $8.8 billion in additional funding for Child Nutrition Programs to ensure children receive meals while school is not in session.

The law provides $450.0 million for the Emergency Food Assistance Program "to prevent, prepare for, and respond to coronavirus," both domestically and internationally. Of this amount, $150.0 million may be used by the Secretary of Agriculture for "costs associated with the distribution of commodities." TEFAP is a federal program that helps supplement the diets of low-income individuals, including the elderly, by providing them with emergency food assistance at no cost. With many communities suffering from job losses, food banks have seen increased needs. These funds are critical so food banks can continue to assist those most in need.

Child Care Assistance
The bill appropriates an additional $3.5 billion for the Child Care and Development Block Grant to provide immediate assistance to childcare providers. **The Department received $42.5 million from of this appropriation**. In addition to the additional funding, the bill waives the following program requirements:

- that a substantial portion of the funds are used to provide assistance to low-income working families;
- that no less than 70% of the funds be spent on Direct Services;
- that 9% of the funds be spent on activities to improve quality; and
- that 3% of the funds be spent on activities related to the quality of care for infants and toddlers.

Senior Service Assistance
The law appropriates $955.0 million to the federal Administration for Community Living to provide resources for aging and disability services programs including senior nutrition, home and community-based supportive services, family caregivers, elder justice and independent living. **Department anticipates receiving approximately $14.6 million for Older Americans Act programs.** Of this amount, $3.6 million is required to be spent on nutritional services for seniors. Based in the funding ratio for Federal Fiscal Year (FFY) 2020, Colorado anticipates receiving $2.4 million for Home-Delivered Nutrition Services and $1.2 million for Congregate Nutrition services. The Families First Coronavirus Response Act (FFCRA) waives the state matching requirement for the emergency funding only. Federal funding provided under the Older Americans Act is not appropriated by the General Assembly and appears in the Long Bill with an informational "(I)" note.

Energy Assistance
The CARES Act appropriates an additional $900.0 million for the Low Income Home Energy Assistance Program (LIHEAP) to help families and provide assistance in managing costs associated with home energy bills, energy crises, and weatherization and energy-related minor home repairs. **The Department estimates that Colorado will receive $10.8 million** for the Low-income Energy Assistance Program in the Office of Self Sufficiency.

Domestic Abuse Prevention
The CARES Act provides $45.0 million to family violence prevention and services including for family violence shelters and $2.0 million for the National Domestic Violence Hotline. The specific amount to be allocated to Colorado is currently unknown; however, JBC Staff will work with the Department to determine the amount and the General Assembly's role in its appropriation.

Behavioral Health
The Substance Abuse and Mental Health Services Administration (SAMHSA) awarded $2.0 million to the Office of Behavioral Health to provide private hospital beds for uninsured COVID-19-mental health co-occurring clients. Currently, there is a medical clearance for admission to crisis bed funded throughout the state. With the federal funding, COVID-19 clients will not need to meet medical clearance for placement in acute or sub-acute inpatient crisis services.

The federal grant dollars are being used to provide new services, rather than supplant existing services. Therefore, there is no requirement to maintain existing funding levels for any behavioral health appropriations as a condition of the federal grant.

SUMMARY OF RECOMMENDATIONS REQUIRING STATUTORY CHANGE

Reduce General Fund Expenditure - Statutory Change Required				
FY 2020-21 Expense	Net GF Impact	Other Funds	Total Funds	FTE
Division of Youth Services Trauma-responsive Pilot - Discontinue	($405,375)	$0	($405,375)	0.0
Foster Care Education from Potential Legislation and Placeholder List - Remove	(514,473)	0	(514,473)	(0.4)
H.B. 19-1223 annualization - Undo	(3,754,999)	0	(3,754,999)	0.0
H.B. 19-1193 annualization - Undo	(500,000)	0	(500,000)	(0.6)

Increase Available General Fund - Statutory Change Required			
FY 2020-21 Revenue	Net GF Impact	Other Funds	Total Funds
Transfer revenue from Ft. Logan land sale	$7,900,000	($7,900,000)	0
Statutory transfer to Older Coloradans Cash Fund and Veterans' Assistance Grant Program Cash Fund - Repeal	14,000,000	(14,000,000)	0
H.B. 20-1100 General Fund diversion - Undo	0	0	0

➔ Division of Youth Services Trauma-responsive Pilot – Discontinue

JBC Action as of 3/16/20: House Bill 17-1329 requires the Division of Youth Services to implement a pilot program to aid in the creation of a division-wide therapeutic and rehabilitative culture.

Recommendation: Staff recommends that the pilot be discontinued, resulting in a General Fund savings of $405,375 in FY 2020-21.

Key Considerations:
The Department indicates that preliminary evaluations of the pilot do not indicate strong results.

➔ Foster Care Education from Potential Legislation and Placeholder List – Remove

JBC Action as of 3/16/20: The Governor's November 1, 2019 budget request includes a placeholder request for $514,473 General Fund and 0.4 FTE for the phase two expansion of the foster care education and support program.

RECOMMENDATION: Staff recommends that the Committee remove the bill from the potential legislation and placeholder list.

KEY CONSIDERATIONS:
A bill is not necessary for the implementation of this program; however, the requested funding is for the expansion of the program. If the program remains a priority in FY 2021-22, Staff recommends that the Department submit a FY 2021-22 budget request for consideration during the standard budget process.

➔ TRANSFER REVENUE FROM FT. LOGAN LAND SALE

RECOMMENDATION: Staff recommends the Committee carry legislation to transfer $7.9 million cash funds from the Fort Logan Land Sale Account in the Capital Construction Fund, created in Section 24-75-302 (3.3), C.R.S., to the General Fund on June 20, 2020. This is a one-time increase to the General Fund.

KEY CONSIDERATIONS:
No program impact.

Additional Background:
In October 2019, the U.S. Department of Veterans Affairs (VA) National Cemetery purchased 49 acres of land from the State's Fort Logan Campus for expansion of the Fort Logan National Cemetery for $10.8 million. Of this amount, $2.8 million has already been awarded (via the Capital Construction process) to a vendor for the Department's facility master plan.

➔ STATUTORY TRANSFER TO OLDER COLORADANS CASH FUND AND VETERANS' ASSISTANCE GRANT PROGRAM CASH FUND – REPEAL

JBC ACTION AS OF 3/16/20: The Committee, based on staff's recommendation, requested a bill draft to repeal the statutory transfer dictated by Section 39-3-207 (6)(a), C.R.S. This provision transfers 95.0 percent of any funds included in the informational appropriation for the Senior Citizen and Disabled Veteran Property Tax Exemption but not expended as reimbursements for the Homestead Exemption to the Senior Services Account within the Older Coloradans Cash Fund. It transfers the remaining 5.0 percent to the Veterans' Assistance Grant Program Cash Fund.

The Committee also approved the one-time refinance of $3.0 million General Fund with cash funds from the Older Coloradans Cash Fund.

RECOMMENDATION: Staff recommends the Committee adjust the bill draft to strike the entirety of Section 39-3-207 (6), C.R.S., which would eliminate both the transfer to the Senior Services Account within the Older Coloradans Cash Fund and a similar transfer to the Veterans' Assistance Grant Program Cash Fund.

Staff also recommends the inclusion of the following provisions:

1. The transfer of $13.0 million from the Older Coloradans Cash Fund to the General Fund.

2. The transfer of $1.0 million from the Veterans' Assistance Grant Program Cash Fund to the General Fund.
3. The transfers should be occur in June 2020.

JBC staff analysts for the Department of Human Services and the Department of Military and Veterans Affairs have coordinated on this recommendation. The recommended transfer would result in a one-time increase in the amount of available General Fund.

KEY CONSIDERATIONS:

- The Older Coloradans Cash Fund receives an additional transfer of up to $10.0 million annually from sales and use tax revenue, pursuant to Section 39-26-123 (3)(a), C.R.S.
- New federal resources provided through the Families First Conoravirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) total $14.6 million for programs and services related to the Older Americans Act. Of this amount, $3.6 million must be expended on nutritional services. Federal funding provided under the Older Americans Act is not appropriated by the General Assembly and appears in the Long Bill with an informational "(I)" note.
- The recommended transfer amount is offset by the additional federal resources provided through FFCRA and the CARES Act.

