This link includes the following documents:

1. Memo - Department of Human Services FTE Adjustments, March 30, 2011

2. Staff Comebacks - Department of Human Services - Low Income Energy Assistance Cash Funds Transfer, March 21, 2011.

3. Staff Comebacks - Department of Human Services - Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Child Care, Youth Corrections, March 17, 2011.

4. Memo on County Tax Base Relief and Refugee Services, March 9, 2011.

5. Figure Setting - Department of Human Services - Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Adult Assistance, February 16, 2011.

M E M O R A N D U M

TO: **Members of the Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Department of Human Services FTE adjustments**

DATE: **March 30, 2011**

On March 29, 2011, the Committee voted to eliminate 300.0 FTE from the Department of Human Services without an associated dollar reduction, on the grounds that this represented unused FTE authority pursuant to the Department of Human Services' hearing response of December 16, 2010.

Based on further communication with the Department, staff has determined:

- The Department's December 16, 2010 response compared its FY 2009-10 Long Bill to actual FY 2009-10 FTE usage. However, due to the closure of multiple units in the mental health institutes and the regional centers, many of these FTE were eliminated through supplemental action. This was not reflected in the Department's response and thus *the under-utilization was over-stated by 87.1 FTE*.

- The JBC staff recommendation and previous Committee action for FY 2011-12 incorporated adjustments to "true up" the FTE appropriation for the state and veterans nursing homes. *The reduction for the nursing homes (including eliminating Trinidad) was 142.4 FTE*, based on prior Committee action. Thus, any excess FTE in that line item has already been eliminated. Previous Committee action also reduced other unused FTE (with dollars attached), *e.g.*, in the Executive Director's Office.

- Some of the FTE discrepancy in FY 2009-10 was due to one-time: (1) hiring freezes associated with department downsizing and associated "bumping"; and (2) furlough days. The discrepancy between actual and appropriated FTE was considerably smaller in FY 2008-09, particularly for Services for People with Disabilities (the regional centers) and Mental Health and Alcohol and Drug Abuse Services (the mental health institutes).

In light of the above, **staff believes a reduction of 125.0 FTE is a more realistic figure**. The table below provides corrected FY 2009-10 appropriation-to-actual figures and FY 2011-12 recommendation figures. *Note that for the Department as a whole, as well as the mental health and disabilities divisions, the FY 2011-12 Long Bill appropriation, even prior to removing further unfunded FTE, is below the FY 2009-10 actual FTE.*

Department of Human Services FTE						
	FY 2009-10			FY 2011-12		
	Final appropriation	Actual	Difference	Long Bill Prior to Eliminating Unfunded FTE	Remove Unfunded FTE	Revised Long Bill Recommended
Executive Director's Office	149.6	128.0	(21.6)	145.5	(5.0)	140.5
Information Technology Services	163.3	154.4	(8.9)	0.0	0.0	0.0
Office of Operations	465.3	446.6	(18.7)	455.4	(13.0)	442.4
Child Welfare	49.5	41.5	(8.0)	57.0	0.0	57.0
Child Care	65.8	60.0	(5.8)	66.0	0.0	66.0
Self Sufficiency	289.0	252.2	(36.8)	256.2	(10.0)	246.2
Mental Health and ADAD Services	1,333.2	1,265.9	(67.3)	1,252.6	(37.0)	1,215.6
Services for People with Disabilities	1,945.3	1,817.3	(128.0)	1,753.8	(60.0)	1,693.8
Aging and Adult Services	28.5	21.7	(6.8)	28.5	0.0	28.5
Division of Youth Corrections	1,001.6	974.5	(27.1)	993.7	0.0	993.7
Total	5,491.1	5,162.1	(329.0)	5,008.7	(125.0)	4,883.7

Specific line items staff would recommend adjusting are outlined below.

FTE Reductions by Line Item	
Line Item	**FTE**
Executive Director's Office, Special Purpose, Employment and Regulatory Affairs	5.0
Office of Operations, Personal Services	13.0
Office of Self Sufficiency, Disability Determination Services	10.0
Mental Health and Alcohol and Drug Abuse Services, Administration, Federal Programs and Grants	5.0
Mental Health and Alcohol and Drug Abuse Services, Mental Health Institute - Ft. Logan	20.0
Mental Health and Alcohol and Drug Abuse Services, Mental Health Institute - Pueblo	12.0
Services for People with Disabilities, Regional Centers	40.0
Services for People with Disabilities, Vocational Rehabilitation - General Fund Match	13.0
Services for People with Disabilities, Vocational Rehabilitation - Local Funds Match	7.0
TOTAL	125.0

If the JBC wishes to take a larger FTE reduction, staff would recommend entirely eliminating the FTE amounts for the state and veterans nursing homes (531.0 FTE) and/or Disability Determination Services (121.7 FTE after adjustments above), as the associated dollars are shown for informational purposes and thus FTE are not significant in setting related budget amounts. However, to the extent the Long Bill is used to inform the General Assembly and members of the public of the functions for which state employees are used, information related to state FTE employment in these programs would no longer be visible. Staff suggests that, if the Committee wishes to take such action, similar adjustments be made consistently across departments and programs (which staff believes would be better undertaken as a project for FY 2012-13).

M E M O R A N D U M

TO: **Members of the Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff, 303-866-4961**

SUBJECT: **Low Income Energy Assistance Cash Funds Transfer**

DATE: **March 21, 2011**

Summary: During Figure Setting for the Department of Human Services, Office of Self Sufficiency on February 16, 2011, staff recommended that the Committee transfer Severance Tax Funds allocated for the FY 2010-11 Low Income Energy Assistance Program back to the General Fund. The Committee members present (four of six) approved the staff recommendation, but staff has been unable to confirm a vote when all six members were present. This action requires all six members, as it involves a bill.

Figure Setting Recommendation: As indicated in the staff figure setting document:

> For FY 2010-11, $3.25 million is again allocated for the program pursuant to current statute. However, given the federal LIHEAP grant received, the fact that this program was listed as an optional cut on the JBC cut list, and that the Department believes it has sufficient funds to cover 100 percent of estimated heating costs for the caseload at current energy prices, *the Department elected to set grant levels assuming these Severance Tax Funds would **not be** available. Therefore, the $3.25 million is not anticipated to be needed for LEAP in FY 2010-11.* The Department has indicated that if this funding is not removed from the budget, it will transfer $3.25 million from the LIHEAP block grant to the weatherization program in the Governor's Office (as permitted under federal rules). **Staff recommends that the Committee sponsor a bill to transfer the $3.25 million FY 2010-11 LEAP Severance Tax allocation to the General Fund.**

Additional Information from Figure Setting:
Background on LEAP: Section 26-2-122.5, C.R.S., authorizes the Department to accept and administer funds related to low income energy assistance. The Low Income Energy Assistance Program (LEAP) provides energy subsidies to low income households. "Low income" for this program is defined as 185 percent of the federal poverty level. The majority of funding is used to help cover heating bills for low income individuals for the cold-weather months of the year and to avoid heating shut-offs. Additionally, a portion of funding is directed to assist low-income individuals facing a heating system emergency (*e.g.*, a furnace failure) and to fund heating system repairs. Counties assist applicants and accept and forward applications to the Department; home energy subsidy levels are established centrally by the Department. For FY 2010-11, the program

anticipates an average total benefit of $440.

Most of the funding derives from the federal Low Income Home Energy Assistance Program (LIHEAP) block grant. This block grant is considered a federal custodial funding source and related amounts are shown in the Long Bill for informational purposes only. Amounts available from the LIHEAP block grant and associated federal contingency funds have been highly variable, ranging from $33.1 million in FY 2006-07 to $71.4 million in FY 2008-09. Energy Outreach Colorado (EOC), a non-profit, also forwards funding to the LEAP program. The EOC moneys are from utilities from unclaimed overpayments and security deposits. Finally, Severance Tax and Temporary Assistance to Needy Families block grant funds (state-appropriated federal funds) have been used to support the LEAP program.

Low Income Energy Assistance Program				
Fiscal Year	**Actual/Estimated Expenditures**	**Percent Change Expenditures**	**Actual/Estimated Caseload**	**Percent Change Caseload**
2005-06	$69,947,472	56.3%	107,099	not available
2006-07	$46,426,404	-33.6%	93,487	-12.7%
2007-08	$52,286,937	12.6%	92,360	-1.2%
2008-09	$73,216,811	40.0%	105,718	14.5%
2009-10	$77,409,173	5.7%	123,388	16.7%
2010-11*	$53,971,318	-30.3%	130,000	5.4%

*Total excludes Severance Tax allocation, as Department has established grant levels excluding these funds.

Program Utilization: As reflected in the table, the caseload for this program increased sharply in FY 2008-09 and FY 2009-10. However, FY 2009-10 final caseload figures were at the lower range of the FY 2009-10 estimate. The Department continues to project growth for FY 2010-11, but at a much slower rate. Thus, **consistent with trends reflected elsewhere in this packet (*e.g.*, for Food Assistance and TANF) the growth in demand for public assistance appears to have slowed significantly.**

Severance Tax Funding: House Bill 08-1387 changed the mechanism by which Severance Tax funds were allocated for energy assistance from an annual appropriation to a statutory allocation. The resulting statute allocated a total $13.0 million between this program, an energy assistance program in the Governor's Office, and for Energy Outreach Colorado. In years in which the Operational Account has sufficient moneys to support the full amount of the transfers, $3.25 million goes to this program. No appropriation is required.

For FY 2009-10, statutory change first lowered the LEAP allocation to $1.65 million. This amount was subsequently eliminated entirely via a JBC bill, in response to increased funding from the TANF block grant for FY 2009-10 and higher-than-anticipated federal LIHEAP block grant levels.

LEAP Budget for FY 2010-11: The table below reflects an estimate of funding available for the program and how it will be allocated between administration and outreach, the Crisis Intervention Program (furnace repairs), transfer to the Governor's Energy Office for weatherization (up to 15 percent of the LIHEAP grant may be transferred by the Governor under federal law), and the Low Income Energy Assistance Program (home energy subsidies).

FY 2010-11 LEAP Budget

Source	Total Allocation	Admin/ Outreach	Transfer to GEO for Weatherization*	LEAP
LIHEAP Block Grant	$50,773,152	$5,077,315	$3,250,000	$42,445,837
LIHEAP Contingency	6,417,201	641720	0	5,775,481
TANF Block Grant	1,500,000	0	0	1,500,000
Severance Tax Allocation**	3,250,000	0	0	3,250,000
Energy Outreach Colorado	1,000,000	0	0	1,000,000
TOTAL	$62,940,353	$5,575,000	$3,250,000	$53,971,318

* The Governor may transfer up to 15% of the Block Grant to weatherization services.

** The Department has indicated that it does not expect to spend the $3.25 million FY 2010-11 Severance Tax allocation for LEAP in FY 2010-11; however, it is reflected based on current statute. As a result, a weatherization transfer of LIHEAP funds is assumed. This will not occur in the absence of Severance funding.

M E M O R A N D U M

TO: **Members of the Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Staff Comebacks - Department of Human Services - Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Child Care, Youth Corrections**

DATE: **March 17, 2011**

<u>RECOMMENDATIONS FOR SUBSTANTIVE CHANGES</u>

County Administration, County Tax Base Relief - CTBR Budget Reduction Feasible for FY 2010-11: Based on actual expenditures for County Tax Base Relief, Tier I in FY 2009-10, **staff recommends a reduction of $101,854 General Fund in FY 2010-11 for County Tax Base Relief.** The current appropriation for this line item is $2,700,688 General Fund, but only $2,598,834 was required for Tier I Tax Base Relief in FY 2010-11. Because statute specifies that only Tier I is authorized for FY 2009-10, FY 2010-11, and FY 2011-12, *the Department will revert any unused dollars to the General Fund if the appropriation is not reduced* consistent with the expenditure need.

Staff also requests permission to share an early bill draft for the County Tax Base Relief bill with counties and the Department so that the version brought to the JBC is ready for introduction.

Office of Self Sufficiency, Colorado Works, Colorado Works Evaluations: For FY 2011-12, staff recommended, and the Committee approved, eliminating this line item entirely, in light of the fact that the Department had failed to submit the FY 2010-11 report associated with this funding prior to the staff figure setting presentation. At the time, it was not clear to staff whether or not a report would be submitted. The Department has now submitted the report. In light of this, the Committee may wish to consider reinstating some funding. This line item was previously set (and requested) at $350,000 federal Temporary Assistance to Needy Families (TANF) funds. Given the overall constraints on TANF funding, staff believes a reduction is appropriate. However, staff also notes that this is one of the few mechanisms by which the State is able to gather and provide information on the various kinds of services and effectiveness of the Colorado Works program as it is implemented in each individual county. **Staff therefore recommends an appropriation of $175,000 federal TANF block grant funds (half of the prior amount) for FY 2011-12.**

New and Modified Requests for Information: Staff recommends the following Request for Information in the Division of Youth Corrections be **<u>modified</u>**, given the reductions in the youth corrections appropriation. (Staff previously recommended that this request be continued in its prior form.)

7. **Department of Human Services, Division of Youth Corrections, Community Programs, S.B. 91-94 Programs and Parole Program Services** -- The Division is requested to provide a report to the Joint Budget Committee by November 1 of each year concerning the continuum of care initiative and the impact of budgetary flexibility. This report should include the following information: (1) the amount of funds transferred to these line items in THE prior actual fiscal ~~years~~ YEAR based on flexibility provided in the Youth Corrections budget; (2) the type of services purchased with funds transferred; AND (3) the number of youth served with such ~~expenditures;~~ EXPENDITURES. ~~(4) the impact of such expenditures; and (5) an evaluation of the effectiveness of budgetary flexibility in reducing the need for commitment and secure detention placements.~~

<u>Comment</u>: Currently, the committee requests two reports on Youth Corrections program effectiveness. The staff recommendation is to continue to request one of these reports that asks the Department to "provide outcome data on the effectiveness of its programs." However, staff believes the Continuum of Care report on effectiveness is no longer needed. Staff notes: (1) The Department now describes the Continuum as permeating its entire approach to serving youth. As a result, separating out "Continuum" expenditures from other expenditures is not necessarily productive; (2) due to the economic situation, much of the additional funding and flexibility originally authorized under the Continuum has been eliminated; and (3) some of the data included in the November Continuum report is subsequently updated in January and these updates have provided a significantly different picture (particularly with respect to recidivism). To the extent that some of the data now in the Continuum report expands upon information in the Outcomes report, staff hopes that the Department will include some of this additional data in its annual January Outcomes analysis. Staff recommends maintaining the portion of the request that asks the Department to describe whether and how it has used budgetary flexibility provided.

Staff recommends the following request be **<u>added</u>**:

> **Department of Health Care Policy and Financing, Executive Director's Office; and Department of Human Services, Division of Child Welfare and Division of Youth Corrections** -- The Departments are requested to submit a report by November 1, 2011on the feasibility of refinancing multi-systemic therapy, functional family therapy, and similar intensive, evidence-based therapies that support family preservation and reunification for youth involved in the child welfare and youth corrections systems. The report is specifically requested to examine whether related General Fund expenditures could be refinanced with Medicaid funds for qualifying youth and families and whether this could be done in a manner that would not drive an overall increase in Medicaid costs.

<u>Comment</u>: Staff has for some time believed that there may be a potential for refinancing certain mental health therapies for which the State currently pays solely General Fund. As shown, the request is for the Departments of Human Services and Health Care Policy and Financing to jointly

explore options in this arena. Staff believes this has become particularly important as the state shifts from out-of-home to in-home services for youth involved in the child welfare system and those diverted from youth corrections placements. In the event the Departments conclude that some refinance may be feasible, the Departments and staff would then examine the best mechanism for achieving this.

TECHNICAL ITEMS

Executive Director's Office, Short-term Disability, AED, and SAED: Staff requests permission to make minor additional adjustments to the calculations for short-term disability, S.B. 04-457 Amortization Equalization Disbursement and S.B. 06-235 Supplemental Amortization Equalization Disbursement based on an adjustment to the base to more accurately account for the impact of facility closures in FY 2009-10. Staff previously used a salary base of $210,588,859 for these calculations. Staff now recommends using a base of $209,346,012. The combined impact of the change on these three line items is a reduction to the total appropriation required of $64,964 total funds and $46,300 net General Fund among the three line items. Revised recommendations for these line items are reflected below. *This does not include any adjustments related to the proposed closure of the CIRCLE program.*

Short-term Disability	$371,031
General Fund	227,665
Cash Funds	6,563
Reappropriated Funds	80,978
Federal Funds	55,825
For Information Only	
Medicaid Reappropriated Funds	72,562
Medicaid - General Fund therein	36,282
Net General Fund	263,947
S.B. 04-257 Amortization Equalization Disbursement	5,874,762
General Fund	3,606,826
Cash Funds	103,819
Reappropriated Funds	1,281,013
Federal Funds	883,104
For Information Only	
Medicaid Reappropriated Funds	1,147,875
Medicaid - General Fund therein	573,944
Net General Fund	4,180,770
S.B. 06-235 Supplemental Amortization Equalization Disbursement	4,724,702
General Fund	2,902,253
Cash Funds	83,425
Reappropriated Funds	1,029,385
Federal Funds	709,639
For Information Only	

Medicaid Reappropriated Funds	922,400
Medicaid - General Fund therein	461,205
Net General Fund	3,363,458

Office of Operations, Personal Services Fund Splits: The staff recommendation in the numbers pages for the Office of Operation placed a fund split adjustment associated with the FY 2010-11 supplemental bill in incorrect rows, resulting in an over-statement of General Fund and reappropriated funds and an under-statement of cash funds. The fund splits in the WordPerfect document were correct. The total recommendation **including** the 1.0 percent personal services reduction and the closure of the TRCCF at Fort Logan (actions adopted after the February 16, 2011 staff figure setting presentation) is for $22,387,893, including $14,160,712 General Fund. *This does not include any adjustments related to the proposed closure of the CIRCLE program.*

Personal Services	$22,387,893
FTE	446.0
General Fund	12,682,976
Cash Funds	1,928,966
Reappropriated Funds	5,881,498
Federal Funds	1,894,453
For Information Only	0
Medicaid Reappropriated Funds	2,945,220
Medicaid - General Fund therein	1,477,736
Net General Fund	14,160,712

Division of Youth Corrections, Purchase of Contract Placements fund splits - FY 2011-12: The staff calculation for the Purchase of Contracts placement line item used the Department's request figure as an estimate of federal Title IV-E funds to be received for this line item. Based on further discussion with the Department, staff recommends that this figure be adjusted commensurate with the use of the Division of Criminal Justice commitment forecast included in the staff recommendation. This reduces the estimated number of youth eligible for Title IV-E claiming from 50.2 to 43.4 youth and the total amount of associated Title IV-E revenue from to $896,039. This adjustment drives an additional General Fund appropriation of $140,393 for this line item to compensate for the reduction in estimated federal revenue. The revised recommendation for the line item is reflected below.

Youth Corrections, Purchase of Contract Placements, FY 2011-12 - Revised Fund Splits	
Total	$27,460,013
General Fund	25,443,373
Medicaid CF	1,120,601
Federal Funds	896,039
Net GF	26,003,674

Division of Youth Corrections - Detention Cap Bill: Staff requests permission to make minor refinements to the fiscal impact and appropriations clause in the detention cap bill the Committee has requested be drafted. In particular, the Department's estimates of the fiscal impact to centrally-appropriated line items (notably shift differential) may need to be modified based on current JBC common policy. Based on action thus far, the JBC vote reflects estimated savings of $1,151,138 General Fund and 10.0 FTE associated with a reduction of 57 detention beds in FY 2011-12.

Division of Child Care - Clarification on Action:
*Child Care Administration**:*** There was a $19,438 mis-match between figures in the numbers pages and the narrative during the staff figure setting presentation on March 9, 2011. Figures in the numbers pages correctly incorporated the one-time FY 2010-11 personal services reduction in the base; those in the narrative did not. As reflected in the numbers pages, the recommendation was for $6,467,004 total funds, including $2,205,189 General Fund.

Division of Child Care, School Readiness Quality Improvement: There was a $723 mis-match between figures in the numbers pages and the narrative during the staff figure setting presentation on March 9, 2011. Figures in the numbers pages correctly included the 1.5 percent common policy reduction for personal services and those in the Narrative did not. As reflected in the numbers pages, the staff recommendation is for $2,226,745 federal funds and 1.0 FTE.

Division of Youth Corrections Footnotes
The following footnotes are consistent with previous Committee action on the Division of Youth Corrections; however, the Committee has not yet seen the following language.

Staff recommends the following language for **new footnotes** to be included in the *supplemental appropriation for FY 2010-11*:

N **Department of Human Services, Division of Youth Corrections, Community Programs, Purchase of Contract Placements** -- The appropriation in this line item is calculated based on the assumption that secure facilities operated by the Department will house youth at 100 percent of capacity for 9 months and 110 percent of capacity for 3 months.

N **Department of Human Services, Division of Youth Corrections** -- It is the intent of the General Assembly that, to facilitate the placement of youth in the most appropriate residential setting, General Fund appropriations to the Division of Youth Corrections may be transferred from the following sections and line items to the Community Programs, Purchase of Contract Placements line item: Administration Section (all line items), Institutional Programs Section (all line items), and Community Programs, Personal Services, Operating Expenses, and Parole Program Services line items.

Staff recommends the following language for **<u>a new footnote</u>** for *FY 2011-12*:

<u>N</u> **Department of Human Services, Division of Youth Corrections, Institutional Programs; and Community Programs, Purchase of Contract Placements --** It is the intent of the General Assembly that General Fund appropriations may be transferred between line items in the Institutional Programs section and the Purchase of Contract Placements line item to facilitate the placement of youth in the most appropriate residential setting.

<u>ADDITIONAL INFORMATION</u>

Child Care quality programs - additional information. Staff created some confusion by conflating the Department's "revisioning" of quality improvement that might be incorporated into child care licensing with the quality improvement funded through the School Readiness Quality Improvement program. The following is additional information on the Division of Child Care's various quality improvement line items and initiatives.

Staff had indicated to the Committee that up to $3.5 million in additional cuts could be taken to quality programs while still complying with federal requirements on the portion of funds that must be devoted to quality efforts. *While staff has included the following for clarity, if the Committee wishes to take a child care program cut beyond the level recommended by staff ($500,000 to child care councils, in addition to $500,000 previously reduced from the Councils), staff recommends that the Committee consider a cut to the Child Care Assistance Program line item in lieu of further cuts to quality programs*. This is simply because a cut of $2.0 million (for example) will have a proportionately much smaller impact on the $74 million child care assistance program line item than on any of the line items below.

<u>Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements</u> ($3,473,633 federal funds): This line item supports various efforts consistent with the federal requirement that a portion of block grant funds be targeted to quality expansion, infant-toddler programs, and school age or resource and referral programs. The largest single share (about $1.0 million) goes to support resource and referral organizations to help families in each community find child care programs. Funding is also used for curriculum development for courses on early childhood care and education and for scholarships for early childhood providers (requires specific additional commitments from teachers and employers). Some of the funding is distributed via the Qualistar organization, some through Early Childhood Councils (described below), and some goes to the Community College of Denver and the University of Colorado at Denver for development of curricula for early childhood programs and to run a required course on care of infants and toddlers.

Feasibility of Reductions: Although the total amount in the line item is structured around current federal "targets", many of the Department's other quality programs could substitute for these "target" amounts. Further, funding in this line item is comprised of multiple initiatives. Therefore, if the Committee wishes to make further cuts to quality funding, there may be more flexibility in the funding in this line item than in (for example) the School Readiness line item.

Early Childhood Councils: ($1,978,317 federal funds per Committee action) As outlined in Section 26-6.5-103, et. seq., the early childhood councils are regional entities intended to improve and sustain the availability, accessibility, capacity, and quality of early childhood services throughout the State. Councils must include representation from local government, child care providers, health care agencies, parents of young children, mental health, child care resource and referral agencies, and other family support and parent education entities. Councils typically have a small part- or full-time staff and are responsible for developing and implementing regional plans for improving child care. Other state and local funding for child care quality improvement is often funneled through these agencies.

School Readiness Quality Improvement Program ($3,473,633 federal funds): This program provides technical assistance to daycare centers and preschools that feed into under-performing elementary schools. Applications are submitted by each region's early childhood council or similar entity[1]. The daycare centers and preschools receive an initial evaluation (ratings of 0 to 4 star) and then technical assistance (via the Qualistar organization) to improve their quality over a 3 year period. The program served 6,750 children in 464 classrooms in the last grant cycle, and had a significant impact on participating preschools.

Feasibility of Reductions: Pursuant to Section 26-6.5-106 (3),C.R.S., "...funding shall be awarded...subject to available federal funding. Nothing in this section or in any rules promulgated pursuant to this section shall be interpreted to create a legal entitlement in any early childhood care and education council to school-readiness quality improvement funding pursuant to the program..." However, because this program provides support for facilities on a three-year cycle, a large cut for FY 2011-12 would interrupt the program mid-stream.

Concerns Related to Program Cost - staff correction: Ongoing support for programs that have completed the technical assistance cycle is not as large a problem as staff had originally indicated in verbal remarks during figure setting: some preschools are funded for a second 3-year cycle and virtually all are able to receive other outside grants to continue ratings and support in subsequent years. There is, however, a problem that, due to its cost, this program only touches a limited number of facilities. The Department is therefore looking at how to incorporate quality (at least up to quality level 1 or 2) more fully into its licensing processes to affect more facilities. The Department's

[1]If the region does not have an early child council, a new entity may be formed for this purpose.

system change efforts are ***unlikely*** to substantially change the current School Readiness Quality Improvement Program. Instead, *they would affect the Licensing and Administration line item*. The Department is currently in the middle of its process of examining this issue.

County Tax Base Relief - New Formula. As requested by the Committee, staff has attached a spreadsheet that compares the impact of the new county tax base relief formula previously approved by the Committee (new legislation) with the distribution of county tax base relief dollars using the previous requirement that, if dollars were not sufficient to fund a tier, amounts should be "prorated." Staff has also included a table (below) that staff believes served as the basis for the Committee's original request to see whether a new formula could be developed to distribute funds based on need when there was not a large enough appropriation to fully fund a tier.

County Tax Base Relief FY 2009-10 Distribution

County	County Share of Social Services Expenditures	Property Taxes Generated at 3.0 Mils	County Tax Base Relief per Formula - Tier I	Formula as percentage of County Share of expenditures
Alamosa	949,099	384,470	423,471	44.6%
Bent	286,273	164,530	91,307	31.9%
Conejos	370,028	144,240	169,341	45.8%
Crowley	208,289	104,950	77,504	37.2%
Fremont	1,376,496	1,288,581	65,935	4.8%
Lincoln	289,472	210,435	59,278	20.5%
Logan	747,347	607,543	104,849	14.0%
Otero	742,660	344,408	298,689	40.2%
Prowers	577,653	374,969	137,013	23.7%
Pueblo	5,085,519	3,649,111	1,077,306	21.2%
Rio Grande	551,686	513,581	28,579	5.2%
Saguache	259,286	171,870	65,562	25.3%
TOTAL	**n/a**	**n/a**	**2,598,834**	**n/a**

Target Percentage = percentage of county share funded by property tax @ specified mills plus CTBR

Formula: G7/E7

Formula: If(H7<I2, ((I2-H7)*E7),0)

Formula: I1-k1

	A	E	F	G	H	I	J	K
1					State Funding	$ 1,000,000		$ 1,000,000
2					Target Percentage	74.86%		$ 0
3					Mills	0.003		
4								
5	**FIPS-County**	**CALCULATED COUNTY SHARE FOR FINAL DISTRIBUTION**	**ASSESSED VALUATION CALENDAR YEAR 2008**	**PROPERTY TAXES GENERATED**	**Ratio**	**COUNTY TAX BASE RELIEF PER NEW FORMULA - State Funding**		**Comparison - COUNTY TAX BASE RELIEF PER OLD FORMULA - TIER I (FY 2009-10 calculation prorated to $1.0 million)**
6	001 Adams	11,174,575.63	4,527,197,700.00	13,581,593	122%	0		0
7	003 Alamosa	949,098.53	128,156,580.00	384,470	41%	326,028		162,947
8	005 Arapahoe	10,078,252.57	7,634,682,450.00	22,904,047	227%	0		0
9	007 Archuleta	248,817.58	355,978,720.00	1,067,936	429%	0		0
10	009 Baca	172,782.73	69,707,001.00	209,121	121%	0		0
11	011 Bent	286,272.82	54,843,282.00	164,530	57%	49,775		35,134
12	013 Boulder	5,795,434.05	5,573,284,680.00	16,719,854	289%	0		0
13	015 Chaffee	374,724.45	328,849,220.00	986,548	263%	0		0
14	017 Cheyenne	36,653.27	144,830,788.00	434,492	1185%	0		0
15	019 Clear Creek	282,874.80	355,936,130.00	1,067,808	377%	0		0
16	021 Conejos	370,028.23	48,080,091.00	144,240	39%	132,764		65,160
17	023 Costilla	237,426.65	113,119,882.00	339,360	143%	0		0
18	025 Crowley	208,289.10	34,983,490.00	104,950	50%	50,975		29,823
19	027 Custer	70,205.52	88,003,250.00	264,010	376%	0		0
20	029 Delta	723,182.58	300,943,290.00	902,830	125%	0		0
21	031 Denver	23,677,919.38	10,660,627,490.00	31,981,882	135%	0		0
22	033 Dolores	49,425.15	52,203,177.00	156,610	317%	0		0
23	035 Douglas	1,173,543.49	4,513,520,560.00	13,540,562	1154%	0		0
24	037 Eagle	543,777.03	3,155,583,110.00	9,466,749	1741%	0		0
25	039 Elbert	406,465.06	275,975,331.00	827,926	204%	0		0
26	041 El Paso	13,491,772.39	6,489,749,120.00	19,469,247	144%	0		0
27	043 Fremont	1,376,495.07	429,527,061.00	1,288,581	94%	0		25,371
28	045 Garfield	1,164,841.69	2,859,519,340.00	8,578,558	736%	0		0
29	047 Gilpin	137,024.89	346,629,880.00	1,039,890	759%	0		0
30	049 Grand	157,195.78	804,415,380.00	2,413,246	1535%	0		0
31	051 Gunnison	278,991.35	770,129,810.00	2,310,389	828%	0		0
32	053 Hinsdale	11,856.62	52,159,770.00	156,479	1320%	0		0
33	055 Huerfano	311,041.54	114,117,470.00	342,352	110%	0		
34	057 Jackson	33,168.40	31,753,800.00	95,261	287%	0		0
35	059 Jefferson	8,922,044.62	7,290,731,100.00	21,872,193	245%	0		0
36	061 Kiowa	86,638.80	33,137,460.00	99,412	115%	0		
37	063 Kit Carson	148,140.34	108,558,491.00	325,675	220%	0		0
38	065 Lake	212,515.29	93,836,044.00	281,508	132%	0		0
39	067 La Plata	913,450.01	2,885,995,180.00	8,657,986	948%	0		0
40	069 Larimer	5,778,122.15	3,985,511,407.00	11,956,534	207%	0		0
41	071 Las Animas	551,041.23	620,687,810.00	1,862,063	338%	0		0
42	073 Lincoln	289,471.82	70,144,845.00	210,435	73%	6,265		22,809
43	075 Logan	747,341.09	202,514,330.00	607,543	81%	0		40,344
44	077 Mesa	4,243,591.60	1,778,435,310.00	5,335,306	126%	0		0
45	079 Mineral	3,395.08	29,686,020.00	89,058	2623%	0		0
46	081 Moffat	350,518.21	474,028,790.00	1,422,086	406%	0		0
47	083 Montezuma	545,802.84	456,712,966.00	1,370,139	251%	0		0
48	085 Montrose	1,161,989.59	553,473,075.00	1,660,419	143%	0		0
49	087 Morgan	1,030,633.14	378,802,800.00	1,136,408	110%	0		0
50	089 Otero	742,659.78	114,802,669.00	344,408	46%	211,549		114,932
51	091 Ouray	72,312.37	194,401,250.00	583,204	807%	0		0
52	093 Park	204,727.51	412,105,140.00	1,236,315	604%	0		0

Target Percentage = percentage of county share funded by property tax @ specified mills plus CTBR

Formula: G7/E7

Formula: If(H7<I2,((I2-H7)*E7),0)

Formula: I1-k1

	A	E	F	G	H	I	J	K
1					State Funding	$ 1,000,000		$ 1,000,000
2					Target Percentage	74.86%		$ 0
3					Mills	0.003		
4								
5	**FIPS-County**	**CALCULATED COUNTY SHARE FOR FINAL DISTRIBUTION**	**ASSESSED VALUATION CALENDAR YEAR 2008**	**PROPERTY TAXES GENERATED**	**Ratio**	**COUNTY TAX BASE RELIEF PER NEW FORMULA - State Funding**		**Comparison - COUNTY TAX BASE RELIEF PER OLD FORMULA - TIER I (FY 2009-10 calculation prorated to $1.0 million)**
53	095 Phillips	112,700.56	48,117,580.00	144,353	128%	0		0
54	097 Pitkin	125,761.66	2,726,650,670.00	8,179,952	6504%	0		0
55	099 Prowers	557,652.56	124,989,720.00	374,969	67%	42,491		52,721
56	101 Pueblo	5,085,518.80	1,216,370,410.00	3,649,111	72%	157,921		414,534
57	103 Rio Blanco	200,081.04	712,444,241.00	2,137,333	1068%	0		0
58	105 Rio Grande	551,686.47	171,193,660.00	513,581	93%	0		10,997
59	107 Routt	246,191.06	1,093,543,020.00	3,280,629	1333%	0		0
60	109 Saguache	259,286.31	57,289,899.00	171,870	66%	22,233		25,228
61	111 San Juan	19,444.47	55,047,440.00	165,142	849%	0		0
62	113 San Miguel	97,211.05	904,042,430.00	2,712,127	2790%	0		0
63	115 Sedgwick	70,889.66	32,752,650.00	98,258	139%	0		0
64	117 Summit	263,230.87	1,564,057,110.00	4,692,171	1783%	0		0
65	119 Teller	645,308.97	448,652,329.00	1,345,957	209%	0		0
66	121 Washington	152,362.78	110,931,839.00	332,796	218%	0		0
67	123 Weld	6,366,854.48	4,468,462,470.00	13,405,387	211%	0		0
68	125 Yuma	252,076.54	300,317,150.00	900,951	357%	0		0
69	159 Broomfield	775,604.29	1,027,679,970.00	3,083,040	398%	0		0
70	TOTAL	115,608,393.39	85,060,615,128	255,181,845	221%	1,000,000		1,000,000

M E M O R A N D U M

TO: **Members of the Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **County Tax Base Relief Bill and Refugee Services**

DATE: **March 9, 2011**

During the staff figure setting on February 16, 2011 for the Department of Human Services - Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, and Adult Assistance, the Committee requested that staff follow up on two issues: (1) a new formula for County Tax Base Relief, so that the $1.0 million General Fund approved by the JBC could be divided among the County Tax Base Relief counties based on need; and (2) the potential for a reduction to the appropriation of federal Temporary Assistance to Needy Families (TANF) block grant funds for Refugee Service.

County Tax Base Relief (CTBR) - Recommendation on New Legislation

Background: County Tax Base Relief assists counties with the highest costs and lowest property tax values in meeting their obligations for social services costs. The current county tax base relief formula was established through H.B. 08-1250. The base for calculation of eligibility is all mandated public assistance programs that have a county share and that appear in the Long Bill, pursuant to Section 26-1-126 (1.5), C.R.S. The calculation is based on the county share required under statute and Long Bill appropriations. This is compared to county property tax revenue available based on three fixed mill levy thresholds – 3.0 mills (Tier I), 2.5 mills (Tier II), and 2.0 mills (Tier III). For FY 2009-10 through FY 2011-12, only Tier I is in effect.

The following is an example of the Tier I eligibility calculation. Assume a county has a calculated county share of $150,000, and that the property tax valuation generates $30,000 per mill levied. The formula for the Tier I shortfall is as follows:

	$150,000	total calculated costs
-	90,000	generated by 3.0 mills
=	60,000	Tier I shortfall
x 0.75 =	45,000	County Tax Base Relief Allocation (75 percent of shortfall)

The Executive has requested that County Tax Base Relief be eliminated in FY 2011-12, but the JBC has voted to retain $1.0 million. The estimated cost for fully funding Tier I CTBR is $2.6 million, so the total funds available do not fully fund the Tier I calculation. Under the current statute, if funding is not sufficient to fully fund a Tier, the funding available is to be distributed on a proportionate basis.

Activity in the Last Three Weeks:

- Staff developed a formula that is designed to ensure each qualifying county has the same share of its total need met though a combination of CTBR dollars and local property tax revenue, and Legislative Council staff assisted in turning this into an optimization model for distribution of funds. Staff then met with key counties, Department of Human Services staff, and Legislative Legal Services staff to review the results of the model and obtain input on the proposal. Those present at the meeting agreed that the CTBR formula described in the spreadsheet was a reasonable way to distribute funds when a CTBR tier is not fully funded. (The Executive Branch does not have a formal position on new CTBR legislation at this point, as it had requested all CTBR funding be eliminated; however, there did not seem to be any technical objections to the proposed approach.)

- As for the current CTBR formula, the new formula compares a county's share of human services cost (same as in the current CTBR formula) with county funds available (as defined by the revenue that could be earned at 3.0 mills on its property tax base for Tier I-same as current CTBR formula). The difference is that this formula distributes the available state CTBR funding so that all counties have the same *proportion* of their overall costs met through the combination of their property taxes available and state CTBR funds.

- As reflected in the attached spreadsheet, using the FY 2009-10 county share of costs/funds available data, with $1.0 million total to distribute, *all of the CTBR tier I counties would have had 74.86 percent of their total need met through a combination of their 3.0 mill levy and CTBR funds*. (Actual distributions for FY 2011-12 would be somewhat different, based on updated property tax and county share data.) This approach does *not* exclude "large counties" (i.e., Pueblo), although Pueblo would receive a smaller share of the $1.0 million than the current formula provides

Staff Recommendation: Based on county feedback, **the staff recommendation is to current CTBR formula should be retained, but that a new "needs based" formula should take effect when a tier is not fully funded**. The portion of the statute staff recommends modifying is Section 26-1-126 (4), C.R.S. The current language reads as follows:

> "(4) (a) Except as provided in paragraph (b) of subsection (2.1) of this section, in the event appropriations are insufficient to cover advancements from one or more tiers as provided for in this section, the advancements from a tier from which appropriations are insufficient to cover all advancements from that tier shall be prorated on the basis of total claims submitted in proportion to moneys available. As moneys are advanced, any adjustments shall be made from subsequent payments for this purpose."