Additional Background: The Senior Citizen and Disabled Veteran Property Tax Exemption, created by Article X, Section 3.5 of the State Constitution, generally referred to as the homestead exemption, grants a property tax exemption to qualifying senior citizens and disabled veterans. The Homestead Exemption is included in the Long Bill as an informational appropriation based on the estimate included in the annual March revenue forecast.

House Bill 12-1326 (Concerning Assistance to the Elderly) added Section 39-3-207 (6), C.R.S., which established an automatic transfer of any funds included in the informational appropriation but not expended as reimbursements for the Homestead Exemption to the Senior Services Account within the Older Coloradans Cash Fund. House Bill 16-1161 (Allocate Senior Property Tax Exemption Money), a JBC bill, established that 95.0 percent of the amount be transferred to the Senior Services Account within the Older Coloradans Cash Fund and the remaining 5.0 percent be transferred to the Veterans Assistance Grant Program Cash Fund.

In 2017, the JBC included a Long Bill supplemental add-on for FY 2016-17 that reduced the Homestead Exemption informational appropriation by $6.7 million based on the revenue forecast provided in March 2017. This action was taken to preempt the statutory transfer dictated by Section 39-3-207 (6), C.R.S. However, for both FY 2017-18 and FY 2018-19 the difference between Homestead Exemption actual expenditures and the informational appropriation triggered the statutory transfer. For FY 2017-18, the Department received a $14.9 million transfer. For FY 2018-19, the Department received a $16.0 million transfer.

In response to the FY 2017-18 transfer, the JBC approved a plan to distribute the additional $14.9 million over a five-year period to allow the Department to distribute $3 million per year for five years starting in FY 2019-20. The additional $16.0 million transferred in 2019 has created a large, unplanned balance in the Older Coloradans Cash Fund. For FY 2019-20, the Long Bill appropriation totals $140.8

million and the March 2020 Legislative Council Staff revenue forecast identifies an estimate of $152.1 million. Therefore, based on the most recent forecast, a transfer is not anticipated.

Money in the Older Coloradans Cash Fund from the statutory transfer is subject to annual appropriation for distribution to the Area Agencies on Aging (AAAs) and must be used for senior services, utilizing the funding formula dictated by Section 26-11-205.5 (5)(b), C.R.S. JBC staff engaged with the Department and affected stakeholders after the March 2020 forecast presentations to the Committee, informing them of the general nature of staff's recommendation. During this conversation, it was acknowledged that the money transferred as a result of Section 39-3-207 (6)(a), C.R.S., could be used for balancing purposes.

Veterans Assistance Grant Program: The Veterans Assistance Grant Program is used:

> "to provide moneys to nonprofit organizations and governmental agencies that provide services to ensure the health and well-being of [Colorado veterans], including but not limited to:….mental health services, family counseling services, job training, employment, and housing for homeless veterans."

Grant awards are determined by the Board of Veterans' Affairs, and 5.0 percent may be used for administrative costs. Grants are typically under $75,000, with most allocated to county departments' of Human Services for programs for veterans including mental health, substance abuse, and shelter programs. Funds have also been allocated to groups such as Goodwill, Catholic Charities, and Home Front Cares for similar types of services.

➔ H.B. 19-1223 ANNUALIZATION – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved staff's recommendation to annualize the cost of H.B. 19-1223 (Social Security Disability Application Assistance). It is anticipated that H.B. 19-1223 will cost $3,754,999 General Fund in FY 2020-21 to help persons with disabilities apply for federal disability benefits.

RECOMMENDATION: Staff recommends not approving the annualization of H.B. 19-1223, **reducing the appropriation to the Department by $3,754,999 General Fund for FY 2020-21.** Staff also recommends that the Committee **repeal the statutory provisions in Section 26-2-119.7 (6)(b) and 7(b), C.R.S.,** which divert General Fund revisions from the Aid to the Needy Disabled Program and require the General Assembly to appropriate General Fund to support the program. This recommendation would remove the Disability Benefits Application Assistance Program line item from the FY 2020-21 Long Bill.

Alternatively, the General Fund appropriation for this program could be refinanced with Marijuana Tax Cash Fund (MTCF) revenue, assuming there is sufficient revenue. This alternative would also require legislation to allow the program to receive and use MTCF revenue in FY 2020-21.

KEY CONSIDERATIONS:

- This recommendation will require legislation, which should be enacted on or before June 30, 2020.
- No immediate health, life, or safety impact
- Does affect a vulnerable population, but the impact on that population is uncertain

- The Final Fiscal Note for H.B. 19-1223 does not estimate the potential effect of the General Fund diversions of this bill.

Additional Background: House Bill 19-1223 creates a program to help individuals with disabilities apply for federal disability benefits. The program assists applicants and recipients of Colorado's Aid to the Needy Disabled (AND) program in applying for federal Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI). The Department's calculation of the costs to operate the HB 19-1223 program statewide in FY 2020-21 and beyond exceeds the approved appropriation by more than $5.0 million. The Department is concerned that the available funds will not meet the statewide need of navigation assistance.

The program is overseen by the state Department of Human Services and administered by county departments of human services. For FY 2019-20, the bill requires DHS to allocate $1.5 million dollars from the Marijuana Tax Cash Fund to participating counties with the highest need for assistance based on the number of AND Program participants and homeless persons in the county. In FY 2020-21, the program is directed at all counties, regardless of need. The bill created the Disability Benefits Application Assistance Fund (Section 26-2-119.7 (6)(a), C.R.S.) to pay for the implementation of the program and consists of any General Fund appropriations by the General Assembly and any unexpended and unencumbered grants for the AND Program, subject to available appropriations. Starting in FY 2019-20, this bill potentially diverts money from the General Fund. Specifically it will transfer any unspent money appropriated for the AND Program grants to the newly created Disability Benefits Application Assistance Fund, instead of this money reverting to the General Fund.

The Department's evaluation of a similar pilot program, created by S.B. 14-012 (Aid To The Needy Disabled Program), that had operated from February 2015 through June 2016 did not identify evidence of a significant effect from the General Fund investment. Senate Bill 14-012 established a two-year pilot program to help individuals with disabilities apply for federal Supplemental Security Income or Social Security Disability Insurance benefits. The state contracted with a vendor to test strategies to increase federal income assistance reimbursements in three counties. Approximately 100 pre-screened recipients of state AND participated in the program, approximately half of which were approved for federal aid. It is unknown how many of these participants would have qualified for federal aid without the pilot program.

The AND program provides interim assistance for persons who are disabled and unable to work while the individual applies for federal SSI/SSDI benefits. When applying for state AND benefits, an individual is required to file for the federal SSI/SSDI benefit. If an individual is approved for a federal benefit, he or she stops receiving state AND benefits. For SSI recipients, the state is reimbursed by the federal government for the total amount of AND benefits paid to that individual; SSDI does not reimburse the state.

➔ H.B. 19-1193 ANNUALIZATION – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved staff's recommendation to annualize the cost of H.B. 19-1193 (Behavioral Health Supports For High-risk Families). It is anticipated that H.B. 19-1193 will cost $500,000 General Fund and 0.6 FTE for FY 2020-21 to increase access to substance use disorder treatment and support for pregnant women and new mothers.

RECOMMENDATION: Staff recommends not approving the annualization of H.B. 19-1193, **reducing the appropriation to the Department by $500,000 General Fund and 0.6 FTE for FY 2020-21.** Staff also recommends that the Committee **repeal the statutory provisions in Sections 27-80-119 (3) and 26-6.9-102 (4)(a), C.R.S.,** which divert General Fund revisions and require the General Assembly to appropriate General Fund to support the program, respectively. This recommendation would remove the Child Care Services and Substance Use Disorder Treatment Pilot Program line item from the FY 2020-21 Long Bill.

KEY CONSIDERATIONS:

- This recommendation will require legislation, which should be enacted on or before June 30, 2020.
- No immediate health, life, or safety impact
- Does affect a vulnerable population, but the impact on that population is uncertain
- The Final Fiscal Note for H.B. 19-1193 does not estimate the potential effect of the General Fund diversions of this bill.

Additional Background: House Bill 19-1193 increases access to substance use disorder treatment and support for pregnant women and new mothers. This bill:

- expands the eligibility of the High Risk Pregnant Women Program administered by the Department of Health Care Policy and Financing (HCPF) — known as Special Connections — to cover women with substance use disorders up to one year postpartum;
- creates a pilot program to award grants for urban, rural, and centralized child care navigation services, and for a mobile child care service pilot at three treatment centers, overseen by the Department of Human Services (DHS), as discussed further below;
- creates a cash fund to support increased substance and behavioral treatment capacity, to be administered by the Office of Behavioral Health (OBH) in DHS, which divert reversions of previous appropriations from various sources, as discussed further below;
- authorizes HCPF to seek a federal waiver to allow pregnant and one-year postpartum women to further access substance use disorder treatment, and authorizes DHS to use state funds to provide residential substance use disorder treatment to this population;
- expands criminal protections for women who disclose substance use during pregnancy while seeking or participating in treatment;
- encourages health practitioners and county departments of human or social services to identify and refer high-risk pregnant and one-year postpartum women for a needs assessment; and
- requires facilities providing substance use disorder services that also offer child care services to begin treatment without requiring up-to-date medical records at the first appointment, instead allowing medical records to be submitted within 30 days of the initial treatment date.

CHILD CARE SERVICES AND SUBSTANCE USE DISORDER TREATMENT PILOT PROGRAM

The bill creates the Child Care Services and Substance Use Disorder Treatment Pilot Program in the Department of Human Services to provide child care services to children up to five years old of women engaged in substance use disorder treatment. Specifically, the pilot program will provide three different grants:

- one grant will enhance existing child care resource and referral programs to provide increased child care navigation capacity at one rural and one urban site;
- one grant will enhance the capacity of the existing child care resource and referral program's centralized call center; and

- one grant will assist a public-private partnership pilot program to provide regional mobile child care to children under five years of age in at least three facilities that provide substance use disorder treatment to one-year postpartum women.

Under the bill, the pilot program is required to receive an annual General Fund appropriation of $500,000 for three fiscal years from FY 2019-20 to FY 2021-22. The Department must report to the General Assembly on the outcome of the pilot program before July 1, 2023.

HIGH-RISK FAMILIES CASH FUND

This bill creates the continuously appropriated High-Risk Families Cash Fund for services to high-risk parents and children, to be administered by the OBH. Any amounts that are appropriated for the following programs that would otherwise revert are to be credited to this cash fund instead:

- the Children and Youth Mental Health Treatment program in DHS; the Special Connections program in HCPF;
- the Increasing Access to Effective Substance Use Disorder Services program in DHS; and
- any money not expended for the pilot program in the bill. Cash funds must be expended for one-time allocations to increase treatment capacity for high-risk families.

The Department must report annually to the General Assembly on the fund's expenditures, its impact in increasing services for high-risk families, and related recommendations beginning on July 1, 2020.

➔ H.B. 20-1100 GENERAL FUND DIVERSION – UNDO

JBC ACTION AS OF 3/16/20: The Committee has not taken action.

RECOMMENDATION: Staff recommends that the Committee **repeal the statutory provisions in Section 26-2-108 (3), C.R.S.,** which divert General Fund revisions from the appropriation for the full pass-through of child support payments to the newly created Child Support Collection Fund. This recommendation would repeal the Child Support Collection Fund.

KEY CONSIDERATIONS:

- This recommendation will require legislation, which should be enacted on or before June 30, 2020.
- No immediate health, life, or safety impact
- Does not affect a vulnerable population
- The Final Fiscal Note for H.B. 20-1100 does not estimate the potential effect of the General Fund diversions of this bill.

Additional Background: Under federal law, TANF recipients must assign their rights to child support payments to the state. The state is permitted to retain any child support collected on behalf of TANF recipients in order to reimburse the state, counties, and federal government for the cost of providing TANF benefits. As part of Senate Bill 15-012 (Colorado Works Pass-through Child Support Payment), recipients of TANF under the Colorado Works Program receive a full pass-through of child support payments collected by the state if the General Assembly appropriates the full fiscal year reimbursement amount to counties. In any year where appropriations from the General Assembly for the pass-through of child support payments program do not meet or exceed the full reimbursement amount to counties and the federal government, the pass-through of child support collections to TANF recipients must cease for that year.

On March 24, 2020, Governor Polis signed into law House Bill 20-1100 (Pass-through Child Support Payments) that alters appropriation requirements regarding the pass-through of child support payments to recipients of TANF. The bill reduces this threshold so that if the General Assembly appropriates less than 90.0 percent of the reimbursement amount to counties, the pass-through of child support payments must cease for that year. Additionally, any unexpended and unencumbered money that was appropriated to the Department for the implementation of the child support pass-through program will be credited to the Fund at the end of the fiscal year. This bill takes effect on the day following the expiration of the ninety-day period after final adjournment of the General Assembly.

SUMMARY OF OTHER RECOMMENDATIONS AND OPTIONS IF DEEPER CUTS ARE REQUIRED

FURTHER REDUCTION SCENARIOS

Staff recommends that the Committee consider the following options based on a scenario in which General Fund appropriations and transfers must be reduced further than the reductions recommended above. Reductions in General Fund appropriations and transfers up to 20.0 percent in FY 2020-21 will result in significant negative impacts on programs administered by non-state entities, on services to certain at-risk populations, and very likely on staffing at state institutions. Additionally, deeper cuts will result in the elimination of some programs. JBC Staff will prepare additional recommendations for deeper cuts as necessary.

BUDGET BALANCING OPTIONS FOR DEEPER CUT – REVENUE					
FY 2020-21 REVENUE	BILL? Y/N	NET GF IMPACT	OTHER FUNDS	TOTAL FUNDS	FTE
State Supplemental Security Income Stabilization Fund Transfer	Y	$1,888,116	($1,888,116)	$0	0.0
Colorado Children's Trust Fund Transfer	Y	1,039,638	(1,039,638)	0	0.0
Nurse Home Visitor Program Fund Transfer	Y	4,237,375	(4,237,375)	0	0.0
Diversion to Older Colorado Cash Fund	Y	$2,000,000	($2,000,000)	0	0.0

BUDGET BALANCING OPTIONS FOR DEEPER CUT – EXPENSES					
FY 2019-20 EXPENSE	BILL? Y/N	NET GF IMPACT	OTHER FUNDS	TOTAL FUNDS	FTE
S5 Child support pass-through - Undo	N	($439,160)	$0	($439,160)	0.0
S2 DYS drug devices - Undo	N	(337,346)	0	(337,346)	(1.7)
S4 Early Intervention Caseload - Undo	N	($1,503,074)	$0	($1,503,074)	0.0
FY 2020-21 EXPENSE					
Build Substance Use Disorder Treatment Capacity in Underserved Communities Grant Program (H.B. 19-1287) - Eliminate	Y	$0	($5,546,013)	($5,546,013)	(2.5)
R25 Substance use treatment services – Reduce	N	(1,300,000)	(1,500,000)	(2,800,000)	0.0
Family Support Services – Reduce/Eliminate	N	(1,277,915)	0	(1,277,915)	0.0
Early Intervention Evaluations – Reduce/Eliminate	N	(2,503,891)	(200,000)	(2,703,891)	0.0
General Fund Appropriations to Prevention Programs - Reduce	N	(2,250,000)	0	(2,250,000)	0.0
General Fund for CIRCLE programs – Eliminate	N	(3,100,000)	0	(3,100,000)	0.0
R5a DYS drug devices - Undo	N	(1,016,000)	0	(1,016,000)	(10.0)
R19 Replace legacy phone systems – Undo	N	(917,525)	0	(917,525)	0.0

BUDGET BALANCING OPTIONS FOR DEEPER CUT – EXPENSES					
FY 2019-20 EXPENSE	BILL? Y/N	NET GF IMPACT	OTHER FUNDS	TOTAL FUNDS	FTE
Annualization of FY 2019-20 R2 Salary increases for DYS direct care employees - Delay	N	($6,273,826)	$0	($6,273,826)	0.0

➔ STATE SUPPLEMENTAL SECURITY INCOME STABILIZATION FUND TRANSFER

JBC ACTION AS OF 3/16/20: The Committee has not taken any action.

RECOMMENDATION/OPTION: Staff recommends the Committee consider transferring up to $1,888,116 from the State Supplemental Security Income Stabilization Fund, created Section 26-2-210 (1), C.R.S., to the General Fund on or before June 30, 2020.