In lieu of this, proposed new language would specify:

> If appropriations are insufficient to fund a tier, funds will be distributed so that all counties have the same proportion of their overall need met. "County need" is based on the current CTBR definition (county share of human services appropriations) and "funds available to meet the need" is defined as the sum of taxes that would be generated on the county's property tax base by a specified number of mills (3.0, 2.5, or 2.0 depending upon the CTBR tier) plus available CTBR funding**.**

Staff has spoken with Legislative Legal Services staff about some possible language. **If the Committee wishes to proceed with a bill, staff anticipates that a draft could be presented quickly**.

Refugee Services: The Committee requested further information on the potential for reducing Temporary Assistance to Needy Families block grant appropriations for Refugee Services, in light of a slowing rate of growth in the refugee population and the shortage of TANF dollars. The FY 2010-11 appropriation of TANF funds for refugee social services was $2,805,334. At present, both the number of refugees and federal funding available for FY 2011-12 is uncertain.

Staff has spoken with the Department about a potential reduction to the TANF funding. *According to Department staff, a reduction in funding would simply result in a transfer of expenses to counties.* Although total social services funding per refugee is presently considerably higher than in prior years, the Department indicates that due to the requirement that the State provide TANF services for the population, it is providing kinds of services it was never required to provide in the past. As a result, prior year spending for refugee social services is not comparable.

In light of this, **the staff recommendation would be to retain funding at the current $2.8 million TANF funding level for the present but to continue to monitor funding for a potential reduction in the future, depending upon the flow of refugees**.

Nonetheless, if the Committee *wishes* to make a reduction, it could consider a cut of $437,456 from the current base. This is based upon the following:

1. The total amount of funding per refugee available for refugee social services in FY 2006-07, before the rapid 3-year growth in the refugee population, was $1,416 per refugee.
2. An estimated 66 percent of the refugee population is TANF-eligible, and this is the portion of the population TANF is expected to cover. The estimated FY 2010-11 refugee population is 2,534, with 66 percent, or 1,672 assumed to be TANF-eligible.
3. At $1,416 per refugee, the total TANF anticipated to be required would be $2,367,878. The difference between the current $2,805,334 and this amount is ($437,457).

Target Percentage = percentage of county share funded by property tax @ specified mills plus CTBR

Formula: I1-k1

Formula: G7/E7

Formula: If(H7<I2, ((I2-H7)*E7),0)

	A	E	F	G	H	I	J	K
1					State Funding	$ 1,000,000		$ 1,000,000
2					Target Percentage	74.86%		$ 0
3					Mills	0.003		
4								
5	**FIPS-County**	**CALCULATED COUNTY SHARE FOR FINAL DISTRIBUTION**	**ASSESSED VALUATION CALENDAR YEAR 2008**	**PROPERTY TAXES GENERATED**	**Ratio**	**State Funding**		**Comparison - COUNTY TAX BASE RELIEF PER FORMULA - TIER I (FY 2009-10 calculation)**
6	001 Adams	11,174,575.63	4,527,197,700.00	13,581,593	122%	0		
7	003 Alamosa	949,098.53	128,156,580.00	384,470	41%	326,028		423,472
8	005 Arapahoe	10,078,252.57	7,634,682,450.00	22,904,047	227%	0		
9	007 Archuleta	248,817.58	355,978,720.00	1,067,936	429%	0		
10	009 Baca	172,782.73	69,707,001.00	209,121	121%	0		
11	011 Bent	286,272.82	54,843,282.00	164,530	57%	49,775		91,307
12	013 Boulder	5,795,434.05	5,573,284,680.00	16,719,854	289%	0		
13	015 Chaffee	374,724.45	328,849,220.00	986,548	263%	0		
14	017 Cheyenne	36,653.27	144,830,788.00	434,492	1185%	0		
15	019 Clear Creek	282,874.80	355,936,130.00	1,067,808	377%	0		
16	021 Conejos	370,028.23	48,080,091.00	144,240	39%	132,764		169,341
17	023 Costilla	237,426.65	113,119,882.00	339,360	143%	0		
18	025 Crowley	208,289.10	34,983,490.00	104,950	50%	50,975		77,504
19	027 Custer	70,205.52	88,003,250.00	264,010	376%	0		
20	029 Delta	723,182.58	300,943,290.00	902,830	125%	0		
21	031 Denver	23,677,919.38	10,660,627,490.00	31,981,882	135%	0		
22	033 Dolores	49,425.15	52,203,177.00	156,610	317%	0		
23	035 Douglas	1,173,543.49	4,513,520,560.00	13,540,562	1154%	0		
24	037 Eagle	543,777.03	3,155,583,110.00	9,466,749	1741%	0		
25	039 Elbert	406,465.06	275,975,331.00	827,926	204%	0		
26	041 El Paso	13,491,772.39	6,489,749,120.00	19,469,247	144%	0		
27	043 Fremont	1,376,495.07	429,527,061.00	1,288,581	94%	0		65,935
28	045 Garfield	1,164,841.69	2,859,519,340.00	8,578,558	736%	0		
29	047 Gilpin	137,024.89	346,629,880.00	1,039,890	759%	0		
30	049 Grand	157,195.78	804,415,380.00	2,413,246	1535%	0		
31	051 Gunnison	278,991.35	770,129,810.00	2,310,389	828%	0		
32	053 Hinsdale	11,856.62	52,159,770.00	156,479	1320%	0		
33	055 Huerfano	311,041.54	114,117,470.00	342,352	110%	0		
34	057 Jackson	33,168.40	31,753,800.00	95,261	287%	0		
35	059 Jefferson	8,922,044.62	7,290,731,100.00	21,872,193	245%	0		
36	061 Kiowa	86,638.80	33,137,460.00	99,412	115%	0		
37	063 Kit Carson	148,140.34	108,558,491.00	325,675	220%	0		
38	065 Lake	212,515.29	93,836,044.00	281,508	132%	0		
39	067 La Plata	913,450.01	2,885,995,180.00	8,657,986	948%	0		
40	069 Larimer	5,778,122.15	3,985,511,407.00	11,956,534	207%	0		
41	071 Las Animas	551,041.23	620,687,810.00	1,862,063	338%	0		
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43	075 Logan	747,341.09	202,514,330.00	607,543	81%	0		104,849
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47	083 Montezuma	545,802.84	456,712,966.00	1,370,139	251%	0		
48	085 Montrose	1,161,989.59	553,473,075.00	1,660,419	143%	0		
49	087 Morgan	1,030,633.14	378,802,800.00	1,136,408	110%	0		
50	089 Otero	742,659.78	114,802,669.00	344,408	46%	211,549		298,689
51	091 Ouray	72,312.37	194,401,250.00	583,204	807%	0		
52	093 Park	204,727.51	412,105,140.00	1,236,315	604%	0		

Target Percentage = percentage of county share funded by property tax @ specified mills plus CTBR

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Formula: G7/E7

Formula: If(H7<I2, ((I2-H7)*E7),0)

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3					Mills	0.003		
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54	097 Pitkin	125,761.66	2,726,650,670.00	8,179,952	6504%	0		
55	099 Prowers	557,652.56	124,989,720.00	374,969	67%	42,491		137,013
56	101 Pueblo	5,085,518.80	1,216,370,410.00	3,649,111	72%	157,921		1,077,306
57	103 Rio Blanco	200,081.04	712,444,241.00	2,137,333	1068%	0		
58	105 Rio Grande	551,686.47	171,193,660.00	513,581	93%	0		28,579
59	107 Routt	246,191.06	1,093,543,020.00	3,280,629	1333%	0		
60	109 Saguache	259,286.31	57,289,899.00	171,870	66%	22,233		65,562
61	111 San Juan	19,444.47	55,047,440.00	165,142	849%	0		
62	113 San Miguel	97,211.05	904,042,430.00	2,712,127	2790%	0		
63	115 Sedgwick	70,889.66	32,752,650.00	98,258	139%	0		
64	117 Summit	263,230.87	1,564,057,110.00	4,692,171	1783%	0		
65	119 Teller	645,308.97	448,652,329.00	1,345,957	209%	0		
66	121 Washington	152,362.78	110,931,839.00	332,796	218%	0		
67	123 Weld	6,366,854.48	4,468,462,470.00	13,405,387	211%	0		
68	125 Yuma	252,076.54	300,317,150.00	900,951	357%	0		
69	159 Broomfield	775,604.29	1,027,679,970.00	3,083,040	398%	0		
70	TOTAL	115,608,393.39	85,060,615,128	255,181,845	221%	1,000,000		2,598,834

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2011-12 STAFF FIGURE SETTING

DEPARTMENT OF HUMAN SERVICES

(Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Adult Assistance)

JBC Working Document - Subject to Change **Staff Recommendation Does Not Represent Committee Decision**

Prepared By:
Amanda Bickel, JBC Staff
Feburary 16, 2011

For Further Information Contact:

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FY 2011-12 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE

DEPARTMENT OF HUMAN SERVICES

(Executive Director's Office, Office of Operations County Administration, Self Sufficiency, and Adult Assistance)

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests

DEPARTMENT OF HUMAN SERVICES
Executive Director: Reggie Bicha

(1) EXECUTIVE DIRECTOR'S OFFICE

The primary function of this division is general department administration, which includes overall department supervision and policy direction, budget, human resources, quality assurance, and public outreach. This section also includes central appropriations for staff benefits and other department-wide costs and for various special purpose entities that serve an independent overisght or quality assurance function.

(A) General Administration

The section includes appropriations for the Executive Director and his or her staff, including budget, public information, and field services staff (field services provides technical assistance and outreach to county departments of human services). This section also includes centrally-appropriated amounts for department-wide items such as staff benefits, legal services, and risk management.

Please note that the funding splits for this subsection are for informational purposes only as the Long Bill for this subsection reflects fund splits at the bottom-line only.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Personal Services	2,015,955	1,953,299	1,964,944	S	1,963,184	1,877,567	NP-4, NP-7
FTE	21.8	19.2	22.4		22.4	21.4	
General Fund		(111,006)	635,820	S	629,784	609,541	
Cash Funds		709,258	101,117		101,476	96,206	
Reappropriated Funds		192,090	301,151	S	303,797	291,910	
Federal Funds		1,162,957	926,856		928,127	879,910	
For Information Only							
Medicaid Reappropriated Funds		*197,952*	*194,284*	*S*	*356,648*	*190,326*	
Medicaid - General Fund therein		*98,976*	*97,142*	*S*	*98,320*	*95,159*	
Net General Fund		*(12,030)*	*733,943*	*S*	*728,104*	*704,699*	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Health, Life, and Dental	21,523,421	24,261,461	22,776,859	24,581,299	25,155,396	NP-10
General Fund		14,815,062	13,471,188	14,600,642	15,039,459	
Cash Funds		427,706	366,761	392,538	393,094	
Reappropriated Funds		5,965,171	5,907,508	6,289,692	6,399,073	
Federal Funds		3,053,522	3,031,402	3,298,427	3,323,770	
For Information Only						
Medicaid Reappropriated Funds		*5,390,524*	*4,921,389*	*5,701,223*	5,806,872	
Medicaid - General Fund therein		*2,695,127*	*2,448,863*	*2,850,613*	2,903,438	
Net General Fund		*17,510,189*	*15,920,051*	*17,451,255*	17,942,897	
Short-term Disability	307,343	346,171	337,497	379,352	372,742	
General Fund		215,293	211,569	233,444	229,376	
Cash Funds		6,168	6,319	6,679	6,563	
Reappropriated Funds		76,491	72,045	82,414	80,978	
Federal Funds		48,219	47,564	56,815	55,825	
For Information Only						
Medicaid Reappropriated Funds		*68,693*	*63,929*	*73,849*	72,562	
Medicaid - General Fund therein		*34,299*	*31,805*	*36,925*	36,282	
Net General Fund		*249,592*	*243,374*	*270,369*	265,658	
S.B. 04-257 Amortization Equalization Disbursement	3,742,266	4,425,165	5,176,818	6,001,060	5,896,488	
General Fund		2,752,621	3,236,301	3,692,903	3,628,552	
Cash Funds		77,887	97,828	105,660	103,819	
Reappropriated Funds		987,198	1,106,232	1,303,731	1,281,013	
Federal Funds		607,459	736,457	898,766	883,104	
For Information Only						
Medicaid Reappropriated Funds		*888,664*	*980,800*	*1,168,232*	*1,147,875*	
Medicaid - General Fund therein		*443,723*	*487,948*	*584,123*	*573,944*	
Net General Fund		*3,196,344*	*3,724,249*	*4,277,026*	*4,202,496*	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
S.B. 06-235 Supplemental Amortization Equalization Disbursement	1,706,467	2,725,931	3,749,316	4,822,280	4,738,249	
General Fund		1,692,007	2,339,203	2,967,511	2,915,800	
Cash Funds		48,676	71,333	84,905	83,425	
Reappropriated Funds		607,718	801,779	1,047,641	1,029,385	
Federal Funds		377,530	537,001	722,223	709,639	
For Information Only						
Medicaid Reappropriated Funds		*545,993*	*710,110*	*938,758*	*922,400*	
Medicaid - General Fund therein		*272,621*	*353,280*	*469,384*	*461,205*	
Net General Fund		*1,961,628*	*2,692,483*	*3,436,895*	*3,377,005*	
Salary Survey and Senior Executive Service	8,575,696	0	0	0	0	
General Fund			0	0	0	
Cash Funds			0	0	0	
Reappropriated Funds			0	0	0	
Federal Funds			0	0	0	
For Information Only				0	0	
Medicaid Reappropriated Funds			*0*	*0*	*0*	
Medicaid - General Fund therein			*0*	*0*	*0*	
Net General Fund			0	0	0	
Performance-based Pay Awards	3,871,146	0	0	0	0	
General Fund			0	0	0	
Cash Funds			0	0	0	
Reappropriated Funds			0	0	0	
Federal Funds			0	0	0	
For Information Only				0	0	
Medicaid Reappropriated Funds			*0*	*0*	*0*	
Medicaid - General Fund therein			*0*	*0*	*0*	
Net General Fund			0	0	0	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Shift Differential	3,958,334	3,386,914	3,761,311	4,317,634	PENDING	
General Fund		2,241,471	2,496,087	2,812,941		
Cash Funds		5,563	0	6,364		
Reappropriated Funds		1,134,482	1,258,558	1,492,312		
Federal Funds		5,398	6,666	6,017		
For Information Only				0		
Medicaid Reappropriated Funds		*1,118,620*	*1,234,084*	*1,469,746*		
Medicaid - General Fund therein		*559,309*	*617,042*	*731,498*		
Net General Fund		*2,800,780*	*3,113,129*	*3,544,439*		
Workers' Compensation	8,587,528	9,771,533	9,659,080	12,081,739	PENDING	BA-4
General Fund		5,313,287	5,096,972	6,375,378		
Cash Funds		769,108	872,144 S	879,387 A		
Reappropriated Funds		3,240,131	3,266,797 S	4,297,670 A		
Federal Funds		449,007	423,167	529,304		
For Information Only						
Medicaid Reappropriated Funds		*3,234,518*	*2,881,615*	*3,604,372*		
Medicaid - General Fund therein		*1,617,259*	*1,440,808*	*1,802,187*		
Net General Fund		*6,930,546*	*6,537,780*	*8,177,566*		
Operating Expenses	494,643	139,962	377,010	377,010	377,010	
General Fund		139,962	22,623	22,623	22,623	
Cash Funds		0	119,393	119,393	119,393	
Reappropriated Funds		0	158,792	158,792	158,792	
Federal Funds		0	76,202	76,202	76,202	
For Information Only						
Medicaid Reappropriated Funds		*0*	*148,277*	*148,277*	148,277	
Medicaid - General Fund therein		*0*	*74,139*	*74,139*	74,139	
Net General Fund		*139,962*	*96,762*	*96,762*	96,762	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Legal Services	1,384,769	1,386,932	1,352,869	1,352,869	PENDING	
Hours		18,439.0	18,439.0	18,439.0		
General Fund		1,270,777	1,123,821	1,123,821		
Cash Funds		116,155	165,836	165,836		
Reappropriated Funds		0	12,927	12,927		
Federal Funds		0	50,285	50,285		
Administrative Law Judge Services	800,999	1,007,557	792,374	837,593	PENDING	
General Fund		1,007,557	478,932	506,262		
Cash Funds		0	48,010	50,750		
Federal Funds		0	265,432	280,581		
Payment to Risk Management and Property Funds	1,768,970	1,700,473	517,365	1,539,650	PENDING	
General Fund		1,191,116	430,764	1,281,930		
Cash Funds		182,305	1,134	3,375		
Reappropriated Funds		228,049	64,530	192,038		
Federal Funds		99,003	20,937	62,307		
For Information Only				0		
Medicaid Reappropriated Funds		*225,911*	*41,905*	*124,707*		
Medicaid - General Fund therein		*112,955*	*20,953*	*61,280*		
Net General Fund		*1,304,071*	*451,717*	*1,343,210*		
Staff Training	31,870	1,501	31,870	31,870	31,870	
General Fund		821	0	0	0	
Cash Funds		680	31,870	31,870	31,870	
Reappropriated Funds		0	0	0	0	
Injury Prevention Program	54,461	97,184	105,970	105,970	105,970	
General Fund		94,184	0	0	0	
Reappropriated Funds		3,000	105,970	105,970	105,970	
For Information Only				0	0	
Medicaid Reappropriated Funds		*0*	*105,970*	105,970	*105,970*	
Medicaid - General Fund therein		*0*	*52,985*	52,985	*52,985*	
Net General Fund		*94,184*	*52,985*	52,985	*52,985*	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
						Request v. Approp.
(1) EXECUTIVE DIRECTOR'S OFFICE						
Subtotal - (A) General Administration	58,823,868	51,204,083	50,603,283 S	58,391,510	38,555,292	15.4%
FTE	21.8	19.2	22.4	22.4	21.4	0.0
General Fund	36,154,195	30,623,152	29,543,280 S	34,247,239	22,445,351	15.9%
Cash Funds	1,655,482	2,343,506	1,881,745 S	1,948,233 A	834,370	3.5%
Reappropriated Funds	14,997,635	12,434,330	13,056,289 S	15,286,984 A	9,347,121	17.1%
Federal Funds	6,016,556	5,803,095	6,121,969	6,909,054	5,928,450	12.9%
For Information Only						
Medicaid Reappropriated Funds	*13,542,317*	*11,670,875*	*11,282,363 S*	*13,691,782*	*8,394,282*	*21.4%*
Medicaid - General Fund therein	*6,593,460*	*5,831,269*	*5,625,946 S*	*6,761,455*	*18,248,220*	*20.2%*
Net General Fund	*42,747,655*	*36,454,421*	*35,169,226 S*	*41,008,694*	*26,642,502*	*16.6%*

(B) Special Purpose

This section includes Employment and Regulatory Affairs, which incorporates the Department's human resources, internal audit, food stamp quality assurance, and boards and commissions staff. This section also includes line items for other entities designed to provide independent oversight, quality assurance, or policy direction, such as the Administrative Review Unit (which provides independent review of child welfare placements) and the Juvenile Parole Board. Many of these line items are addressed in other staff Human Services presentations.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Employment and Regulatory Affairs (formerly Office of Performance Improvement)	4,674,128	4,802,390	5,103,488 S	5,073,591	4,910,241	NP-4, NP-7
FTE	64.1	63.6	74.1	74.1	71.1	BA-4
General Fund	1,776,921	1,852,269	1,870,272 S	1,853,229	1,808,986	
Cash Funds	227,131	232,824	280,891 S	284,928 A	221,106	
Reappropriated Funds	568,233	644,169	706,705 S	693,247 A	729,397	
Federal Funds	2,101,843	2,073,128	2,245,620	2,242,187	2,150,752	
For Information Only						
Medicaid Reappropriated Funds	*578,456*	*651,305*	*706,705 S*	*700,122*	*683,392*	
Medicaid - General Fund therein	*289,228*	*325,653*	*353,354 S*	*350,048*	*341,684*	
Net General Fund	*2,066,149*	*2,177,922*	*2,223,626 S*	*2,203,277*	*2,150,669*	
Older Coloradans Study (HB 10-1053)						
Cash Funds	N.A	N.A	200,000	0	0	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
						Recommend v. Approp
(1) EXECUTIVE DIRECTOR'S OFFICE						
Subtotal - (B) Special Purpose [selected line items]	4,674,128	4,802,390	5,303,488	5,073,591	4,910,241	-4.3%
FTE	66.1	67.5	79.1	79.1	71.1	0.0
General Fund	1,776,921	1,852,269	1,870,272	1,853,229	1,808,986	-0.9%
Cash Funds	227,131	232,824	480,891	284,928	221,106	-40.7%
Reappropriated Funds	568,233	644,169	706,705	693,247	729,397	-1.9%
Federal Funds	2,101,843	2,073,128	2,245,620	2,242,187	2,150,752	-0.2%
For Information Only						
Medicaid Reappropriated Funds	*578,456*	*651,305*	*706,705*	*700,122*	*683,392*	*-0.9%*
Medicaid - General Fund therein	*289,228*		*353,354*	*350,048*	*341,683*	*-0.9%*
Net General Fund	*2,066,149*	*2,177,922*	*2,223,626*	*2,203,277*	*2,150,669*	*-0.9%*

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Recommend v. Approp
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE /a	63,497,996	56,006,473	55,906,771	63,465,101	43,465,533	13.5%
FTE	87.9	86.7	101.5	101.5	92.5	0.0
General Fund	37,931,116	32,475,421	31,413,552	36,100,468	24,254,337	14.9%
Cash Funds	1,882,613	2,576,330	2,362,636	2,233,161	1,055,476	-5.5%
Reappropriated Funds	15,565,868	13,078,499	13,762,994	15,980,231	10,076,518	16.1%
Federal Funds	8,118,399	7,876,223	8,367,589	9,151,241	8,079,202	9.4%
For Information Only						
Medicaid Reappropriated Funds	*14,120,773*	*12,322,180*	*11,989,068*	*14,391,904*	*9,077,674*	*20.0%*
Medicaid - General Fund therein	*6,882,688*		*5,979,300*	*7,111,503*	*4,538,834*	*18.9%*
Net General Fund	*44,813,804*	*38,632,343*	*37,392,852*	*43,211,971*	*28,793,171*	*15.6%*

/a Excludes line items covered in other briefing packets.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
(3) OFFICE OF OPERATIONS								
(A) Administration								
Personal Services	22,819,214	22,534,124	22,750,085	S	22,633,071		22,544,189	NP-4, NP-7
FTE	444.8	440.9	447.2		447.2		447.2	BA-4
General Fund	10,022,524	10,767,285	12,934,527	S	12,801,222		13,269,509	
Cash Funds	2,516,710	1,969,190	1,946,002	S	1,951,911	A	1,018,966	
Reappropriated Funds	7,535,727	7,093,398	5,937,969	S	5,955,949	A	6,361,261	
Federal Funds	2,744,253	2,704,251	1,931,587		1,923,989		1,894,453	
For Information Only								
Medicaid Reappropriated Funds	*3,658,138*	*3,061,354*	*2,984,297*	S	*2,966,888*		*2,969,983*	
Medicaid - General Fund therein	*1,529,526*	*956,236*	*1,143,478*	S	*1,483,340*		*1,490,118*	
Net General Fund	*11,552,050*	*11,723,521*	*14,078,005*	S	*14,284,562*		*14,304,627*	
Operating Expenses	3,435,663	3,660,635	3,402,171		3,402,171		3,237,921	
General Fund	2,380,047	2,941,005	2,502,443		2,502,443		2,338,193	
Cash Funds	194,588	35,562	4,294		4,294		4,294	
Reappropriated Funds	749,713	608,341	695,340		695,340		695,340	
Federal Funds	111,315	75,727	200,094		200,094		200,094	
For Information Only								
Medicaid Reappropriated Funds	*482,605*	447,194	*335,628*		*335,628*		*335,628*	
Medicaid - General Fund therein	*207,038*	*238,597*	*128,916*		*167,814*		*167,814*	
Net General Fund	*2,587,085*	*3,179,602*	*2,631,359*		*2,670,257*		*2,506,007*	
Vehicle Lease Payments	623,346	815,012	1,062,624	S	1,017,302		PENDING	NP-8
General Fund	397,114	537,039	562,923	S	646,110			
Cash Funds	22,296	47,486	103,122	S	35,176			
Reappropriated Funds	157,061	170,944	236,882	S	259,618			
Federal Funds	46,875	59,543	159,697	S	76,398			
For Information Only								
Medicaid Reappropriated Funds	*143,675*	*170,689*	*224,462*	S	*237,895*			
Medicaid - General Fund therein	*61,637*	*85,345*	*86,166*	S	*118,946*			
Net General Fund	*458,751*	*622,384*	*649,089*	S	*765,056*			
Leased Space	2,225,245	2,180,773	2,537,805		2,537,805		2,410,915	BA-4
General Fund	580,758	559,852	619,746		619,746		588,759	
Cash Funds	10,675	9,421	16,936		38,263	A	16,089	
Reappropriated Funds	0	0	46,162		24,835	A	43,854	
Federal Funds	1,633,812	1,611,500	1,854,961		1,854,961		1,762,213	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
Capitol Complex Leased Space	1,267,295	1,269,007	1,246,413		1,332,121		PENDING	
General Fund	1,267,295	1,269,007	623,205		610,267			
Cash Funds	0	0	0		71,599			
Reappropriated Funds	0	0	0		77,708			
Federal Funds	0	0	623,208		572,547			
For Information Only								
Medicaid Reappropriated Funds	0	0	0		41,279			
Medicaid - General Fund therein	0	0	0		20,640			
Net General Fund	1,267,295	1,269,007	623,205		630,907			
Utilities	7,418,676	7,770,805	7,756,203		7,756,203		7,756,203	
General Fund	5,893,354	6,212,185	5,846,693		5,846,693		5,796,693	
Cash Funds	0	0	0		0		50,000	
Reappropriated Funds	1,525,322	1,558,620	1,909,510		1,909,510		1,909,510	
Federal Funds	0	0	0		0		0	
For Information Only								
Medicaid Reappropriated Funds	*1,142,254*	*1,172,216*	*1,538,491*		*1,538,491*		*1,538,491*	
Medicaid - General Fund therein	*490,027*	*586,108*	*590,934*		*769,246*		*769,246*	
Net General Fund	*6,383,381*	*6,798,293*	*6,437,627*		*6,615,939*		*6,565,939*	
								Request v. Approp.
Subtotal - (A) Administration	37,789,439	38,230,356	38,755,301	S	38,678,673		35,949,228	-0.2%
FTE	444.8	440.9	447.2		447.2		447.2	0.0
General Fund	20,541,092	22,286,373	23,089,537	S	23,026,481		21,993,154	-0.3%
Cash Funds	2,744,269	2,061,659	2,070,354	S	2,101,243	A	1,089,349	1.5%
Reappropriated Funds	9,967,823	9,431,303	8,825,863	S	8,922,960	A	9,009,965	1.1%
Federal Funds	4,536,255	4,451,021	4,769,547	S	4,627,989		3,856,760	-3.0%
For Information Only								
Medicaid Reappropriated Funds	*5,426,672*	*4,851,453*	*5,082,878*	S	*5,078,902*		*4,844,102*	*-0.1%*
Medicaid - General Fund therein	*2,288,228*	*1,866,286*	*1,949,494*	S	*2,559,986*		*2,427,178*	*31.3%*
Net General Fund	*22,829,320*	*24,152,659*	*25,039,031*	S	*25,586,467*		*23,965,332*	*2.2%*

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(B) Special Purpose						
Buildings and Grounds Rental	678,798	901,309	465,150	464,452	460,192	NP-7
FTE	4.2	3.7	6.5	6.5	6.5	
General Fund	0	0	0	0	0	
Cash Funds	678,798	901,309	465,150	464,452	460,192	
Reappropriated Funds	0	0	0	0	0	
State Garage Fund	698,927	652,320	731,856	730,521	728,547	NP-7
FTE	2.0	0.0	2.6	2.6	2.6	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	698,927	652,320	731,856	730,521	728,547	
						Request v. Approp.
Subtotal - (B) Special Purpose	1,377,725	1,553,629	1,197,006	1,194,973	1,188,739	-0.2%
FTE	6.2	3.7	9.1	9.1	9.1	0.0
General Fund	0	0	0	0	0	n/a
Cash Funds	678,798	901,309	465,150	464,452	460,192	-0.2%
Reappropriated Funds	698,927	652,320	731,856	730,521	728,547	-0.2%
						Request v. Approp.
TOTAL - (3) OFFICE OF OPERATIONS	39,167,164	39,783,985	39,952,307 S	39,873,646	37,137,967	-0.2%
FTE	451.0	444.6	456.3	456.3	456.3	0.0
General Fund	20,541,092	22,286,373	23,089,537 S	23,026,481	21,993,154	-0.3%
Cash Funds	3,423,067	2,962,968	2,535,504 S	2,565,695 A	1,549,541	1.2%
Reappropriated Funds	10,666,750	10,083,623	9,557,719 S	9,653,481 A	9,738,512	1.0%
Federal Funds	4,536,255	4,451,021	4,769,547 S	4,627,989	3,856,760	-3.0%
For Information Only						
Medicaid Reappropriated Funds	*5,426,672*	*4,851,453*	*5,082,878* S	*5,078,902*	4,844,102	-0.1%
Medicaid - General Fund therein	*2,288,228*	*1,866,286*	*1,949,494* S	*2,559,986*	2,427,178	31.3%
Net General Fund	*22,829,320*	*24,152,659*	*25,039,031* S	*25,586,467*	24,420,332	2.2%

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(4) COUNTY ADMINISTRATION						
This division provides counties with resources for duties related to their social services functions. Funding includes a county's 20.0 percent share or a maintenance of effort and other funding for the administrative costs of cash assistance programs. Such programs include Adult Protection, child support enforcement, and Food Stamps. County administration for Medicaid programs is appropriated to the Department of Health Care Policy and Financing.						
County Administration	49,039,688	51,305,313	50,116,105	50,116,105	50,116,105	
General Fund	18,968,410	20,394,369	19,823,380	19,823,380	19,823,380	
Cash Funds	8,541,412	9,381,078	9,193,456	9,193,456	9,193,456	
Federal Funds	21,529,866	21,529,866	21,099,269	21,099,269	21,099,269	
Department of Health Care Policy and Financing, Medicaid County Administration [non-add - information only]	34,616,961	31,153,170	33,058,207	33,547,878		
General Fund	11,176,396	9,627,844	9,894,550	9,894,550		
Cash Funds	6,172,217	5,948,741	6,674,686	6,919,522		
Federal Funds	17,268,348	15,576,585	16,488,971	16,733,806		
Subtotal County Administration HCPF & DHS [non-add - information only	83,656,649	82,458,483	83,174,312	83,663,983		
General Fund	30,144,806	30,022,213	29,717,930	29,717,930		
Cash Funds	14,713,629	15,329,819	15,868,142	16,112,978		
Federal Funds	38,798,214	37,106,451	37,588,240	37,833,075		
Food Assistance Administration [new line item - Department requested in S	n.a	n.a		*4,715,280*	4,715,280	
General Fund				*2,357,640*	1,414,584	
Cash Funds				*0*	943,056	
Federal Funds				*2,357,640*	2,357,640	
County Tax Base Relief - General Fund	5,652,654	2,700,688	2,700,688	0	1,000,000	BR-3
County Share of Offsetting Revenues	3,933,693	3,506,431	3,789,313	3,789,313	3,789,313	
Cash Funds	3,933,693	3,506,431	3,789,313	3,789,313	3,789,313	
County Incentive Payments	5,584,361	6,662,816	4,816,124	5,136,921	5,136,921	
Cash Funds	5,584,361	6,662,816	4,816,124	5,136,921	5,136,921	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
								Request v. Approp.
TOTAL - (4) COUNTY ADMINISTRATION	64,210,396	64,175,248	61,422,230	0	59,042,339	*	64,757,619	-3.9%
General Fund	24,621,064	23,095,057	22,524,068	0	19,823,380		22,237,964	-12.0%
Cash Funds	18,059,466	19,550,325	17,798,893	0	18,119,690		19,062,746	1.8%
Reappropriated Funds	0	0	0	0	0		0	n/a
Federal Funds	21,529,866	21,529,866	21,099,269	0	21,099,269		23,456,909	0.0%

*Request totals do not include the new Food Assistance Administration line item, as amounts were requested in a separate section.

(7) OFFICE OF SELF SUFFICIENCY

(A) Administration

The Office of Self Sufficiency's Administration section is responsible for the oversight of the the Colorado Works Program, the Special Purpose Welfare Programs (Low Income Energy Assistance Program, Food Stamp Job Search, Food Distribution, Low-Income Telephone Assistance Program, Income Tax Offset, Electronic Benefits Transfer Service, Refugee Assistance, and Systematic Alien Verification for Eligibility), Child Support Enforcement, and Disability Determination Services.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Personal Services	1,722,036	1,601,551	1,688,765	S	1,680,388	1,669,358	NP-4, NP-7
FTE	18.8	18.8	22.0		22.0	22.0	
General Fund	824,137	722,601	705,205	S	715,901	719,624	
Federal Funds	897,899	878,950	983,560		964,487	949,734	
Operating Expenses [and FY 2008-09 Food Stamp Settlement]	12,978,501	88,792	75,539		75,539	75,539	
General Fund	36,895	31,714	52,173		52,173	52,173	
Cash Funds	12,905,342	0	0		0	0	
Federal Funds	36,264	57,078	23,366		23,366	23,366	
Food Stamp COLA Sanction - Cash Funds	279,000	0	0		0	0	
							Request v. Approp.
(7) SELF SUFFICIENCY							
Subtotal - (A) Administration	14,979,537	1,690,343	1,764,304	S	1,755,927	1,744,897	-0.5%
FTE	18.8	18.8	22.0		22.0	22.0	0.0
General Fund	861,032	754,315	757,378	S	768,074	771,797	1.4%
Cash Funds	13,184,342	0	0		0	0	n/a
Federal Funds	934,163	936,028	1,006,926		987,853	973,100	-1.9%

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests

(7) OFFICE OF SELF SUFFICIENCY

(B) Colorado Works Program

The Colorado Works Program implements federal welfare reform. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created the Temporary Assistance for Needy Families (TANF) to replace the Aid to Families with Dependent Children (AFDC). Colorado Works supervises admininstration of TANF programs delivered at the county level. TANF provides cash assistance benefits and other support services to eligible families to assist these families in finding and retaining employment.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
Colorado Works Administration - Federal Funds	1,415,065	1,377,176	1,568,274		1,571,470		1,549,410	NP-7
FTE	16.4	17.1	19.0		19.0		19.0	
County Block Grants	126,248,209	151,536,168	151,536,168		151,536,168		151,536,168	
Cash Funds	22,430,135	22,375,278	22,823,033		22,823,033		22,823,033	
Federal Funds	103,818,074	129,160,890	128,713,135		128,713,135		128,713,135	
Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement - Federal Funds	0	11,049,452	5,524,726		5,524,726		5,524,726	
County Block Grant Support Fund (formerly Short-term Works Emergency Fund) - Federal Funds	2,963	1,000,000	1,000,000		1,000,000		1,000,000	
County Reserve Accounts [CO Works only through FY 2009-10; County TANF Reserves for Colorado Works, Child Welfare, and Child Care Programs starting FY 2010-11] - Federal Funds	90,609,366	57,393,455	55,618,851	S	55,618,851	A	55,618,851	BA-2
County Training - Federal Funds	564,834	313,975	588,968		588,968		586,297	NP-7
FTE	2.0	1.0	2.0		2.0		2.0	
Domestic Abuse Program	789,679	808,910	1,830,757		1,827,806		1,825,147	NP-7
FTE	1.3	1.6	2.7		2.7		2.7	
Cash Funds	126,801	149,086	1,170,933		1,169,989		1,167,477	
Federal Funds	662,878	659,824	659,824		657,817		657,670	
Works Program Evaluation - Federal Funds	499,762	75,215	350,007		350,007		0	
Workforce Development Council - Federal Funds	105,007	74,741	105,007		105,007		105,007	
Federal TANF Reauthorization CBMS Changes - Federal Funds	0	0	0		0		0	
Promoting Responsible Fatherhood Grant	2,736,972	2,058,355	2,067,459		515,333		518,000	
General Fund	163,917	72,000	72,222		18,054		18,000	
Federal Funds	2,573,055	1,986,355	1,995,237		497,279		500,000	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
Colorado Works Program Maintenance Fund - Federal Funds	0	1,747,109	100,000		100,000	100,000	
Colorado Works Statewide Strategic Uses Fund - Federal Funds	204,322	11,167,935	4,000,000		4,000,000	0	
TANF-Supported Subsidized Employment - Federal Funds	n/a	3,653,489	0		0	0	
TANF-Funded Homeless Prevention - Federal Funds	n/a	2,355,385	0		0	0	
							Request v. Approp.
(7) SELF SUFFICIENCY							
Subtotal - (B) Colorado Works Program	223,176,179	238,602,491	224,290,217	S	222,738,336	218,363,606	-0.7%
FTE	19.7	19.7	23.7		23.7	23.7	0.0
General Fund	163,917	72,000	72,222		18,054	18,000	-75.0%
Cash Funds	22,556,936	22,524,364	23,993,966	S	23,993,022	23,990,510	0.0%
Reappropriated Funds	0	0	0		0	0	n/a
Federal Funds	200,455,326	216,006,127	200,224,029	S	198,727,260	194,355,096	-0.7%