KEY CONSIDERATIONS:

- This recommendation requires legislation.
- No immediate health, life, or safety impact
- Does not affect vulnerable population
- This recommendation represents a transfer of up to 50.0 percent of the FY 2019-20 year-end balance of the Fund.

Other Items of Note: This is a one-time reduction to the Fund's balance. The following table summarizes the effect of staff recommendations on the Fund's balance. The transfer will increase the amount of available General Fund.

STATE SUPPLEMENTAL SECURITY INCOME STABILIZATION FUND				
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED
Beginning FY Balance	$3,767,195	$3,782,856	$3,786,496	$1,887,116
Projected Revenues	15,703	392,211	104,338	109,665
Expenditures	(42)	(388,571)	(116,602)	(113,686)
Ending FY Balance Without Transfer	$3,782,856	$3,786,496	$3,774,232	$1,883,095
Proposed Transfer	$0	$0	$1,887,116	$0
Ending FY Balance After Transfer	$3,782,856	$3,786,496	$1,887,116	$1,883,095
Fee Impact: At the end of any fiscal year, an amount not exceeding twenty percent of the total appropriation for the program for Aid to the Needy Disabled shall remain in the stabilization fund as a continuous appropriation to be used to meet the state's maintenance of effort requirements.				

➔ COLORADO CHILDREN'S TRUST FUND TRANSFER

JBC ACTION AS OF 3/16/20: The Committee has not taken any action.

RECOMMENDATION/OPTION: Staff recommends the Committee consider transferring up to $1,039,638 from the Colorado Children's Trust Fund created in Section 19-3.5-106 (1), C.R.S., to the General Fund on or before June 30, 2020.

KEY CONSIDERATIONS:

- This recommendation requires legislation.
- No immediate health, life, or safety impact

- Does not affect vulnerable population
- This recommendation represents a transfer of up to 50.0 percent of the FY 2019-20 year-end balance of the Fund.

Other Items of Note: This is a one-time reduction to the Fund's balance. The following table summarizes the effect of staff recommendations on the Fund's balance. The transfer will increase the amount of available General Fund.

COLORADO CHILDREN'S TRUST FUND				
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED
Beginning FY Balance	$1,636,509	$1,806,915	$1,943,095	$1,039,638
Projected Revenues	350,060	452,570	452,570	452,570
Expenditures	(179,654)	(316,390)	(316,390)	(316,390)
Ending FY Balance Without Transfer	$1,806,915	$1,943,095	$2,079,275	$1,175,818
Proposed Transfer	0	0	1,039,638	0
Proposed Refinance	0	0	0	173,841
Ending FY Balance After Transfer	$1,806,915	$1,943,095	$1,039,638	$1,001,977
Fee Impact: the petitioner in a proceeding for dissolution of marriage, legal separation, or declaration of invalidity of marriage and by the petitioner in an action for a declaratory judgment concerning the status of marriage or civil union.				

➔ NURSE HOME VISITOR PROGRAM FUND TRANSFER

JBC ACTION AS OF 3/16/20: The Committee has not taken any action.

RECOMMENDATION/OPTION: Staff recommends the Committee consider transferring up to $4,237,375 from the Nurse Home Visitor Program created in Section 26-6.4-107 (2)(b), C.R.S., to the General Fund on or before June 30, 2020.

KEY CONSIDERATIONS:
- This recommendation requires legislation.
- No immediate health, life, or safety impact
- Does not affect vulnerable population
- This recommendation represents a transfer of up to 25.0 percent of the FY 2019-20 year-end balance of the Fund.

Other Items of Note: This is a one-time reduction to the Fund's balance. The following table summarizes the effect of staff recommendations on the Fund's balance. The transfer will increase the amount of available General Fund; however, the transfer would quicken the rate at which the Fund's balance is drawn down over the subsequent fiscal years.

NURSE HOME VISITOR PROGRAM FUND						
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED	FY 21-22 ESTIMATED	FY 22-23 ESTIMATED
Beginning FY Balance	$11,414,999	$13,366,702	$16,685,125	$12,712,126	$12,312,949	$7,878,549
Projected Revenues	25,092,106	23,278,638	25,948,971	21,918,863	18,748,709	19,613,632
Expenditures	(23,140,403)	(19,960,215)	(25,684,595)	(22,318,040)	(23,183,109)	(24,488,139)

NURSE HOME VISITOR PROGRAM FUND						
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED	FY 21-22 ESTIMATED	FY 22-23 ESTIMATED
Ending FY Balance Without Transfer	$13,366,702	$16,685,125	$16,949,501	$12,312,949	$7,878,549	$3,004,042
Proposed Transfer	0	0	4,237,375	0	0	0
Ending FY Balance After Transfer	$13,366,702	$16,685,125	$12,712,126	$12,312,949	$7,878,549	$3,004,042
Fee Impact: Receives 26.7 percent of Tobacco Master Settlement Agreement Revenue allocations						

Additional Background: The Nurse Home Visitor Program was established by S.B. 00-071, and utilizes specially trained nurse home visitors to provide health education and counseling to low-income first time mothers beginning when the mother is pregnant and continuing through the child's second birthday. The program has served approximately 24,900 families in the state since 1998, and is monitored by the University of Colorado Anschutz Medical Campus, School of Nursing in partnership with the Department. Pursuant to Section 26-6.4-108 (2)(d)(I), C.R.S., the Nurse Home Visitor Program Fund receives 26.7 percent of Tobacco Master Settlement Agreement Revenue allocations. In FY 2020-21, the allocation totals $21,455,825.

The Nurse Home Visitor Program is the Colorado affiliate of the national Nurse-Family Partnership, a non-profit organization that provides network partners with information, support, and specialized training. In Colorado, the program is managed by Invest in Kids, a 501(c)(3), that is responsible for the program's growth and development within the state. The services offered by the program are provided by 22 local partners, who apply annually to participate. In FY 2018-19, the program served 4,586 mothers. The Department estimates that in 2018 there were approximately 7,839 eligible mothers in Colorado, based on Medicaid data collected.

➔ S5 CHILD SUPPORT PASS-THROUGH (FY 2019-20) – UNDO

JBC ACTION AS OF 3/16/20: The committee approved staff recommendation to appropriate $439,160 General Fund for FY 2019-20 to the Department of Human Services to ensure sufficient funding for full implementation of the child support pass-through policy.

RECOMMENDATION: Staff recommends the Committee not fund the staff recommendation for S5, **reducing the appropriation for the Department by $439,160 General Fund for FY 2019-20.**

KEY CONSIDERATIONS:

- No immediate health, life, or safety impact
- Program added since FY 2013-14
- Does affect a vulnerable population

Other Items of Note:

- This reduction will more than likely trigger the child support pass-through policy to revert to a partial pass-through.
- This is a one-time reduction, as the General Assembly will likely have to appropriate additional resources in out years to fully implement the State's child support pass-through policy.

Additional Background: In 2015, the General Assembly passed S.B. 15-012 (Colorado Works Pass-through Child Support Payment) making Colorado the first state to implement a full child support pass-through program. This legislation changed state policy to allow the full amount of child support payments made on behalf of children whose family received monthly cash assistance through the Temporary Assistance for Needy Families (TANF) program to go directly to those children and families. Previously, the State, on behalf of the federal government, and counties retained a portion of the child support payments to recover the cost of providing public assistance. The policy was implemented beginning in April 2017.

A provision of the policy change enacted by S.B. 15-012 allows for reimbursement of counties "for fifty percent of child support collections and the federal government for its share of child support collections" that would have otherwise been siphoned from the child support payments. An additional provision provides for the reinstatement of the partial pass-through of child support in the event that the General Assembly does not appropriate sufficient funding for a full fiscal year of reimbursements. (Section 26-2-108 (1)(b)(II)(B), C.R.S.) In both FY 2017-18 and FY 2018-19, the mechanism to revert to a partial pass-through has been triggered.

➔ BUILDING SUBSTANCE USE DISORDER TREATMENT CAPACITY IN UNDERSERVED COMMUNITIES GRANT PROGRAM (H.B. 19-1287) – ELIMINATE

JBC ACTION AS OF 3/16/20: The Committee approved an appropriation of $5,546,013 and 2.5 FTE from the Marijuana Tax Cash Fund for FY 2020-21.

RECOMMENDATION/OPTION: Staff recommends the Committee eliminate the appropriation for FY 2020-21. The FTE for this program have not yet been hired. This recommendation requires legislation.

KEY CONSIDERATIONS:
New program / Affects a vulnerable population.

Other Items of Note: Residential capacity for substance use disorder (SUD) treatment across the state is limited, and, prior to budget balancing reductions, limited the ability to roll-out the Medicaid benefit required by H.B. 18-1136. Reducing this appropriations will further limit capacity building and impact full delivery of the Medicaid SUD benefit in the future.

Additional Background:
H.B. 19-1287 requires the Department of Human Services (DHS) to establish a centralized, web-based behavioral health capacity tracking system to track bed space use and availability at crisis stabilization units, acute treatment units, community mental health centers, and hospitals. The bill also requires DHS to establish a care navigation system to assist individuals in accessing substance use disorder treatment. Finally, the bill creates the Building Substance Use Disorder Treatment Capacity in Underserved Communities Grant Program to be administered by DHS to support substance use disorder treatment capacity-building in rural and frontier communities. The grants may be used to support building a continuum of services, including, but not limited to, medical detoxification, residential treatment, and intensive outpatient treatment. Managed service organizations, local primary care or substance use disorder treatment providers, local governments, counties, schools, and law enforcement agencies may apply for a grant.

➔ R25 SUBSTANCE USE TREATMENT SERVICES – REDUCE

JBC ACTION AS OF 3/16/20: The Committee denied the Department's request for a total reduction of $2.8 million, including $1.3 million of General Fund and $1.5 million of cash funds from the Marijuana Tax Cash Fund.) The Department requested this reduction in response to the expansion of residential and inpatient substance use disorder (SUD) treatment and medical detoxification services as a benefit under the Colorado Medicaid Program (H.B. 18-1136). Staff recommended denial of the request.

RECOMMENDATION/OPTION: Staff recommends the Committee consider approval of the request to reduce the existing appropriation by $1.3 million General Fund and $1.5 million of cash funds from the Marijuana Tax Cash Fund.

The General Fund reduction is to the "Treatment and Detoxification Programs" line item. For FY 2020-21, the JBC approved a total appropriation of $34.7 million total funds, including $14.6 million of General Fund. This total includes an increase of $975,669 General Fund over FY 2019-20, for increases to provider rates and annualization of S.B. 19-008. The staff balancing recommendation includes eliminating that increase. Further reducing the appropriation by $1.3 million would represent a 9.5 percent reduction to the FY 2019-20 appropriation.

DEEPER CUT FOR TREATMENT AND DETOXIFICATION PROGRAMS		
	GENERAL FUND	TOTAL FUNDS
FY 2019-20 Appropriation	**$13,633,079**	**$34,325,163**
FY 2020-21 JBC Action	$14,608,748	$34,670,001
Staff Recommended Balancing Actions	(975,669)	(344,838)
Deeper Cut of 9.5 percent	(1,300,000)	(1,300,000)
Total	**$12,333,079**	**$33,025,163**

The Marijuana Tax Cash Fund reduction is to the "Increasing Access to Effective Substance Use Disorder Services (S.B. 16-202)" line item. For FY 2020-21, the JBC approved a total appropriation of $15.9 million cash funds from the Marijuana Tax Cash Fund. This includes an increase of $291,783 over FY 2019-20, for increases to provider rates. The staff balancing recommendation includes eliminating that increase. Further reducing the appropriation by $1.5 million would represent a 9.6 percent reduction to the FY 2019-20 appropriation.

DEEPER CUT FOR INCREASING ACCESS TO EFFECTIVE SUBSTANCE USE DISORDER SERVICES (S.B. 16-202) LINE ITEM	
	MTCF
FY 2019-20 Appropriation	$15,576,864
FY 2020-21 JBC Action	$15,868,647
Staff Recommended Balancing Actions	(291,783)
Deeper Cut of 9.5 percent	(1,500,000)
Total	**$14,076,864**

KEY CONSIDERATIONS:
Affects a vulnerable population

Other Items of Note:

- The request was based on an expectation that the Medicaid benefit would reduce the need for substance use treatment provided to individuals under 300% of the federal poverty level via the Office of Behavioral Health, as many of those patients will receive services through Medicaid. However, HCPF has already delayed the expansion of this benefit until January 1, 2021, and staff is recommending a delay for the entirety of FY 2020-21.
- Residential capacity for substance use disorder (SUD) treatment across the state is limited, and, prior to budget balancing reductions, limited the ability to roll-out the Medicaid benefit required by H.B. 18-1136. Reducing the these appropriations will further limit capacity building and impact full delivery of the Medicaid SUD benefit in the future.

Additional Background:
The Department supports substance use treatment and detoxification services through the "Treatment and Detoxification Programs" line item and the "Increasing Access to Effective Substance Disorder Services (SB 16-202)" line item.

<u>Treatment and Detoxification Programs</u>
Through the Treatment and Detoxification Programs line item, the Office of Behavioral Health contracts with four managed service organizations (MSOs) for the provision of substance use disorder treatment and detoxification services in seven catchment areas. The MSOs subcontract with local treatment providers with locations around the state to deliver these services. The contracts the Office enters into with MSOs require an emphasis on providing services to: persons involuntarily committed by the courts; pregnant women and women with dependent children; adult and adolescent intravenous drug users; drug-dependent adults and adolescents with human immunodeficiency virus (HIV) or tuberculosis; and uninsured individuals.

The Department arranges for detoxification and treatment services with one contract for each catchment area. However, treatment and detoxification are two different levels of care that have separate and distinct contract admissions requirements.

- *Non-hospital detoxification services.* Individuals who are intoxicated by alcohol or drugs are evaluated and provided services necessary to protect client and public health and safety until the blood level of the intoxicating substance(s) is zero. Detoxification and shelter services serve a dual purpose by protecting individual and public health and safety, and serving as an entry point for treatment. Detoxification services are critical for law enforcement and community protection, but do not constitute treatment for substance abuse.
- *Treatment.* Basic treatment services include: outpatient opioid replacement treatment; individual, group, and family outpatient therapy; intensive outpatient therapy; transitional residential treatment; therapeutic community, and intensive residential treatment.

<u>Increasing Access to Effective Substance Disorder Services (SB 16-202)</u>
Senate Bill 16-202 requires each of the State's designated regional managed service organizations (MSOs) to assess the sufficiency of substance use disorder services in its geographic region, and prepare a community action plan to address the most critical service gaps. The assessment was to consider the service needs for different populations, and to assess the continuum of substance use disorder services, including prevention, early intervention, treatment, and recovery support services. A single, consolidated Community Assessment Report was prepared by Keystone Policy Center.

This consolidated report, and the MSO community action plans for each region are available on the Colorado Behavioral Healthcare Council (CBHC) website[6].

The act requires the Department of Human Services (DHS) to allocate money that is annually appropriated to it from the Marijuana Tax Cash Fund to the MSOs based on the Department's allocation of the federal Substance Abuse Prevention and Treatment Block Grant. The act allows MSOs, by consensus, to recommend changes to the allocation methodology. Each MSO is authorized to use its annual allocation over a two-year period to implement its community action plan and increase access to substance use disorder services for populations in need of such services within its region (including start-up costs and other expenses necessary to expand capacity).

The MTCF in these programs is intended to increase access to substance use treatment, including the provision of services and the availability of services. Staff's understanding is that statute allows for funding in these line items to be used for a broad range of substance use services, included building capacity. Since one of the challenges cited by HCPF in expanding the Medicaid benefit is a lack of capacity, any savings to OBH by the expansion of the benefit could be used for that purpose. While staff is recommending a delay of the SUD benefit, should the General Assembly wish to expand the benefit in the future, lack of capacity will continue to be an issue.

➔ FAMILY SUPPORT SERVICES – REDUCE/ELIMINATE

JBC ACTION AS OF 3/16/20: The Committee approved staff's recommendation of $1,277,951 General Fund in FY 2020-21, which includes adjustments for prior year budget actions, adjustments for prior year legislation, and the Committee approved 1.9 percent increase for community provider rates.