(7) OFFICE OF SELF SUFFICIENCY
(C) Special Purpose Welfare Programs
This program provides administrative oversight to counties for food, energy, and other cash assistance to low-income households.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(1) Low Income Energy Assistance	73,216,811	77,409,173	73,442,997		73,442,155	62,940,353	NP-7
FTE	5.1	6.4	5.6		5.6	5.6	
Cash Funds	3,041,082	1,071,461	5,399,832		5,399,832	4,250,000	
Reappropriated Funds	2,149,832	0	0		0	0	
Federal Funds	68,025,897	76,337,712	68,043,165		68,042,323	58,690,353	
Federal Funds - TANF			*1,500,000*		*1,500,000*	*1,500,000*	
Federal Funds - Custodial			*66,543,165*		*66,542,323*	*57,190,353*	
(2) Food Stamp Job Search Units							
Program Costs	2,071,252	2,055,553	2,056,903	S	2,052,588	2,048,908	NP-4, NP-7
FTE	5.4	4.6	6.2		6.2	6.2	
General Fund	171,002	176,806	176,589	S	175,358	176,270	
Cash Funds	409,382	409,382	409,382		409,382	409,382	
Federal Funds	1,490,868	1,469,365	1,470,932		1,467,848	1,463,256	
Supportive Services	261,251	256,611	261,452		261,452	261,452	
General Fund	78,360	76,620	78,435		78,435	78,435	
Cash Funds	52,291	52,291	52,291		52,291	52,291	
Federal Funds	130,600	127,700	130,726		130,726	130,726	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
							Request v. Approp.
(7) OFFICE OF SELF SUFFICIENCY							
Subtotal - (C) (2) Food Stamp Job Search Units	2,332,503	2,312,164	2,318,355	S	2,314,040	2,310,360	-0.2%
FTE	5.4	4.6	6.2		6.2	6.2	0.0
General Fund	249,362	253,426	255,024	S	253,793	254,705	-0.5%
Cash Funds	461,673	461,673	461,673		461,673	461,673	0.0%
Reappropriated Funds	0	0	0		0	0	n/a
Federal Funds	1,621,468	1,597,065	1,601,658		1,598,574	1,593,982	-0.2%
(3) Food Distribution Program	573,048	491,368	563,604	S	566,905	560,374	NP-4, NP-7
FTE	6.0	5.3	6.5		6.5	6.5	
General Fund	37,447	45,303	45,308	S	45,212	45,446	
Cash Funds	228,800	101,660	242,501		244,149	240,922	
Federal Funds	306,801	344,405	275,795		277,544	274,006	
(4) Low-Income Telephone Assistance Program	49,200	76,630	78,613		79,588	78,706	
FTE	1.1	0.7	1.1		1.1	1.1	
Cash Funds	49,200	76,630	78,613		79,588	78,706	
(5) Income Tax Offset	4,128	2,948	4,128		4,128	4,128	
General Fund	2,064	1,474	2,064		2,064	2,064	
Federal Funds	2,064	1,474	2,064		2,064	2,064	
(6) Electronic Benefits Transfer Service	3,109,476	3,200,646	3,679,112	S	3,958,527	3,669,953	DI-1, NP-7
FTE	4.3	6.1	7.0		7.0	7.0	
General Fund	790,561	889,464	991,575	S	1,073,476	989,130	
Cash Funds	843,292	843,299	994,399	S	1,074,585	992,292	
Federal Funds	1,475,623	1,467,883	1,693,138	S	1,810,466	1,688,531	
(7) Refugee Assistance - Federal Funds	5,608,600	10,016,671	15,047,753		15,049,008	16,784,130	NP-7
Federal Funds - TANF			*2,805,334*		*2,805,334*	*2,805,334*	
Federal Funds - Custodial			*12,242,419*		*12,243,674*	*13,978,796*	
FTE	0.3	7.0	10.0		10.0	10.0	
(8) Systematic Alien Verification for Eligibility	45,011	50,034	54,609	S	53,042	53,111	NP-4, NP-7
FTE	1.0	0.6	1.0		1.0	1.0	
General Fund	4,913	6,149	7,080	S	6,860	6,898	
Cash Funds	3,591	3,363	3,700		3,618	3,617	
Reappropriated Funds - Medicaid Reappropriated Funds	29,689	31,938	34,440	S	33,375	33,537	
Federal Funds	6,818	8,584	9,389		9,189	9,059	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(9) Office of Self Sufficiency and Independence - Food Assistance [new]	N.A.	N.A.	N.A.		4,715,280	0	DI-2
General Fund					2,357,640	see County Admin	
Federal Funds					2,357,640	section	
							Request v. Approp.
(7) OFFICE OF SELF SUFFICIENCY							
Subtotal - (C) Special Purpose Welfare Programs	84,938,777	93,559,634	95,189,171	S	100,182,673	86,401,115	5.2%
FTE	23.2	30.7	37.4		37.4	37.4	0.0
General Fund	1,084,347	1,195,816	1,301,051	S	3,739,045	1,298,243	187.4%
Cash Funds	4,627,638	2,558,086	7,180,718	S	7,263,445	6,027,210	1.2%
Reappropriated Funds	2,179,521	31,938	34,440	S	33,375	33,537	-3.1%
Federal Funds	77,047,271	89,773,794	86,672,962	S	89,146,808	79,042,125	2.9%

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(7) OFFICE OF SELF SUFFICIENCY							
(D) Child Support Enforcement							
Automated Child Support Enforcement System	9,648,817	10,760,576	9,099,404	S	9,064,765	9,099,912	NP-4, NP-7
FTE	34.3	34.9	16.9		16.9	16.9	
General Fund	3,239,111	3,632,013	2,949,267	S	2,937,489	2,949,439	
Cash Funds	118,511	83,183	426,499		426,499	426,499	
Federal Funds	6,291,195	7,045,380	5,723,638	S	5,700,777	5,723,974	
Child Support Enforcement	2,160,989	1,882,026	4,361,900	S	3,401,345	3,409,476	NP-4, NP-7
FTE	22.7	22.0	24.5		24.5	24.5	
General Fund	735,729	672,109	714,807	S	709,016	711,781	
Cash Funds	0	0	768,237		447,440	447,440	
Federal Funds	1,425,260	1,209,917	2,878,856	S	2,244,889	2,250,255	
							Request v. Approp.
(7) OFFICE OF SELF SUFFICIENCY							
Subtotal - (D) Child Support Enforcement	11,809,806	12,642,602	13,461,304	S	12,466,110	12,509,388	-7.4%
FTE	57.0	56.9	41.4		41.4	41.4	0.0
General Fund	3,974,840	4,304,122	3,664,074	S	3,646,505	3,661,220	-0.5%
Cash Funds	118,511	83,183	1,194,736		873,939	873,939	-26.9%
Reappropriated Funds	0	0	0		0	0	n/a
Federal Funds	7,716,455	8,255,297	8,602,494	S	7,945,666	7,974,229	-7.6%

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(7) OFFICE OF SELF SUFFICIENCY							
(E) Disability Determination Services	16,754,364	19,157,288	16,721,506		16,733,285	16,733,285	
FTE	140.5	128.1	131.7		131.7	131.7	
Federal Funds (custodial)	16,754,364	19,157,288	16,721,506		16,733,285	16,733,285	
							Request v. Approp.
TOTAL - (7) OFFICE OF SELF SUFFICIENCY	351,658,663	365,652,358	351,426,502	S	353,876,331	335,752,291	0.7%
FTE	259.2	254.2	256.2		256.2	256.2	0.0
General Fund	6,084,136	6,326,253	5,794,725	S	8,171,678	5,749,260	41.0%
Cash Funds	40,487,427	25,165,633	32,369,420		32,130,406	30,891,659	-0.7%
Reappropriated Funds	2,179,521	31,938	34,440	S	33,375	33,537	-3.1%
Federal Funds	302,907,579	334,128,534	313,227,917	S	313,540,872	299,077,835	0.1%
For Information Only							
Medicaid Reappropriated Funds	*29,689*	*31,938*	*34,440*	*S*	*33,375*	*33,537*	-3.1%
Medicaid - General Fund therein	*14,845*	*15,969*	*17,220*	*S*	*16,688*	*16,769*	-3.1%
Net General Fund	*6,098,981*	*6,342,222*	*5,811,945*	*S*	*8,188,366*	*5,766,029*	40.9%

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests

(10) ADULT ASSISTANCE PROGRAMS

Adult Assistance Programs supervises the Old Age Pension, Aid to the Needy Disabled, and Aid to the Blind programs, Adult Protective Services, and the state's 16 Area Agencies on Aging.

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(10) ADULT ASSISTANCE PROGRAMS							
(A) Administration	407,658	361,774	584,078	S	588,529	582,226	NP-4, NP-7
FTE	4.2	3.4	6.0		6.0	6.0	
General Fund	96,528	103,926	102,393	S	102,297	102,821	
Reappropriated Funds	89,147	0	104,017		104,992	103,409	
Federal Funds	221,983	257,848	377,668		381,240	375,996	
(10) ADULT ASSISTANCE PROGRAMS							
(B) Old Age Pension Program							
Cash Assistance Program - Cash Funds	82,745,224	88,076,859	77,449,057		77,449,057	77,490,727	
Refunds	1,010,811	357,030	588,362		588,362	588,362	
Cash Funds	1,010,811	357,030	588,362		588,362	588,362	
Reappropriated Funds	0	0	0		0	0	
Burial Reimbursements - Cash Funds	996,438	963,648	918,364		918,364	918,364	
State Administration - Cash Funds	1,030,258	950,698	1,143,281		1,152,849	1,138,836	NP-7
FTE	10.3	10.3	14.0		14.0	14.0	
County Administration - Cash Funds	2,608,838	2,450,786	2,566,974		2,566,974	2,566,974	
							Request v. Approp.
(10) ADULT ASSISTANCE PROGRAMS							
Subtotal - (B) Old Age Pension Program	88,391,569	92,799,021	82,666,038		82,675,606	82,703,263	0.0%
FTE	10.3	10.3	14.0		14.0	14.0	0.0
Cash Funds	88,391,569	92,799,021	82,666,038		82,675,606	82,703,263	0.0%
Reappropriated Funds	0	0	0		0	0	n/a

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	Change Requests
(10) ADULT ASSISTANCE PROGRAMS						
(C) Other Grant Programs						
Administration (Home Care Allowance SEP Contract)						
General Fund	N.A	N.A.	1,000,902	1,063,259	1,063,259	
Aid to the Needy Disabled Programs	17,904,297	17,746,067	17,428,495	17,428,495	17,428,495	
General Fund	11,421,470	11,421,470	11,421,471	11,421,471	11,421,471	
Cash Funds	6,482,827	6,324,597	6,007,024	6,007,024	6,007,024	
Reappropriated Funds	0	0	0	0	0	
Burial Reimburesments	508,000	508,000	508,000	508,000	508,000	
General Fund	402,985	402,985	402,985	402,985	402,985	
Cash Funds	105,015	105,015	105,015	105,015	105,015	
Reappropriated Funds	0	0	0	0	0	
Home Care Allowance	10,880,411	10,880,411	10,519,866	10,543,757	10,543,757	
General Fund	10,336,390	10,336,390	9,975,845	9,999,736	9,999,736	
Cash Funds	544,021	544,021	544,021	544,021	544,021	
Reappropriated Funds	0	0	0	0	0	
Adult Foster Care	137,783	157,469	157,469	157,469	157,469	
General Fund	129,910	149,596	149,596	149,596	149,596	
Cash Funds	7,873	7,873	7,873	7,873	7,873	
Reappropriated Funds	0	0	0	0	0	
SSI Stabilization Fund Programs - Cash Funds [new line item]	n/a	856,028	n/a	n/a	1,000,000	
						Request v. Approp.
(10) ADULT ASSISTANCE PROGRAMS						
Subtotal - (C) Other Grant Programs	29,430,491	30,147,975	29,614,732	29,700,980	30,700,980	0.3%
General Fund	22,290,755	22,310,441	22,950,799	23,037,047	23,037,047	0.4%
Cash Funds	7,139,736	7,837,534	6,663,933	6,663,933	7,663,933	0.0%
Reappropriated Fund / Cash Funds Exempt	0	0	0	0	0	n/a

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
(10) ADULT ASSISTANCE PROGRAMS								
(D) Community Services for the Elderly								
Administration	623,779	572,678	674,835	S	671,250		665,371	NP-4, NP-7
FTE	6.6	6.6	7.0		7.0		7.0	
General Fund	156,592	153,651	178,330	S	176,174		176,981	
Federal Funds	467,187	419,027	496,505		495,076		488,390	
Colorado Commission on Aging	79,075	80,122	80,598	S	80,455		79,918	NP-4, NP-7
FTE	1.0	1.0	1.0		1.0		1.0	
General Fund	19,676	19,993	20,629	S	20,485		20,556	
Federal Funds	59,399	60,129	59,969		59,970		59,362	
Senior Community Services Employment - Federal Funds	1,030,031	1,099,285	861,514		863,454		1,233,037	NP-7
FTE	0.8	0.5	0.5		0.5		0.5	
Older Americans Act Programs	14,179,693	14,437,599	17,153,126	S	17,419,433	A	17,574,052	BA-3
General Fund	576,721	576,747	744,079	S	610,506		765,125	
Cash Funds	3,119,710	3,119,699	3,079,710		3,079,710		3,079,710	
Federal Funds	10,483,262	10,741,153	13,329,337	S	13,729,217	A	13,729,217	
National Family Caregiver Support Program	2,503,453	2,337,789	2,263,386		2,263,386		2,263,386	
General Fund	142,041	142,041	142,041		142,041		142,041	
Cash Funds	423,805	423,805	423,805		423,805		423,805	
Federal Funds	1,937,607	1,771,943	1,697,540		1,697,540		1,697,540	
State Ombudsman Program	272,031	272,031	272,031		272,031		272,031	
General Fund	111,898	111,898	111,898		111,898		111,898	
Reappropriated Funds	1,800	1,800	1,800		1,800		1,800	
Federal Funds	158,333	158,333	158,333		158,333		158,333	
For Information Only								
Medicaid Reappropriated Funds	*1,800*	*1,800*	*1,800*		*1,800*		*1,800*	
Medicaid - General Fund therein	*900*	*900*	*900*		*900*		*900*	
Net General Fund	*112,798*	*112,798*	*112,798*		*112,798*		*112,798*	

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
State Funding for Senior Services	10,000,000	8,947,500	8,832,668	S	8,966,241		6,307,752	
General Fund	2,000,000	1,000,000	524,916	S	658,489		0	
Cash Funds	8,000,000	7,947,500	8,307,752	S	8,307,752		6,307,752	Bill required
Area Agencies on Aging Administration - Federal Funds	1,592,415	1,684,670	1,375,384		1,375,384		1,375,384	
								Request v. Approp.
(10) ADULT ASSISTANCE PROGRAMS								
Subtotal - (D) Community Services for the Elderly	30,280,477	29,431,674	31,513,542	S	31,911,634	A	29,770,931	1.3%
FTE	8.4	8.1	8.5		8.5		8.5	0.0
General Fund	3,006,928	2,004,330	1,721,893	S	1,719,593		1,216,601	-0.1%
Cash Funds	11,543,515	11,491,004	11,811,267		11,811,267		9,811,267	0.0%
Reappropriated Funds	1,800	1,800	1,800		1,800		1,800	0.0%
Federal Funds	15,728,234	15,934,540	17,978,582	S	18,378,974	A	18,741,263	2.2%
For Information Only								
Medicaid Reappropriated Funds	*1,800*	*1,800*	*1,800*		*1,800*		*1,800*	*0.0%*
Medicaid - General Fund therein	*900*	*900*	*900*		*900*		*900*	*0.0%*
Net General Fund	*3,007,828*	*2,005,230*	*1,722,793*	*S*	*1,720,493*		*1,217,501*	*-0.1%*
								Request v. Approp.
TOTAL - (10) ADULT ASSISTANCE PROGRAMS	148,510,195	152,740,444	144,378,390	S	144,876,749		143,757,400	0.3%
FTE	22.9	21.8	28.5		28.5		28.5	0.0
General Fund	25,394,211	24,418,697	24,775,085	S	24,858,937		24,356,469	0.3%
Cash Funds	107,074,820	112,127,559	101,141,238		101,150,806		100,178,463	0.0%
Reappropriated Funds	90,947	1,800	105,817		106,792		105,209	0.9%
Federal Funds	15,950,217	16,192,388	18,356,250	S	18,760,214		19,117,259	2.2%
For Information Only								
Medicaid Reappropriated Funds	*1,800*	*1,800*	*1,800*		*1,800*		*1,800*	*0.0%*
Medicaid - General Fund therein	*900*	*900*	*900*		*900*		*900*	*0.0%*
Net General Fund	*25,395,111*	*24,419,597*	*24,775,985*	*S*	*24,859,837*		*24,357,369*	*0.3%*

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation		FY 2011-12 Request		FY 2011-12 Recommendation	Change Requests
								Request v. Approp.
TOTAL - HUMAN SERVICES - EDO/OPS/CA/SS/AA	672,193,904	683,643,207	658,928,474	S	667,129,193	A	624,870,810	1.2%
FTE	<u>859.6</u>	<u>848.6</u>	<u>891.0</u>		<u>891.5</u>		<u>833.5</u>	<u>0.5</u>
General Fund	116,483,879	110,792,866	109,897,906	S	114,463,038		98,591,184	4.2%
Cash Funds	171,494,417	162,856,167	156,802,985	S	156,793,448	A	152,737,885	0.0%
Reappropriated Funds	29,348,375	24,144,374	24,610,994	S	26,897,014	A	19,953,776	9.3%
Federal Funds	354,867,233	385,849,800	367,616,589	S	368,975,693	A	353,587,965	0.4%
<u>*For Information Only*</u>								
Medicaid Reappropriated Funds	*19,681,598*	*17,307,275*	*17,190,185*	S	*19,588,283*		*9,079,474*	*14.0%*
Medicaid - General Fund therein	*9,106,914*	*7,958,600*	*7,378,814*	S	*9,730,228*		*6,966,912*	*31.9%*
Net General Fund	*125,590,793*	*118,751,466*	*117,276,720*	S	*124,193,266*		*105,558,096*	*5.9%*

Department of Human Services
FY 2011-12 Figure Setting

JBC Working Document: Decisions Subject to Change

Executive Director's Office, Information Technology Services, County Administration, Self Sufficiency, and Adult Assistance

GENERAL REMARKS

Net General Fund. Many of the line items covered in this figure-setting packet include substantial amounts of Medicaid funding transferred from the Department of Health Care Policy and Financing (HCPF). These amounts are shown as reappropriated funds in the Department of Human Services, but there is a substantial General Fund component included in the original appropriations made in HCPF. The lines in HCPF are not explicitly included in figure setting for that Department. In order to allow the Committee to understand the full General Fund impact of decisions, many of the summary tables for lines covered in this packet include a "Net GF" column. This column reflects the total General Fund impact when the HCPF appropriations are included.

Under the American Recovery and Reinvestment Act of 2009 (ARRA), the federal government provided a temporary increase in the federal match rate for Medicaid expenditures (FMAP). This reduced the General Fund share of Medicaid spending and appropriations in FY 2008-09, FY 2009-10, and FY 2010-11 in the Department of Health Care Policy and Financing. This favorable match rate is eliminated in FY 2011-12, driving an increase in the General Fund share of Medicaid appropriations. The result is a significant increase for FY 2011-12 in the "net" General Fund appropriation shown for human services programs.

Centrally appropriated line items - items pending or subject to modification. The Executive Director's Office and Office of Operations include many centrally appropriated items for which the Committee establishes common policies. Staff has indicated that the items for which the Committee has not taken common policy action are "pending". **Staff requests permission to calculate pending lines using Committee common policy decisions.** In any cases where the recommendation deviates from common policy, staff will bring those matters before the Committee.

Centrally appropriated line items and decision items or JBC-initiated changes. In some cases, decision items and budget amendments or staff- or Committee-initiated changes which are covered as part of a different packet include changes to the centrally appropriated line items. Staff's recommendation for the centrally-appropriated line items cover only the base, and do not include any changes associated with decision items, budget amendments, or staff or Committee-initiated changes that are covered in other packets. Such costs will be identified in the analysis of the changes contained in the other packets. **Staff requests permission to adjust the centrally-appropriated**

lines based on the Committee's decisions regarding those decision items and other proposed changes.

Common policy adjustments in this packet. The following adjustments are reflected repeatedly in this packet, consistent with Committee common policy.

- NP-7 - PERA Contribution. This is the Department's request to continue the reduction in the employer contribution for retirement benefits (payments to PERA, the Public Employees Retirement Association) and to increase in the employee contribution. The adjustment is based on 2.5 percent of the employee's salary retirement benefit costs. This change would continue the adjustment originally adopted in S.B. 10-146 and continued via S.B. 11-076, a JBC bill. Consistent with JBC common policy, the amounts reflected in this figure setting packet reflect the assumption that S.B. 11-076 will be enacted prior to the Long Bill.

- FY 2010-11 Supplemental #ES-1 - 1% General Fund personal services reduction. The FY 2010-11 supplemental adjustments reflect that the FY 2010-11 cuts were one-time only in FY 2010-11.

- FY 2011-12 DI #NP-4 - 2.0% General Fund personal services reduction/ JBC 1.5 Percent Personal Services Base Reduction. Consistent with the Governor's policy, the Department request included a temporary 2.0 percent reduction on General Fund and Medicaid reappropriated funds personal services appropriations, excluding appropriations for direct-care staff in state-operated facilities. Consistent with JBC common policy, the staff recommendation does <u>not</u> include this proposed reduction and <u>instead includes an ongoing 1.5 percent personal services base reduction</u> applied to all line items (excluding the mental health institutes and regional centers for people with developmental disabilities).

(1) EXECUTIVE DIRECTOR'S OFFICE
(A) General Administration

The Executive Director's Office (EDO) is responsible for the general policy of the Department of Human Services and contains staff and associated resources for implementing this policy. It is organized into two functional components: General Administration and Special Purpose. General Administration includes the Department's Executive Director and his or her administrative staff (3.0 FTE), as well as the Department's budgeting office (8.4 FTE), Public Information Officer (1.0 FTE), Legislative Liaison (1.0 FTE), County Liaison (1.0 FTE), and Field Administration staff (8.0 FTE). The EDO also is the location of many of the centrally appropriated items for the Department, although certain items (e.g., purchase of services from the computer center) are reflected in the Office of Information Technology Services or the Office of Operations.

A breakdown of the FTE classifications for the Administrative subdivision is shown in the following table.

Staffing Summary - (1) Executive Director's Office (A) General Administration	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	2.4	3.2	3.2	3.2
Budget and Policy Analysts	6.0	6.2	6.2	6.2
General Professional VI	9.0	9.0	9.0	8.0
General Professionals II and III	1.1	2.0	2.0	2.0
Program Assistants	0.7	2.0	2.0	2.0
TOTAL	**19.2**	**22.4**	**22.4**	**21.4**

Personal Services

The Department requests an appropriation of $1,963,184, including $928,127 net General Fund, and 22.4 FTE for personal services in General Administration for FY 2011-12. Cash fund sources include patient fees collected by the State's Mental Health Institutes and from various other sources. **The staff recommendation below is based on Committee common policy decisions and a budget balancing recommendation.** The difference between the request and recommendation reflects the difference between the 2.0 percent General Fund reduction included in the request and the 1.5 percent total funds reduction included in JBC common policy.

A summary of staff's calculation is provided in the following table.

Summary of Personal Services Recommendation
Department of Human Services, Executive Director's Office, General Administration

	TOTAL	GF	CF	RF	FF	Net GF*	FTE
FY 2010-11 Long Bill (H.B. 10-1376)	1,973,328	642,242	101,117	303,113	926,856	740,365	22.4
Supplemental 1% GF reduction	(8,384)	(6,422)	0	(1,962)	0	(6,422)	0.0
FY 10-11 Appropriation	1,964,944	635,820	101,117	301,151	926,856	733,943	22.4
Annualize 1% GF reduction	8,384	6,422	0	1,962	0	6,422	0.0
Annualize 2.5% FY 2010-11 PERA adjustment	52,835	15,787	2,646	11,644	22,758	20,270	0.0
DI #NP-4 - 2.0% GF reduction	0	0	0	0	0	0	0.0
Common policy 1.5% base reduction	(30,391)	(9,870)	(1,556)	(4,721)	(14,244)	(11,410)	0.0
Eliminate empty Field Services Position	(72,491)	(23,534)	(3,714)	(11,270)	(33,973)	(27,208)	(1.0)
DI #NP-7 - PERA	(45,714)	(15,084)	(2,287)	(6,856)	(21,487)	(17,318)	0.0
Total	**$1,877,567**	**$609,541**	**$96,206**	**$291,910**	**$879,910**	**$704,699**	**21.4**

*Includes direct General Fund appropriations and the General Fund portion of Medicaid reappropriated funds. The General Fund portion of Medicaid funds reflect a 50/50 GF/FF split for both years; higher federal Medicaid share available in FY 2010-11 but not FY 2011-12 is addressed in the bottom line.

Budget Reduction Recommendation - Eliminate Empty Field Services Position

The Department is funded for a staff of 8.0 Field Administration positions. Field Administrators are highly experienced and expensive staff (typically former county directors of social services employed at the General Professional VI level) who serve as liaisons between county departments and the Department of Human Services. In response to staff questions about Field Services, the Department indicated that one of the Field Services positions had been vacant since July 1, 2007. The staff recommendation reflects eliminating this position at the entry level of funding for a GP VI ($72,491), given the position's status. Staff recognizes that such permanent vacancies are frequently used to enable the Department to provide a higher level of reimbursement to remaining staff and notes that the Office did not revert funding in FY 2009-10. However, in light of the cuts that have already been implemented throughout the Department, including unit closures at state facilities, staff believes a modest reduction to funding for the Executive Director's Office may be appropriate.

Health, Life, and Dental

Health, life, and dental funds the State's contribution to medical plans. The request is made for the entire Department, based on the recommended contribution rates as submitted by the State Personnel Director and enrollment figures. The Department's request for this line item is outlined in the table below. **Staff's recommendation below is based on previously-approved Committee common policy.** The Department's budget request to-date does not reflect significant department structural changes. However, any committee action that substantially changes department staffing levels (*e.g.* closure of a state-operated facility unit) will change this figure. Staff requests permission to incorporate the impact any action taken during other Department of Human Services figure setting presentations on this figure. The table below summarizes the recommendation, based on common policy.

The recommendation matches the Department request, except that the Department's request for NP-10 for pro-rated benefits (a proposed reduction of $574,097 total funds and $491,642 General Fund) is not included. This change, if adopted by the General Assembly, will be included in an appropriations clause attached to the new legislation.

Summary of Health Life Dental Recommendation
Department of Human Services, Executive Director's Office, General Administration

	TOTAL	GF	CF	RF	FF	Net GF
FY 2010-11 Long Bill (H.B. 10-1376)	22,776,859	13,471,188	366,761	5,907,508	3,031,402	15,920,051
Common policy & total comp update	2,378,537	1,568,271	26,333	491,565	292,368	2,022,846
Total	**$25,155,396**	**$15,039,459**	**$393,094**	**$6,399,073**	**$3,323,770**	**$17,942,897**

Short-term Disability

This line item is used to purchase short-term disability (STD) coverage. Pursuant to Section 24-50-609 (13), C.R.S., short-term disability provides for a partial payment of an employee's salary if an individual becomes disabled and cannot perform his or her duties. This benefit is available to all employees and is paid entirely by the State. The coverage provides for a 30-day waiting period, and it will pay 60.0 percent of an employee's salary for a maximum of five months.

The Department requests $379,352 for short-term disability, including $270,369 net General Fund. **Staff recommends $372,742, including $265,658 net General Fund calculated pursuant to Committee common policy.** The staff calculation used the FY 2009-10 actual base salaries for the Department and adjusted these for Department facility closures and the transfer of staff to the Governor's Office of Information Technology Services.

S.B. 04-257 Amortization Equalization Disbursement

This line item funds the Amortization Equalization Disbursement to the Public Employees' Retirement Association (PERA). The Department requests $6,001,060, including $4,277,026 net General Fund, for this line item. **Staff recommends $5,896,488, including $4,202,496 net General Fund, calculated pursuant to Committee common policy.** The staff calculation used the FY 2009-10 actual base salaries for the Department and adjusted these for Department facility closures and the transfer of staff to the Governor's Office of Information Technology Services.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Supplemental Amortization Equalization Disbursement (SAED) is a mechanism to increase the effective PERA rate beginning January 1, 2008. The Department requests $4,822,280, including $3,426,895 net General Fund, for this line item. **Staff recommends $4,738,249, including $3,377,005 net General Fund**, **calculated pursuant to Committee common policy.** The staff calculation used the FY 2009-10 actual base salaries for the Department and adjusted these for Department facility closures and the transfer of staff to the Governor's Office of Information Technology Services.

Salary Survey and Senior Executive Service

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions. The Department requests no appropriation for salary survey for FY 2011-12. **Staff recommends the Committee approve the Department's request for no appropriation, consistent with Committee common policy action.**

Performance-based Pay Awards

This line item provides funding for the state's performance-based pay system, created pursuant to Section 24-50-104 (1) (C) (I), C.R.S. The Department requests no appropriation for this line item for FY 2011-12. **Staff recommends the Committee approve the Department's request for no appropriation, consistent with Committee common policy.**

Shift Differential

This line item is used to fund the pay adjustment for employees of the Department who perform work outside of the normal Monday through Friday 8:00 a.m. to 5:00 p.m. work schedule. The Department requires shift work for operations such as the Mental Health Institutes, the Regional Centers, and state-operated nursing homes. The Department requests $4,317,634 for shift differential in FY 2011-12 including, $3,544,439 net General Fund. This recommendation is **pending** a Committee common policy decision.

Workers' Compensation

Workers' compensation appropriations are used to pay for the Department's estimated share for participating in the State's Workers' Compensation Program. This program, run by the Department of Personnel and Administration's Risk Management Services program, is used to pay workers' compensation benefits to state employees. The State of Colorado is self-insured for workers' compensation claims. The Department of Human Services requests $12,081,739 for this line item, including $8,177,566 net General Fund. This includes an increase of $2,422,659, including $1,639,785 over the FY 2010-11 appropriation. **The staff recommendation for this line item is pending a Committee common policy on workers' compensation.**

Operating Expenses

This line item pays for the general operating needs of the Executive Director's Office. It also includes capital outlay funding used throughout the Department, *e.g.*, for lab equipment at state facilities, although most of the General Fund component of this was eliminated in the FY 2010-11 operating expense cuts. The Department's request for $377,010, including $96,762 net General Fund is for a continuation level of funding. **Staff recommends the request for $377,010, consistent with Committee common policy.**

Legal Services for 18,439 Hours

This line item provides funding for the Department for its use of attorneys and para-legals in the Department of Law. The Department requests a continuation level for 18,439 hours. **Staff recommends the Committee approve 18,439 hours for legal services. The staff recommendation for the appropriation for this line item is pending a Committee common policy decision on the blended rate for legal services hours.**

Administrative Law Judge Services

The administrative law judge (ALJ) services line item is used to pay a share of the costs for operating the Administrative Hearings Division in the Department of Personnel and Administration. The Department uses ALJs for items such as food stamp fraud, low energy income assistance, expungement of juvenile delinquency records, and child care. The Department requests $837,593 for this line item, including $506,262 General Fund. The request includes an increase of $45,219 over the FY 2010-11 appropriation, reflecting the Department of Personnel and Administration's estimate for the cost of administrative law judge services in FY 2011-12. **The staff recommendation for this line item is pending a Committee common policy on administrative law judge services.**

Payment to Risk Management and Property Funds

The payments to risk management and property funds line item pays for the Department of Human Services' share of the statewide costs for two programs operated by the Risk Management Services program in the Department of Personnel and Administration: (1) the liability program and (2) the property program. The State's liability program is used to pay liability claims and expenses brought against the State. The property program provides insurance coverage for state-owned buildings and their contents. The Department requests $1,539,650, including $1,343,210 net General Fund, for this line item. The request includes an increase of $1,002,285 for DPA's estimate of the Department's share of costs for risk management and property funds in FY 2011-12. Total costs for FY 2010-11 were reduced statewide due to the use of one-time reserves to help cover allocated costs. **The staff recommendation for this line item is pending a Committee common policy on payment to risk management and property funds.**

Staff Training

The appropriation to the staff training line item provides funding for the conferences and training enterprise fund managed by the Mental Health Institute at Fort Logan and the Grand Junction Regional Center for charges made by non-department employees who participate in selected staff training programs. The Department requests a continuation level appropriation of $31,870 cash funds. These cash funds consist of fees paid by training participants. **Staff recommends the Committee approve the Department's request.**

Injury Prevention Program

This line item, established in FY 1996-97, provides funding for employee injury prevention, loss control initiatives, and infection control. For FY 2009-10, nearly half of the funds ($47,500) were expected to be targeted to Veterans and Disability Services (Regional Centers and Nursing Homes), with an additional $22,000 each for Behavioral Health and Housing (mental health institutes) and Children, Youth and Family Services (youth corrections facilities).

Pursuant to a request for information communicated to the Governor's Office (RFI #23 for FY 2010-11), the Department provides an annual report to the Committee on the effectiveness of this program. Workers compensation claims have been a significant problem for the Department in recent years. Between FY 2007-08 and FY 2008-09, the Department decreased the number of claims (excluding zero dollar claims) by 5.4 percent and decreased payments on claims by 28.5. However, for FY 2009-10 claims again increased substantially. According a the report submitted by the Department, it filed a total of 992 workers' compensation claims[1] in FY 2009-10 resulting in payments of $5,810,657. While number of claims reflects a 1.4 percent increase in claims filed over FY 2008-09, the associated dollar cost of claims increased by 31.2 percent over FY 2008-09. Notably, a single claim can substantially affect workers compensation costs.

[1]This includes "zero dollar" claims, *i.e.*, incidents reported where no dollar amount is claimed but which are tracked for management purposes

The Department provided actual and planned uses of the Injury Prevention Program line item by program area. For FY 2010-11, nearly half of the funds ($42,000) were expected to be targeted to Veterans and Disability Services (Regional Centers and Nursing Homes), with an additional $27,000 for Behavioral Health and Housing (mental health institutes), $15,000 for and Children, Youth and Family Services (youth corrections facilities), and $16,000 for Operations and Financial Services (facilities maintenance).

The Department requests a continuation appropriation of $105,970 reappropriated funds (Medicaid funds transferred from the Department of Health Care Policy and Financing), including $52,985 net General Fund. **Staff recommends the Committee approve the Department's request.**

(1) EXECUTIVE DIRECTOR'S OFFICE
(B) Special Purpose

Note: Other line items in this Long Bill section are addressed in other Department of Human Services Figure Setting Presentations

<u>Employment and Regulatory Affairs</u>
This line item, previously labeled the Office of Performance Improvement, is responsible for several separate functions of the Department of Human Services, including: (1) Audits; (2) Food Stamp Quality Assurance; and (3) Human Resources. It also includes oversight of Boards and Commissions, the Office of Appeals, and an overall management function. Staffing is summarized in the following table.

Staffing Summary - (1) Executive Director's Office (B) Special Purpose, Employment and Regulatory Affairs	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management and General Professional VII	2.7	3.0	3.0	3.0
General Professionals II-VI, Hearing Officers, Insurance Specialists	33.5	40.1	40.1	39.1
Auditors	6.6	7.0	7.0	7.0
Technicians and Program Assistants	16.3	17.3	17.3	15.3
Staff Support	4.5	6.7	6.7	6.7
Total	**64.1**	**74.1**	**74.1**	**71.1**

In greater detail, ERG's functions include:

- **Human Resources, Employment Affairs, Injury Prevention, and Background Investigation Unit (46.0 FTE)**. These programs perform activities related to the Department's personnel/employees. Human resource staff are assigned and physically

Department's personnel/employees. Human resource staff are assigned and physically located in three geographical districts: north-central, western, and southern. Activities include, but are not limited to: recruitment, examinations, orientation, benefits administration, evaluations, workers' compensation case management, performance management, and personnel records maintenance. This section also includes risk management, civil rights and disabilities specialists, and 5.5 FTE responsible for running background checks.

- **Food Stamp Quality Assurance (14.0 FTE)**. This program performs the federally-mandated food stamp quality control function. Included in the quality control function are monthly reviews to ensure eligibility and the correct allotment of food stamps. Reviews are used to: (1) calculate the State's food stamp error rate and timeliness rates; (2) assist in corrective action and payment accuracy strategies; and (3) establish the State's eligibility for enhanced federal funding or liability for payment error rates that exceed the national tolerance level. This unit is funded with 100 percent federal funds.

- **Management, Boards and Commissions, Office of Appeals (7.1 FTE).** This includes 2.0 FTE assigned to overall management and support for employment and regulatory affairs, 1.3 FTE who oversee and support the Department's various boards and commissions, 1.5 FTE who support the functions of the State Board of Human Services, and 2.3 FTE who respond to appeals under the Colorado Administrative Procedures Act, including review of initial decisions by administrative law judges.

- **Audits (7.0 FTE)**. This program independently verifies, through internal and external audits, that state and federal financial assistance has been distributed in accordance with applicable regulations and laws.

The Department requests $5,073,591, including $2,203,277 net General Fund, and 74.1 FTE in FY 2011-12 for the Office of Performance Improvement line item The staff's calculation is summarized in the following table. Consistent with Committee common policy, staff has included a 1.5 percent reduction to personal services and has not included the Department's requested 2.0 percent General Fund reduction. The staff recommendation also continues a technical supplemental adjustment to reclassify $47,347 reappropriated funds as cash funds.

Summary of Personal Services and Operating Expenses Recommendation
(1) Executive Director's Office (B) Special Purpose, Employment and Regulatory Affairs

	TOTAL	GF	CF	RF	FF	Net GF	FTE
FY 2010-11 Personal Svc. Appropriation	4,788,455	1,758,961	265,482	658,890	2,105,122	2,089,731	74.1
Annualize 1% supplemental cut	24,901	17,767	0	7,134	0	21,334	0.0
Annualize FY 11 PERA adjust.	96,502	38,561	1,928	15,524	40,489	45,503	0.0
1.5% common policy reduction	(73,647)	(27,229)	(3,301)	(10,933)	(32,184)	(32,349)	0.0

Summary of Personal Services and Operating Expenses Recommendation (1) Executive Director's Office (B) Special Purpose, Employment and Regulatory Affairs							
	TOTAL	**GF**	**CF**	**RF**	**FF**	**Net GF**	**FTE**
NP-7 (FY 12 PERA adjustment)	(100,416)	(37,065)	(4,548)	(14,881)	(43,922)	(44,054)	0.0
Reduce Human Resources Staff	(140,587)	(53,320)	(6,517)	(21,499)	(59,251)	(63,391)	(3.0)
Subtotal - Personal Services	**4,595,208**	**1,697,675**	**253,044**	**634,235**	**2,010,254**	**2,016,774**	**71.1**
FY 2010-11 Operating Expenses	315,033	111,311	15,409	47,815	140,498	133,895	0.0
Subtotal - Operating Expenses	**315,033**	**111,311**	**15,409**	**47,815**	**140,498**	**133,895**	**0.0**
Total	**$4,910,241**	**$1,808,986**	**$268,453**	**$682,050**	**$2,150,752**	**$2,150,669**	**71.1**

Staff Recommendation - Human Resources Staffing Reduction
No reductions to staff in the Executive Director's Office were included in the FY 2009-10 or FY 2010-11 budget reduction proposals. JBC staff believes a reduction for human resources staff could be considered, based on reductions in DHS FTE overall:

- During the 2010 legislative session, the General Assembly approved eliminating units and reducing staffing at three facilities beginning mid-FY 2009-10: the skilled nursing facility at Grand Junction Regional Center, the general hospital at the Mental Health Institute at Pueblo, and several units at the Mental Health Institute at Fort Logan. These closures reduced Department FTE by 188.5.
- The consolidation of all ITS staff in the Governor's Office reduced FTE for which the Department of Human Services was responsible by 207.1 effective FY 2010-11.
- As a result of these changes and various other budget-balancing adjustments, total Department FTE fell by 404.4 between the FY 2009-10 appropriation at the end of the 2009 session and the current FY 2010-11 appropriation.
- Sale of the Trinidad nursing home will further reduce Department FTE by approximately 100 FTE.

Including Trinidad, by the end of FY 2010-11, FTE are expected to have fallen by about 504.4 FTE from the FY 2009-10 Long Bill base (a reduction of 9.0 percent on a base of 5,581.8 FTE)

There are 39.5 FTE of human resources line staff in the Department's various districts who support the Department's direct care facilities and other staffing needs. **A 9.0 percent reduction would translate to a reduction of 3.6 human resources FTE.**

The Department previously opposed any reduction in this line item. Human resources FTE were increased by 5.0 FTE in FY 2008-09 to help the Department address problems with managing turnover in its facilities. The Department's request, at that time, indicated that during the last fiscal crisis (FY 2003-04), human resources staff had been cut from 40 to 33. The Department pointed to citations related to insufficient staffing at the Fitzsimons veterans nursing home and at the regional centers for people with developmental disabilities and indicated that inadequate human resources staffing in part explained the problems. It also noted that the Department's ratio of human resources staff to overall staff was substantially lower than the State average (.58 per 100 employees v. .87 per 100 employees) and that the human resources workload had increased substantially since FY 2003-04. The current ratio of human resources to Department staff is now similar to that in place in FY 2002-03, prior to reductions to human resources staffing. Given that the State is again in a fiscal crisis, reductions again appear appropriate.

The 5.0 new staff added in FY 2008-09 (2.0 General Professional III and 3.0 Technician III positions) were associated with total costs of $238,186, including $109,032 net General Fund. **Eliminating 1.0 GP III and 2.0 technicians would provide savings of $140,587, including $63,391 net General Fund.** In response to staff questions, the Department reported that there were 6.0 vacant positions as of January 30, 2011. Of these, three were recently vacated and were in the process of being filled. However, there were three positions that had been vacant for an extended period:

- Technician III - Created December 9, 2008: Never filled due to vacancy savings issues and senior staff turnover.
- Technician II - Vacated March 31, 2009: Left vacant due to reorganized Southern District.
- Technician III - Vacated January 1, 2010: Left vacant due to combining Western District with North/Central District.

Staff would note a particular concern that two of these positions were abandoned by the Department in the year that they were added in response to a Department request. Although the Department reports that the positions currently vacant are Technician, rather than GP III positions, the staff recommendation includes a reduction for the higher-paid GP III position. Staff assumes that if the Department wishes to retain the GP III position in lieu of a technician position it will manage the incremental difference within its appropriation.

Older Coloradans Study (H.B. 10-1053)

House Bill 10-1053 added cash funds spending authority for a study of the needs of older Coloradans. The funding source was to be gifts, grants, and donations. As of December 2010, no donations had been received. The spending authority was for a one-time only activity, and **no spending authority is requested or recommended for FY 2011-12.**

Bottom Line - Medicaid "Net" General Fund adjustments

Due to a temporary increase in the federal match rate for Medicaid expenditures, the General Fund share of Medicaid-funded appropriations was temporarily reduced in FY 2008-09, FY 2009-10, and FY 2010-11. This favorable match rate is eliminated in FY 2011-12, driving an increase of $609,189 General Fund in the Medicaid appropriation in the Department of Health Care Policy and Financing that supports the Department of Human Services' Executive Director's Office.

(3) OFFICE OF OPERATIONS

The Office of Operations includes four divisions:

The Division of Facilities Management accounts for over 68 percent of the staff in the Office of Operations. The Division is responsible operating, cleaning, and maintaining all Department buildings and facilities, including youth correctional facilities, the two state mental health institute campuses, and three regional centers for the developmentally disabled, in addition to Department office buildings. Overall, the Division operates 299 buildings and over 3.25 million gross square feet of space. It is also responsible for acquisition, operation and management of utility services, planning, design and construction of capital construction and controlled maintenance projects, and the Department's commercial and vehicle leases.

The Division of Accounting includes 25 percent of the staff in the Office of Operations. The Division manages all departmental financial operations and resources, including payments to counties and service providers throughout the state for human services programs, Medicaid, Medicare and private party billing for the Department's various community and institutional programs, and overall accounts and controls over expenditures and revenues from multiple state and federal sources.

The Procurement Division includes 6 percent of Office of Operations appropriated staff. The Purchasing Unit has been delegated autonomous authority by the Department of Personnel and Administration and is responsible for purchasing goods and services for Departmental programs in excess of $35 million per year. The Materials Management Unit is responsible for providing warehouse and distribution for all Department programs which house direct care clients. This includes ordering and inventory control of food and non-food items through three primary warehouse and office facilities throughout the State.

The Contract Management Unit consists of 3.0 FTE or less than 1 percent of Office of Operations staff. It is responsible for managing the contracting process in the Department including development, approval, and oversight of performance of all Department contracts.

In addition, 1.0 FTE is assigned to overall management for the Office of Operations.

(A) Administration

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
SES/Management Group Profile/GP VII	5.0	6.0	6.0	6.0
Professional Engineer/Engineering Mgr.	2.0	2.0	2.0	2.0
Accounting	93.1	106.5	106.5	106.5
Architect	1.0	2.0	2.0	2.0
Program Assistant	7.2	8.0	8.0	8.0

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Planner / Estimator	6.2	7.0	7.0	7.0
Electronics/Telecom Specialist	6.1	7.0	7.0	7.0
Electrical Trades	10.0	10.0	10.0	10.0
Pipefitter/Mechanical Trades/Utilities	58.0	61.0	61.0	61.0
Grounds keeper	14.5	14.0	14.0	14.0
Structural Trades	48.9	39.8	39.8	39.8
Administrative Assistant/Data specialist	8.2	13.0	13.0	13.0
Materials Handler	13.9	15.0	15.0	15.0
Equipment Operator	1.3	2.0	2.0	2.0
Custodian	123.7	110.3	110.3	110.3
Long Term Care Operations	14.2	17.5	17.5	17.5
General Professional	25.6	25.0	25.0	25.0
TOTAL	438.9	446.1	446.1	446.1

Personal Services

The personal services line item provides funding for employees' salaries and wages, as well as the associated state contribution to PERA and the state share of federal Medicare taxes. This line item also provides funding for contracted professional and temporary services.

The Department requests an appropriation of $22,633,071 total funds ($14,284,562 net General Fund) and 447.2 FTE for FY 2011-12. **The table below summarizes the staff recommendation.**

- The only difference between the request and recommendation is based on Committee common policy. The Department requested a temporary 2.0 percent reduction to the General Fund personal services appropriation in this line item.
- The staff recommendation instead applies an ongoing 1.5 percent reduction across all fund sources. The fund split adjustment requested and recommended is technical and related to the Division's bottom-line funding.
- The large "net General Fund" increase in this fund split adjustment is based on the end of the enhanced federal Medicaid match rate available under the American Recovery and Reinvestment Act.

Cash, reappropriated, and federal funds are from multiple sources including indirect cost revenue collected from programs throughout the Department. Specific cash funds sources include the Mental Health Institutes, the Early Intervention Services Trust Fund, the Business Enterprise Program Cash Fund, and the Old Age Pension Fund. Reappropriated sources include Medicaid funds and the Department of Corrections, among others.

Recommendation (2) Office of Operations (A) Administration, Personal Services	TOTAL	GF	CF	RF	FF	Net GF	FTE
FY 2010-11 Long Bill Appropriation (H.B. 10-1376)	22,878,463	13,038,838	1,491,002	6,417,036	1,931,587	14,194,350	447.2
FY 2010-11 Supplemental	(128,378)	(104,311)	455,000	(479,067)	0	(116,345)	0.0
FY 2010-11 Appropriation	**22,750,085**	**12,934,527**	**1,946,002**	**5,937,969**	**1,931,587**	**14,078,005**	**447.2**
Annualize 1% supplemental cut	128,378	104,311	0	24,067	0	116,345	0.0
Annualize FY 11 PERA adjust.	521,713	248,283	38,659	197,260	37,511	291,799	0.0
1.5% common policy reduction	(351,002)	(199,307)	(22,945)	(99,214)	(29,536)	(217,292)	0.0
NP-7 (FY 12 PERA adjustment)	(504,985)	(286,243)	(32,750)	(140,883)	(45,109)	(319,370)	0.0
Fund split adjustments	0	12,938	0	(12,938)	0	355,140	0.0
Total	**$22,544,189**	**$12,814,509**	**$1,928,966**	**$5,906,261**	**$1,894,453**	**$14,304,627**	**447.2**

Operating Expenses

The operating expenses line item provides for most of the non-personal services costs of the Office with the exception of leased space, leased vehicles and utilities. The expenses include the materials and supplies needed by the Office of Operations Divisions of Facilities Management, Accounting, and Procurement.

The Department requests an appropriation of $3,402,171 total funds ($2,670,257 net General Fund) for FY 2011-12. The request reflects continuation funding, with an adjustment to net General Fund related to the expiry of the enhanced federal Medicaid match available under ARRA

Staff recommends an appropriation of $3,237,921 including $2,506,007 net General Fund. The difference between the request and recommendation is the *annualization of an FY 2009-10 decision item a portion of which was requested through FY 2010-11 only* (2 year funding of $164,250 per year General Fund). This decision item addressed the need for replacement of various smaller capital items (e.g., boilers, flooring, etc.) The Department request did not include this annualization. Staff presumes this was an oversight due to Department staff turnover. Staff notes that the Department still faces substantial problems related to maintenance of its facilities. However, given the framework of the original request, the staff recommends eliminating the additional funding.

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles. The vehicle lease payment line item provides for the fixed portion of the vehicle leases from fleet management. The Department currently has 472 vehicles, including 461 vehicles permanently assigned to it and an additional 11 on short-term loan from the Department of Personnel fleet. Adjustments to this appropriation are made pursuant to Common Policy.

The Department's requests an appropriation of $1,078,349 total funds ($682,930 net General Fund) for FY 2011-12. The request consists of a continuation appropriation of $1,062,624 total funds, plus $15,725 total funds for annual fleet replacements (4 vehicles).

Staff recommends replacement of one vehicle: a bus. Based on communication with Department, it appears that the three other vehicles requested can replaced by older vehicles from the Trinidad Nursing Home, which is being closed. **The total recommendation is pending the approval of the Vehicle Lease Payments Common Policy by the Committee.**

Leased Space

The appropriation for this line item provides funding for 45 commercial space leases throughout the state associated with nine major program areas, including Alcohol and Drug Abuse Services, Child Care, Disability Determination, Vocational Rehabilitation, and Youth Corrections. The Department leases approximately 143,827 square feet.

The Department requests a continuation level appropriation of $2,537,805 total funds ($619,746 General Fund) for FY 2011-12. This represents an average lease space rental cost of $17.60 per square foot. Pursuant to BA 4 the request includes a technical fund split adjustment to increase the cash appropriation by $21,327 and decrease reappropriated funds by the same amount.

Staff recommends $2,410,915 total funds ($588,759 General Fund) for FY 2010-11. After several years of under-expenditure, the Department leased space appropriation was reduced to its current $2.5 million per year level in FY 2008-09. For the last two actual years (FY 2008-09 and FY 2009-10), the Department under-spent the appropriation by 12 to 14 percent. Due to the recession, rental rates in the State and Denver have declined since mid- 2008 by 7 to 10 percent depending on the region. Statewide rates have flattened over the last year, although rates in Denver have continued to drop. The Department provided a projection for its lease rates identifying projected total costs of $2,525,142 total funds and a General Fund requirement of $643,683 for FY 2011-12. Nonetheless in light of recent actual data and state data on rental rates, staff is recommending a 5.0 percent reduction to this line item for FY 2011-12. This includes a reduction of $126,890 total funds, including $30,987 General Fund.

Capitol Complex Leased Space

Capitol Complex Leased Space is appropriated based on usable square footage used by each state department. Currently, for the Department, this includes 99,087 square feet at 1575 Sherman Street in Denver and 3,104 square feet at the State Office Building in Grand Junction. Changes to this line item are made annually through the Common Policy process.

The Department requests an appropriation of $1,332,121 total funds ($640,907 net General Fund) for FY 2011-12. The requests includes an increase of $85,708 total funds over the FY 2010-11 Long Bill appropriation based on Common Policy adjustments submitted by the Department of Personnel and Administration.

The staff recommendation is pending the approval of the Capitol Complex Leased Space Common Policy by the Committee.

Utilities

This line item funds utilities expenditures including natural gas, electricity, water and waste water expenses for the Department's residential facilities (Division of Youth Corrections, Mental Health Institutes, and Regional Centers for Persons with Developmental Disabilities) and other facilities supported by the Office of Operations on the Fort Logan and Pueblo campuses. Utility costs for department office space, excluding that on the two department campuses or within residential facilities, is incorporated into Capitol Complex and leased space rates.

The Department requests a continuing appropriation of $7,756,203 total funds ($6,615,938 net General Fund) for FY 2011-12.

Staff recommends the request for a continuation amount of $7,756,203 total funds for the Department's utility costs in FY 2011-12; however, the staff recommendation includes **$5,796,693 General Fund,** due to a refinance of $50,000 with cash funds from the Buildings and Grounds Fund, created pursuant to Section 26-1-133.5, C.R.S.

Refinance with Buildings and Grounds Cash Fund. This Fund is subject to appropriation to be used in "operating, repairing, remodeling, or demolishing the facilities of any properties rented by the state department" [to other entities]. Half of the agencies renting space on department campuses are separately metered for energy; for other agencies, utility costs are built into rental rates. However, staff understands that at present funds collected are not being used to offset the Department's General Fund utility costs. Further, staff understands that the Department projects a cash balance in the Buildings and Grounds Cash Fund of approximately $100,000 as of the end of FY 2010-11. *Staff believes $50,000 of these reserves could be reasonably associated with revenue collected, but not spent, on utility costs over several years.* For FY 2012-13 and future years, staff will work with the Department to identify more precisely the appropriate contribution from the Buildings and Grounds Cash Fund to the Utilities line item.

Background on Department Utilities Costs. The Department over-spent its utilities appropriation in FY 2007-08 (when energy prices last peaked for most fuels) and required an FY 2008-09 supplemental adjustment to address the resulting $600,000 spending restriction this created. Despite the decline in energy prices, the Department has been fully expending its appropriation for the last two years and has not been reverting funds. As reflected in this table, the Department is reporting actual total utility expenditures in excess of the appropriation in the line item, suggesting that it must be making additional expenditures for utilities from other line items (expenditures from other operating line items are generally permissible, per statute). As can be seen:

- Natural gas costs are half of their FY 2008-09 level, which can be traced to the sharp decline in prices. However, other costs per unit of energy have continued to increase, offsetting some of this decline.

- The Department now has substantial fixed costs in its utility line item for Energy Performance Contracts. Per statute departments are permitted to enter into such contracts, which enable them to replace outdated energy-inefficient equipment with more efficient models based on a long-term energy-savings payback projection. The Department's payment stream under these agreements is generally fixed, with an anticipated payback within 12 years.

Purchased Utilities								
	FY2004-05 Actual	FY2005-06 Actual	FY2006-07 Actual	Y2007-08 Actual	Y2008-09 Actual	FY2009-10 Actual	YF2010-11 Estimate	FY2011-12 Estimate
Electricity	$ 2,358,119	$ 2,748,639	$ 2,735,565	$ 2,705,536	$ 2,705,536	$ 2,832,161	$ 3,016,236	$ 3,061,480
Natural Gas	$ 1,267,771	$ 1,593,595	$ 1,539,844	$ 2,115,487	$ 2,115,477	$ 1,331,115	$ 1,017,900	$ 1,033,169
Water & Sewer	$ 922,018	$ 975,428	$ 1,125,892	$ 1,270,591	$ 1,418,676	$ 1,160,597	$ 1,354,092	$ 1,374,403
Coal	$ 600,988	$ 909,488	$ 1,062,779	$ 833,495	$ 1,020,471	$ 1,059,817	$ 1,127,100	$ 1,138,371
Other	$ 103,364	$ 63,732	$ 106,800	$ 649,030	$ 121,130	$ 183,481	$ 183,481	$ 183,481
Sub-total	$ 5,252,260	$ 6,290,882	$ 6,570,880	$ 7,574,140	$ 7,381,290	$ 6,567,172	$ 6,698,809	$ 6,790,903
Energy Management Services								
Energy Mgt.	$ 278,347	$ 568,041	$ 517,116	$ 111,491	$ 403,093	$ 505,703	$ 538,500	$ 538,500
Performance Contracts								
Phase 1,2,3	$ 18,369	$ 66,801	$ (5,770)	$ 246,402	$ 186,862	$ 1,045,734	$ 1,106,166	$ 1,106,166
Total Utilities	$ 5,548,976	$ 6,925,723	$ 7,082,225	$ 7,932,033	$ 7,971,245	$ 8,118,609	$ 8,343,475	$ 8,435,569

(B) Special Purpose

Buildings and Grounds Rental

Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Structural trades	1.0	1.0	1.5	1.5
Custodians and groundskeepers	1.5	2.0	2.0	2.0
Administration and support	1.2	3.0	3.0	3.0
Total	3.7	6.0	6.5	6.5

The appropriation for this line item provides cash fund spending authority for FTE and operating expenses for the maintenance, repair, and upkeep of the Departments' facilities and grounds that are leased to public and private agencies pursuant to Section 26-1-133.5, C.R.S.. The Department leases space to other state agencies or non-profit organizations for offices or for the direct provision of services.

Most of these rentals are at the Colorado Mental Health Institute at Fort Logan with agencies having missions compatible with the Department. Rents collected are deposited into the Buildings and Grounds Cash Fund to be used for the operating, maintaining, remodeling or demolishing of the rental properties. The rates paid by agencies are based on the Department's calculated costs for maintenance, repair, and upkeep of the rented spaces. Spending authority for this line item is based on anticipated revenue from the leasing agencies. H.B. 08-1268 (White/Johnson) expanded the Department's authority to rent property at other locations, which was previously restricted to the Fort Logan campus only.

The Department requests an appropriation of $464,452 cash funds and 6.5 FTE for FY 2011-12. The request includes a net decrease of $698 due to annualizing the FY 2010-11 2.5 percent PERA adjustment and providing for the FY 2011-12 2.5 percent PERA adjustment.

Staff recommends an appropriation of $460,192 cash funds from the Buildings and Grounds Cash Fund and 6.5 FTE for FY 2010-11. Calculations for the recommendation are found in the table below.

Summary of Personal Services and Operating Expenses Recommendation (2) Office of Operations (B) Special Purpose, Buildings and Grounds Rental	**Total - Cash Funds**	**FTE**
FY 2010-11 Personal Svc. Appropriation	280,685	6.5
Annualize FY 2010-11 PERA adjustment	3,332	0.0
1.5% common policy reduction	(4,260)	0.0
NP-7 (FY 12 PERA adjustment)	(4,030)	0.0
Subtotal - Personal Services	**275,727**	**6.5**
FY 2010-11 Operating Expenses	184,465	0.0
Subtotal - Operating Expenses	**184,465**	**0.0**
Total	**$460,192**	**6.5**

As discussed previously, staff also recommends an appropriation of $50,000 cash funds from the Buildings and Grounds Cash Fund be used to offset General Fund for utilities costs in the Utilities line item. The cash fund schedule included in the Department's budget request related to the Buildings and Grounds Cash Fund apparently included inaccurate information indicating a larger cash fund balance than is actually present. However, staff's understanding is that a reserve of approximately $100,000 is anticipated at the end of FY 2010-11.

State Garage Fund

The Department has an agreement with the Department of Personnel and Administration to operate vehicle maintenance and fueling stations at three state facilities, including the Mental Health

Institutes at Fort Logan and Pueblo, and Grand Junction Regional Center. The Office is reimbursed by divisions within the Department and by other state agencies (Department of Transportation and the Colorado State Patrol) for maintenance, repair, storage and fueling of state-owned passenger motor vehicles. Revenues are deposited into the State Garage Fund. This line item provides the spending authority for the Department to receive and spend such reimbursement.

The Department requests an appropriation of $730,521 reappropriated funds and 2.6 FTE for FY 2011-12. The request includes a net reduction of $1,335 reappropriated funds as a result of annualization of the FY 2010-11 2.5 percent PERA adjustment and applying the 2.5 percent reduction in FY 2011-12. The table below summarizes the position types of the requested FTE.

Staff recommends an appropriation of $728,547 reappropriated funds and 2.6 FTE for FY 2011-12. Calculations for the recommendation are found in the table below.

Summary of Personal Services and Operating Expenses Recommendation (2) Office of Operations (B) Special Purpose, State Garage Fund	Total - Reappropriated Funds	FTE
FY 2010-11 Personal Svc. Appropriation	130,293	2.6
Annualize FY 2010-11 PERA adjustment	1,331	0.0
1.5% common policy reduction	(1,974)	0.0
NP-7 (FY 12 PERA adjustment)	(2,666)	0.0
Subtotal - Personal Services	126,984	2.6
FY 2010-11 Operating Expenses	601,563	0.0
Subtotal - Operating Expenses	601,563	0.0
Total	**$728,547**	**2.6**

(4) COUNTY ADMINISTRATION

County Administration of Social Services Programs. Colorado has a state-supervised but county-administered social services program. Colorado's counties have a large degree of autonomy, even when compared to other states that have decentralized systems. For example, S.B. 97-6 abolished the state-operated county merit system for employees of county social services departments. Each county was to establish a successor merit system that conformed to federal standards by January 1, 2001. As a result of this high degree of decentralization, most of the County Administration budget lines provide block transfers to the counties. *If counties over-expend their allocations, they are responsible for covering the shortfall, although they are often able to access federal matching funds for county-only expenditures, depending upon the program.*

Share of Total Human Services Expenditures for County-administered Programs by County Size

Largest 11 counties (pop. 100,000-600,000)	84%
Medium 26 counties (pop. 10,000-60,000)	12%
Smallest 27 counties (pop. <10,000)	4%
	100%

The table below provides information on actual expenditures by counties for social services programs and the share covered by federal, state, and county tax revenue. A significant portion of this funding--most notably federal food assistance benefits, most county funding for child support enforcement (county and federal funds), and additional county expenditures for human services administration (county and federal funds)--is not reflected in the Long Bill.

County Expenditures for Human Services Administration and Benefits
FY 2009-10 Actual Expenditures

	Total Funds
<u>County Administration, Case Management, Client Services</u>	
County Administration of Food Assistance, Medicaid, Adult Assistance	$85,607,622
Child Welfare (all services and expenditures)	387,853,931
County Administration of Child Care	10,210,573
County Administration of Colorado Works	78,484,045
Food Assistance Job search/Other	7,366,392
Child Support Enforcement (less retained collections)*	35,943,429
Additional County Expenditures (no state funding; partial federal reimbursement)*	39,729,372
Subtotal - County Administration, Case Management, Client Services	$645,195,363
<u>Client Benefits</u>	
Child Care	88,846,877
Colorado Works	89,663,905
Old Age Pension, Aid to Needy Disabled, Home Care Allowance	116,175,293

County Expenditures for Human Services Administration and Benefits FY 2009-10 Actual Expenditures	
	Total Funds
Low Income Energy Assistance	70,827,334
Food Assistance (food stamps)*	655,431,311
Subtotal - Client Cash and Food Benefits	$1,020,944,719
Total - Administration and Benefits	**$1,666,140,082**
State Funds (General Fund and Other)	347,185,441
County Funds	157,853,804
Federal Funds	1,161,100,831

*Funding for these items is not included in the Long Bill, with the exception of a small portion of the funding for child support enforcement administration.

General Condition of County Budgets. As explained in further detail in following sections, many county Department of Human Services budgets have been under considerable strain due to the rapid increase in caseloads that has resulted from the recession. County difficulties are exacerbated by county revenue shortfalls, as county revenues are also affected by the recession.

In response to JBC staff questions about how county social services budgets are faring, the Colorado Human Services Director's Association polled members and provided the following feedback:

- Counties have sustained deep cuts while demand for services has expanded. Most counties have employed staff reductions, furloughs, hiring freezes, reducing eligibility, eliminating contracts with local organizations, and salary freezes and reductions.

- Several counties have laid off up to 10 percent of their staff while food assistance caseloads have doubled. These are likely to impact the timely processing of applications for food, cash and medical assistance.

- Counties across the state consistently report having to overspend allocations and deplete reserves.

- Some counties have sustained reductions of up to 47 percent in assessed valuations for 2011.

- Several counties expressed specific concerns about child welfare because of the risks involved.

Based on staff's conversations with individual counties earlier in the year, some smaller counties have reported very serious problems (*e.g.*, all county services apart from core fire, police, social services, and general administration such as the assessor's office suspended), while conditions seemed to be less dire for others. Some counties have been working to reduce expenditures for several years, and these counties generally report being in better condition. As the Committee is aware, regional variations are significant. *Legislative Council Staff does not collect information on how overall changes in valuation or sales tax revenue may affect county budgets, which are also affected by the mix of county revenue streams and, for example, whether the county has "de-TABORED".*

Line items in this Division. The County Administration Long Bill section represents a sub-section of total funding provided for county administration of social services programs. The largest line item, the County Administration line item, provides funding for county departments of social services to administer several programs including food stamps, adult protection, adult assistance, child support enforcement and Low Income Energy Assistance payments. *The majority of this funding supports county workers who use the Colorado Benefits Management System to determine an individual's eligibility for the various public assistance programs.*

In addition, this Long Bill section includes targeted funding for high cost, low tax base counties (County Tax Base Relief) and two smaller line items that allocate recoveries (e.g. those associated with payments collected from non-custodial parents) to counties.

Over the last several years, the responsibility for some programs has been moved out of County Administration.

- Administration for child care services, child welfare services, Temporary Assistance to Needy Families, and the Old Age Pension are incorporated into line items in other sections of the Human Services budget.
- S.B. 06-219 transferred responsibility for county administration of medical assistance programs to the Department of Health Care Policy and Financing. However, county activities to determine medical assistance eligibility are essentially the same as the activities to determine eligibility for other social service programs: both involve Colorado Benefits Management System, and eligibility-determination costs are allocated between programs and the two departments. As a result, staff has reflected the Health Care Policy County Administration line item request in the numbers pages for informational purposes.

Funding History and Overview of Request for County Administration Division. As reflected in the chart, funding for the Human Services county administration division and the Health Care Policy county administration line item peaked in FY 2008-09 at $96.6 million, including $35.8 million General Fund. The total request for FY 2011-12 is slightly higher, at $96.8 million, but the requested General Fund share has fallen to $32.1 million.

The increase in FY 2008-09 was largely based on:

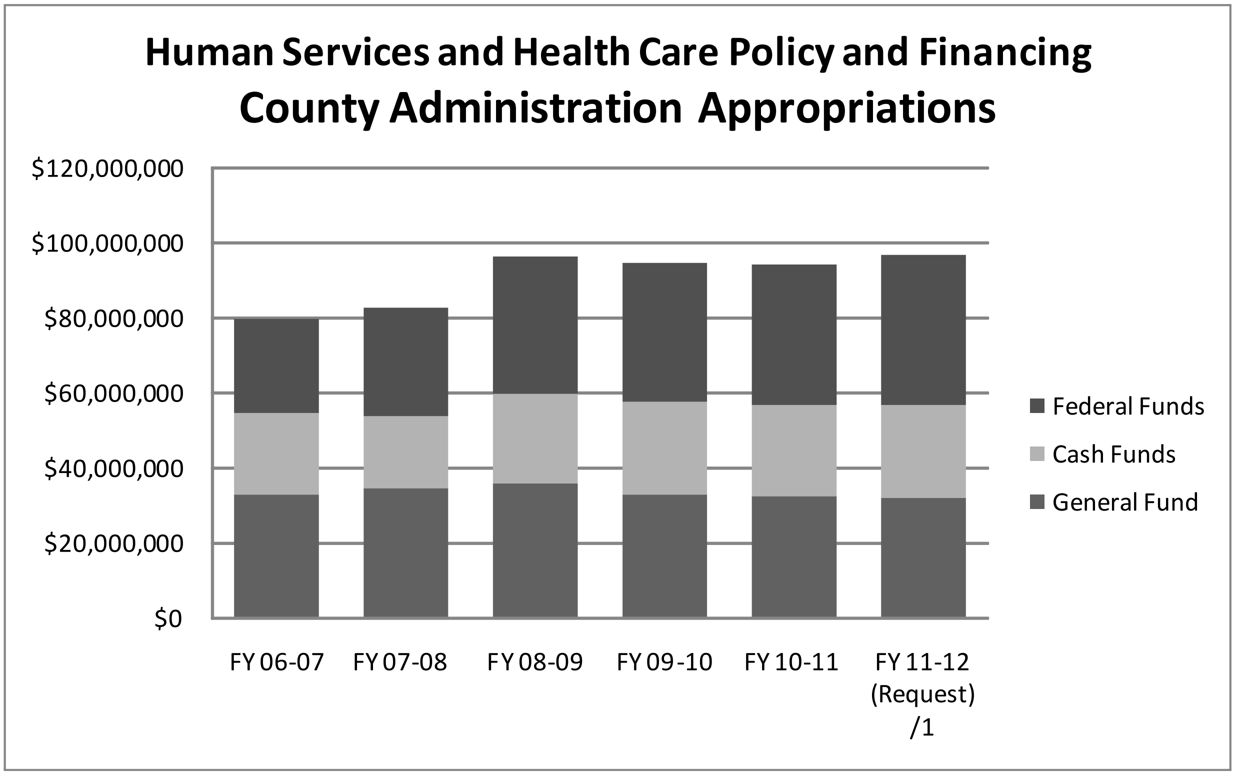
- The opportunity to access additional federal funds without additional General Fund or county cost by reducing County Contingency Payments pursuant to H.B. 08-1250, which restructured this program into the County Tax Base Relief program; and

- A 2007 workload study that projected costs for county administration of food assistance and Medicaid programs, based on caseloads at that time, and indicated that funding increases were warranted. The State contracted with Deloitte Development to project counties' costs for administering public benefits. Deloitte conducted time-studies to determine the time required by staff to perform daily activities and built a cost-model from the study. Deloitte's study supported expenditures of $85.2 million. House Bill 08-1250 increased the combined appropriation for the county administration line items in the two departments by $13.6 million to a final appropriation of $81.6 million in FY 2008-09--close to the level indicated by the 2007 Workload Study.

Reductions since FY 2008-09 have whittled away at the initial FY 2008-09 increase, but not erased it. Consistent with this, the overall request for FY 2011-12 does not appear to be substantially different from the FY 2010-11 appropriation. However, two points of note are discussed further below:

- Caseloads have grown at a striking rate, and, even with proposed temporary food assistance increase, funding will not keep up with caseload growth.

- The request includes two items related to county administration. These two items--Decision Item #2 (food assistance administration) and Budget Reduction Item #3 (county tax base relief)--affect different counties. The food assistance request benefits counties with rapid food assistance caseload growth. The reduction to county tax base relief affects counties with a low property tax base and high caseload costs.



Notes: Reflects sum of appropriation for Human Services County Administration division and Health Care Policy and Financing County Administration line item. FY 2011-12 request also includes an increase for Food Assistance Administration (DI #2) requested in the Self Sufficiency section.

County Administration

This line item provides funding for county administrative related to the Supplemental Nutrition Assistance Program (Food Stamps), Adult Assistance programs, and a variety of other programs.

The table below reflects how FY 2009-10 county administration amounts in this line item were used by counties. Federal funds in the General county administration category reflect Title XX block grant funds, which do not involve a match requirement; food assistance and child support enforcement are based on specific federal/non-federal match rate.

FY 2009-10 Actual County Administration Expenditures by Program - Human Services Only

	Total	General Fund	Cash Funds (county share)		Federal Funds	
Food Assistance	$39,274,714	$11,782,395	$7,854,942	20.0%	$19,637,377	50.0%
General county	9,413,339	5,532,911	1,911,058	20.3%	1,969,370	20.9%

FY 2009-10 Actual County Administration Expenditures by Program - Human Services Only						
	Total	General Fund	Cash Funds (county share)		Federal Funds	
Food Assistance	$39,274,714	$11,782,395	$7,854,942	20.0%	$19,637,377	50.0%
administration, including Adult Protective and Adult Financial						
Child Support Enforcement	3,177,758	444,884	635,550	20.0%	2,097,324	66.0%
Low Income Energy Assistance	757,936	606,349	151,587	20.0%	0	0.0%
Total HUM Actual	52,623,747	18,366,539	10,553,137		23,704,071	
Medicaid County Administration [appropriated HCPF]	26,707,549	7,908,501	5,618,188		13,180,860	
Grand total	79,331,296	26,275,040	16,171,325		36,884,931	

Source: CFMS Expenditure Report, FY 2009-10. Note that actual figures in this report do not fully reconcile to COFRS data used to report actuals to the JBC or county administration close-out data, likely due to how various expenditures are classified in different reports; however, this serves to demonstrate the approximate break-down of county administration program-area spending by category and fund-source.

- *Medicaid County Administration.* This appropriation is included in the Department of Health Care Policy and Financing; however total county expenditures, including for Medicaid administration, are managed together to maximize federal reimbursements. The FY 2011-12 request for Medicaid County Administration is $33.5 million. The combined FY 2011-12 request for the two County Administration line items (Human Services and Health Care Policy and Financing) is $83,663,983.

- *County Administration over-expenditures and County pass-through Expenditures*: Pursuant to Department annual close-out documents, total county administration expenditures exceeded annual allocations by $10.9 million or about 13.5 percent of total allocations (from Human Services and Health Care Policy and Financing.

  With respect to all county-administered social service programs (not solely county administration) in FY 2009-10, counties spent $39.7 million in social services "pass through" expenditures beyond the amounts reflected as required county share in the Long Bill. These expenditures received federal reimbursement in FY 2009-10 at the rate of 37 percent, based on the particular services provided and associated federal match rates. This includes expenditures for county administration and other social services costs beyond state-appropriated levels.

Line Item Request and Recommendation. The Department requests, and **staff recommends $50,116,105 including $19,823,380 General Fund** for a continuation level of funding

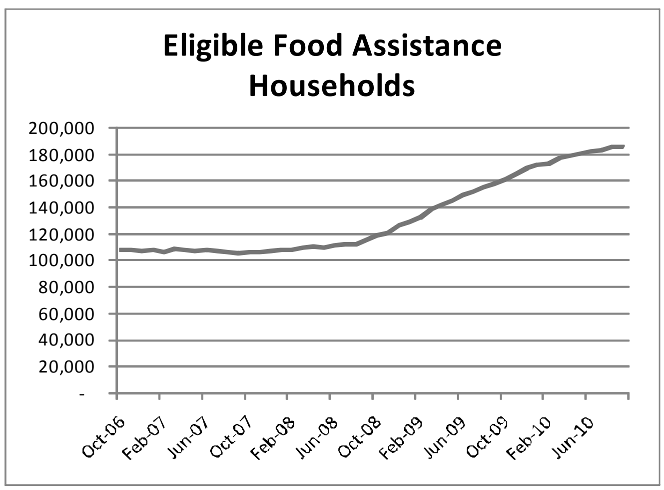
<u>Food Assistance Administration [NEW LINE ITEM]</u>

Decision Item #2: Additional Funding for Food Assistance Administration

<u>Note</u>: Decision Item #2 was requested in the Self Sufficiency section of the budget. However, because it is directly related to county administration of food stamps (and staff's recommendation would be to appropriate it in this section of the budget) the decision item is addressed below.

Department Request: The Department requests $4,715,280 total funds, including $2,357,640 General Fund, in additional funding for the administrative costs incurred by the counties related to food assistance administration. The request is to reflect these funds in a separate line item and apart from the County Administration appropriation, so that funds can be allocated specifically to counties with the greatest increase in food assistance caseload. The request is for two years only (FY 2011-12 and FY 2012-13), after which the additional funding would be discontinued.

The federal food assistance program now known as the Supplemental Nutrition Assistance Program or SNAP (and formerly known as Food Stamps) provides funding for food purchases for households with gross incomes below 130 percent of the federal poverty level (200 percent if the household includes an elderly or disabled member) and net income (after various deductions) below 100 percent of the poverty level. Benefits, totaling over $655 million for Colorado in FY 2009-10, are 100 percent federal funds. However *the cost of administering the program is subject to a 50 percent federal/50 percent non-federal match.*



Beginning in 2008 and mirroring a national trend the Food Assistance Program in Colorado began to experience unprecedented growth in the number of households applying for and receiving benefits. From March 2008 through December 2009, the rate of growth averaged a 2.0 percent increase each month over the prior month. Over the past 12 months, the rate of growth continues, but has slowed to 1.5 percent per month. The monthly caseload for September 2010 is 70 percent greater than in March 2008, 30 months ago. The increase in the monthly applications processed is even greater: 79 percent.

Staff Recommendation: **Staff Recommends the Department's request for $4,715,280 total funds but recommends fund splits of $1,414,584 General Fund, $943,056 cash funds (county share), and $2,357,640 federal funds**.

- The staff recommendation includes $943,056 General Fund less than the request because staff believes counties benefitting from this funding should be required to provide a 20 percent share, consistent with the usual practice for county administration.

  Staff recognizes that providing the requisite county share may be difficult for some counties. However, this proposal is being financed by reducing funding to poor, high-cost counties that will now need to find additional county revenues to cover their county-share. Thus, it seems inequitable that counties benefitting from the reallocated funds would be *exempted* from the county contribution usually required. As reviewed later in this packet, the staff recommendation is to use the General Fund "saved" in this recommendation to retain a limited amount of funding for County Tax Base Relief.

- Consistent with the request, staff recommends funding be provided for two years only in FY 2011-12 and FY 2012-13.

- Consistent with the request, staff recommends the funding be reflected in a separate line item entitled "Food Assistance Administration". However, staff recommends this new line item be included in the County Administration section, rather than in a new Self Sufficiency section as requested by the Department.

Additional Background and Analysis:
The growth in demand for food assistance has been steep, and funding for administration has not kept up. Federal assistance was available in FY 2009-10 and FY 2010-11, but is no longer. The table below reflects the growth in the county administration *line item* in the Department of Human Services, which is primarily used to support food assistance administration, but also supports other programs.