RECOMMENDATION/OPTION: Staff recommends the Committee consider take one of the following balancing options:

- Staff recommends the Committee <u>reduce</u> the appropriation for this line by $527,951 General Fund for FY 2020-21
- Staff recommends the Committee <u>eliminate</u> this line item from the Long Bill, reducing the appropriation by an additional $750,000 General Fund and 0.5 FTE for FY 2020-21.

KEY CONSIDERATIONS:
Program added since FY 2013-14/ Spreads a cut broadly across a large population, reducing the need for cuts to critical state services/ Does not affect (or does) vulnerable population/Affects a program or sector that is likely to be severely affected by the current crisis that is not receiving adequate support from federal or other sources

Other Items of Note: Staff anticipates that this will reduce grant funding but not staffing.

Additional Background: This line item was created in FY 2015-16 because of a JBC member motion. The appropriation funds grants to Family Resource Centers that were created to serve as a single point of entry for providing comprehensive, intensive, integrated, and collaborative state- and community-based services to vulnerable families, individuals, children, and youth. Pursuant to Section 26-18-105, C.R.S., the services provided by the family resource center shall be coordinated and tailored to the

[6] See: http://www.cbhc.org/substance-use-disorder-community-assessment-sb-16-202-report/.

specific needs of individuals and families who live in the community. Centers may receive grants from the Department based on a submitted by the applicant that must meet statutory requirements. Centers provide case management to assess a family's needs and strengths.

Families receive comprehensive coordinated case management services to navigate the pathways to economic, educational, and social and health success for all generations, moving families from crisis to self-reliance. The Family Resource Center Association (FRCA) is responsible for providing resources for implementing quality standards, developing new family resource centers, tracking and reporting outcomes, and representing the Family Resource Center network. The Department provides oversight of the program, including staff support and related administrative and indirect costs.

➔ EARLY INTERVENTION EVALUATIONS – REDUCE/ELIMINATE

JBC ACTION AS OF 3/16/20: The Committee approved the Department's request for $2,703,891 total funds, including $2,503,891 General Fund and $200,000 federal funds, For FY 2020-21.

RECOMMENDATION: Staff recommends the Committee take the following balancing options:

- Staff recommends the Committee reduce the appropriation for the Department by $247,706 General Fund.
- Staff recommends the Committee eliminating this line item from the Long Bill, reducing the appropriation by an additional $2,456,185 total funds, including $2,256,185 General Fund and $200,000 federal funds, for FY 2020-21.

KEY CONSIDERATIONS:

- New program, not yet fully implemented
- No immediate health, life, or safety impact
- Program added since FY 2013-14
- Does affect a vulnerable population
- Creation of a waitlist will result in the loss of federal funds.

Other Items of Note: This line item was created in FY 2018-19 to fund a pilot program created by HB 18-1333 concerning Part C Child Find responsibilities of State Departments. The pilot program is intended to support programs with integrated Child Find services that allow for early intervention evaluation wrap-around services.

Additional Background: This line item was created in FY 2018-19 at the recommendation of JBC staff to fund stakeholder outreach and engagement regarding the evaluation process, and to support the actual cost of evaluations conducted by Community Centered Boards (CCBs). Over the last several years, the number of Early Intervention (EI) evaluations conducted by the CCBs have increased. Evaluations are allowable expenses for CCBs and the appropriation in this line item helps to prevent Direct Services funding from being over-utilized.

In FY 2018-2019, 10,358 eligibility evaluations were conducted by either the school district Child Find teams or Community Centered Board providers. A recent study by Marzano Research published in August 2019, conducted in response to H.B. 18-1333 (Part C Child Find Responsibilities Of CDE & DHS), indicates that the Administrative Units overseen by the Colorado Department of Education conduct approximately 91.0 percent of evaluations. Anticipating a decline in referrals due to the COVID-19 issues, the EI program expects the number of evaluations to remain similar for 2019-20. Under normal conditions, the EI program experiences an average of 6% growth each year that would increase the number of evaluations to 10,979 for FY 2019-20 and FY 2020-21.

Appropriations for EI evaluations are made in both the Departments of Education and Human Services, totaling $5.4 million. The Marzano Research study indicates that the average cost of an EI evaluation is $411, inclusive of an additional 10.0 percent for overhead costs. It is estimated that the total cost of EI evaluations in FY 2020-21 is $4,512,369. Assuming that the costs of evaluations are split evenly between the two departments, the anticipated expenditures from Human Services for FY 2020-21 would be $2,256,185, or $247,706 less than the approved appropriation.

➔ DIVERSION TO OLDER COLORADANS CASH FUND – SUSPEND

JBC ACTION AS OF 3/16/20: The Committee has not taken action.

RECOMMENDATION/OPTION: Staff recommends the Committee consider temporarily reducing or suspending the statutory transfer, pursuant to Section 39-26-123 (3)(a), C.R.S., of sales and use tax revenue to the Older Coloradans Cash Fund.

KEY CONSIDERATIONS:
- This recommendation requires legislation
- No immediate health, life, or safety impact
- Does affect vulnerable population
- New federal resources provided through the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) total $14.6 million for programs and services related to the Older Americans Act. Of this amount, $3.6 million must be expended on nutritional services. Federal funding provided under the Older Americans Act is not appropriated by the General Assembly and appears in the Long Bill with an informational "(I)" note.

Other Items of Note: Section 39-26-123 (3)(a), C.R.S., directs the annual transfer of $10.0 million in sales and use taxes to the Older Coloradans Cash Fund, created in Section 26-11-205.5 (5)(a), C.R.S. This transfer functions as the base revenue source for the Older Coloradans Cash Fund and is essential to the funding of services for seniors. Money in the Older Coloradans Cash Fund from the statutory transfer is subject to annual appropriation for distribution to the Area Agencies on Aging (AAAs) and must be used for senior services, utilizing the funding formula dictated by Section 26-11-205.5 (5)(b), C.R.S. The State Funding for Senior Services appropriation, along with the Older Americans Act funding, allows more than 55,000 older Coloradans to receive services including personal care, assisted transportation, congregate meals, home-delivered meals, homemaker services, adult day care, transportation, and legal assistance. These services help seniors to age-in-place in their communities and postpone or avoid more costly placements such as assisted living facilities or nursing homes.

OLDER COLORADANS CASH FUND				
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED
Beginning FY Balance	$481,105	$15,285,734	$32,201,147	$14,201,147

OLDER COLORADANS CASH FUND				
	FY 17-18 ACTUAL	FY 18-19 ACTUAL	FY 19-20 ESTIMATED	FY 20-21 ESTIMATED
Projected Revenues	24,852,031	26,766,292	10,000,752	10,000,752
Expenditures	(10,047,402)	(9,850,879)	(13,000,752)	(16,000,752)
Ending FY Balance Without Transfer	$15,285,734	$32,201,147	$29,201,147	$8,201,147
Proposed Transfer	0	0	13,000,000	0
Proposed Diversion	0	0	2,000,000	2,000,000
Ending FY Balance After Transfer	$15,285,734	$32,201,147	$14,201,147	$6,201,147
Fee Impact: Receives $10.0 million annually from sales and use tax revenue.				

➔ GENERAL FUND APPROPRIATIONS TO PREVENTION PROGRAMS – REDUCE

JBC ACTION AS OF 3/16/20: The Committee approved the indicated total appropriations to the following prevention programs in the Department of Human Services:

- Collaborative Management Program: $4,500,000 total funds, including $1,500,00 General Fund and $3,000,000 cash fund spending authority from the Performance-based Collaborative Management Incentive Cash Fund;
- Tony Grampsas Youth Services Program: $9,868,064 total funds, including $1,467,475 General Fund, $7,400,589 cash funds, and $1,000,000 reappropriated funds; and
- S.B. 91-94: $15,592,408 total funds, including $13,484,301 General Fund and $2,108,107 cash funds from the Marijuana Tax Cash Fund.

RECOMMENDATION/OPTION: Staff recommends reducing the General Fund appropriation to each program by the following amounts:

- Collaborative Management Program: $750,000 General Fund;
- Tony Grampsas Youth Services Program: $500,000 General Fund; and
- S.B. 91-94: $1,000,000 General Fund.

KEY CONSIDERATIONS:
Reductions in appropriations to these programs will result in a decrease of prevention services.