Appropriations and Allocations to Support Food Assistance Administration /1

	FY 07-08	FY 08-09	FY 09-10	**FY 10-11**	**FY 11-12 (Request)**
County Administration DHS line item /1	$40,938,883	$51,138,883	$51,138,883	$50,116,105	$50,116,105
Federal Stimulus Funding - Distributed to Counties /2	0	0	2,091,011	2,243,895	0
Decision Item #2	0	0	0	0	4,715,280
Total	**$40,938,883**	**$51,138,883**	**$53,229,894**	**$52,360,000**	**$54,831,385**
Percent Change	*n/a*	*24.9%*	*4.1%*	*-1.6%*	*4.7%*
Average Monthly F.A. Households (FFY)	109,405	138,657	176,510	207,764	246,662
Percent Change		*26.7%*	*27.3%*	*17.7%*	*18.7%*

1/ Counties have flexibility in the extent to which this line item is directed to food stamp administration. However, as demonstrated from the actual figures below, in fiscal years FY 2008-09 and FY 2009-10, 74.2 percent and 76.8 percent of the line item, respectively were directed to food stamp administration.

2/ These are the amounts referenced in the Department's decision item, as they were 100 percent federal funds and not reflected in the Long Bill.

The table below is based on actual county expenditures specifically billed as relating to Food Assistance Administration pursuant to the County Financial Management System data base. This includes the portion of the County Administration appropriation in the Long Bill that is used for food assistance administration and additional county expenditures beyond amounts in the Long Bill.

Actual County Expenditures for Food Assistance Administration /1		
	FY 2008-09	**FY 2009-10**
Food Assistance Expense in County Administration Line Item	$37,921,806	$39,274,714
Additional County Food Assistance Expenditures 2/	11,003,115	12,160,128
100 Percent Federal Funds for Food Assistance Administration	144,613	2,398,712
Total	$49,069,534	$53,833,554

1/ These amounts are from reports from the County Financial Management System.
2/ These reflect "pass through" expenditures for which counties claimed a 50 percent federal match but no state funding; these amounts are not included in the Long Bill.

- Appropriations for the Human Services County Administration line item (includes food assistance administration) grew by $10.2 million (25 percent) from FY 2007-08 to FY 2008-09. This increase was authorized before the onset of the recession and was considered justified based on caseloads at that time.

- Funding adjustments for FY 2009-10 and FY 2010-11are clearly far less than the caseload increases experienced, and the requested increase for FY 2011-12 is similarly not proportionate to the rapid caseload growth.

- In FY 2008-09 and FY 2009-10, counties spent $11.1 million and $12.2 million, respectively for food assistance administration above and beyond appropriations that receive state match. While counties received 50 percent federal reimbursement for these expenditures, the balance was from county tax dollars. This is indicative of the pressures on counties to deliver these services.

The Department's request reflects a conservative calculation of need. The Department's request is based on an incremental increase of $121.22 per case, based on average state costs for additional food assistance workers and an average caseload of 350 per worker. This seems a conservative figure, given that actual county expenditures per case in FY 2008-09 (actual expenditures/total cases) were $354.89 per case and the 2007 Colorado Workload Study indicated food assistance cost per case, based on their model, was $414 to $374 per case depending upon the size of the county. However, staff also notes that Colorado's overall administrative costs per case are high compared to the nation as a whole and there is therefore likely room for greater cost-efficiency. (see box)

Finally, H.B. 10-1022 eliminated the asset test for food assistance, which was expected to streamline eligibility determination, although no specific cost savings were estimated.

- Even with the requested increase, and assuming an incremental cost per new case of just $121.22, the requested FY 2011-12 appropriation does not "keep up" with the caseload increase since FY 2007-08, as reflected in the calculation below. *Note that staff is not recommending a higher figure -- merely demonstrating that the request is conservative.*

Increase FY 2007-08 County Administration line item appropriation to FY 2011-12 request + Decision Item #2	$13,892,502
Projected increase in number households determined eligible for food assistance from FY 2007-08 to FY 2011-12	*134,341*
Additional funding needed over FY 2007-08 @ $121.22/case (134,341 x $121.22)	$16,284,816
Requested appropriation increase above/(below) need per this calculation	($2,392,314)

There are concerns with county performance and efficiency that the Department is working with counties to address. The request noted that "Colorado continues to fall short of the federally required timeliness standard for processing food assistance applications and faces potential withholding of federal funding if required time frames are not met". Additionally, it has reached an Amended Stipulation and Order of Settlement in a lawsuit filed against the Department in 2005 on behalf of plaintiffs who claim to not receive benefits timely. This lawsuit was filed during the roll-out of the Colorado Benefits Management System and was related to timeliness and errors in case processing. Timeliness is the only outstanding issue. The recently completed Amended Stipulation requires progressive improvement on timeliness: to 80 percent timeliness by March 2011 and 85 percent by September 2011.

Food Assistance in Colorado Compared to U.S.

The percentage of the Colorado population that receives food assistance has now increased to about 8.2 percent (424,878 individuals in September 2010), compared to national usage of about 12.5 percent or 1 in 8 Americans.

Based on data from the U.S. Department of Agriculture, in FFY 2007-08, Colorado's administrative cost-per-case was $58.00 per case per month, compared with a United States average of $40.46. (SNAP State Activity Report - FFY 2008) This includes state costs for CBMS and state quality assurance, as well as county administration (which represents about half of the total). It is not clear how Colorado's cost-per-case has changed in relation to the national average in the last two years.

The Department's has greatly improved timeliness: 82.6 percent of cases were filed timely in FY 2009-10 (through 3/10), compared with 74.2 percent in FY 2007-08. However, this is still below the federal expectation of 90 percent timely and the commitment to comply with federal guidelines for 100 percent compliance contained in the original Stipulation to settle the food assistance lawsuit. With respect to federal requirements, no state has even been sanctioned for failures in timeliness; however, there is some discussion at the federal level regarding this, and federal authorities have raised particular concerns about this in communication with the State.

	Food Assistance Percent Applications Processed Timely -June 2010 report	Percent Increase Food Assistance Cases August 2008 to Oct 2010
Adams	79.0%	87.5%
Arapahoe	80.0%	80.7%
Boulder	75.0%	81.5%
Denver	65.0%	53.8%
El Paso	70.0%	74.5%
Jefferson	87.0%	106.6%
Larimer	73.0%	64.6%
Mesa	78.0%	71.3%
Pueblo	88.0%	33.9%
Weld	100.0%	74.3%

The Department is also engaged in a vigorous effort to improve county efficiency. In particular, it is part of a project with the Southern Institute and the Department of Health Care Policy and Financing to examine workload processes in each county and take steps to streamline activities. Participating counties will be required to apply best practice procedures, such as use of phone interviews in lieu of in-person interviews and changing business processes from case management to task-based.

Requirement for a 20 percent county share. The Department request reflects financing for this decision item through a 50/50 state/federal match with no required county share. This reflects the Department's concern that any funds provided be available immediately to assist the targeted counties, and that lack of available county share dollars not present an obstacle to increasing county staff and performance. It is particularly concerned about ensuring that some of the very largest counties make improvements and increase, rather than reduce, staff, as total state performance is heavily driven by counties such as Denver and El Paso.

Staff believes this is a legitimate concern. Based on communication from the Office of Legislative Legal Services, *staff believes that the State can compel counties to accept the new funding and provide the required 20 percent county share*. However, enforcement could require legal involvement, if a county refused to accept the funds due to limited availability of local match.

Targeting funding to improve performance? The Department has indicated that the funding will be targeted to counties with the highest caseload growth. This is consistent with the approach used previously to distribute additional federal funds available under the American Recovery and Reinvestment Act and for distribution of additional funds provided under a Department of Defense spending bill in 2010. Based on the factors being proposed by the Department--rate of growth and whether the growth rises to the level of at least 350 new cases--the funding would go to the ten large counties and eight medium sized counties.

The Department has requested funding a separate line item so that it can target the funding. Staff agrees with this approach. However, *staff believes the Department should consider tying a portion of the funding to improvements in performance and timeliness and not merely caseload growth.* Staff previously examined the relationship between issues of timeliness and the level of caseload growth experienced by different counties. While there is a relationship, there are clearly other factors at play. Staff believes it is incumbent upon the Department to demand certain performance standards in return for additional funding.

As staff has now recommended that counties be required to contribute 20 percent of the funding, rather than providing the funding as 100 percent state and federal funds, staff is not recommending that these funds also be used as performance incentives. However, **if the Committee chooses to fund the request as written (without requiring a county share), staff would recommend the addition of a footnote expressing legislative intent that a portion of the funds be set aside to reward performance.**

County Tax Base Relief

This line item assists counties with the highest costs and lowest property tax values in meeting their obligations for social services costs. These obligations include: county responsibility for maintenance of effort expenditures for the Temporary Assistance to Needy Families Block Grant (TANF), the county 20 percent share for food stamp and Medicaid reimbursements, the county share for child welfare services expenditures (20 percent for most services), and the county share for adult assistance programs.

H.B. 08-1250 (Pommer/Johnson). The current county tax base relief formula was established through H.B. 08-1250. A prior program, the County Contingency Fund, was established in 1973. It was modified to ensure that the program targeted the most needy counties (a reduction from 41 counties receiving contingency in FY 2007-08 to 23 counties in FY 2008-09), consistent with the recommendations of a 2007 taskforce. Pursuant to H.B. 08-1250, a former $11.2 million General Fund appropriation for County Contingency was eliminated and redistributed, with $6.2 million placed in the new County Tax Base Relief Fund and the balance in other county administration line items. (The appropriation for FY 2008-09 was subsequently reduced to $5.8 million through supplemental action due to state revenue constraints.)

2010 Legislative Action and S.B. 10-149 (Tapia/Ferrandino). For FY 2009-10, the Executive requested, and the General Assembly approved, halving the original County Tax Base Relief appropriation to its current $2.7 million level. The Executive further requested that this appropriation be entirely eliminated in FY 2010-11. However, the Joint Budget Committee chose instead to introduce S.B. 10-149 to clearly limit funding to Tier I counties, and the JBC and subsequently the General Assembly, chose to retain funding for FY 2010-11 at the $2.7 million level.

County Tax-base Relief Calculation. The base for calculation of eligibility is all mandated public assistance programs that have a county share and that appear in the Long Bill, pursuant to Section 26-1-126 (1.5), C.R.S. The calculation is based on the county share required under statute and Long Bill appropriations and excludes any additional county expenditures associated insufficient state or federal funding. A formula based on three fixed mill levy thresholds – 3.0 mills (Tier I), 2.5 mills (Tier II), and 2.0 mills (Tier III) – is used to calculate eligibility.

The following is an example of the Tier I eligibility calculation. Assume a county has a calculated county share of $150,000, and that the property tax valuation generates $30,000 per mill levied. The formula for the Tier I shortfall is as follows:

	$150,000	total calculated costs
-	<u>90,000</u>	generated by 3.0 mills
=	60,000	Tier I shortfall
x 0.75 =	45,000	County Tax Base Relief Allocation (75 percent of shortfall)

Calculations for Tiers II is based on the difference between the shortfall not funded under Tier I and revenue generated by 2.5 mills, with a similar calculation for Tier III. The percent of shortfall funded declines under these latter tiers. As noted above, funding for these latter tiers is suspended under S.B. 10-149.

Base Reduction #3: Eliminate County Tax Base Relief Funding

Request: For the second year in a row, the Department has proposed eliminating all remaining County Tax Base Relief Funding. No specific justification is provided, other than the statewide General Fund shortfall. The request notes that counties with reserves will be able to use those, while others will generally need to redirect county funding from other county activities to cover the additional county share.

Analysis: As discussed during the staff budget briefing:

The **Department has effectively requested to fund its proposed increase for food assistance administration by eliminating support for county tax base relief**. Unlike most line items that support counties, this line item does not draw matching federal funding (because it substitutes for the county share of funding that is otherwise required). This makes it an understandable target for budget reductions.

Counties that will face elimination of county tax base relief funding are generally different counties from those that will benefit from the new food assistance administration funding. Among the anticipated recipients of the proposed new food assistance administration funding, only Pueblo, Alamosa, and Fremont are also recipients of County Tax Base Relief (see below), and the amounts that they might expect to get from this additional funding would be far less than the funds lost from County Tax Base Relief. For example, Pueblo might gain approximately $270,000 while losing $1.0 million. Alamosa might gain $56,000 while losing $423,000.

Areas of the State that have experienced the very largest assistance caseload growth are the large urban areas. Counties that were always poor have also experienced caseload growth--simply less than their large urban counterparts. For example: 107 percent growth for Jefferson County, 70-80 percent for most of the other "big ten" counties, while Otero, Conejos, and Prowers have simply not changed as greatly (20 to 30 percent caseload growth).

The fundamental economic factors addressed through Tax Base Relief have not changed. In the absence of tax base relief, counties that are exceptionally poor (driving increased demand for public assistance) and have low property values (also due to relative poverty) face excessively high tax rates or are unable to offer an equitable level of public assistance compared to other regions of the State.

Tax Base Relief Funding is a major funding source for some counties. The table below reflects the results of the tax base relief calculation for FY 2009-10.

County Tax Base Relief FY 2009-10 Distribution

County	County Share of Social Services Expenditures	Property Taxes Generated at 3.0 Mils	County Tax Base Relief per Formula - Tier I	Formula as percentage of County Share of expenditures
Alamosa	949,099	384,470	423,471	44.6%
Bent	286,273	164,530	91,307	31.9%
Conejos	370,028	144,240	169,341	45.8%
Crowley	208,289	104,950	77,504	37.2%
Fremont	1,376,496	1,288,581	65,935	4.8%
Lincoln	289,472	210,435	59,278	20.5%
Logan	747,347	607,543	104,849	14.0%
Otero	742,660	344,408	298,689	40.2%

County Tax Base Relief FY 2009-10 Distribution				
County	**County Share of Social Services Expenditures**	**Property Taxes Generated at 3.0 Mils**	**County Tax Base Relief per Formula - Tier I**	**Formula as percentage of County Share of expenditures**
Prowers	577,653	374,969	137,013	23.7%
Pueblo	5,085,519	3,649,111	1,077,306	21.2%
Rio Grande	551,686	513,581	28,579	5.2%
Saguache	259,286	171,870	65,562	25.3%
TOTAL	**n/a**	**n/a**	**2,598,834**	**n/a**

* The Department appears to have distributed funds up to the total amount of the appropriation ($2,700,689), despite statute added in 2010 specifying that county tax base relief funding is limited to the amount that a county is qualified to receive from Tier I in FY 2009-10, FY 2010-11, and FY 2011-12 (Section 26-1-126 (6)).

As indicated in the table:

- For nine of the twelve counties affected, County Tax Base Relief comprises more than 20 percent of their county share. For three of these counties, it comprises more than 40 percent.

- The affected counties vary in size, but Pueblo is the only large county affected.

Data from the Department of Local Affairs County Financial Compendium from 2007 provides some further context:

- Based on the Local Affairs data, some counties, such as Alamosa, would need to contribute an additional 8.0 percent of general tax revenue (as of 2007) to cover the revenue lost from county tax base relief. For others (such as Pueblo) the additional contribution should represent about 2.0 percent of county General Fund tax revenue. There is considerable variation on this among the Tax Base Relief counties.

In general, social services programs represent a substantial component of all counties' expenditures (20 to 45 percent for the tax base relief counties) but, as would be anticipated from state financing requirements, more than 80 percent of this expenditure(and often 95 percent for tax base relief counties) is financed with state and federal intergovernmental transfers.

Self-reported Status of Tax Base Relief Counties. Staff requested further information both from the affected counties and from the Department to attempt to determine further how the proposed reduction will affect them. Many counties report that they have already taken substantial budget cuts due to shortfalls in county funding and/or reductions in their allocations for social service programs. These counties indicated that they either had reduced, or would reduce, their total social services programs if tax base relief was not available and thus they would turn-back matching state and federal funds due to lack of county share.

- *Pueblo* indicated that it had received $1.6 million less in county social services funding than requested from the county due to county-wide revenue shortfalls (a difference of 27 percent). "This will result in the Department of Social Services being unable to utilize and spend approximately $6.5 million in federal and state funds for a total of $8.1 loss of revenue primarily in the client benefits arena, in the determination of eligibility, and child welfare related programs. With a further cut of $1 million in tax base relief in Pueblo County's case, approximately $4 million in additional federal and state revenue will not be coming to Pueblo County's citizens in need."

- *Logan* reported that the Department has had reductions in the following allocations: Administration, TANF, Child Care, Core, and Title XX. "Our assessed valuation has also dropped this year. This has resulted in a reduction in psychological services, reductions in Child Care eligibility to the minimum allowed by rule, virtually eliminated diversion payments, virtually eliminated funding to all outside agencies and the furloughing of staff much of the 09-10 fiscal year in an attempt to come within budget. This is happening at a time when demands on the agency are at the highest levels in history. We are now experiencing mothers who are quitting their jobs as they cannot make enough to pay their child care, a very high rate of Child protection referrals and staff who are barely able to keep the work load afloat."

- *Prowers* reported that the Social Services Fund has had to borrow money from the General Fund of the County in order to have sufficient cash flow to meet the local share of Department expenses. "Employees of the Department were placed on twelve days of mandatory furloughs in 2010. In 2011, all exempt employees will be required to take twelve furlough days again. All TANF contracts and other assistance to recipients have been discontinued in order to pay for basic cash and subsidize the Child Care Assistance Program. Eligibility for the CCAP Program has been reduced to 130% of poverty and a waiting list established.

- Some counties indicated that they had some fund balances that they would access, but that this funding would soon be exhausted. In general counties like Alamosa noted that, if tax base relief were lost they would "either need to have their county divert additional revenue to human services, eliminate some federally mandated services, or some combination of both".

Neither the Department nor staff have sufficient information to fairly compare the level of fiscal crisis that exists in different counties.

- The Department of Human Services has been working on some tools to assess county financial health, but they are not yet ready for use.
- The Department of Human Services Division of Child Welfare has indicated anecdotally that some counties may be choosing not to fully access available state and federal funds due to lack of county match. However, it has not thus far provided additional information.
- The Department of Local Affairs compiles a financial compendium of all counties, but the most recent version available is from CY 2007--before the current recession--and detail is limited.

Recommendation: Staff recommends that the Committee further reduce County Tax Base Relief, but avoid eliminating it entirely, as reviewed further below. Given a choice between funding food assistance administration increases and county tax base relief, staff agrees with the Department's decision and thus its budget request. However, the staff recommendation attempts to meet both needs in part.

- For Decision Item #2, staff has recommended that countries be required to pick up their 20 percent share of costs related to the new food assistance funding. This "frees up" $943,056 which could be retained in County Tax Base Relief funding, if desired.

- If the Committee reduces County Tax Base Relief funding to $1.0 million (37 percent of the current level) the net impact of the combined recommendations for Decision Item #2 and Base Reduction #3 would be reduced to an increase of $56,944 over the Department's request.

- This level of assistance would be more meaningful for those receiving support if the Committee runs a bill to exempt large counties (*i.e.*, Pueblo) from tax base relief, at least temporarily. Under this scenario, the remaining counties would receive two-thirds of the level of funding provided in FY 2009-10 and FY 2010-11. The remaining Tier 1 counties could be fully funded if the Committee appropriated $1.5 million and exempted Pueblo. While Pueblo clearly qualifies as a "Tax Base Relief" county based on its revenue base and public assistance needs, it may be better positioned than smaller counties to manage without additional state assistance, at least in the near-term. Note that *the General Assembly can reduce tax base relief funding whether or not Pueblo is removed from the formula*.

<u>County Share of Offsetting Revenues</u>

Section 26-13-108, C.R.S., provides that when government authorities recover any amounts of support for public assistant recipients, such amounts may be used to reimburse public assistance paid in accordance with federal law. Funding in this line item reflects the county share of revenues earned through child support collections, fraud refunds, state revenue intercepts, and other refunds. County expenditure of these funds assists the state in meeting the maintenance of effort (MOE) for the Temporary Assistance for Needy Families (TANF) Block Grant. The largest component is related to child support enforcement. In FY 2009-10 a total of $15.5 million was recovered through child support enforcement activities to reimburse the State, counties, and the federal government for support provided to families under Colorado Works (Colorado's TANF program). Of this amount, $7.7 million (50 percent) was the federal share and $4.6 million was the State share. The county 20 percent share, in addition to some related recoveries, were reimbursed to counties through this line item (a total of $3.5 million). In FY 2008-09, the county share of recoveries was $3.9 million.

The Department requests a continuation level appropriation of $3,789,313 cash funds. **Staff recommends the request but notes that actual recoveries may be lower, given the most recent actual data.** Regardless, as discussed further below, *the footnote pertaining to this line item specifies that the amount shown is an estimate*. The Department is authorized to disburse an amount in excess of this appropriation (or lower than it) to reflect the actual county share.

<u>County Incentive Payments</u>
This line item represent the portion of the State's share of child support collection, and other refunds recoveries that are redirected to counties as incentives for child support enforcement activities. Section 26-13-108, C.R.S., provides that when government authorities recover any amounts of support for public assistant recipients, such amounts may be used to reimburse public assistance paid in accordance with federal law. Recoveries are are typically allocated 50 percent to federal, 30 percent state, and 20 percent county. This statute further provides that the State may redirect some or all of its share of such recoveries to counties as an additional child support enforcement incentive.

For FY 2010-11, approximately 50 percent of the state share of recoveries are distributed to counties. An associated Long Bill footnote specifies that of recoveries received in excess of the amount specified, 50 percent of the total received is distributed to counties as additional incentives. Actual incentives distributed for FY 2009-10 were $6.7 million (rather than the $5.7 million budgeted).

Recent Funding History. Prior to FY 2008-09, the State redirected 50 percent of the state-share of recoveries to counties, so that counties received 35 percent of total recoveries, rather than 20 percent. However, H.B. 08-1342 modified a statutory provision to enable the State to redirect a larger share to counties, in response to changes at the federal level that effectively reduced county funding for Child Support Enforcement by $3.3 million (federal policy on whether federal incentive payments could be matched with federal funds).

Funding for this line item for FY 2008-09 and FY 2009-10 was based on an estimated 100 percent of the state share of retained collections for Child Support Enforcement. Starting in FY 2010-11, funding and the footnote associated with this line item was again modified to specify that counties would receive 50 percent of the state-share of recoveries. The remaining 50 percent state share of recoveries was redirected to a capital construction project (rebuilding an information technology system) and to increase funding for state administration of child support enforcement (pursuant to FY 2010-11 Decision Item #8).

Request and Recommendation. The Department requests $5,136,921, including an increase of $320,797 for the line item, based on annualization of FY 2010-11 Decision Item #8. FY 2010-11 Decision Item #8, as approved by the General Assembly, redirected $768,237 from this line item to the Child Support Enforcement line item, where it was matched with federal funds . The decision item specified that, in FY 2011-12, the "redirection" of funds would be reduced to $447,440 for FY 2011-12 and eliminated entirely in FY 2012-13.

Staff recommends $5,136,921 including the annualization of FY 2010-11 Decision Item #8. **The annualization increases this line item by $320,797 above the FY 2010-11 funding level.** The table below shows how the impact of the decision item affects two line items: this one, and a line item in the Self-sufficiency section.

FY 2011-12 Annualization FY 2010-11 Decision Item 8 (two line items affected)

	Total	**Cash Funds**	**Federal Funds**
County Administration, County Incentive Payments	$320,797	$320,797	$0
Self Sufficiency, Child Support Enforcement	(943,521)	(320,797)	(622,724)
Total	($622,724)	$0	($622,724)

(7) OFFICE OF SELF SUFFICIENCY
(A) Administration

The Office of Self Sufficiency's Administration section is responsible for the oversight of the Colorado Works Program, the Special Purpose Welfare Programs (Low Income Energy Assistance Program, Food Stamp Job Search, Food Distribution, Low-Income Telephone Assistance Program, Income Tax Offset, Electronic Benefits Transfer Service, Refugee Assistance, and Systematic Alien Verification for Eligibility), Child Support Enforcement, and Disability Determination Services.

Personal Services

This line item supports the base salary, state PERA contributions, and contracts the division management uses for administrative oversight of its programs. Support for the Colorado Works program was moved from this line to the Colorado Works section of the budget in FY 2006-07. The staffing summary for this line is shown in the table below. In FY 2007-08, 3.0 FTE were added to provide additional oversight of counties' administration of the Food Stamps program.

Staffing Summary - (7) Office of Self Sufficiency - Administration, Personal Services	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-11 Request	FY 2011-12 Recommendation
Management	2.8	4.0	4.0	4.0
General Professional	15.1	15.0	15.0	15.0
Support Staff	2.4	3.0	3.0	3.0
TOTAL	**20.3**	**22.0**	**22.0**	**22.0**

The Department has requested $1,680,388 including $715,901 General Fund, and 22.0 FTE for this line item. **The staff recommendation is calculated in accordance with Committee common policy.** The following table summarizes the calculation.

Staff Summary - (7) Office of Self Sufficiency (A) Administration, Personal Services	Total	GF	FF	FTE
FY 2010-11 appropriation	1,688,765	705,205	983,560	22.0
Annualize 1% GF personal svc. reduction	7,123	7,123	0	0.0
Annualize 2.5% FY 2010-11 PERA adjustment	32,273	32,273	0	0.0
Common policy 1.5% base reduction	(25,922)	(11,169)	(14,753)	0.0
DI #NP-7 - PERA	(32,881)	(13,808)	(19,073)	0.0
Total Recommendation	**$1,669,358**	**$719,624**	**$949,734**	**22.0**

<u>Operating Expenses</u>
The Department requests a continuing appropriation of $75,539, including $52,173 General Fund. The request includes annualization of two FY 2009-10 decision items: FY 2009-10 Decision Item #25 for funding to destroy obsolete forms and FY 2009-10 decision item #NP-2 related to the mail upgrade. **The staff recommendation is for a continuation level of $75,539, including $52,173 General Fund.**

(7) OFFICE OF SELF SUFFICIENCY
(B) Colorado Works Program

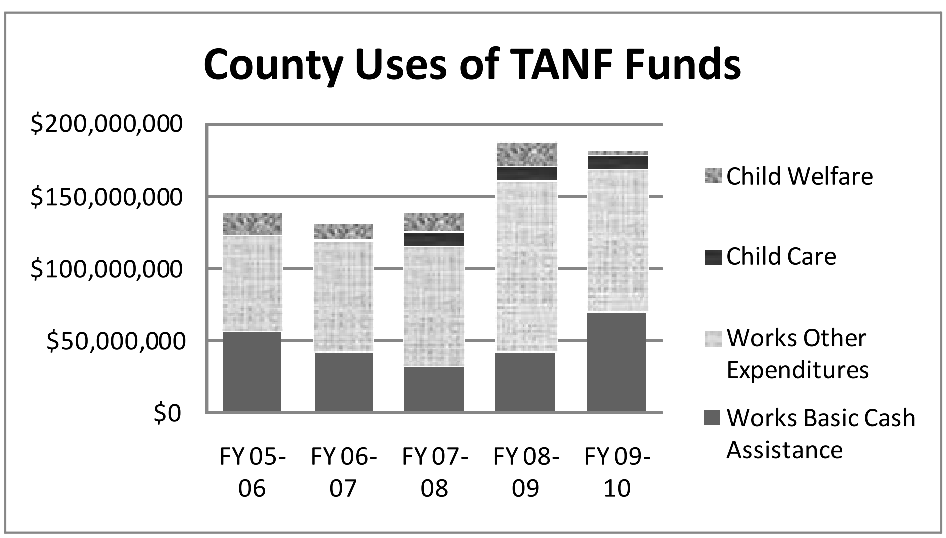
The Colorado Works Program implements the federal Temporary Assistance for Needy Families (TANF) block grant program. The purposes of TANF, as outlined in statute at 26-2-705, C.R.S., include:

- Assisting needy families so that children can be cared for in their own homes;
- Reducing the dependency of needy parents by promoting job preparation, work, and marriage;
- Preventing out-of-wedlock pregnancies; and
- Encouraging the formation and maintenance of two-parent families.

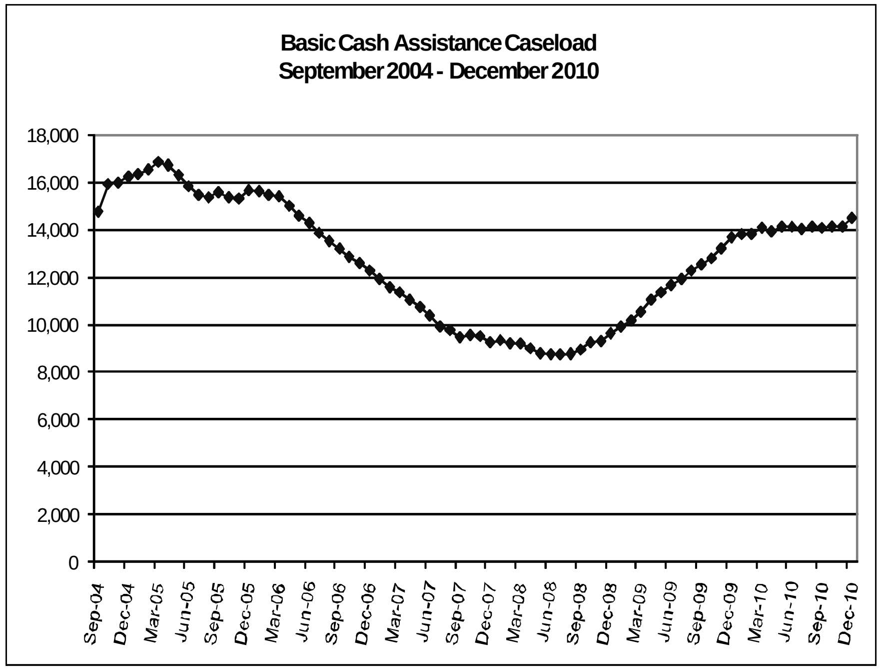
Pursuant to federal law, the General Assembly has authority to *appropriate* TANF block grant funds for purposes consistent with these goals.

In most years, Colorado receives $150 million per year in federal Temporary Assistance to Needy Families (TANF) block grant funds. The majority is "sub-block-granted" to counties for the Colorado Works program. Colorado Works is a state-supervised, county administered program.

County Colorado Works Expenditures. Counties use TANF block grant funds for a variety of purposes: payment of basic cash assistance for needy families, program administration (including helping recipients move into employment), grants to community programs that meet TANF goals and serve families that meet TANF guidelines (may include households with incomes up to $75,000



per year), and child welfare and child care services. Counties may transfer up to 30 percent of allocations to child welfare or child care programs, including up to a maximum of 10 percent for child welfare.



Basic cash assistance (BCA) is the only "entitlement" component of the Colorado Works Program. The average household benefit is currently $431 per month, with a lifetime limit of 60 months of cash assistance and work participation requirements.

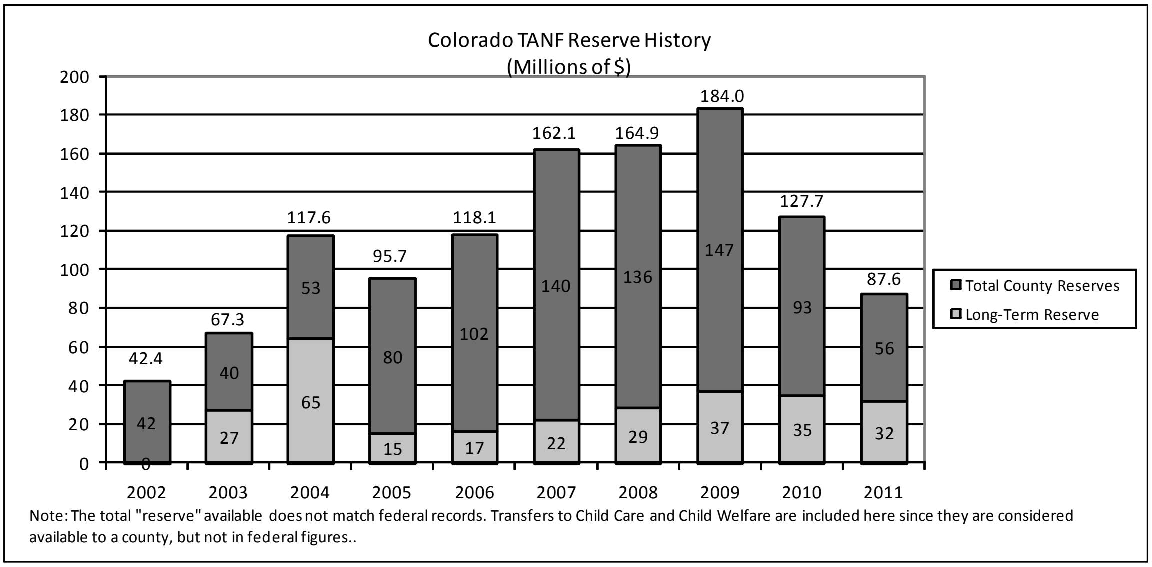
Spending for basic cash assistance to needy families is **not** the largest component of county program expenditures (in some years it is less than 30 percent.) However, these expenditures vary with economic cycles, and county control is limited. As reflected in the chart, since early CY 2010, the growth in cash assistance caseload has substantially flattened. For the 18 months from June 2008 through December 2009, caseload grew at an average rate of 2.4 percent per month. However, for the 12 months of calendar year 2010, growth seems to have dramatically slowed: caseload has been growing at a rate of only 0.4 percent per month.

County Reserves and S.B. 08-177 Reserve Caps. Beginning in FY 2004-05, as both total and basic cash assistance expenditures fell, county-controlled TANF reserves began to grow.[2] By FY 2006-07, reserves of funds under county control exceeded $160 million and, in total, were larger than total annual funding for TANF county block allocations, as reflected in the chart below.[3] Reserves under state control (identified in the chart below as Long Term Reserve amounts) were far smaller.

In response, the Department worked with legislators to adopt S.B. 08-177, which limited county TANF reserves. Pursuant to S.B. 08-177, upon the conclusion of FY 2008-09, counties were

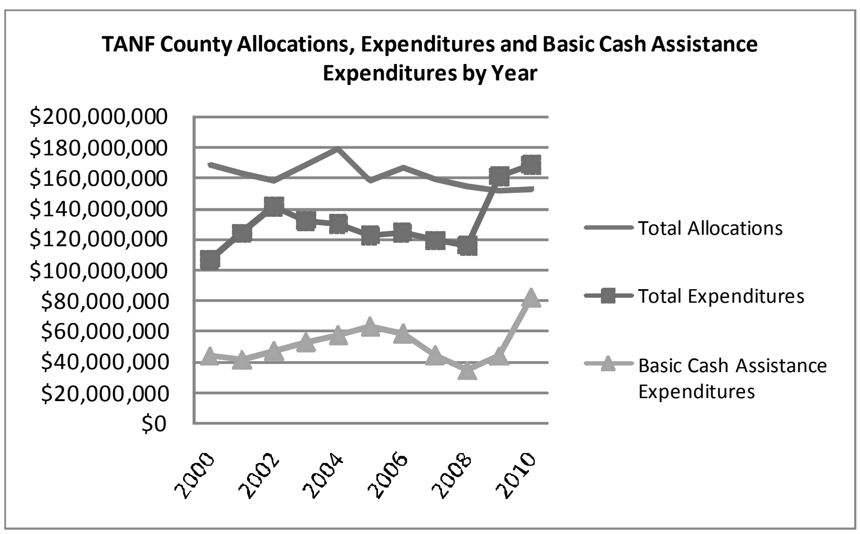
[2]TANF "reserves" reflect federal spending authority for moneys not yet drawn down and expended by the State. Moneys are only transferred to the State based on qualified expenditures.

[3]This reserve figure includes TANF funds that had been transferred to separate TANF reserves for child welfare and child care programs.



required to remit to the Long Term Reserve any unspent TANF reserves in excess of 70 percent of the county's block allocation in the prior fiscal year. At the end of FY 2009-10, the reserve cap fell to 55 percent of the county's allocation, then 40 percent at the end of FY 2010-11, and 30 percent at the end of FY 2011-12. Additionally, the bill increased spending through a 30 percent increase to the basic cash assistance grant and the creation of the Statewide Strategic Uses Fund (SSUF) and the Program Maintenance Fund, which received initial TANF appropriations totaling $13 million.

The potential that funds would revert to the TANF Long Term Reserve, combined with the recession that began in 2008, led counties to sharply increase spending. As shown in the chart, starting in FY 2008-09, expenditures began to exceed allocations. As a result of this rapid spending, the reserve cap led to the reversion of $12.2 million to the Long Term Reserve in FY 2008-09 and only $685,772 at the end of FY 2009-10



S.B. 11-124 (Hodge/Gerou). As the Committee is aware, the bill makes the several changes regarding county Temporary Assistance for Needy Families (TANF) reserves. Beginning in FY 2010-11, the bill raises the cap on TANF reserves that may be retained by counties to 70 percent of the county block grant for the concluding fiscal year, except for counties with block grants of less than $142,857 per year, which may maintain a reserve of up to $100,000. In addition, the bill:

- gives the Works Allocation Committee (WAC) the authority to transfer unspent county reserves in excess of the reserve cap to other counties based on the criteria determined by the WAC;
- requires the WAC to give first priority for transfers to counties with zero TANF reserves;
- specifies that any unspent county TANF reserves not allocated by the WAC are transferred to the Colorado Long-term Works Reserve;
- specifies that counties must receive maintenance of effort credit for any unspent reserves transferred to other counties;
- allows the unspent TANF reserves from FY 2009-10 to be reallocated by the WAC to other counties, rather than be transferred to Colorado Long-term Works Reserve; and
- removes the requirement that the Department of Human Services (DHS), with input from counties and program participant advocates, submit legislative recommendations prior to the 2012 legislative session on how to allocate unspent TANF reserves.

JBC Staff Recommendation - Amendments to S.B. 11-124. Staff recommends that the Committee members who are bill sponsors consider two possible modifications to the bill. *Staff recognizes that these changes may not be favored by the majority of counties supporting the bill, but nonetheless believes these may be worth considering.*

1. Consider applying a reserve level of 30-40 percent, rather than 70 percent, for FY 2010-11 and FY 2011-12, while maintaining the provisions within the bill designed to promote reallocation of funds to counties with $0 reserves.

2. Consider an amendment to the bill to modify Section 26-2-714 (3), C.R.S., which specifies that "The state department shall not be authorized to reduce a county block grant... based upon the amount of any moneys maintained by such county in a [TANF county] reserve account..."

Both recommendations are intended to promote some reallocation of reserves among counties in the current strained fiscal environment.

Staff finds it problematic that some counties are operating with $0 reserves and devoting the majority of their funding to basic cash assistance, that other counties may have substantial reserves. The table below compares reserve levels and the percent of funding spent on basic cash assistance by the largest counties.