➔ GENERAL FUND FOR CIRCLE PROGRAMS – ELIMINATE

JBC ACTION AS OF 3/16/20: The Committee approved an appropriation of $8,319,725 total funds, including $3,139,251 General Fund and $3,180,474 cash funds from the Marijuana Tax Cash Fund for the "Circle Program and Other Rural Treatment Programs for People with Co-occuring Disorders" line item.

RECOMMENDATION/OPTION: Eliminate General Fund ($3.1 million) in the "Circle Program and Other Rural Treatment Programs for People with Co-occuring Disorders" line item. This would reduce total appropriations to $5.2 million.

The operational funding for the existing program in Pueblo is approximately $2.4 million annually. Two additional program are expected to open in 2020, but are not yet operational. Contracts have been awarded to all three programs and expenditures have already been made in preparation for opening.

KEY CONSIDERATIONS:
Program expanded since FY 2013-14.

Other Items of Note: Residential capacity for substance use disorder (SUD) treatment across the state is limited, and, prior to budget balancing reductions, limited the ability to roll-out the Medicaid benefit required by H.B. 18-1136. Reducing the General Fund appropriation for the Circle programs will further limit capacity and impact full delivery of the Medicaid SUD benefit in the future.

Additional Background:

There are three Circle programs located throughout the state. The Pueblo program is run by Crossroads and is fully operational. Two locations are slated to open in FY 2020-21: a location in Mesa County (June 2020) and a location in Larimer County (October 2020). Contracts have been awarded to all three programs and expenditures have already been made in preparation for opening.

The operational funding for the existing program (Pueblo) is approximately $2.4 million annually. This program currently has a waitlist with more potential clients than its total capacity. Additionally, the Pueblo program is planning to use available funds to expand or move into a new facility.

The Mesa and Larimer County Circle programs are co-located with other locally funded recovery programs. The OBH contracts fund approximately half of the total project at each location.

<u>Community Based Circle Program</u>
This program supports intensive treatment programs for individuals with co-occurring mental health and substance use disorders. This program was previously operated on the campus of the Colorado Mental Health Institute at Pueblo (CMHIP). The Program offered a 90-day inpatient (but unlocked) therapeutic community setting that addressed mental illness, chemical dependence, personality disorders, and criminal behavior. The program admitted adults who had been unsuccessful in other inpatient or intensive outpatient substance abuse programs; many received treatment through Circle as a condition of probation. The Program had four focus components:

- Abstinence from addictive medications[7]
- Behavior change and development of coping strategies
- Tobacco cessation
- Psychiatric treatment

In June 2017, due to significant staffing shortages at CMHIP, the Department temporarily closed the Circle Program to reassign direct care staff to other CMHIP units. The Department worked with managed service organizations (MSOs) to find other treatment options for existing patients at that time and to identify alternative treatment programs for individuals waiting to be admitted to the Circle Program. In FY 2017-18, the General Assembly approved a Department proposal to convert this to a community-based program. The Department contracted with the MSO for the southeast region, Signal Behavioral Health Network, to establish a community-based Circle Program in Pueblo. Signal subcontracted with Crossroads' Turning Point Inc., to establish and operate a 16-bed program that

[7] A patient on methadone or buprenorphine maintenance prior to admission may continue this form of treatment if approved by the Medical Director.

focuses on serving those who are "justice-involved". The new community-based program was licensed in December 2018, and began serving clients the first full week of January 2019.

Rural Co-occurring Disorder Services

Since FY 2013-14, this line item has supported a full continuum of co-occurring behavioral health services for adolescents and adults in southern Colorado and the Arkansas Valley. It is staff's understanding that this appropriation was initially added based on data that demonstrated a gap in the service delivery system for southern Colorado related to the co-occurring, dually diagnosed population -- primary substance use and secondary mental health (Axis I) anxiety and depression.

Starting in FY 2018-19, the Department is contracting with two MSOs to ensure coverage in southern Colorado and the Arkansas Valley:

- Signal Behavioral Health Network administers $737,000 of the appropriation for the southeast region, which includes: Alamosa, Baca, Bent, Conejos, Costilla, Crowley, Huerfano, Kiowa, Las Animas, Mineral, Otero, Prowers, Pueblo, Rio Grande, and Saguache Counties. Signal subcontracts with Crossroads' Turning Points and San Luis Valley Behavioral Health Group (a community mental health center) to provide services in this region.
- West Slope Casa, LLC, administers the remaining $308,884 of the appropriation for the southwest region, which includes: Archuleta, Delta, Dolores, Gunnison, Hinsdale, La Plata, Montezuma, Montrose, Ouray, San Juan, and San Miguel Counties. West Slope Casa subcontracts with Axis Health Systems, Inc. (a community mental health center) to provide services in this region.

These programs serve both civil clients and those who are involved in the criminal justice system. The services provided in both regions include residential and outpatient based services with a combination of individual and group mental health therapies, individual and group substance use treatment, case management, medication assisted therapy (MAT), substance use testing, and other similar services. Staff understands that Medicaid currently only covers the cost of outpatient treatment, so this line item covers the additional costs of room and board, treatment costs that are not covered by Medicaid, and wraparound services that ensure a client's successful transition to outpatient treatment.

➔ S2/R5A DYS DRUG DETECTION DEVICES, CANINES, AND STAFFING – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved a FY 2019-20 appropriation of $337,346 General Fund and 1.7 FTE for drug detection devices, canines, and staffing in Division of Youth Services facilities. In addition, the Committee approved a FY 2020-21 appropriation of $1,016,000 General Fund and 10.0 FTE for the ongoing program.

RECOMMENDATION: Staff recommends that the Committee reconsider its decision to fund this program and eliminate all funding for this program in both FY 2019-20 and FY 2020-21.

KEY CONSIDERATIONS: Calculations for each fiscal year are provided in the table below. The cost of the detection devices and staffing total:

- $261,313 General Fund and 1.7 FTE in FY 2019-20; and
- $808,000 General Fund and 10.0 FTE in FY 2020-21.

The cost of the contract for canine site visits total:

- $76,033 General Fund in FY 2019-20; and
- $208,000 General Fund in FY 2020-21.

The Department conducts searches for drugs in its youth services facilities and has instituted a new policy allowing staff and visitors to utilize clear bags to bring allowable personal belongings into a secure facility. In spite of the new policy, the Department reports an increase in the total number of drug possession incidents in all facilities in the past four years, primarily in the number of incidents involving marijuana and THC wax. If the Committee elects to fund a portion of this budget request in both FY 2019-20 and FY 2020-221, the Department requests that the funding for canine site visits be prioritized.

JBC STAFF CALCULATION - COST OF S2 DRUG DETECTION DEVICES AND CANINES, ADJUSTED FOR PAY-DATE SHIFT					
UNIT		FY 2019-20		FY 2020-21 ANNUALIZATION	
ITEM	UNIT COST	UNIT	COST - 1 QUARTER	UNIT	FULL YEAR COST
Salary (FTE)	$53,508	1.7	$90,964	10.0	$535,080
PERA (FTE)	5,832	1.7	9,915	10.0	58,324
AED (FTE)	2,675	0.0	0	10.0	26,754
SAED (FTE)	2,675	0.0	0	10.0	26,754
Medicare (FTE)	776	1.7	1,319	10.0	7,759
Short term disability (FTE)	91	0.0	0	10.0	910
Health, life, dental (FTE)	10,042	0.0	0	10.0	100,419
Regular operating (FTE)	500	1.7	850	10.0	5,000
Telephone expenses (FTE)	450	1.7	765	10.0	4,500
Personal computer (FTE)	0	1.7	0	0.4	0
Office furniture (FTE)	0	1.7	0	0.4	0
Digital trunk radios	2,500	3.0	7,500	5.0	12,500
Narcotic wand detector	25,000	6.0	150,000	0	0
Narcotic wand maintenance	5,000	0	0	6.0	30,000
Scheduled canine site visits (4 hrs ea)	75	120.0	36,000	500.0	150,000
Unscheduled canine site visits (4 hrs ea)	95	100.0	38,000	125.0	47,500
Mileage			2,033		10,500
TOTAL			$337,346		$1,016,000

➔ R19 REPLACE LEGACY PHONE SYSTEMS – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved staff recommendation for the Department's R19 request for $917,525 General fund in FY 2020-21 for the installation of new phone systems at the Colorado Mental Health Institute at Pueblo and at the Division of Youth Services' facilities, specifically the Gilliam, Lookout Mountain, Platte Valley, Spring Creek, and Marvin Foote facilities.