County TANF Reserves Compared to Initial Allocations and Basic Cash Assistance Expense					
	Preliminary FY 2010-11 Allocations	**September 10, 2010 Total TANF Reserves**	**Reserves as % Allocation**	**FY 2010 Basic Cash Assistance Expense**	**2010 Basic Cash Expense as % FY 2011 Allocations**
Adams	$12,661,495	$4,248,594	34%	$4,154,125	33%
Arapahoe	12,712,097	5,373,826	42%	6,060,736	48%
Boulder	6,199,501	510,739	8%	1,867,991	30%
Denver	37,683,798	16,976,565	45%	17,118,678	45%
El Paso	19,475,277	9,293,149	48%	11,831,922	61%
Jefferson	10,990,006	0	0%	6,145,058	56%
Larimer	7,960,898	2,962,610	37%	3,341,416	42%
Mesa	5,540,681	2,704,164	49%	1,571,210	28%
Pueblo	8,143,642	2,960,101	36%	5,816,887	71%
Weld	4,845,167	0	0%	2,392,594	49%
Balance of State	24,823,606	10,589,104	43%	10,779,131	43%
TOTAL	**$151,036,168**	**$55,618,851**	**37%**	**$71,079,747**	**47%**

There is a similar degree of variation among small and medium counties.

- Among medium-sized counties, 14 have reserves over 50 percent, while three ave reserves below 10 percent.
- Among small counties, 13 hold the maximum 1000,000 or 120 percent in reserve, while 4 have no reserve.

<u>Option 1: Lower Reserve Cap</u>
Senate Bill 11-124 includes provisions that are designed to allow for the reallocation of reserves in excess of 70 percent of a county's allocation to other counties with $0 reserves. However, *the S.B. 11-124 provision is only effective at reserve levels over 70 percent and, at present, there are no counties with reserves in excess of 70 percent, due to the provisions of S.B. 08-177 and the recession.* Staff believes it would be worthwhile to promote a greater degree of reserve reallocation sooner, rather than later.

Staff also believes large reserves are particularly problematic in the midst of an economic downturn: *<u>if</u> the purpose of maintaining reserves is to have funds available to even-out spending during an economic downturn, reserve levels* should *have declined steeply across the board. If not, the purpose of maintaining reserves on this scale is called into serious question*. In staff's opinion, even current reserve levels of $55.6 million make it difficult for counties to assert excessive financial stress and may make reserves a target for state or national reductions (see staff budget balancing option discussed at the end of this packet).

Finally, variations in county reserve levels stem in part from demographic factors and the extent to which some counties have been more deeply affected than others by growth in basic cash assistance and/or by historic, outdated allocation formulas. While the Works allocation formula is being modified to gradually reallocate funds based less on historic allocations and more on demographic factors, these adjustments will occur over time. *To the extent reserve level differences are reflective of historic allocation formulas, rather than a county's fiscal prudence, protecting "old" reserves may not make sense.*

Option 2: Allow the WAC to Consider Reserve Levels

Pursuant to Section 26-2-714, C.R.S., the Department, with input from the Works Allocation Committee (WAC), sets the amount of the county block grants based on demographic and economic factors within the counties. If the Department and the Committee do not reach an agreement before June 15 of each fiscal year, the Works Allocation Committee submits alternatives to the JBC to identify county block grants amounts.

While staff concurs that the Department should not have unilateral authority to reduce county allocations based on reserve amounts, to the extent that the current statutory language prohibits the Works Allocation Committee and the Department from taking reserves into account in setting allocation formulas (should they wish to do so) this provision seems unreasonably restrictive. At a minimum, staff would suggest that the current language be replaced with language specifying that: (1) the Works Allocation Committee may, but is not required to, consider levels of county reserves when providing input to the state department on the amount of the county block grants; and (2) that the state department shall only be authorized to adjust county allocations based upon reserve levels with the concurrence of the Works Allocation Committee.

Technical Notes

(1) Current language in the bill requiring the Works Allocation Committee to consider which counties have $0 reserves could be seen as being technically in conflict with provisions that appear to prohibit the Committee from considering reserves (see Option 2).

(2) Due to a revised fiscal impact, the bill is now reflecting an appropriations clause; staff assumes it will be referred back to the Appropriations Committee.

Long Term Reserves and FY 2012-13 TANF "cliff". The table below summarizes the Department's estimate of the Long Term Reserve as of January 20, 2011. The Department's current estimate differs from figures presented in November 2010 due to adjustments/corrections to the amounts identified for FY 2010-11 as available from prior years, including the amount of ARRA funds rolled forward. Because the FY 2010-11 starting reserve figures are lower than reflected in the earlier projection, the FY 2012-13 shortfall is greater. As discussed previously, there is sufficient reserve funding to cover FY 2011-12 expenditures, but, based on the current projection, FY 2012-13 begins with a reserve of only $5.4 million and spending cannot be sustained at current levels through FY 2012-13. As previously reviewed in the staff briefing document, there are two major TANF "cliffs" facing the State in FY 2012-13 based on both a temporary and structural imbalance in the TANF program.

- **Temporary Imbalance - Child Welfare Refinance and ARRA.** Part of the TANF reserve spend-down is based on a three-year refinance of General Fund with TANF funds in the Division of Child Welfare. The Child Welfare refinance, approved as part of budget balancing efforts, includes $12.5 million per year for three years (FY 2009-10 through FY 2011-12) that is based on spend-down of the TANF reserve. As a result of the American Recovery and Reinvestment Act, Colorado received $68.0 million in additional federal funds. Only $28.0 million of this has been used toward new spending initiatives. The remainder has increased available reserves and thus facilitated the refinance of child welfare services. *Effective FY 2012-13, however, staff anticipates that the State will need to restore the current $12.5 million General Fund to child welfare <u>or apply reductions to child welfare or TANF-funded self-sufficiency programs</u> if General Fund for child welfare is not available.* The table above is based on the assumption that $12.5 million in TANF funding for child welfare will be eliminated in FY 2012-13.

- **Structural Imbalance.** Appropriations added through S.B. 08-177 created an imbalance between TANF funds annually received and funds annually appropriated. Staff believes this was deliberate and part of the effort to spend down the state's large accumulated reserves (most of which were held at the county level). However, because counties rapidly spent their county-held reserves, rather than remitting them to the State, and because the economic down-turn made any reduction to county allocations unattractive, the State has delayed efforts to bring revenue and spending back in line. Nonetheless, in the absence of any other changes--either to federal revenue or State spending--*staff anticipates that the current $12.0 million structural imbalance will need to be addressed beginning in FY 2012-13, in large part through reductions to county block allocations. <u>This is in addition to any adjustments that might be required if General Fund is not restored for Child Welfare Services</u>.*

TANF Long Term Reserve Analysis - January 20, 2011

		SFY 10-11 (Current)	**SFY 11-12 (Request)**	**SFY 12-13 (Projected)**
Estimated Funds Available to Appropriate				
Available prior year funds		$53,350,858	$29,784,502	$5,427,390
Ongoing Estimated Annual Grant		149,626,381	149,626,381	149,626,381
Remaining ARRA funds - Received and pending		14,113,245	0	0
	Subtotal	$217,090,484	$179,410,883	$155,053,771
Estimated TANF Spending/Appropriations				

TANF Long Term Reserve Analysis - January 20, 2011			
	SFY 10-11 (Current)	**SFY 11-12 (Request)**	**SFY 12-13 (Projected)**
Allocations to Counties	$135,237,861	$135,237,861	$135,237,861
Information Technology & Indirect Costs	8,666,498	7,673,225	7,673,225
CO Works State Administration	2,507,249	2,507,249	2,507,249
Works Statewide Strategic Uses Fund	4,000,000	4,000,000	4,000,000
Works Program Maintenance Fund	100,000	100,000	100,000
Refugee Assistance	2,805,334	2,805,334	2,805,334
Low Income Energy Assistance	1,500,000	1,500,000	1,500,000
Domestic Abuse Program	659,824	659,824	659,824
Child Welfare Programs	19,500,000	19,500,000	7,000,000
Roll-forward from FY 09-10 TANF supplemental (ARRA-related)	12,329,216	0	0
Subtotal	$187,305,982	$173,983,493	$161,483,493
Total	**$29,784,502**	**$5,427,390**	**($6,429,722)**
Ongoing Shortfall			($11,857,112)

TANF Maintenance of Effort. Federal welfare reform legislation required states to maintain a certain level of spending on TANF programs (called a maintenance of effort or "MOE") based on historic spending on the predecessor programs. The *minimum* federal TANF MOE required for a state to receive its full TANF block grant is equal to 80 percent of the amount a state spent on TANF programs in federal FY 1993-94; for Colorado, the federal TANF MOE is $88.4 million annually. If a state does not comply with the federal TANF MOE requirement, the state's TANF grant in the following fiscal year would decrease by the amount of the shortfall and the state's TANF MOE would be increased for the following year by the amount of the shortfall. Thus, if a state does not address the shortfall it will continue to lose federal dollars each year and the state's TANF MOE will continue to increase each year. In order to access some additional funding under the American Recovery and Reinvestment Act, a higher MOE had to be attained for FY 2009-10 and FY 2010-11.

Expenditures for the Works Program, for certain child welfare services, for the Child Care Assistance Program, and for the Low Income Energy Assistance Program (LEAP) may be counted toward the TANF MOE. Further, changes in federal policy over the last decade have broadened the array of expenditures that may be counted toward the TANF MOE. A federal TANF policy announcement issued in December 2004 clarified that third-party cash and in-kind expenditures for allowable purpose could count toward the MOE, provided there was an agreement in writing between the two parties to do so. Subsequently, the Deficit Reduction Act of 2006 allowed states to count "pro-family" activities toward their MOE, even if this spending was not specifically for families receiving TANF basic cash assistance. This allowed Colorado and other states to begin counting substantial additional spending, such as for pre-kindergarten programs, toward their MOE.

Colorado's MOE obligation is a shared responsibility of the state and counties. The following table itemizes estimates for all of the spending that counts towards the TANF MOE, based on the Department's most recent estimates.

As reflected in the table, the Department has been extremely successful at identifying additional sources of TANF MOE, including expenditures in other departments and (for FFY 2009-10) from non-governmental organizations. Thus, compliance with the TANF MOE no longer appears to be a major constraint in policy decisions related to the TANF program. As shown on the table, in FY 2009-10, the State was able to identify over $160 million in TANF MOE-eligible expenditures. This enabled Colorado to access an additional $68 million in federal TANF funding under the American Recovery and Reinvestment Act (funding under the PRWORA contingency fund). In other years, it is able to use "excess" MOE to receive a caseload reduction credit from federal authorities. Typically, an additional $30 to $40 million in "excess" MOE is required to fully access federal funds and avoid penalties related to compliance with federal work-participation requirements for TANF basic cash assistance recipients.

TANF MOE Sources - as of December 29, 2010				
MOE Source	**FFY 2010**	**FFY 2011**	**FFY 2012**	**Comment**
Child Welfare				
Child Welfare Services Line	$21,819,077	$21,819,077	$21,819,077	
Family and Children's Programs (Core)	20,421,968	20,421,968	20,421,968	
Colorado Works				
County Share of Block Grant	7,570,088	7,570,088	7,570,088	*See note
Child Care				
Child Care MOE	8,985,900	8,985,900	8,985,900	
County Share of Admin Costs in CCCAP	819,991	819,991	819,991	
State Administration				
General Fund Expenditures on MOE	2,179,153	2,179,153	2,179,153	
General Fund Used to Match TANF	1,048,483	1,048,483	1,048,483	
Nurse Home Visitor Program (Dept of Public Health and Environment)				
General Fund Expenditures	9,307,568	9,307,568	9,307,568	
Department of Education				

TANF MOE Sources - as of December 29, 2010				
MOE Source	**FFY 2010**	**FFY 2011**	**FFY 2012**	**Comment**
GF Spent on Colorado Preschool Program (CPP) (185% of FPL and below)	21,025,233	21,025,233	21,025,233	
GF Spent on (CPP) for Households up to $75K (Direct Costs)	30,784,968	30,487,968	30,487,968	
Low Income Energy Assistance Program				
TANF MOE Eligible Expenditures	2,149,664	2,149,832	2,149,832	
Additional Funding From Severance Tax	0	3,250,000	3,250,000	
Weatherization Program Expenditures	4,632,494	4,632,494	4,632,494	
Tax Credits				
Child Care Tax Credit	3,663,091	3,663,091	3,663,091	
IV-E Reimbursements Cash Fund				
County MOE Expenditures	781,354	0	0	
Other Sources				
County DSS Program Expenditures	120,358	0	0	
Foundation Program Expenditures	23,636,559	0	0	
Total	**$158,945,949**	**$137,360,846**	**$137,360,846**	
Usual MOE Requirement	*88,395,624*	88,395,624	88,395,624	
Minimum MOE for PRWORA Contingency Eligibility	102,241,173	n/a	n/a	
Additional MOE for PRWORA Contingency Funds	49,887,454	n/a	n/a	
Total MOE required	152,128,627	88,395,624	88,395,624	**
Surplus/(Deficit)	**$6,817,322**	**$48,965,222**	**$48,965,222**	

Source: Department of Human Services, adjusted by JBC staff.
*Excludes non-TANF county-only MOE
**Does not account for the MOE needed for the Caseload Reduction Credit to ensure Colorado is not penalized for its work participation rates. This is expected to require an additional $30 to $40 million.

<u>Colorado Works Administration</u>

In FY 2006-07, the administrative costs associated with the Colorado Works Program were placed in this separate line item, rather than being included in the overall administration line for the Division.

Staffing Summary - (7) Office of Self Sufficiency - Colorado Works Administration	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	1.0	1.0	1.0	1.0
General Professional	13.4	15.0	15.0	15.0
Program Assistant	2.7	3.0	3.0	3.0
Total	**17.1**	**19.0**	**19.0**	**19.0**

For the Colorado Works Administration line, the Department requests an appropriation of $1,571,470 federal funds and 19.0 FTE. The request includes a net adjustment of $3,196 associated with annualizing the FY 2010-11 adjustment to the state's share of PERA costs and re-applying it in FY 2011-12 pursuant to NP-7.

Line Item Recommendation. The staff recommendation is summarized in the table below and is calculated according to Committee common policy. The recommendation differs from the request due to the 1.5 percent personal services reduction. **The total includes $1,420,547 for personal services and $128,863 for operating expenses.**

Staff Summary - (7) Office of Self Sufficiency (B) Colorado Works Program - Colorado Works Administration	Federal Funds	FTE
FY 2010-11 Appropriation	$1,568,274	19.0
Annualize 2.5% FY 2010-11 PERA adjustment	31,240	0.0
Common policy 1.5% base reduction	(22,060)	0.0
DI #NP-7 - PERA	(28,044)	0.0
Total Recommendation	**1,549,410**	**19.0**

County Block Grants

This line item provides funding to county departments of social services to administer the Colorado Works Program. Counties have the flexibility to use the funds for administration or program needs.

The line item is funded with federal Temporary Assistance for Needy Families (TANF) funds, local cash funds, and an amount from the state's share of recoveries and refunds from Child Support Enforcement and other programs. Pursuant to Section 26-2-714 (6) (c) (I), C.R.S. "For state fiscal year 1998-99 and for each state fiscal year thereafter, all counties collectively shall be required to meet levels of sending on the works program that are set forth in the annual long appropriation act..."

Thus, staff's understanding of statute is that counties are *required* to spend $22,238,672 local funds in FY 2010-11on their TANF programs based on this appropriation. At present, for the TANF program, counties are required to fully expand their share of the maintenance of effort requirement each month before receiving funding from their federal block grant.

Request and Recommendation. The Department requested a continuation level of $151,536,168, including $22,823,033 cash funds and $128,713,135 federal funds. The cash funds are comprised of $22,238,672 local funds and $584,361 from the State's share of recoveries from child support collections, fraud refunds and revenue intercepts. **Staff recommends the request for a continuation level of funding.**

Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirements

This line item provides spending authority for the Department to reimburse counties when the state is notified that its federally required TANF MOE has been reduced based on the state meeting specified work participation rates. Pursuant to Section 26-2-714 (10), C.R.S.:

> "If the state meets federal work participation rates and qualifies for a percent reduction in the state's maintenance of effort as specified in federal law for any year, the actual spending level for the works program of all counties collectively shall be reduced by the same amount as the amount of the reduction in the federal maintenance of effort requirement."[4]

In order to allow counties to benefit from the TANF MOE reduction should the state learn that it has met the federal work participation rate requirement for FFY 2008-09, the department requests spending authority to utilize TANF funds to repay counties for prior year Works Program expenditures. Counties would be allowed to spend the federal funds as they wish. The assumption underlying this proposal is that if counties' required spending had been decreased in FFY 2008-09 by the amount of the reduction in the federal TANF MOE, counties' would have spent less in county funds and more in federal TANF funds. The Department requests an appropriation of $5,524,726 federal TANF funds. This is the standard annual request. **Staff recommends that the Committee approve the Department's request.**

County Block Grant Support Fund

Senate Bill 08-177 renamed the Short-term Works Emergency Fund the County Block Grant Support Fund. Pursuant to Section 26-720.5, C.R.S., the State Department allocates money in the Fund according to criteria and procedures established by the Department and the Works Allocation Committee. Priority is to be given to any county that exhausts all moneys available in the county's block grant for Colorado Works for that fiscal year. The Department requests a continuation level

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[4] Note that this same provision charges the Works Allocation Committee with determining each county's share of the reduction in actual spending levels. In the event that the Works Allocation Committee does not reach an agreement on each individual county's reduction in actual spending levels, it is required to submit alternatives to the Joint Budget Committee and the JBC would identify each individual county's share of the reduction.

of funding of $1,000,000 federal funds (TANF). **Staff recommends the Committee approve the Department's request.**

County Reserve Accounts

Pursuant to Section 26-2-714 (5) (a), C.R.S., counties are authorized to maintain a County Reserve Account of unspent Works Program county block grant funds. The actual amount is not known until the State closes its books at the end of the each fiscal year. In additions, the counties are allowed to make transfers in and out of their reserve account for a brief period after the end of the fiscal year. This line is the subject of an annual supplemental request made after the year-end amount is known. The department requests $55,618,851 federal funds (TANF) for this line item, including a reduction of $37,053,636 pursuant to BA #2. The request continues the level approved through an FY 2010-11 supplemental and is based on county reserves at the end of FFY 2009-10 (October 2010).

Staff recommends the request for $55,618,851, which continues the supplemental reduction of $37,053,636 included in the FY 2010-11 Human Services supplemental bill. Staff notes that this line item is based on the portion of funds that remain unspent by counties out of multiple years prior appropriations through the Colorado Works, County Block Grants line item. Thus, *this line item declines when county expenditures increase and does not behave in a manner consistent with a typical appropriation*. Nonetheless, presence of the line item provides a venue for tracking of county reserves levels, which are of interest to the General Assembly and the public.

County Training

Pursuant to Section 26-2-712 (7), C.R.S., the Department is to develop training for case workers "so that they are knowledgeable and may assist participants in: (a) identifying goals, including work activities, time frames for achieving self-sufficiency, and the means required to meet these benchmarks; (b) obtaining supportive services such as mental health counseling, substance abuse counseling, life skills training, and money management or parenting classes; (c) utilizing the family's existing strengths; (d) providing ongoing support and assistance to the family in overcoming barriers to training and employment; (e) monitoring the progress of the family toward attaining self-sufficiency"; and (f) proper handling of domestic violence situations.

The Department requests $588,968 federal TANF block grant funds and 2.0 FTE. **Staff recommends the Committee approve an appropriation of $586,297 and 2.0 FTE, calculated in accordance with Committee common policy decisions.** The recommendation includes $171,946 for personal services and $414,351 for operating expenses.

Staff Summary - (7) Office of Self Sufficiency (B) Colorado Works Program - County Training	FF	FTE
FY 2010-11 appropriation	588,968	2.0
Annualize 2.5% FY 2010-11 PERA adjustment	3,477	0.0
Common policy 1.5% personal services base reduction	(2,671)	0.0

Staff Summary - (7) Office of Self Sufficiency (B) Colorado Works Program - County Training	FF	FTE
DI #NP-7 - PERA	(3,477)	0.0
Total Recommendation	**586,297**	**2.0**

Domestic Abuse Program

Pursuant to Section 26-7.5-101 et seq., C.R.S., moneys are appropriated from the Colorado Domestic Abuse Program Fund (Section 26-7.5-105 (3), C.R.S.) to the department to encourage local governments and non-governmental agencies to develop domestic abuse programs. This line item provides spending authority out of the Colorado Domestic Abuse Program Fund for distribution to local entities as well as for the department's related administrative expenses. This fund consists of taxpayer contributions (through a check-off on Colorado individual income tax returns), appropriations from the General Assembly, and, pursuant to S.B. 09-68, fees for petitions and responses in divorce proceedings and marriage license fees. Senate Bill 09-068 increased the fees for petitions and responses in divorce proceeding (by $5 for the Domestic Abuse Program Fund) and the marriage licence fee (by $20) and appropriated an additional $843,430 cash funds and 0.7 FTE for the Domestic Abuse Program.

The table below reflects projected revenue and expenditures from the Domestic Abuse Program Fund.

- Although additional revenue was received in FY 2009-10, the Department did not distribute any of the new funds in FY 2009-10. As a result, a fund balance accumulated in the Domestic Abuse Program Fund. Senate Bill 11-164 transfers $200,000 of the resulting reserve to the General Fund for FY 2010-11.

- It appears that the annual revenue for this Fund has been coming in below expectations, and the FY 2010-11 level of appropriation cannot be sustained on an ongoing basis. Nonetheless, as reflected in the table, expenditures at the requested level can be continued through FY 2010-11 by spending down the fund balance.

- **The staff recommendation (common policy calculation) continues to spend down the fund balance, as proposed**. However, *the Committee could choose instead to appropriate funds at a lower level that would be consistent with the ongoing revenue available ($930,745) and to transfer an additional $300,000 to the General Fund from the fund balance accumulated in FY 2009-10.*

Domestic Abuse Program Fund				
	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Estimate
Beginning FY Balance	$152,266	$154,796	$882,235	$395,806
Revenues	180,001	930,745	930,745	930,745
Expenditures	(177,471)	(203,306)	(1,217,174)	(1,220,507)
Subtotal	154,796	882,235	595,806	106,044
Recommended Transfer	**0**	**0**	**(200,000)**	**0**
Ending FY Balance	$154,796	$882,235	$395,806	$106,044

The Department requests an appropriation for FY 2011-12 of $1,827,806 and 2.7 FTE for this line item. **The staff recommendation for $1,825,147, including $1,167,477 from the Domestic Abuse Program Fund. This includes $168,325 for personal services and $1,656,822 for operating expenses.** The operating expenses amount includes an estimated $1,457,980 for grants to non-governmental organizations. This recommendation is calculated in accordance with Committee common policy. The difference between the request and recommendation is the 1.5 percent personal services reduction.

Staff Summary - Domestic Abuse Program	Total	CF	FF	FTE
FY 2010-11 appropriation	1,830,757	1,170,933	659,824	2.7
Annualize 2.5% FY 2010-11 PERA adjustment	3,333	3,333	0	0.0
Common policy 1.5% personal services base reduction	(2,659)	(2,512)	(147)	0.0
DI #NP-7 - PERA	(6,284)	(4,277)	(2,007)	0.0
Total Recommendation	**$1,825,147**	**$1,167,477**	**$657,670**	**2.7**

Works Program Evaluation

Pursuant to Section 26-2-723, C.R.S. the department was previously required to oversee an annual evaluation of the Works Program. This statute has been repealed; however, through an FY 2009-10 decision item, the Department requested ongoing fundng at a lower level to evaluate the program.

The Committee requested a report on the Department's use of funding through RFI #29.

29. Department of Human Services, Office of Self Sufficiency, Colorado Works Program, Works Program Evaluation -- The Department is requested to submit a summary of the activities conducted under the Works Program Evaluation activity. The summary should include specific questions which the Department set out to answer, the methodologies used, the results obtained, and suggestions on how the results can be used to improve the Works program. The report should be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by November 1 of each year.

In response to the FY 2009-10 version of this RFI, the Department indicated it was exploring several possible studies, but that these efforts were in too early stages for any outcomes. To-date the Department has not submitted the FY 2010-11 report related to RFI #29, although it was due November 1.

The Department requested $350,007 in continuation funding for this line item. **Staff recommends that funding for this line item be discontinued at present.** Staff found the Works Program evaluations completed under statutory direction to provide interesting and useful perspective on the program. Further staff recognizes that there has been considerable turnover in program staffing which explains the delay in the FY 2010-11 report. Nonetheless, given the shortfall of available TANF dollars and the failure to submit the report to-date, staff does not believe program evaluation is a high priority at present.

Workforce Development Council

This line item represents the Department's share of funding for the Workforce Development Council in the Department of Labor. The Council serves as the state's "work force investment board" as required under the federal *Workforce Investment Act of 1998*, and is responsible for statewide planning and coordination in the delivery of federal workforce development programs and associated federal block grant moneys received. In this regard, the Council is required to develop and submit to the U.S. Department of Labor a statewide plan for workforce development which coordinates federal, state, and local workforce development programs. The Council performs support functions and activities related to the eighteen workforce development centers throughout the state, which provide services to individuals seeking employment (including TANF participants).

Funding for the Council is to come from administrative moneys from several federal programs delineated in federal law; the allocation of federal funds is determined annually by the Office of State Planning and Budgeting (OSPB). The Department is requesting a continuation level appropriation of $105,007 in federal spending authority in FY 2011-12. **Staff recommends that the Committee approve the Department's request.**

Promoting Responsible Fatherhood Grant

This line includes the appropriations for the Promoting Responsible Fatherhood Grant the Department receives from the federal government. This is a multi-year grant, which the state first received in FY 2008-09. The state receives $2.0 million in federal funds for this line, and must provide matching dollars so that the state share is 10.0 percent. However, a significant portion of the match is currently being provided through in-kind donations (media spots).

The Department requests an appropriation of $515,333, including $18,054 General Fund. The request includes a reduction of $1,554,168, including $54,168 General Fund related to the phase-down of the grant. It also includes a net increase of $2,042 related to the FY 2010-11 and FY 2011-12 PERA adjustments.

Staff recommends $518,000, including $18,000 General Fund and $500,000 federal funds. In light of the phase-down of the grant, the lack of FTE reflected in the line item, and the expectation that no adjustments to the federal funds in this line item will have a material impact on the total federal grant, staff believes these round numbers are more appropriate.

Colorado Works Program Maintenance Fund

This line was created by S.B. 08-177. The fund was created to allow the Department to respond to emergencies or other unforeseen circumstances at both the state and county level. Initially, the line item was funded at $3,000,000 federal TANF funds. Funding was reduced to $100,000 in FY 2010-11 due to the imbalance between TANF appropriations and revenue, the need to offset proposed funding increases, and the refinance of General Fund with TANF elsewhere in the budget. **The Department requests, and staff recommends, a continuation level of funding of $100,000.**

Colorado Works Statewide Strategic Use Fund

This line was created by S.B. 08-177. Pursuant to Section 26-2-721.7, C.R.S., the fund is to be used to support initiatives and programs that meet one of the four purposes of the federal TANF program. An advisory committee that includes: representatives of the Department and the Department of Public Health and Environment; Colorado counties; and advocates for participants in the Colorado Works program, early childhood development, child welfare, community colleges, workforce development and mental health. The line item was originally funded with $10,000,000. This was reduced to $4,000,000 in FY 2010-11 due to the imbalance between TANF appropriations and revenue and the need to offset proposed funding increases and the refinance of General Fund elsewhere in the budget. The Department requests a continuation level appropriation of $4,000,000 federal TANF funds.

Staff recommends funding be eliminated for FY 2011-12. From staff's perspective, this line item serves a function virtually identical to counties' use of their TANF block grants to support community-based programs to reduce poverty, except that this line item can be focused on projects that cross county lines. *State believes this is a useful and reasonable TANF activity*. However, it is difficult to justify maintaining this kind of grant program given that:

- At the moment, many counties have had to forego similar programs at the local level due to rising caseloads and limited TANF funds.
- There is a significant structural imbalance between TANF appropriations and TANF revenue which is leading rapidly toward an FY 2012-13 cliff.

Note that, pursuant to the structure of this program, each year's initial appropriations are encumbered relatively quickly but then spent down over the course of multiple years. Thus, de-funding this program in FY 2011-12 will not eliminate previous multi-year funding commitments.

- If feasible based on the Committee's overall balancing situation for FY 2011-12, **the staff recommendation would be to allow these unappropriated TANF funds to bolster the TANF Long Term Reserve and to begin to reduce the structural imbalance between TANF appropriations and revenues prior to the FY 2012-13 TANF "cliff effect".** As previously discussed, in FY 2012-13 at the latest, the State will need to address both a $12 million gap between TANF revenues and expenditures.

- **However, if desired, this $4.0 million could be used to offset General Fund otherwise required in FY 2011-12 in the child welfare section and could assist with FY 2011-12 balancing efforts.** *Under this scenario, the FY 2012-13 cliff would remain at its present level--but the options for closing the gap between revenue and expenditures in FY 2012-13 would be further limited* and would need to focused almost entirely on cuts to county TANF block allocations.

(7) OFFICE OF SELF SUFFICIENCY
(C) Special Purpose Welfare Programs

<u>(1) Low Income Energy Assistance Program</u>
Section 26-2-122.5, C.R.S., authorizes the Department to accept and administer funds related to low income energy assistance. The Low Income Energy Assistance Program (LEAP) provides energy subsidies to low income households. "Low income" for this program is defined as 185 percent of the federal poverty level. The majority of funding is used to help cover heating bills for low income individuals for the cold-weather months of the year and to avoid heating shut-offs. Additionally, a portion of funding is directed to assist low-income individuals facing a heating system emergency (*e.g.*, a furnace failure) and to fund heating system repairs. Counties assist applicants and accept and forward applications to the Department; home energy subsidy levels are established centrally by the Department. For FY 2010-11, the program anticipates an average total benefit of $440.

Most of the funding derives from the federal Low Income Home Energy Assistance Program (LIHEAP) block grant. This block grant is considered a federal custodial funding source and related amounts are shown in the Long Bill for informational purposes only. Amounts available from the LIHEAP block grant and associated federal contingency funds have been highly variable, ranging from $33.1 million in FY 2006-07 to $71.4 million in FY 2008-09. Energy Outreach Colorado (EOC), a non-profit, also forwards funding to the LEAP program. The EOC moneys are from utilities from unclaimed overpayments and security deposits. Finally, Severance Tax and Temporary Assistance to Needy Families block grant funds (state-appropriated federal funds) have been used to support the LEAP program.

Low Income Energy Assistance Program				
Fiscal Year	Actual/Estimated Expenditures	Percent Change Expenditures	Actual/Estimated Caseload	Percent Change Caseload
2005-06	$69,947,472	56.3%	107,099	not available
2006-07	$46,426,404	-33.6%	93,487	-12.7%
2007-08	$52,286,937	12.6%	92,360	-1.2%
2008-09	$73,216,811	40.0%	105,718	14.5%
2009-10	$77,409,173	5.7%	123,388	16.7%
2010-11*	$53,971,318	-30.3%	130,000	5.4%

*Total excludes Severance Tax allocation, as Department has established grant levels excluding these funds.

Program Utilization: As reflected in the table, the caseload for this program increased sharply in FY 2008-09 and FY 2009-10. However, FY 2009-10 final caseload figures were at the lower range of the FY 2009-10 estimate. The Department continues to project growth for FY 2010-11, but at a much slower rate. Thus, **consistent with trends reflected elsewhere in this packet (*e.g.*, for Food Assistance and TANF) the growth in demand for public assistance appears to have slowed significantly.**

Severance Tax Funding: House Bill 08-1387 changed the mechanism by which Severance Tax funds were allocated for energy assistance from an annual appropriation to a statutory allocation. The resulting statute allocated a total $13.0 million between this program, an energy assistance program in the Governor's Office, and for Energy Outreach Colorado. In years in which the Operational Account has sufficient moneys to support the full amount of the transfers, $3.25 million goes to this program. No appropriation is required.

For FY 2009-10, statutory change first lowered the LEAP allocation to $1.65 million. This amount was subsequently eliminated entirely via a JBC bill, in response to increased funding from the TANF block grant for FY 2009-10 and higher-than-anticipated federal LIHEAP block grant levels.

For FY 2010-11, $3.25 million is again allocated for the program pursuant to current statute. However, given the federal LIHEAP grant received, the fact that this program was listed as an optional cut on the JBC cut list, and that the Department believes it has sufficient funds to cover 100 percent of estimated heating costs for the caseload at current energy prices, *the Department elected to set grant levels assuming these Severance Tax Funds would **not be** available. Therefore, the $3.25 million is not anticipated to be needed for LEAP in FY 2010-11.* The Department has indicated that if this funding is not removed from the budget, it will transfer $3.25 million from the LIHEAP block grant to the weatherization program in the Governor's Office (as permitted under federal rules). **Staff recommends that the Committee sponsor a bill to transfer the $3.25 million FY 2010-11 LEAP Severance Tax allocation to the General Fund.**

Temporary Assistance for Needy Families Funding: In recent years, $1,500,000 million from the TANF block grant has been appropriated in the Long Bill for this program. In addition, for FY 2009-10 a one-time interim supplemental for $8,574,001 was approved for the program, based on additional federal TANF funding available under the American Recovery and Reinvestment Act. The TANF appropriations in this line item and the spending authority related to Energy Outreach Colorado are the only components of the line item that represent a "true" appropriations, *i.e.*, that control the funding actually available.

LEAP Budget for FY 2010-11: The table below reflects an estimate of funding available for the program and how it will be allocated between administration and outreach, the Crisis Intervention Program (furnace repairs), transfer to the Governor's Energy Office for weatherization (up to 15 percent of the LIHEAP grant may be transferred by the Governor under federal law), and the Low Income Energy Assistance Program (home energy subsidies).

FY 2010-11 LEAP Budget

Source	Total Allocation	Admin/ Outreach	Transfer to GEO for Weatherization*	LEAP
LIHEAP Block Grant	$50,773,152	$5,077,315	$3,250,000	$39,195,837
LIHEAP Contingency	6,417,201	641720	0	5,775,481
TANF Block Grant	1,500,000	0	0	1,500,000
Severance Tax Allocation**	3,250,000	0	0	3,250,000
Energy Outreach Colorado	1,000,000	0	0	1,000,000
TOTAL	$62,940,353	$5,575,000	$3,250,000	$50,721,318

* The Governor may transfer up to 15% of the Block Grant to weatherization services.

** The Department has indicated that it does not expect to spend the $3.25 million FY 2010-11 Severance Tax allocation for LEAP in FY 2010-11; however, it is reflected based on current statute. As a result, a weatherization transfer of LIHEAP funds is assumed. This will not occur in the absence of Severance funding.

Staffing Summary: Actual and requested staffing is reflected in the table below.

Low Income Energy Assistance Program - Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
General Professional	4.8	5.0	5.0	5.0
IT Professional	1.0	0.0	0.0	0.0
Staff Support	0.6	0.6	0.6	0.6
Total	6.4	5.6	5.6	5.6

Line Item Request and Recommendation: The Department requests an appropriation of $73,442,115. The request includes $5,399,832 cash funds and $68,042,323 federal funds. This is based on a continuing appropriation with a slight adjustment related to the annualization of the FY 2010-11 PERA adjustment and the new FY 2011-12 requested adjustment.

The staff recommendation is detailed in the table below. The differences between the request and recommendation are that staff has incorporated estimated FY 2010-11 Energy Outreach Colorado funding levels and estimated federal block grant funding levels in the FY 2011-12 projection.

The recommendation, outlined below, includes $417,365 for personal services and $62,522,988 for other expenses, including allocations to counties to support program outreach and administration and (primarily) low income energy assistance for low income persons. Staff has **not** applied the 1.5 percent personal services reduction as the personal services funding in this line item is from custodial federal sources which are not limited by state appropriations.

Staff Recommendation
Low Income Energy Assistance Program

Item	Total	CF	RF	FF	FTE
FY 2010-11 Appropriation	73,442,997	5,399,832	0	68,043,165	5.6
Annualize FY 2010-11 PERA reduction	9,187	0	0	9,187	0.0
Reduce Energy Outreach Colorado and Federal LEAP receipts - FY 2010-11data	(10,501,802)	(1,149,832)		(9,351,970)	0.0
NP7 - PERA reduction	(10,029)	0	0	(10,029)	0.0
Total	**$62,940,353**	**$4,250,000**	**$0**	**$58,690,353**	**5.6**

FY 2011-12 Preliminary LEAP Budget Estimate (based on FY 2010-11)

Source	Total LEAP	Admin/ Outreach	LEAP
LIHEAP Block Grant*	$50,773,152	$5,077,315	$45,695,837
LIHEAP Contingency	6,417,201	641,720	5,775,481
TANF Block Grant	1,500,000	0	1,500,000
Severance Tax Allocation	3,250,000	0	3,250,000
Energy Outreach Colorado	1,000,000	0	1,000,000
TOTAL	$62,940,353	$5,575,000	$57,221,318

* The Governor may transfer up to 15% of the Block Grant to weatherization services.

Budget Balancing Option: Eliminate the $3.25 Severance Tax allocation for Low Income Energy Assistance in FY 2011-12, in addition to FY 2010-11, and transfer these Severance Tax funds to the General Fund.

- *Staff is not recommending this due to substantial uncertainty about federal funding levels for FY 2011-12*. Staff anticipates that the federal LIHEAP block grant could be subject to a substantial cut in FY 2011-12. Thus, consistent with JBC action in the last two years, **the staff recommendation would be to retain the statutory Severance Tax funding structure at present and use the cut, if desired at that point, for mid-year balancing in January 2012.**

- Alternatively, if this General Fund revenue enhancement needed for balancing as part of the FY 2011-12 Long Bill package, the Committee could include a bill to temporarily or permanently eliminate Severance Tax funding for the Low-income Energy Assistance Program.

- Staff notes that in comparison to the scale of the annual federal LIHEAP block grant and the scale of fluctuation in the federal grant ($57.2 million for FY 2010-11, $70.7 in FY 2009-10, $33.1 million in FY 2006-07), the incremental impact of $3.25 million in state funding on this program is relatively small.

(2) Food Stamp Job Search Units
<u>Program Costs</u>
This program provides employment, job search and training services to food stamp recipients. Able-bodied Food Stamp recipients, ages 18 to 60, without dependent children, must generally meet a work requirement in order to remain eligible for food assistance. If they do not meet the work requirement, these individuals are limited to 3 months of food assistance benefits in any 36-month period. Work is defined as work, workfare or an educational activity (adult basic education, GED preparation, college courses, vocational training, vocational rehabilitation, or job search classes). Staffing patterns for the program are presented in the table below.