RECOMMENDATION: Staff recommends the Committee not replace the legacy phone systems at this time, **reducing the appropriation to the Department by $917,525 General Fund for FY 2020-21.**

KEY CONSIDERATIONS:
No immediate health, life, or safety impact/ Does affect vulnerable population/Affects a program or sector that is likely to be severely affected by the current crisis that is not receiving adequate support from federal or other sources

Additional Background: The Department requested funding to replace legacy phone systems at several facilities management by the Department. The Colorado Mental Health Institute at Pueblo (CMHIP), which is a 24/7 hospital facility operating 455 inpatient psychiatric beds, currently has two phone systems: one is 20 years old and past its technological end-of-life and one is a voice over internet protocol (VOIP) system that will be at end-of-life by FY 2021-22. The Division of Youth Services (DYS) is responsible for the management and oversight of ten secure State-operated residential facilities, parole program services, and community alternative programs that serve and treat youth 10-20 years of age who have demonstrated delinquent behavior. The DYS phone system is approximately 20 years old with unsupported technology and infrastructure.

The legacy phone systems represent an operational concern, as the systems are critical communication infrastructure. The 20-year-old systems in at CMHIP and in DYS are no longer supported by the original manufacturer, with replacement parts having to be bought online from third-party vendors. The DYS legacy systems are prone to intermittent call completion issues and outages, unable to add new phone numbers to the system, and limited in the ability to move phone numbers consistent with operational needs. Catastrophic failure of these legacy systems would more than likely require the complete replacement of the systems. CMHIP's VIOP system is approaching its end-of-life and will begin to face similar hardware and software replacement issues that the legacy systems currently face.

➔ ANNUALIZATION OF FY 2019-20 R2 COMPENSATION FOR DYS DIRECT CARE EMPLOYEES – DELAY

JBC ACTION AS OF 3/16/20: The Committee approved salary increases over two years for direct care employees in the Division of Youth Services beginning in FY 2019-20. The annualization of the FY 2019-20 R2 budget request is $6,273,826 General Fund in FY 2020-21.

RECOMMENDATION: Staff recommends delaying the annualization of the FY 2019-20 R2 budget request until FY 2021-22, reducing General Fund appropriations in FY 2020-21 by $6,273,826 General Fund.

KEY CONSIDERATIONS: The Division of Youth Services has experienced difficulties in recruiting and retaining qualified direct care staff for its state-owned and -operated facilities, disrupting the continuity and quality of services provided to youth. In order to address the vacancy rate of 22.7 percent in these direct care positions, the Department submitted a FY 2019-20 budget request for funding to increase direct care position salaries over two years. The approved request increased the appropriation to the Division by $8.1 million General Fund in FY 2019-20. The total cost of the budget request over two years is 14.4 million General Fund. In addition, the increases salaries for the direct care employees will result in the need for compression pay increases for supervisors in FY 2020-21 totaling $1.2 million General Fund.

If the Department has sufficient vacancy savings in FY 2020-21, salary increase may still be provided, however, this is not guaranteed. JBC Staff believes eliminating this annualization should be a last resort as the staff are providing services in institutional settings that, have not experienced, but are at risk of COVID-19 outbreaks.

➔ S4 EARLY INTERVENTION CASELOAD (FY 2019-20) – UNDO

JBC ACTION AS OF 3/16/20: The Committee approved the Department's request for $1,503,074 General Fund in FY 2019-20 and ongoing to fund anticipated caseload growth of 3.7 percent in Early Intervention Services.

RECOMMENDATION: Staff recommends the Committee consider not funding the requested caseload growth adjustment, **reducing the FY 2019-20 appropriation for the Department by $1,503,074 General Fund.** The annualization of this recommendation would also **reduce the FY 2020-21 appropriation for the Department by an equal amount of General Fund.**

KEY CONSIDERATIONS:
- No immediate health, life, or safety impact
- Does affect a vulnerable population

Other Items of Note: Pursuant to 34 CFR, Section 303.225 (b), the State is required to assure the federal government that sufficient funds have been budgeted to "at least equal" the amount of money "actually expended for early intervention services…in the most recent preceding fiscal year" for which there is actual data. This requirement applies to the total State and local funds utilized for EI services. This provision is **not** a Maintenance of Effort requirement and allows for the reduction of funding based on caseload. This provision is identified in the Code of Federal Regulations as a "prohibition against supplanting" federal funding.
- In FY 2018-19, the last year for which there is actual data, the General Assembly appropriated $60,815,817 total funds, including $39,720,428 million General Fund, for Early Intervention Services.
- In FY 2019-20, the General Assembly appropriated $67,311,990 total funds, including $41,538,022 General Fund, for Early Intervention Services.
- For FY 2020-21, the Committee approved an appropriation of $70,041,857 total funds, including $44,213,432 General Fund, for Early Intervention Services

Additional Background: The Division of Community and Family Support in the Office of Early Childhood administers the Early Intervention (EI) program, which provides services to infants and toddlers from birth through two years of age. These services are provided to infants and toddlers who have a developmental delay or disability, been diagnosed with a physical or mental condition that has a high probability of resulting in a significant delay in development, or who are living with a parent who has a developmental disability. The Early Intervention Services appropriation in FY 2019-20 is $65.8 million in total funds, including $40.0 million General Fund.

The Department of Human Services is designated as Colorado's lead agency under Part C of the Federal Individuals with Disabilities Education Act (IDEA). Intervention services are provided to eligible children and their families to enhance child development in 15 allowable areas of service that include cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, and self-help skills. The Department contracts with 20 Community Centered Boards (CCBs) to deliver these services statewide. CCBs are private corporations that can be either for-profit or not-for-profit entities. In FY 2018-19, the EI program provided one or more service-types to 9,290 infants and toddlers each month on average. Overall, caseload, or the number of children eligible for services, is driven by the volume of referrals, intake, eligibility determinations, the development of individualized family service plans, and the total number of children entering the program compared to the number exiting the program.

In response to a continuing Request for Information (RFI), the Department annually submits a report to the Joint Budget Committee on or before January 1 concerning caseload growth for Early Intervention services. The report includes information regarding:

- the total number of early intervention services performed compared to the projected amount;
- the amount of funds expended in the fiscal year from July 1 through the time period when the report is created compared to projected spending; and,
- the amount of any expected gaps between the appropriation in the Long Bill and actual expenditures.

The RFI report submitted by the Department on January 1, 2020, identifies anticipated caseload growth of 4.7 percent in FY 2019-20. In FY 2018-19, the last fiscal year for which we have complete data, the EI program served on average 9,290 infants and toddlers each month and the program has experienced an approximate 5.2 percent compound annual caseload growth rate since FY 2013-14. In FY 2016-17, caseload growth within the EI program spiked 12.9 percent; however, the Department discovered that Medicaid funding was not being fully utilized which attributed to the increase. To rectify the situation, the Department implemented new EI operating practices – including the CCB cost reimbursement methodology and requirements that providers must be enrolled in Medicaid - aimed at better managing available funding and improving program efficiencies.

EARLY INTERVENTION CASELOAD AND STATE POPULATION (0-3 YEARS OF AGE)

	STATE POPULATION[1]	STATE POPULATION GROWTH	EI AVERAGE MONTHLY ENROLLMENT	EI % OF STATE POPULATION	EI AVERAGE MONTHLY ENROLLMENT GROWTH
FY 2013-14	263,547		6,845	2.6%	
FY 2014-15	264,655	0.4%	7,250	2.7%	5.9%
FY 2015-16	266,569	0.7%	7,606	2.9%	4.9%
FY 2016-17	267,582	0.4%	8,584	3.2%	12.9%
FY 2017-18	266,378	(0.4%)	9,063	3.4%	5.6%
FY 2018-19	263,437	(1.1%)	9,290	3.5%	2.5%
FY 2019-20[2]	260,162	(1.2%)	9,702	3.7%	4.4%

[1] Data provided by the State Demography Office.
[2] Average monthly enrollment estimated by JBC staff.