Food Stamp Job Search Units - Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
General Professional	4.4	6.0	6.0	6.0
Staff Support	0.2	0.2	0.2	0.2
Total	4.6	6.2	6.2	6.2

The Department requests $2,052,588, including $175,358 General Fund, and 6.2 FTE for FY 2011-12. The appropriation is comprised of several funding sources. Federal funds are Supplemental Nutrition Assistance Program (SNAP) moneys from the U.S. Department of Agriculture. A portion of the program earns a 50.0 percent federal match based on state administrative activities while other areas can earn 100.0 percent federal money. Local funds include a 20.0 percent share for eligible activities. **The staff recommendation is summarized below and reflects Committee common policy. The recommendation includes $470,541 for personal services and $1,578,367 for operating expenses.**

Summary of Staff Calculation Department of Human Services - Food Stamp Job Search Units Program Costs					
	TOTAL	**GF**	**CF**	**FF**	**FTE**
FY 2010-11 appropriation	2,056,903	176,589	409,382	1,470,932	6.2
Annualize 1% GF personal svc. reduction	1,784	1,784	0	0	0.0
Annualize 2.5% FY 2010-11 PERA adjustment	8,390	4,195	0	4,195	0.0
Common policy 1.5% base reduction	(7,331)	(2,739)	0	(4,592)	0.0
DI #NP-7 - PERA	(10,838)	(3,559)	0	(7,279)	0.0
Total	**2,048,908**	**176,270**	**409,382**	**1,463,256**	**6.2**

Supportive Services

This line item contains funding for the provision of supportive services to eligible Employment First participants. Such services may include transportation assistance, clothing and grooming allowances and child care services. The department requests continuation level funding of $261,452, including $78,435 General Fund. **Staff recommends the Committee approve the department's request for this line item.**

(3) Food Distribution Program

This program administers the distribution of foods from the U.S. Department of Agriculture (USDA) to eligible recipient agencies, which maintain and enhance nutritional needs of the populations served. Agencies include schools, child care centers, local jails, nutrition programs for the elderly and the Department of Corrections. Staffing levels for the program are shown in the table below.

Food Distribution Program Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	1.0	1.0	1.0	1.0
General Professional	3.3	3.0	3.0	3.0
Staff Support	1.0	2.5	2.5	2.5
Total	5.3	6.5	6.5	6.5

The Department request is for $566,905 and 6.5 FTE, including $45,212 General Fund. **The staff recommendation is calculated in accordance with Committee common policy.** A summary of staff's calculation is shown in the following table. **The recommendation includes $483,588 for personal services and $76,786 for operating expenses.**

Summary of Staff Recommendation Food Distribution Programs - Department of Human Services	TOTAL	GF	CF	FF	FTE
FY 2010-11 appropriation	563,604	45,308	242,501	275,795	6.5
Annualize 1% GF personal svc. reduction	458	458	0	0	0.0
Annualize 2.5% FY 2010-11 PERA adjustment	10,502	986	4,539	4,977	0.0
Common policy 1.5% base reduction	(7,466)	(701)	(3,227)	(3,538)	0.0
DI #NP-7 - PERA	(6,724)	(605)	(2,891)	(3,228)	0.0
TOTAL Recommendation	**560,374**	**45,446**	**240,922**	**274,006**	**6.5**

(4) Low-Income Telephone Assistance Program

This program provides financial assistance to low-income households to maintain basic telephone service. This line item funds the administrative costs associated with the program. Pursuant to Section 40-3.4-105, C.R.S., eligibility is determined by the Department of Human Services for those individuals receiving assistance through the Old Age Pension, Aid to the Blind, Aid to the Needy Disabled, or low income, disabled individuals who qualify for supplemental security income. The program is funded through a telephone surcharge assessed on telephone customers statewide. The Public Utilities Commission (Department of Regulatory Agencies) oversees the uniform charge to each business and individual line (government and eligible individuals are exempt). The General Assembly appropriates from the fund for the direct and indirect costs of administering the program in the Department of Human Services.

The estimated caseload for the program was 21,000 as of December 2009. The combined State and federal benefit was $16.50 per month per household, including $6.50 from state sources and $10.00 from federal sources (federal sources not reflected in the Human Services Long Bill). The total subsidy is slightly more than the $16 per month average cost for basic telephone service, exclusive of taxes and surcharges. Taxes and surcharges appear, at least in some cases, to double the cost of basic service.

May 2010 SAO Audit. As outlined in a recent audit by the State Auditor's Office (Colorado Low-Income Telephone Assistance Program - Public Utilities Commission and Department of Human Service, May 2010), the state-funded portion of the program (the amount appropriated to the Department of Human Services) could either be entirely eliminated or the state portion of the benefit reduced. This would result in a reduction in telephone users' fees (the current fee is $.07 per month).

If the State entirely eliminated support for the program, low-income individuals could still receive an $8.50 federal phone line subsidy. If the State reduced the state subsidy to $3.50 (from the current $6.50), beneficiaries would continue to receive both this amount and a $10.00 federal subsidy. Either action would require a statutory change. As an alternative to eliminating or reducing the program, the SAO auditors recommended program changes including a technical clarification regarding who is eligible for the program and improved program outreach. Senate Bill 11-02, by the Audit Committee, would address the technical clarifications on eligibility. House Bill 11-1244 (Joshi) would repeal the program.

Additional Information on Program Participants. In response to staff questions (associated with the Audits), the Department of Human Services began to collect additional data on program participant. For the period for which data was collected (January 2011), the Department found that about half of participants were certified based on eligibility for the LEAP program (185 percent of poverty), while 47 percent were based on age or disability (enrollment in Aid to the Needy Disabled, Old Age Pension, or Supplemental Security Income). Less than 3 percent were certified based on enrollment in Temporary Assistance to Needy Families. As indicated by the auditors, program penetration overall is low, but penetration is highest for those on LEAP and the Old Age Pension. The Department also provided some county-by-county data for the program, but due to the time frame covered and the low numbers of certified individuals, there is insufficient information to draw useful conclusions.

Line Item Request and Recommendation. The Department request is for $79,588 cash funds (Low-income Telephone Assistance Fund) and 1.1 FTE, including annualization of the FY 2010-11 PERA adjustment. **Staff recommends the Committee approve an appropriation of $78,706 and 1.1 FTE, calculated in accordance with Committee common policy.** This includes an increase of $975 to annualize the FY 2010-11 PERA adjustment and a reduction of $882 for the 1.5 percent personal services reduction. **The recommendation includes $57,907 for personal services and $20,799 for operating expenses.**

(5) Income Tax Offset

Section 26-2-133, C.R.S., directs the Department of Human Services to submit information regarding individuals who are obligated to the state for overpayments of assistance payments. This appropriation covers the operational costs associated with matching Food Stamp program lists of overpaid recipients with Department of Revenue data in order to intercept corresponding income tax refunds. For the Food Stamps program, the administrative activities are funded with 50 percent General Fund and 50 percent federal funds. The department requests a continuation level appropriation of $4,128, including $2,064 General Fund. **Staff recommends that the Committee approve the Department's request.**

(6) Electronic Benefits Transfer Service

Colorado's electronic benefits transfer system (EBTS) delivers Food Stamp, Works Program, Old Age Pension, Aid to the Needy Disabled, Child Welfare, Child Care, and Low Income Energy

Assistance benefits. The EBTS replaced the paper-based system of checks and Food Stamp coupons. The system distributes public assistance benefits and cash payments for services electronically by using the Colorado QUEST Card or Automated Clearing House direct deposit options for eligible clients and providers.

The Department does not operate the service itself, but contracts with a vendor in the financial services industry. In July 1996, the Department contracted with Citibank to operate the system. The contract was re-bid in 2003 with Citibank Electronic Financial Services again the winner. In January 2004 JP Morgan Electronic Financial Services purchased Citibank's EFS division. EBTS has been in operation statewide since February 1998. For FY 2009-10, the Department requested, and the General Assembly approved, funding for 2.0 FTE for a new food assistance fraud detection unit. The new unit was a response to citations from the U.S. Department of Agriculture which placed federal funding for food assistance administration at risk.

Cash funds amounts include the local share of system costs, with the balance from the Old Age Pension Fund. The staffing of this program is summarized in the table below.

Electronic Benefits Transfer - Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
General Professional	3.7	2.0	2.0	2.0
Accountants	1.0	2.0	2.0	2.0
Staff Support	1.4	3.0	3.0	3.0
Total	6.1	7.0	7.0	7.0

The Department requested $3,958,527, including $1,073,476 General Fund, and 7.0 FTE. The request includes Decision Item #1 for an increase of $640,810, including $185,194 General Fund on the FY 2010-11 Long Bill base (prior to supplementals) . The Committee has approved supplemental funding associated with this issue, which is discussed in more detail below. The request also includes adjustments to annualize the FY 2010-11 PERA adjustment and provide for the FY 2011-12 PERA adjustment.

Decision Item #1 - Additional Funding for Electronics Benefit Transfer

The Department requested additional funds to address the projected shortfall for the cost of the Electronics Benefit Transfer Service (EBTS). The request will be used to pay the monthly transaction fees charged by the Department's EBTS vendor, JP Morgan, to operate the system.

Due to the downturn in the economy, public assistance caseloads have risen, hitting unprecedented numbers over the past 24 months. This has resulted in an increase in the monthly EBTS costs of approximately 2.0 percent over the prior month. As a result, a shortfall of approximately $1.6 million was projected for EBTS services for FY 2010-11. In attempt to address this shortfall, the

Department entered into negotiations with JP Morgan requesting a reduction in monthly fees. An amended contract (still in the final stages of negotiation) is expected to reduce the projected shortfall by over 60 percent for FY 2010-11.

The request was built on a projection that EBTS caseload would continue to rise at a rate of 2.0 per month through December 2011 and would then flatten to a 0 percent growth rate. Fund-splits are based on current fund-splits in the line item.

Staff Analysis: As reviewed in the supplemental presentation in greater detail, staff recommends additional funding based on caseload increases, particularly in light of the Department's efforts to negotiate substantially reduced per-case rates. As for the supplemental, however, staff's calculation differs from the Department's based on recent data indicating that the growth in caseload appears to be slowing. For FY 2010-11, staff used actual data for the first six months and assumed a 1.7 percent increase for the second half of FY 2010-11. (Detail on the FY 2010-11 calculation may be found in staff's January supplemental packet).

For FY 2011-12, the staff calculation builds from staff's FY 2010-11 caseload projection and assumes growth of 1.0 percent for the first six months of the year with flat caseloads for the remainder of the year. As reflected in the table, this translates to a growth in cost of 0.9 percent per month for the first six months of the year. Due to the substantial reduction in rates to be effective December 2010, staff projects that total FY 2011-12 expenditures will actually fall slightly from FY 2010-11 levels, despite the continuing caseload increases anticipated for the first half of the year. However, **due to the uncertainty in the caseload forecast, the staff recommendation is that the FY 2010-11 funding levels be continued in FY 2011-12, with no adjustment up or down.** This would allow for a growth rate of up to 1.4 percent per month for the first six months of the year or a longer period of growth. Staff will track the actual experience in FY 2011-12 to determine whether further adjustments may be appropriate.

Electronic Benefits Management System FY 2012-12
Contract Costs Estimate

	Amount	**Projected Growth Rate**
Funds available		
Original Contract Budget	$2,450,472	
FY 2010-11 Supplemental	358,796	
Total Funds Available	$2,809,268	
Projected Expenditures		
Jul-11	($222,360)	

Electronic Benefits Management System FY 2012-12 Contract Costs Estimate		
	Amount	**Projected Growth Rate**
Aug-11	(224,391)	0.9%
Sep-11	(226,443)	0.9%
Oct-11	(228,515)	0.9%
Nov-11	(230,607)	0.9%
Dec-11	(232,721)	0.9%
Jan-12	(232,721)	0.0%
Feb-12	(232,721)	0.0%
Mar-12	(232,721)	0.0%
Apr-12	(232,721)	0.0%
May-12	(232,721)	0.0%
Jun-12	(232,721)	0.0%
Total Projected Expenditures	($2,761,364)	
Available Funds less Projected Expenditures	$47,904	
Adjustment for risk to forecast	($47,904)	
Net Change	$0	

Line Item Recommendation. The recommendation for the line item is detailed below.

Summary of Staff Calculation Department of Human Services, Special Purpose Welfare Programs, Electronic Benefits Transfer Service					
	TOTAL	**GF**	**CF**	**FF**	**FTE**
FY 2010-11 Personal Services	428,997	184,498	52,731	191,768	7.0
Annualize 1% GF personal svc. reduction	1,864	1,864	0	0	0.0
Annualize 2.5% FY 2010-11 PERA adjustment	6,512	3,256	0	3,256	0.0
Common policy 1.5% base reduction	(6,560)	(2,844)	(791)	(2,925)	0.0
DI #NP-7 - PERA	(10,975)	(4,721)	(1,316)	(4,938)	0.0

Summary of Staff Calculation Department of Human Services, Special Purpose Welfare Programs, Electronic Benefits Transfer Service	TOTAL	GF	CF	FF	FTE
Subtotal - Personal Services	**419,838**	**182,053**	**50,624**	**187,161**	**7.0**
FY 2010-11 Operating Expense	3,250,115	807,077	941,668	1,501,370	0.0
Subtotal - Operating Expenses	**3,250,115**	**807,077**	**941,668**	**1,501,370**	**0.0**
Total	**$3,669,953**	**$989,130**	**$992,292**	**$1,688,531**	**7.0**

(7) Refugee Assistance

The Colorado Refugee Services Program helps refugees become self-sufficient and adjust to living in the United States. The program is funded through a combination of federal funds from the Office of Refugee Resettlement (custodial funds) and federal Temporary Assistance to Needy Families block grant funds that are appropriated by the General Assembly for services to TANF-eligible refugee families. A staffing structure for this program is provided in the following table.

Refuge Assistance Staffing Summary	FY 2009-10 Actual*	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	1.0	1.0	1.0	1.0
General Professional	6.0	8.0	8.0	8.0
Staff Support	0.0	1.0	1.0	1.0
Total	7.0	10.0	10.0	10.0

*Estimate based on current positions.

As reflected in the table below, the portion of this program supported by state-appropriated TANF funds has increased in recent years, based on Department decision items and legislative action. Most recently, the JBC partially approved an FY 2010-11 requested increase, providing a $2.0 million increase in TANF funding to address rapid increases in the refugee population and federal requirements that TANF-eligible refugees be supported through the TANF program. TANF-eligible refugees comprise approximately 66 percent of the refugee population, and TANF funding comprises $2,805,334 of the total appropriation. These funds are used to support refugee social services such as pre-employment training, English as a Second (ESL) language classes, transportation and child care (to enable refugees to attend pre-employment training and ESL classes), and case management services, which are contracted with refugee resettlement agencies.

As shown in the table, the extremely rapid growth of the refugee population that occurred from FFY 2008 to FFY 2010 appears to have slowed, and federal funding from the Office of Refugee Resettlement has increased, allowing estimated funding per refugee to remain relatively flat in the projection for FY 2010-11 and FY 2011-12.

Refugee Services Funding History					
	FFY 2007	**FFY 2008**	**FFY 2009**	**FFY 2010***	**FFY 2011****
Colorado Refugee Funding by Fund Source					
Federal Office Refugee Resettlement (ORR) Wilson Fish (cash assistance+administration)	$2,791,424	$3,012,081	$4,245,531	$3,455,971	$3,342,403
Federal ORR - Refugee Social Services	1,192,301	1,131,123	1,170,646	1,293,118	1,617,208
Federal ORR - All Other (CDPHE and HCPF medical screening and services, unaccompanied minor funding, impacted-areas funding)	2,374,671	2,424,986	5,723,849	5,722,209	9,019,185
Subtotal - Federal ORR Funds	$6,358,396	$6,568,190	$11,140,026	$10,471,298	$13,978,796
TANF Appropriations	457,132	726,171	775,850	5,199,362	2,805,334
Refugee Services Program Funding	$6,815,528	$7,294,361	$11,915,876	$15,670,660	$16,784,130
TANF cash assistance - absorbed by counties	n/a	n/a	n/a	1,530,371	1,530,371
Total CO Refugee Funding	**$6,815,528**	**$7,294,361**	**$11,915,876**	**$17,201,031**	**$18,314,501**
Number of Refugees and Amount per Refugee					
Number of Refugees	1,165	1,523	1,880	2,365	2,534
Percent change	*5.0%*	*30.7%*	*23.4%*	*25.8%*	*7.1%*
Total Funding/refugee	$5,850	$4,789	$6,338	$7,273	$7,228
Percent change	*14.8%*	*-18.1%*	*32.3%*	*14.8%*	*-0.6%*

Line Item Request and Recommendation. The Department requests an appropriation of $15,049,008 federal funds for FY 2011-12, including a net increase of $1,255 associated with annualizing the FY 2010-11 PERA adjustment and applying the adjustment in FY 2011-12.

The staff recommendation is to adjust total funding in this line item based on estimated federal receipts for the program. The current FFY 2010-11 estimate of Refugee Resettlement funding serves as the basis for the recommended FY 2011-12 funding reflected. These adjustments to estimated federal funding from the Office of Refugee Resettlement are for informational purposes only, as the federal funding is custodial.

Summary of Staff Recommendation Department of Human Services, Refugee Assistance		
	Federal Funds	**FTE**
FY 2010-11 Personal Services (ORRS custodial funds only)	$1,230,113	10.0
Annualize 2.5% FY 2010-11 PERA adjustment	4,046	0.0
DI #NP-7 - PERA	(2,791)	0.0
Subtotal - Personal Services	**1,231,368**	**10.0**
FY 2010-11 Operating Expenses	13,817,640	0.0
Reflect estimated federal refugee funding (info only)	1,735,122	0.0
Subtotal - Operating Expenses	**15,552,762**	**0.0**
Total Recommendation - Federal Funds	**$16,784,130**	**10.0**
TANF federal funds (state appropriated)	2,805,334	0.0
ORRS federal funds (custodial)	13,978,796	10.0

(8) Systematic Alien Verification for Eligibility

This line item supports the State's interface with the federal alien verification database, which serves all programs for which citizenship or legal residence is a requirement. The Department requests an appropriation of $53,042, including $6,860 General Fund, and 1.0 FTE. The staff recommendation is detailed below and is consistent with common policy. The personal services/operating expenses allocation is reflected in the table below.

Summary of Staff Recommendation Department of Human Services, Special Purpose Welfare Programs, Systematic Alien Verification for Eligibility						
	TOTAL	**GF**	**CF**	**RF**	**FF**	**FTE**
FY 2010-11 Personal Services	47,420	6,363	83	32,302	8,672	1.0
Annualize 1% GF personal svc. reduction	393	67	0	326	0	0.0
Common policy 1.5% base reduction	(716)	(96)	(1)	(489)	(130)	0.0
DI #NP-7 - PERA	(1,175)	(153)	(82)	(740)	(200)	0.0
Subtotal - Personal Services	**45,922**	**6,181**	**0**	**31,399**	**8,342**	**1.0**
FY 2010-11 Operating Expenses	7,189	717	3,617	2,138	717	0.0
Subtotal - Operating Expenses	**7,189**	**717**	**3,617**	**2,138**	**717**	**0.0**
Total	**$53,111**	**$6,898**	**$3,617**	**$33,537**	**$9,059**	**1.0**

(7) OFFICE OF SELF SUFFICIENCY

(D) Child Support Enforcement

Background on the Child Support Enforcement Program. The Child Support Enforcement program is supported under Title IV-D of the federal Social Security Act. The Colorado caseload for the program (about 142,000) includes members of the general public who request assistance in enforcing child support orders, in addition to persons on public assistance, who are required to participate. The federal government provides matching funds of 66 percent for child support enforcement activities and also makes annual incentive payments to states based on specific performance measures (e.g., percent of funds collected on current child support orders).

Much of the Child Support Enforcement program is off-budget from a Long Bill perspective. Counties reported a total of $47.1 million in Child Support Enforcement expenditures in FY 2009-10, with the federal $31.1 million matched with $16.0 million in county share. These expenditures were off-state-budget. The State portion of the program ($13.5 million) is included in the Long Bill in the Self Sufficiency section.

Automated Child Support Enforcement System

This computer system is used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads and track collection efforts. This line item also includes funding for contractor services associated with establishing and operating the State Directory of New Hires; this Directory includes data reported by employers regarding each newly hired employee. The data is then compared to the database of parents with outstanding child support obligations. This line item also includes funding for the contractor-operated Family Support Registry. Staff levels for this program are summarized in the following table. In FY 2010-11, 23.0 FTE (all information technology professional positions) were transferred from this line item to the Governor's Office of Information and Technology and $1.9 million in associated costs were reduced in this section. Related funding is now initially appropriated to the Department of Human Services Office of Information Technology Services and then transferred as reappropriated funds to the Governor's office.

Automated Child Support Enforcement System Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	0.7	0.9	0.9	0.9
General Professional	11.3	14.0	14.0	14.0
IT Professional	19.1	0.0	0.0	0.0
Customer and Staff Support	3.8	2.0	2.0	2.0
Total	**34.9**	**16.9**	**16.9**	**16.9**

The Department requests $9,064,765, including $2,937,489 General Fund, and 16.9 FTE for FY 2011-12. This includes a reduction of $140,589 for the Governor's proposed 2.0 percent cut to

General Fund personal services appropriations and a net increase of $36,385 associated with the annualization of the FY 2010-11 PERA adjustment and the application of the new 2.5 percent PERA adjustment to FY 2011-12.

The staff recommendation, calculated pursuant to Committee common policy, is reflected in the table below.

Summary of Staff Calculation Department of Human Services, Child Support Enforcement, Automated Child Support Enforcement System					
	TOTAL	**GF**	**CF**	**FF**	**FTE**
FY 2010-11 Personal Services	$6,896,840	$2,344,967	$0	$4,551,873	16.9
Annualize 1% GF personal svc. reduction	69,665	23,687	0	45,978	0.0
Annualize FY 2010-11 PERA adjustment	62,944	21,401	0	41,543	0.0
Common policy 1.5% base reduction	(105,442)	(35,851)	0	(69,591)	0.0
DI #NP-7 - PERA	(26,659)	(9,065)	0	(17,594)	0.0
Subtotal - Personal Services	**$6,897,348**	**$2,345,139**	**$0**	**$4,552,209**	**16.9**
FY 2010-11 Operating Expenses	2,202,564	604,300	426,499	1,171,765	0.0
Subtotal - Operating Expenses	**$2,202,564**	**$604,300**	**$426,499**	**$1,171,765**	**0.0**
Total Recommendation	**$9,099,912**	**$2,949,439**	**$426,499**	**$5,723,974**	**16.9**

<u>Child Support Enforcement</u>
This line item funds the following activities conducted by the Department:

1. Performance evaluation of the state's child support enforcement program, as required by federal law; and

2. Provision of technical assistance to county departments of social services.

It also manages the In-Hospital Paternity Establishment Program, which provides unmarried parents the opportunity to acknowledge paternity at the time of birth of a child. Federal law requires states to establish procedures for a simple civil process for voluntarily acknowledging paternity, including an in-hospital program. This program includes: providing training to hospital medical records staff semi-annually; providing training to local vital records staff, hospital administrators, and pre-natal clinics; providing outreach and technical assistance to hospital personnel and the general public; interfacing with pregnancy prevention and father's advocacy groups; and interfacing with middle school, high school, and alternative school staff. About 35 percent of the state caseload involves interstate coordination. Finally, the 17-member Child Support Enforcement Commission reviews child support guidelines and general child support issues. The Commission makes recommendations to the Governor and the General Assembly every four years. Staffing levels for this program are summarized in the table below.

Child Support Enforcement Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
General Professional	16.0	18.5	18.5	18.5
Staff Support	6.0	6.0	6.0	6.0
Total	22.0	24.5	24.5	24.5

The Department requests an appropriation of $3,401,345, including $709,016 General Fund, and 24.5 FTE. This includes a reduction of $92,788 for the 2.0 percent General Fund personal services reduction proposed by the Executive, a reduction of $943,721 to partially annualize FY 2010-11 Decision Item #8, and adjustments for the FY 2010-11 and FY 2011-12 reductions in the state's share of PERA contributions.

The table below summarizes the overall annualization of FY 2010-11 Decision Item #8 on the two line items affected, including the Child Support Enforcement line item.

FY 2011-12 Annualization FY 2010-11 Decision Item 8 (two line items affected)			
	Total	**Cash Funds**	**Federal Funds**
County Administration, County Incentive Payments	$320,797	$320,797	$0
Self Sufficiency, Child Support Enforcement	(943,521)	(320,797)	(622,724)
Total	($622,724)	$0	($622,724)

Note that for FY 2011-12, $447,440 cash funds and $868,442 matching federal funds remains within the Child Support Enforcement line item pursuant to FY 2010-11 Decision Item #8. The FY 2011-12 portion of the funding is for the second half of a project to contract with a private vendor to process and monitor the 25,000 National Medical Support Notices. These are child support notices to employers to add children to their parents' health insurance. Based on a pilot, it is estimated that implementing this process statewide will provide 20,000 Colorado children with health care coverage and would provide $7.6 million in Medicaid state costs. This funding will be eliminated, and the cash funds portion returned to the County Administration, County Incentive Payments line item for FY 2012-13.

The staff recommendation, calculated according to Committee common policy, is summarized in the following table.

Staff Recommendation Department of Human Services, Child Support Enforcement, Child Support Enforcement					
	TOTAL	**GF**	**CF**	**FF**	**FTE**
FY 2010-11 Personal Services	$1,575,935	$535,818	$0	$1,040,117	24.5
Annualize 1% GF personal svc. reduction	15,918	5,412	0	10,506	0.0
Annualize FY 2010-11 PERA adjustment	34,111	11,598	0	22,513	0.0
Common policy 1.5% base reduction	(24,389)	(8,292)	0	(16,097)	0.0
DI #NP-7 - PERA	(34,543)	(11,744)	0	(22,799)	0.0
Subtotal - Personal Services	**$1,567,032**	**$532,792**	**$0**	**$1,034,240**	**24.5**
FY 2010-11 Operating Expenses	2,785,965	178,989	768,237	1,838,739	0.0
Annualize FY 2010-11 DI #8	($943,521)	$0	($320,797)	($622,724)	0.0
Subtotal - Operating Expenses	**$1,842,444**	**$178,989**	**$447,440**	**$1,216,015**	**0.0**
Total Recommendation	**$3,409,476**	**$711,781**	**$447,440**	**$2,250,255**	**24.5**

(7) OFFICE OF SELF SUFFICIENCY
(E) Disability Determination Services

Program Costs

Disability Determination Services conducts medical disability determinations for the Social Security Administration for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs. Funding for the program is 100.0 percent custodial federal funds (Titles II and XVI of the Social Security Act). Actual determination is done by medical professionals with whom the Department contracts. Staffing patterns for this program are summarized below.

Disability Determination Services Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	1.0	1.0	1.0	1.0
General Professionals	93.8	102.0	102.0	102.0
IT Professionals and Techs	20.6	14.7	14.7	14.7
Staff Support	12.7	14.0	14.0	14.0

Disability Determination Services Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Total	**128.1**	**131.7**	**131.7**	**131.7**

The Department requests is for $16,733,285 federal funds and 131.7 FTE. The request includes a net increase of $11,779 related to the annualization of the FY 2010-11change to the state share of PERA contributions and the FY 2011-12 PERA adjustment.

The staff calculation is summarized in the following table. *Note that funding related to this program is custodial and amounts are thus reflected in the Long Bill for informational purposes only. As a result, staff has not applied the 1.5 percent JBC common policy personal services reduction as it will have no impact on federal funding actually received*. Fiscal year FY 2009-10 actual expenditures were $1.5 million above amounts included in the Long Bill. If spending at this level continues for an additional year, staff will recommend an adjustment to increase this line item for informational purposes in FY 2012-13.

Summary of Staff Calculation Department of Human Services, Disability Determination Services		
	Federal Funds	**FTE**
FY 2010-11 Personal Services	$12,429,387	131.7
Annualize FY 2010-11 PERA adjustment	180,632	0.0
NP #7 PERA adjustment	(168,853)	0.0
Subtotal - Personal Services	**12,441,166**	**131.7**
FY 2010-11 Operating Expenses	4,292,199	0.0
Subtotal - Operating Expenses	**4,292,199**	**0.0**
Recommendation	**$16,733,365**	**131.7**

(10) ADULT ASSISTANCE PROGRAMS

Adult Assistance Programs are responsible for the administration of numerous assistance programs that focus on the elderly population. The division supervises the Aid to the Needy Disabled programs, which provide cash assistance to disabled individuals awaiting SSI eligibility determination and those individuals who meet state eligibility requirements but not federal requirements. In addition, the division (1) supervises Adult Protective Services programs (APS), which intervene on behalf of at-risk adults to correct or alleviate situations of abuse, neglect, or exploitation; (2) supervises and funds the provision of services to older Coloradans throughout the state through the auspices of 16 Area Agencies on Aging (AAA); and (3) supervises the county administered Old Age Pension (OAP) program, which provides cash assistance to eligible individuals age 60 and older.

(10) ADULT ASSISTANCE PROGRAMS

(A) Administration

This line, which constitutes the entire subdivision, covers centralized general administrative services for the division. A breakdown of staffing is shown in the following table.

Adult Assistance Programs, Administration, Staffing Summary	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation
Management	0.8	1.0	1.0	1.0
General Professional	2.6	4.0	4.0	4.0
Staff Support	0.0	1.0	1.0	1.0
TOTAL	3.4	6.0	6.0	6.0

The Department requests an appropriation of $588,529, including $102,297 General Fund, and 6.0 FTE. The request includes a net increase of $5,515 associated with the annualization of the FY 2010-11 PERA adjustment and the application of the adjustment in FY 2011-12. It also includes a reduction of $2,098 for the Executive's proposed 2.0 percent cut to some General Fund personal services. The staff calculation is summarized in the next table and is **calculated according to Committee common policy**. The reappropriated funds shown are from federal interim assistance reimbursements (due to a technical error, no funds were booked from this source in FY 2009-10, but this is being corrected).

Staff Recommendation - Adult Assistance Programs, Administration	Total	GF	RF	FF	FTE
FY 2010-11 Personal Services	550,428	102,375	104,008	344,045	6.0
Annualize 1% GF personal svc. reduction	1,034	1,034	0	0	0.0

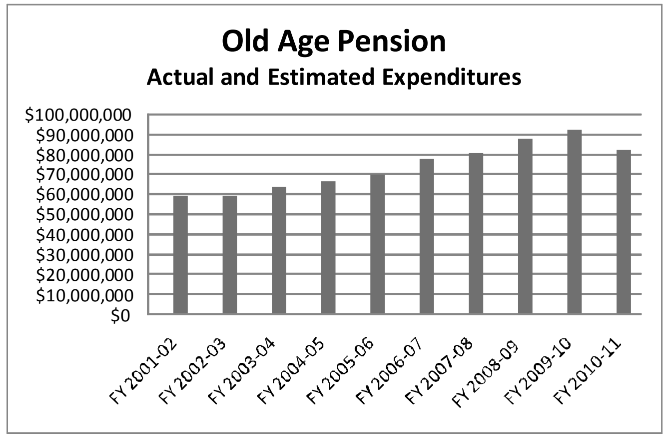
Staff Recommendation - Adult Assistance Programs, Administration	Total	GF	RF	FF	FTE
Annualize FY 2010-11 PERA adjustment	8,563	1,507	1,516	5,540	0.0
Common policy 1.5% base reduction	(8,401)	(1,574)	(1,583)	(5,244)	0.0
DI #NP-7 - PERA	(3,048)	(539)	(541)	(1,968)	0.0
Subtotal - Personal Services	**548,576**	**102,803**	**103,400**	**342,373**	**6.0**
FY 2010-11 Operating Expenses	33,650	18	9	33,623	0.0
Subtotal - Operating Expenses	**33,650**	**18**	**9**	**33,623**	**0.0**
Total	**$582,226**	**$102,821**	**$103,409**	**$375,996**	**6.0**

(10) ADULT ASSISTANCE PROGRAMS
(B) Old Age Pension Program

This program, authorized by the State Constitution, provides cash assistance to eligible individuals age 60 and older, and burial expenses when clients die. The OAP program has several types of administrative costs: (1) state administration for the personal services and operating costs of the state staff administering the program; (2) county administration for county staff who interact with clients and determine eligibility; (3) CBMS costs for programming and implementation of OAP-related parts of this system; and (4) EBTS costs for expenses related to providing electronic benefits to OAP recipients. There is a related OAP State Medical Program administered by the Department of Health Care Policy and Financing.

Revenue for the OAP Program is generated from an 85 percent share of state sales and excise taxes; revenues that are not utilized for the OAP Program pass through a series of related funds, and the large bulk of the funds are eventually transferred to the General Fund. As a result, greater expenditures in the OAP program mean less revenue in the General Fund to be used for other purposes. As the revenues are continuously appropriated by the State Constitution, expenditures are not limited by amounts in the Long Bill. Pursuant to the State Constitution, eligibility established by the General Assembly and the grant standard and administrative allocations adopted by the State Board of Human Services drive expenditures. The Long Bill reflects anticipated program expenditures for informational purposes, because the level of these expenditures can have an impact on the revenue available to the General Fund. All cash funds in this sub-division are from the Old Age Pension Fund.

The chart reflects growth of the Old Age Pension over the last ten years, (actuals and current-year estimate). As shown, from FY 2001-02 to FY 2009-10, the program grew at an average rate of 5.7 percent per year, based largely on inflationary increases to the grant standard authorized by the State Board of Human Services, as numbers of individuals served did not change dramatically. However, estimated expenditures for FY 2010-11 reflect a decline of 9.8 percent based on the projected impact of H.B. 10-1384.



H.B. 10-1384. During the FY 2010-11 legislative session, the JBC sponsored, and the General Assembly adopted, H.B. 10-1384, concerning noncitizen eligibility for the OAP. The bill resolved conflicting state statutory provisions determining the eligibility of noncitizens for Colorado's Old Age Pension (OAP) program and more closely aligned state eligibility criteria for this program with federal policy on the provision of public assistance to noncitizens.

- *Five year Bar:* The bill barred qualified legal aliens from accessing the OAP program for five years after their date of entry into the United States. Exceptions applied to individuals on the federal Supplemental Security Income (SSI) program, those determined to be abused or abandoned by their sponsor who would incur significant financial hardship, those without a sponsor who would incur significant financial hardship, and those who entered the U.S. prior to August 22, 1996, and others excluded under federal law such as refugees. These sections of the bill became effective on July 1, 2010.

- *Deeming Sponsor Income.* The bill required that the income and resources of a qualified alien's sponsor be considered when determining OAP eligibility. Exceptions applied consistent with those for the five year bar. These provisions take effect January 1, 2014 or the date upon which the revisor of statutes receives notification from the Executive Director of the Department of Health Care Policy and Financing that the federal Centers for Medicare and Medicaid Services, having taken into consideration the requirements for maintenance of effort for Medicaid eligibility contained in the federal American Reinvestment and Recovery Act (ARRA) and in the federal Patient Protection and Affordable Care Act (PPACA/federal health care reform legislation) has authorized Colorado to reduce eligibility for its Medicaid program consistent with the provisions of the act without federal penalty.

As reflected in the table above, the impact of the fiscal impact of the five year bar was estimated to be $13.4 million, and this drove a 9.8 percent reduction in estimated FY 2010-11 program expenditures. Further, *when ultimately implemented, the provisions that deem sponsor income are expected to provide an additional $14.8 million in savings. The Department of Health Care Policy* *has submitted queries to federal authorities regarding the potential for implementing program changes that would achieve savings before this date. However, it has not thus far received a response.*

Potential for Further OAP Budget Cuts/General Fund revenue enhancements. The Colorado Constitution authorizes the General Assembly to modify eligibility for the OAP program, with certain limitations. The General Assembly has elected to limit the program to those "who meet the resource eligibility requirements of the federal supplemental security income program". Thus, the General Assembly has Constitutional authority to make further changes to OAP program eligibility and thus achieve related savings. However, the potential for implementing significant further changes in the near term is limited by the close interaction between OAP and the Medicaid program and federal restrictions on changes to Medicaid eligibility for adults prior to January 2014. Further, changes that would affect individuals on the Supplemental Security Income (SSI) program would negatively affect required state spending under Colorado's SSI Maintenance of Effort requirement.

According to the Department of Human Services, about 2,984 (13.7 percent) of participants in the OAP program are neither enrolled in the SSI program nor in the Medicaid program. The Department estimates that the approximate cost for these OAP clients is $23.9 million. Theoretically, the JBC could consider introducing legislation that would limit eligibility for the OAP program for this population.[5] *Staff has not explored this budget reduction option in depth with the Department. Staff can explore this issue further if the Committee desires.*

Cash Assistance Program

The Department requests a continuation amount of $77,449,057 for this line item, shown for informational purposes.

Projections for FY 2010-11 and FY 2011-12

The table below reflects the Department's estimate of OAP cash assistance requirements for FY 2010-11 as of February 2011. As shown, the projected expenditures for FY 2010-11 are very close to the FY 2010-11 Long Bill figure, despite a month delay in the roll-out of information technology system changes to implement the provisions of H.B. 10-1384 (5 year bar for new immigrants).

The Department indicated that it does not have solid caseload estimates for the OAP programs for FY 2011-12. However, the Old Age Pension has had a relatively flat caseload for many years, with the exception of FY 2010-11, when funding was reduced pursuant to H.B. 10-1384. Further, because

[5] Childless adults with incomes up to 100 percent of the poverty level are expected to be added to the Medicaid program beginning in the winter of 2012 under the provisions of H.B. 09-1293, and this change which should place all OAP recipients on the Medicaid program. However, it is unclear to staff whether this would present further complications in changing OAP eligibility.

the Social Security Administration has elected not to provide a Social Security Income cost of living increase for 2011, the State Board of Human Services is not expected to increase the Old Age Pension grant standard. As a result *FY 2010-11 expenditures should provide a reasonable approximation of FY 2011-12 expenditures based on current information.*

Notably, Legislative Council Staff projections of OAP expenditures that are included in quarterly revenue estimates do not rely on the Department's forecast but are, instead, built independently by Legislative Council staff, taking into consideration trends in OAP actual expenditures and any policy adjustments adopted by the General Assembly or the State Board of Human Services related to eligibility or the grant standard. JBC staff works with Legislative Council Staff to ensure that Legislative Council Staff economists are aware of policy changes that may affect the projection.

Old Age Pension Caseload and Costs FY 2010-11 Estimate			
Program	Estimated Caseload	Projected monthly cost/case	Total estimated expenditures (caseload x monthly cost x 12)
OAP-A	17,636	$242	$51,237,720
OAP-B	5,281	$414	$26,240,244
OAP-C	10	$112	$12,765
TOTAL	22,927		$77,490,729

The three categories of OAP clients reflected above include:

- individuals age 65 and older (OAP-A);
- individuals age 60 to 64 (OAP-B); and
- individuals age 60 or older and in a state institute (excluding penal institutions) who receive no Medicaid (OAP-C).

The maximum OAP benefit for calendar year 2011 is $699 per month. The last increase was 5.8 percent provided effective January 1, 2009.

Staff Recommendation - Adult Assistance Programs, OAP Cash Assistance	**Cash Funds**
FY 2010-11 appropriation	$77,449,057
Adjustments to base estimate for FY 2010-11	41,670
Total Recommendation - FY 2011-12	**$77,490,727**

Refunds

This line item provides an offset to the cash assistance program expenditures through the refunds of overpayments or payments made to ineligible clients. The Department requests $588,362 cash funds. This represents a continuation of the FY 2009-10 appropriation. **Staff recommends the Committee approve the Department's request.**

Burial Reimbursements

This line item funds reimbursements of burial expenses for eligible Old Age Pension beneficiaries. The Department requests a continuation appropriation of $918,364 cash funds. **Staff recommends that the Committee approve the Department's request.**

State Administration

This appropriation funds the administrative related activities incurred by the state for the Old Age Pension program and the Old Age Pension Health Care program. The staffing summary for this line is shown in the following table.

Old Age Pension Program, State Administration				
Staffing Summary	**FY 2009-10 Actual**	**FY 2010-11 Appropriation**	**FY 2011-12 Request**	**FY 2011-12 Recommendation**
General Professional	5.9	12.0	12.0	12.0
Staff Support	1.8	2.0	2.0	2.0
TOTAL	7.7	14.0	14.0	14.0

The Department requests an appropriation of $1,152,849 cash funds (Old Age Pension Fund) and 14.0 FTE. **The staff recommendation is reflected below, calculated in accordance with Committee common policy decisions.**

Summary of State Administration Recommendation Department of Human Services, Old Age Pension Program		
	Cash Funds	**FTE**
FY 2010-11 Personal Services	916,298	14.0
Annualize FY 2010-11 PERA adjustment	17,933	0.0
Common policy 1.5% base reduction	(14,013)	0.0
DI #NP-7 - PERA	(8,365)	0.0
Subtotal - Personal Services	**911,853**	**14.0**
FY 2010-11 Operating Expenses	226,983	0.0
Subtotal - Operating Expenses	**226,983**	**0.0**
Total	**$1,138,836**	**14.0**

County Administration

The OAP county administration appropriation helps fund county administration expenses related to the Old Age Pension program. This money is not included in the County Administration section of the Long Bill, and is included for informational purposes as the funds are continuously appropriated. The Department requests a continuation level of appropriation. **Staff recommends the request for $2,566,974 cash funds**.

(10) ADULT ASSISTANCE PROGRAMS
(C) Other Grant Programs

Home Care Allowance Administration

Funding for this line item was transferred from the Department of Health Care Policy and Financing pursuant to H.B. 10-1146. This line item represents the payment to Single Entry Point (SEP) contractors who assess individuals' eligibility, based on functional need, for the Home Care Allowance program. The funding provided is based on a fixed annual payment to each contractor. In FY 2009-10, SEPs assessed eligibility of 819 applicants (54 to 86 per month), of whom 674 were approved and 145 were denied.

The Department requested $1,063,259 for this line item, including $62,357 to annualize amounts in H.B. 10-1146. **Staff recommends the request, which is consistent with the fiscal note for the bill.**

Aid to the Needy Disabled Programs

The line item includes the funding for three related programs: Aid to the Needy Disabled - Colorado Supplement, Aid to the Needy Disabled - State-Only, and Aid to the Blind Supplemental. Each of these is described here. In general, these programs are allocated a fixed level of funding and operate within the overall budget by modifying the grant standard amount, *i.e.*, if the number of participants increases, funding provided per person declines. Total funding is comprised of General Fund, a 20 percent local share, and federal reimbursements for individuals who receive Aid to the Needy Disabled - State Only who are ultimately deemed eligible for the federal Supplemental Security Income (SSI) program.

Aid to the Needy Disabled - Colorado Supplement. This program provides a state supplement to individuals receiving less than the maximum federal Supplemental Security Income (SSI). The federal SSI Program is an entitlement program that provides financial assistance to persons with a disability that precludes them from securing or retaining employment for at least 12 months. This program is funded through a combination of General Fund, county funds, and various refunds and recoveries.

Colorado is subject to a federal maintenance of effort (MOE) requirement, dating to the creation of the SSI program in the 1970s, that requires that the state maintain the same level of state expenditure for SSI recipients during each calendar year. This is achieved through the Colorado supplement programs (AND-CS, Aid to the Blind, Old Age Pension, Property Tax Rebate, Home Care Allowance and Adult Foster Care). Only funds disbursed to individuals who are on the federal SSI program count toward the MOE.

The State has failed to meet this MOE target in six of the last seven years but did meet the MOE for CY 2010. In the years when the State has failed to meet the MOE, it has been successful in executing a corrective action in each of the following years, and so has not technically been in violation of the requirement. Failure to meet the MOE puts the state at risk of severe federal sanctions: the minimum sanction that can be applied is the loss of three months of federal Medicaid matching funds.

From a recipient perspective, the combined impact of the MOE and the need for corrective action may lead to highly unpredictable benefit levels. During the period from July through December, the Department tries to increase spending in order to meet the MOE target; from January through June, it attempts to limit spending to stay within appropriations. Beneficiary payment levels are repeatedly adjusted to meet these conflicting goals. A number of other states appear to use similar methods to comply with their SSI MOE requirements.

During the 2009 session, the Joint Budget Committee sponsored H.B. 09-1215 to create a stabilization fund to assist the Department in meeting the MOE requirement. Pursuant to this legislation, federal reimbursements received and other overpayments above the level appropriated are deposited to the State SSI Stabilization Fund, which is continuously appropriated to the Department to assist in addressing federal maintenance of effort requirements. Amounts in excess of $1.5 million at the end of the fiscal year are transferred to the General Fund.

Aid to the Needy Disabled State-only Grant Program. This program provides assistance to persons with a disabling condition, lasting six months or longer, who are awaiting SSI determination. If an individual is found to be eligible for SSI, the Social Security Administration will reimburse the state for all AND-SO payments made to the person while waiting for SSI eligibility determination. These reimbursements are referred to as interim assistance reimbursements (IARs) and are used to offset the state and county costs of this program.

The remainder of AND-SO recipients generally have a disability that is expected to last six months or less (which is less than the 12-month duration required under SSI) or have a disability resulting from alcohol or drug abuse (a disabling condition that does not qualify individuals for SSI assistance). The state-only program does not count towards the State's MOE expenditures.

To qualify for this program, a person must be 18-59 years old and be certified by a physician or other designated medical professional as totally disabled and unable to work at any occupation for at least six months. Applicant's income must not exceed $175 per month (standard to be effective July 1, 2011) and resources may not exceed $2,000. About 18 percent of AND-SO recipients are homeless.

In FY 2008-09, the Department received reimbursement received federal SSI interim assistance reimbursements for 1,217 clients--11.8 percent of the unduplicated caseload and 20.5 percent of the average monthly caseload. Total reimbursements received in FY 2009-10 were $3,866,556 or about 24 percent of total expenditures for the program.

Of total interim reimbursements, $2.3 million are appropriated in this line item, while the balance is available to assist the Department with expenditures that qualify for the SSI MOE.

Aid to the Blind State Supplemental Grant Program. This program provides supplemental income to individuals who are legally blind and unable to secure or retain employment.

Allocation of Fund Sources Among Programs. The AND programs are now combined in a single line item. However, the following table provides fund-split detail, based on FY 2009-10 actual expenditures (including additional local share of $317,573 based on the county 20 percent match requirement and the allocation of refunds).

Item	General Fund	Local Funds	IARs and Refunds	Total
Total	**$ 11,421,471**	**$ 3,731,260**	**$ 2,593,337**	**$ 17,746,068**
AND-Colorado Supplement	1,400,877	457,650	318,080	**$ 2,176,607**
AND-State Only	10,020,242	3,273,495	2,275,177	**$ 15,568,914**
AB-Colorado Supplement	352	115	80	**$ 547**

FY 2009-10 Actual and FY 2010-11 Projected Program Expenditures. The tables below reflect the actual utilization of these three programs in FY 2009-10 and the Department's FY 2010-11 projection. As shown, utilization of Aid to the Blind is minimal, while amounts associated with the AND - State Only program represent the vast majority of expenditures. While the Department did not provide a projection for FY 2011-12. However, it noted that, since FY 2007-08, the Aid to the Needy Disabled Program has experienced caseload growth of 6.5%, 12.5% and 8.5%, so caseload growth is anticipated. Due to the caseload growth in the AND-SO program, the Department reduced the FY 2010-11 grant standard in February from $200 to $140. It expects to return the grant standard to $175 per month for FY 2011-12.

Year	Grant standard	Average Monthly Caseload	Expenditures	Appropriation	Difference (local share)	Average Monthly Benefits
FY 2009-10 - Actual						
AND-CS-SSI	$637 - no change throughout year	1,350	$ 2,176,607	$ 2,167,810	$ (8,797)	$ 134
AB-CS-SSI	$637 - no change throughout year	0.33	547	1,000	453	138
AND-SO	$200 - no change throughout year	6,614	15,568,914	15,259,685	(309,229)	196
		TOTAL	*17,746,068*	*17,428,495*	*(317,573)*	
FY 2010-11 - Projected						
AND-CS-SSI	$637 - no change throughout year	1,578	$ 2,373,732	$ 2,167,810	$ (205,922)	$ 125
AB-CS-SSI	$637 - no change throughout year	0.75	1,104	1,000	(104)	123
AND-SO	$200 from Jul-Jan; $140 from Feb-Jun	6,912	15,208,498	15,259,685	51,187	183
		TOTAL	*17,583,334*	*17,428,495*	*(154,839)*	

Line Item Request and Recommendation. The Department requests an appropriation of $17,428,495 including $11,421,471 General Fund for this line item. This reflects a continuation of the prior year appropriation. **Staff recommends the Committee approve the Department's request.**

<u>Burial Reimbursements</u>

This program provides assistance, up to a maximum of $1,000, to help defray the costs of burial expenses for Aid to the Needy Disabled/Aid to the Blind recipients; the maximum is $1,500 for children receiving supplemental security income payments. This is an optional state program. However, if not funded by the State, counties would pay these costs. The Department requests a continuation level appropriation of $508,000 ($402,985 General Fund and $105,015 cash funds). **Staff recommends the Committee approve the Department's request.**

<u>Home Care Allowance</u>

This is a cash assistance program for individuals that need minimal help in daily living to prevent nursing home placement. S.B. 06-219 transferred responsibility for funding of this program to the Department of Human Services from the Department of Health Care Policy and Financing. There are three categories of Home Care Allowance (HCA), determined by the level of care required. Depending upon the individual's need score, he or she receives from $200 to $475 per month. The program has a caseload of approximately 3,000 individuals per month.

H.B. 10-1146. Changes included in H.B. 10-1146, which become effective January 1, 2011, allow individuals to receive Medicaid Home- and Community-based Services (HCBS) or HCA, but not both. Home Care Allowance for SSI-eligible individuals is a significant component of Colorado's SSI maintenance of effort spending. Therefore, H.B. 10-1146 anticipated that most of the HCA caseload lost due to eliminating dual-eligibility for HCA and HCBS would be replaced by expanding services to individuals on the waiting list for developmental disability services. The Department projected that this could increase expenditures counted toward the SSI maintenance of effort requirement by up to $650,760 per year.

Line Item Request and Recommendation. The Department requested $10,543,757, including $9,999,736 General Fund and $544,021 cash funds (county share). The request includes an increase of $23,891 General Fund to annualize H.B. 10-1146. **Staff recommends the request for $10,543,757, including an $9,999,736 General Fund**. annualization requested for H.B. 10-1146 is consistent with the final fiscal note for the bill and the funding detail included in the FY 2010-11 Appropriations Report describing the bill.

Adult Foster Care

Responsibility for the funding of this program was transferred from the Department of Health Care Policy and Financing to the Department of Human Services by S.B. 06-219. The Department requests a continuation appropriation of $157,469 ($149,596 General Fund and $7,873 cash funds from local funds). **Staff recommends the Committee approve the Department's request.** This program also contribute's to the State's SSI maintenance of effort spending.

SSI Stabilization Fund Programs [new line item]

House Bill 09-1215, a JBC bill, created a stabilization fund to assist the Department in meeting the SSI maintenance of effort requirement. Pursuant to 26-2-210, C.R.S., excess interim assistance reimbursements and other moneys recovered due to overpayment of recipients (plus any appropriations to the Fund) are continuously appropriated to the Department to be expended on programs that count toward the SSI MOE in a year when the Department determines the State is at risk of not meeting the MOE. At the end of the fiscal year, any amounts in excess of $1.5 million in the Fund revert to the General Fund. .

During FY 2009-10, the Department reported it had received $3,886,556 in Interim Assistance Reimbursements (related to the AND-SO program) and $1,296,093 in recoveries from the Old Age Pension program for a total of $5,162,649. Excess receipts *above the amounts appropriated in the Long Bill* from these sources were deposited to the SSI Stabilization Fund at the end of the year. The table below reflects the FY 2009-10 Fund activity.

SSI Stabilization Fund - FY 2009-10 Activity	
Starting balance	$904,250
Interest revenue	19,381
Transfer in (June 2010)	1,432,396
Expenditure (June 2010 for AND-CS Program)	(856,028)
Ending Balance	$1,499,999

Although the SSI Stabilization Fund is continuously appropriated, and additional Long Bill spending authority is not required, staff believes it would be helpful, for informational purposes, to reflect an estimated line item in the Long Bill, as staff expects that expenditures will support the programs appropriated in this section. **Staff recommends $1.0 million for the SSI Stabilization Fund be reflected in the Long Bill based on FY 2009-10 expenditures.**

(10) ADULT ASSISTANCE PROGRAMS
(D) Community Services for the Elderly

This section encompasses programs funded by the federal Older Americans Act and state-only resources for senior services. Responsibilities include developing a state plan for aging services, overseeing federal grants and providing assistance and funding to 16 local Area Agencies on Aging and local service providers to provide services to seniors age 60 years and older.

<u>Administration</u>

This line item funds salary and contractual services related to the state administration of programs for the elderly. A staffing summary for this line is provided in the table below.

Adult Assistance Programs, Community Services for the Elderly, Administration				
Staffing Summary	**FY 2009-10 Actual**	**FY 2010-11 Appropriation**	**FY 2011-12 Request**	**FY 2011-12 Recommendation**
General Professional	6.2	6.8	6.8	6.8
Staff Support	0.4	0.2	0.2	0.2
TOTAL	6.6	7.0	7.0	7.0

The Department requests an appropriation of $671,250 (including $176,174 General Fund) and 7.0 FTE for this line item. The staff recommendation is reflected in the table below and is **calculated consistent with common policy**.

Staff Recommendation - Adult Assistance Programs, Community Services for the Elderly, Administration	**Total**	**GF**	**FF**	**FTE**
FY 2010-11 Personal Services	596,776	157,567	439,209	7.0
Annualize 1% GF personal svc. reduction	1,592	1,592	0	0.0
Annualize FY 2010-11 PERA adjustment	8,876	2,361	6,515	0.0
Common policy 1.5% base reduction	(9,109)	(2,423)	(6,686)	0.0
DI #NP-7 - PERA	(10,823)	(2,879)	(7,944)	0.0
Subtotal - Personal Services	587,312	156,218	431,094	7.0

Staff Recommendation - Adult Assistance Programs, Community Services for the Elderly, Administration	Total	GF	FF	FTE
FY 2010-11 Operating Expenses	78,059	20,763	57,296	0.0
Subtotal - Operating Expenses	78,059	20,763	57,296	0.0
Total Recommendation	**$665,371**	**$176,981**	**$488,390**	**7.0**

Colorado Commission on Aging

This line item funds an administrative position for the Commission, which meets quarterly. The position assists the Commission with special projects, in addition to regular administrative duties. The department requests $80,455, including $20,485 General Fund and 1.0 FTE for this line item. The 1.0 FTE is categorized as support staff. **The staff recommendation is calculated in accordance with Committee common policy.**

Staff Recommendation - Adult Assistance Programs, Colorado Commission on Aging	Total	General Fund	Federal Funds	FTE
FY 2010-11 Personal Services	53,044	13,542	39,502	1.0
Annualize 1% GF personal svc. reduction	137	137	0	0.0
Annualize FY 2010-11 PERA adjustment	1,350	347	1,003	0.0
Common policy 1.5% base reduction	(818)	(210)	(608)	0.0
DI #NP-7 - PERA	(1,349)	(347)	(1,002)	0.0
Subtotal - Personal Services	**52,364**	**13,469**	**38,895**	**1.0**
FY 2010-11 Operating Expenses	27,554	7,087	20,467	0.0
FY 2010-11 Operating Expenses	**27,554**	**7,087**	**20,467.0**	**0.0**
	$79,918	**$20,556**	**$59,362**	**1.0**

Senior Community Services Employment

This program promotes useful part-time employment in community services activities for unemployed, low-income persons age 55 or older, pursuant to a grant received pursuant to Title V of the Older Americans Act. Program participants are provided training and counseling services to move them from subsidized to unsubsidized jobs.

The department requests an appropriation of $863,454 and 0.5 FTE, including a net increase of $1,940 for the annualization of the FY 2010-11 PERA adjustment and the FY 2011-12 PERA adjustment. Staff calculations are summarized in the following table. **The staff recommendation includes an adjustment to more accurately reflect federal funds anticipated to be received for this program, as funding provided is custodial.** Staff has not included the 1.5 percent personal services reduction, as this will not affect federal grant funds received.

Staff Recommendation - Adult Assistance Programs, Senior Community Service Employment	Federal Funds
FY 2010-11 Personal Services	$30,604
Annualize FY 2010-11 PERA adjustment	2,343
DI #NP-7 - PERA	(403)
Subtotal - Personal Services	**32,544**
FY 2010-11 Operating Expenses	830,910
Reflect additional federal funds	369,583
Subtotal - Operating Expenses	**1,200,493**
Total Recommendation	**1,233,037**

<u>Older Americans Act Programs</u>
This line item provides funding for Area Agencies on Aging to contract with provider agencies to deliver a variety of services to older persons. Services provided include:

- Supportive services and senior centers - Functions include case management, client representation, shopping assistance, transportation, chore services, personal care services, adult day care, health screening, legal services, and an ombudsman;

- Nutrition services such as congregate meals, nutrition screening and education;

- In-home services for persons above the eligibility thresholds for Medicaid, Home Care Allowance and Adult Foster Care (homemaker services, personal care services, home repair services, visiting services); and,

- Disease prevention and health promotion services (e.g., health risk assessments, programs regarding physical fitness, education regarding diagnosis, prevention and treatment of age-related diseases and chronic disabling conditions)

In general, services are available to individuals age 60 and over, regardless of income or assets. While the federal government does not allow a means test, it does require that priority be given to those with the greatest social and economic need, with particular attention to minority individuals and those who are frail, homebound, or otherwise isolated. Provider agencies often request donations or fees on a sliding scale for services such as transportation and congregate meals.

Funding is provided under Title III of the Older Americans Act and requires a minimum 15 percent non-federal share, of which 5.0 percent must be from state funds.

Department Request: The Department requests $17,419,433, including $610,506 General Fund, for this line item. The request includes an increase of $399,880 federal funds for FY 2010-11 to annualize supplemental #5, Community Services for the Elderly.

Supplemental #5/Budget Amendment #3 - Funding for Community Services for the Elderly
The Department requested spending authorization for federal funds of $2,270,742 in FY 2010-11 and $2,670,622 in FY 2011-12. The Department proposed to use existing General Fund within the State Funding for Senior Services appropriation to meet associated matching requirements, resulting in a net zero General Fund impact. The Department also requested elimination of the (M) head note for the Older American Act Program Long Bill line item to allow more efficient management of the federal funds received.

Consistent with the action taken pursuant to Supplemental #5, the staff recommendation for this Budget Amendment and the line items is as follows:

- The (M) notation be removed from the Older Americans Act line item.
- Line item funding for both the Older Americans Act line item and the State Funding for Senior Services line items should be modified to reflect, as accurately as possible, the extent to which state funds are being used to draw down a federal match. The changes adopted for FY 2010-11 and the additional change for FY 2011-12 is reflected below.

	FY 2010-11 Long Bill	FY 10-11 Supplemental #5	FY 11-12 BA #3 (Annualize)	Recommended FY 2011-12 Appropriation
Older Americans Act Programs	$14,748,811	$2,404,315	$420,926	$17,574,052
General Fund	610,506	133,573	21,046	765,125
Cash Funds - Local	3,039,710	0	0	3,039,710
Cash Funds - Older Coloradans CF	40,000	0	0	40,000
Federal Funds	11058595	2,270,742	399,880	13,729,217
State Funding for Senior Services	8966241	(133,573)	(21,046)	8,811,622
General Fund	658,489	(133,573)	(21,046)	503,870
Cash Funds - Older Coloradans CF	8,307,752	0	0	8,307,752
Total	23,715,052	2,270,742	$399,880	26,385,674
General Fund	1,268,995	0	0	1,268,995
Cash Funds - Local	3,039,710	0	0	3,039,710
Cash Funds - Older Coloradans CF	8,347,752	0	0	8,347,752
Federal Funds	11,058,595	2,270,742	399,880	13,729,217

- A footnote be added and continued in the State Funding for Senior Services and Older American Act line items that reads as follows:

  25a Department of Human Services, Adult Assistance Programs, Community Services for the Elderly, Older Americans Act Programs and State Funding for Senior Services--Amounts in the Older Americans Act Programs line item are calculated based on a requirement for a non-federal match of at least 15 percent, including a 5.0 percent state match, pursuant to Title III of the federal Older Americans Act. The Department is authorized to transfer General Fund and cash funds between the State Funding for Senior Services line item to the Older Americans Act Programs line item to comply with the 5.0 percent state match requirement for the Older Americans Act Programs. This appropriation is based on the assumption that all federal Title III funds requiring a state match that are not included in the appropriations for other line items will be expended from the Older Americans Act Programs line item.

Finally, staff recommends that an RFI be added requesting that the Department provide a report by November 1 of each year on Older Americans Act Funds received and anticipated to be received. Staff recommends that this RFI be added for FY 2011-12.

Budget Reduction Recommendation: In light of the increase in federal funds available for Older Americans Act Programs, staff recommends a reduction to State Funding for Senior Services. Specifically, staff recommends:

- Eliminating the remaining direct General Fund appropriation in the State Funding for Senior Services line item ($503,870).

- Introducing a budget balancing bill to reduce funding for the Older Coloradans Cash Fund by at least $2.0 million per year, resulting in a General Fund revenue increase of the same amount. Please note that there is a total of $8.0 million diverted from the General Fund to the Older Coloradans Cash Fund, and the entire amount could be eliminated if desired.

If the staff recommendation on Budget Amendment #3 is approved, the Department will have been authorized to receive and expend an additional $2,670,622 in federal Older Americans Act funds beyond the amounts originally appropriated in the FY 2010-11 Long Bill. The staff recommendation would reduce state funding for these same services by $2,503,870.

The table below reflects recent year federal awards for Older Americans Act programs, including both on- and off-budget amounts expended in recent years. As noted above, the Title III awards, in particular, require a 5 percent share of state funds, with the exception of the one-time ARRA award.

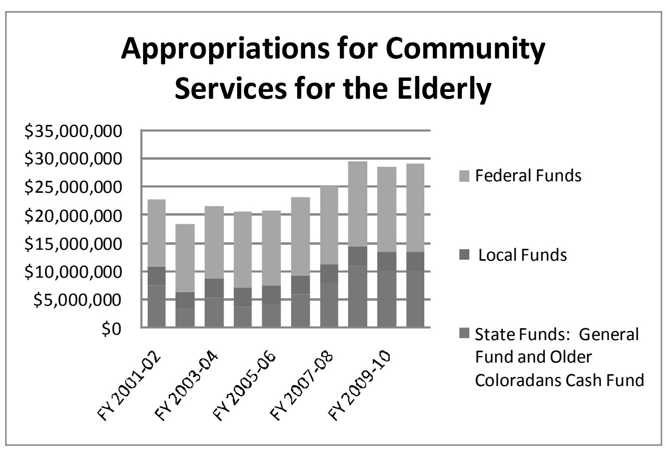
Federal Grant Award

Title III		*Sept. 8, 2010*	*Sept. 3, 2009*	*Sept. 5, 2008*	*Aug. 29, 2007*	*Aug. 30, 2006*
Title IIIB	Supportive Services	$4,762,294	$4,564,582	$4,214,645	$4,187,942	$4,154,787
Title IIIC1	Congregate Meals	5,700,029	5,487,038	4,852,531	4,500,322	4,151,035
	ARRA		1,265,254			
Title IIIC2	Home Delivered Meals	2,867,014	2,780,574	2,450,256	2,316,898	2,207,560
Title IIID	Preventive Health	256,172	256,172	256,173	261,785	259,740
Title IIIE	NFCSP	1,863,239	1,847,782	1,812,595	1,826,413	1,816,354
	Total Title III	**$15,448,748**	**$16,201,402**	**$13,586,200**	**$13,093,360**	**$12,589,476**
	Growth w/o ARRA	512,600	1,349,948	492,840	503,884	
	Rate	*3.2%*	*9.9%*	*3.8%*	*4.0%*	
Title V		*July 8, 2010*	*July 6, 2009*	*Sept. 18, 2007*	*Aug. 24, 2006*	*July 1, 2005*
Title V	Senior Community Svc	1,223,037	1,149,779	971,046	873,805	888,115
	ARRA		240,104			
	Total Title V	**$1,223,037**	**$1,389,883**	**$971,046**	**$873,805**	**$888,115**
Title VII		*Sept. 8, 2010*	*Sept. 3, 2009*	*Sept. 5, 2008*	*Aug. 29, 2007*	*Jan. 2006*
Title VII	Elder Abuse	66,271	65,421	63,988	63,356	62,070
Title VII	Ombudsman	222,532	212,503	197,771	184,800	181,051
	Total Title VII	**288,803**	**277,924**	**261,759**	**248,156**	**243,121**
Total OAA Funding		$16,960,588	$17,869,209	$14,819,005	$14,215,321	$13,720,712
Total w/o ARRA		$16,960,588	$16,363,851	$14,819,005	$14,215,321	$13,720,712
Growth w/o ARRA		*$596,737*	*$1,544,846*	*$603,684*	*$494,609*	
Rate of Growth w/o ARRA		*3.6%*	*10.4%*	*4.2%*	*3.6%*	

As reflected in the table above, Older American Act Funding has been growing each year, even excluding the one-time impact of ARRA funding. In FY 2009-10, a $1.0 million General fund reduction was taken, in light of federal ARRA funding, and this cut was not restored in FY 2010-11. However, no other reduction has thus far been taken.

Additional Background:

- Overall funding for State Funding for Senior Services has increased very substantially since 2003. Section 26-11-205.5, C.R.S. directs the distribution of state funds to Area Agencies on Aging consistent with federal allocation patterns. The diversion of sales and excise tax revenue to the Older Coloradans Cash Fund is governed by statute at



39-26-123 (a) (III) (D), C.R.S.. This diversion has been statutorily set at $8.0 million since FY 2008-09.

- In FY 2003-04, after reductions associated with the 2003 economic downturn, funding from the Older Coloradans Cash Fund was at $1.6 million.
- Funding for Community Services for the Elderly has grown by 28 percent over the last ten years. Much of the growth since FY 2004-05 has been based on increases in state funding.

National Family Caregiver Support Program

The NFCSP is the largest new program under the Older Americans Act since nutritional programs started in 1972. The department has worked closely with the Area Agencies on Aging to develop a statewide comprehensive system that is responsive to a diverse group of caregivers. The program provides:

1. Information to caregivers about available services;
2. Assistance gaining access to services;
3. Individual counseling, organization of support groups and caregiver training to assist the caregivers in making decisions and solving problems relating to their caregiver roles;
4. Respite care to enable caregivers to be temporarily relieved from their care-giving responsibilities; and,
5. Supplemental services, on a limited basis to complement the care provided by caregivers.

These funds are intended for grandparents (60 years and older) caring for non-disabled children, elderly parents of disabled or developmentally disabled children, and family members and friends caring for older people. States are encouraged to give priority to elderly parents of disabled children and low-income older individuals. The state is not currently subject to a MOE requirement for the portion of OAA funds related to the NFCSP, but the Department believes this program may be incorporated into the MOE in future years.

The Department requests an appropriation of $2,263,386, including $142,041 General Fund and $423,805 cash funds from local funds. This reflects a continuation level of funding. **Staff recommends the Committee approve the Department's request.**

State Ombudsman Program

The state contracts with the Legal Center for Persons with Disabilities and Older Persons to serve as the State Ombudsman for Colorado. Staffing for this program includes one State Long-Term Care Ombudsman, a part-time assistant and a part-time legal developer. There are also 17 paid local ombudsmen and 90 volunteer ombudsmen. The Legal Center provides services to Area Agencies on Aging and their local ombudsmen staff with training and technical services associated with local program administration. The Legal Center also monitors local programs for efficiency and effectiveness and provides reports of data and information to the Department. The department requests an appropriation of $272,031, including $112,798 net General Fund, reflecting a continuation level of funding. **Staff recommends the Committee approve the Department's request.**

State Funding for Senior Services

This line was created to reflect state funding for senior services above and beyond the state match required for Older Americans Act programs. The cash funds portion of the appropriation is from the Older Coloradans Fund. That fund receives revenue from a diversion of funds that would otherwise go to the General Fund. Section 26-11-205.5 (2), C.R.S., requires that moneys appropriated from this fund are administered through the Area Agencies on Aging, but the funds can be used with more flexibility than is afforded under OAA programs. The state funding for senior services allows more than 25,000 Older Coloradans to receive transportation, nutrition services, in-home assistance and other miscellaneous services.

The Department requests a continuing appropriation of $8,966,241, including $658,489 General Fund and $8,307,752 cash funds from the Older Coloradans Fund. The staff recommendation is detailed in the table below.

Staff Recommendation - State Funding for Senior Services	Total	General Fund	Cash Funds
FY 2010-11 Long Bill	$8,966,241	$658,489	$8,307,752
FY 2010-11 Supplemental #5 - State Funding for Senior Services	(133,573)	(133,573)	0
FY 2011-12 BA #3 - Annualize Supplemental #5	(21,046)	(21,046)	0
Staff budget balancing recommendation - reduce General Fund	(503,870)	(503,870)	0
Staff budget balancing recommendation - Older Coloradans Cash Fund (requires bill)	(2,000,000)	0	(2,000,000)
Total Recommendation	**$6,307,752**	**$0**	**$6,307,752**

Area Agencies on Aging Administration

This line item provides funding for the 16 Area Agencies on Aging (AAAs) to develop and administer area plans on services for the aging for their respective regions. The Department requests a continuing appropriation of $1,375,384. The appropriation is entirely federal funds. **Staff recommends the Committee approve the Department's request.**

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

Staff recommends the following footnotes be **continued**.

19 **Department of Human Services, County Administration, County Share of Offsetting Revenues** -- It is the intent of the General Assembly that, pursuant to Section 26-13-108, C.R.S., the Department utilize recoveries to offset the costs of providing public assistance. This appropriation represents an estimate of the county share of such recoveries and, if the amount of the county share of such recoveries is greater than the amount reflected in this appropriation, the Department is authorized to disburse an amount in excess of this appropriation to reflect the actual county share of such recoveries.

Comment: Data provided by the Department indicates that the County's share of offsetting revenue was $3,506,431 (less than the $3,789,313 budgeted).

20 **Department of Human Services, County Administration, County Incentive Payments; Office of Self Sufficiency, Colorado Works Program, County Block Grants and Child Support Enforcement, Child Support Enforcement** -- It is the intent of the General Assembly that, pursuant to Sections 26-13-108 and 26-13-112.5 (2), C.R.S., the Department distribute child support incentive payments to counties. It is the intent of the General Assembly that at least one-half of the State share of recoveries of amounts of support for public assistance recipients be distributed to counties, as described in Section 26-13-108, C.R.S. If the total amount of the State share of recoveries is greater than the total annual appropriations from this fund source, including appropriations for operating and capital construction purposes, the Department is authorized to distribute to counties, for county incentive payments, one-half of the actual State share of any additional recoveries.

Comment: This footnote clarifies legislative intent with respect to the state's share of recoveries for public asssistance expenditures, which are appropriated in multiple locations, and the use of any recoveries above those appropriated. The Department reported that, for FY 2009-10, a total of $6,662,816 was recovered and applied to the County Incentive Payments line item, including $1,078,455 in excess of the amount reflected in the line item. The version of this footnote in effect in FY 2009-10 authorized the distribution of 100 percent of any excess recoveries to counties (rather than 50 percent).

22 **Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants** -- Pursuant to Sections 26-2-714 (7) and 26-2-714 (9), C.R.S., under certain conditions, a county may transfer federal Temporary Assistance for Needy Families (TANF) funds within its Colorado Works Program Block Grant to the federal child care development fund or to programs funded by Title XX of the federal Social Security Act. One of the conditions specified is that the amount a county transfers must be specified by the Department of Human Services as being available for transfer within the limitation imposed by federal law. It is the intent of the General Assembly that the Department allow individual counties to transfer a greater percent of federal TANF funds than the state is allowed under federal law as long as: (a) Each county has had an opportunity to transfer an amount up to the federal maximum allowed; and, (b) the total amount transferred statewide does not exceed the federal maximum.

Comment: This footnote enables the State to maximize the transfers of TANF funds for child welfare and child care pursuant to the overall restrictions in federal law (up to 30 percent total, with a maximum of 10 percent for child welfare and 20 percent for child care). Full information about county transfers from TANF to the federal Child Care Development Fund and to Title XX programs is provided by the Department in a report in response to Request for Information.

22a **Department of Human Services, Office of Self Sufficiency, Colorado Works Program, County Block Grants --** It is the intent of the General Assembly that the appropriation of local funds for Colorado Works program county block grants may be decreased by a maximum of $500,000 to reduce one or more small counties' fiscal year 2010-11 targeted or actual spending level pursuant to Section 26-2-714 (8), C.R.S.

Comment: The Works Allocation Committee is authorized (Section 26-2-714 (8), C.R.S.) to mitigate (reduce) a small county's targeted and/or actual spending level, up to a maximum amount identified in the Long Bill. A small county is one with less than 0.38% of the total statewide Works caseload, as determined by the Department of Human Services. This footnote authorizes the Works Allocation Committee to approve a maximum of $500,000 in mitigation. In the version of this footnote in effect in FY 2009-10, the maximum was $100,000. The Department reported that no county made use of this provision in FY 2009-10.

25a **Department of Human Services, Adult Assistance Programs, Community Services for the Elderly, Older Americans Act Programs and State Funding for Senior Services** --Amounts in the Older Americans Act Programs line item are calculated based on a requirement for a non-federal match of at least 15 percent, including a 5.0 percent state match, pursuant to Title III of the federal Older Americans Act. The Department is authorized to transfer General Fund and cash funds from the State Funding for Senior Services line item to the Older Americans Act Programs line item to comply with the 5.0 percent state match requirement for the Older Americans Act Programs. This appropriation is based on the assumption that all federal Title III funds requiring a state match that are not included in the appropriations for other line items will be expended from the Older Americans Act Programs line item.

Comment: This footnote was added through the supplemental bill to provide some transfer authroity between line items and clarify the General Assembly's expectations..

Requests for Information

Note: Pursuant to H.B. 10-1119, the information requests shown below are reflected in staff's recommended priority order for line items that appear in this section of the budget. These will be combined with priority listings from other JBC staff figure setting packets for the Department of Human Services prior to the Committee's final vote on footnotes in March.

1. **Department of Human Services, Totals** -- The Department is requested to submit a report concerning the status of federal Temporary Assistance for Needy Families (TANF) funds. The requested report should include the following: (a) an analysis of the TANF Long Term Reserve, including estimated TANF funds available for appropriation, estimated TANF appropriations by Long Bill line item, and the estimated closing Long Term Reserve balance, for each of the most recent actual fiscal year, the current fiscal year, and the request fiscal year; (b) an analysis of the TANF maintenance of effort (MOE) payments, showing the actual and forecast MOE expenditures, by program, for the most recent actual fiscal year, the current fiscal year, and the request fiscal year; and (c) an analysis of the counties' TANF reserve balances that includes, for each county, for the most recent actual fiscal year, the starting TANF Reserve Account balances for the Works Program, Title XX, and Child Care Development Fund accounts, the annual TANF allocation, the total expenditures, the net transfers to child care and child welfare, any amounts remitted to the state under the provisions of S.B. 08-177, and the closing reserve balance for all county TANF accounts. The report should be provided to the Joint Budget Committee annually on or before November 1. An update to this information reflecting data as of the close of the federal fiscal year should be provided to the Joint Budget Committee annually on or before January 1.

Comment: Staff considers this report crically important for figure setting, given the General Assembly's responsibility for appropriating TANF funds. If S.B. 11-124 passes, staff will recommend modifications to the language above concerning S.B. 08-177.

2. **Department of Human Services, Office of Operations; Department Totals** -- The Department is requested to examine its cost allocation methodology and report its findings to demonstrate that all state-wide and departmental indirect costs are appropriately collected and applied. The Department is requested to submit a report to the Joint Budget Committee on or before November 15, 2010, that should include: (1) Prior year actual indirect costs allocated by division and corresponding earned revenues by type (cash, reappropriated, and federal); (2) the amount of such indirect costs applied within each division and to Department administration line items in the Executive Director's Office, Office of Operations, and Office of Information Technology Services; (3) a comparison between

indirect amounts applied and the amounts budgeted in the Long Bill; and (4) a schedule identifying areas in which collections could potentially be increased and a description of the obstacles to such increases where the discrepancy between the potential and actual collections is $50,000 or more.

Comment: This report is routinely provided. Due to the complexity of Department of Human Services indirect costs, this report provides useful information that would not otherwise be available on the potential for offsetting General Fund for indirect costs and the structure of indirect costs revenue and expenditures.

Department of Human Services, **Adult Assistance, Community Services for the Elderly** - The Department is requested to submit a report by November 1 of each year on Older Americans Act Funds received and anticipated to be received and the match requirements for these funds.

Comment: This is a new report staff recommends in light of the removal of an (M) notation from the Older American Act Programs line item.

3. **Department of Human Services, Office of Self Sufficiency, Special Purpose Welfare Programs, Refugee Assistance -** The Department is requested to submit a report by November 1 of each fiscal year on the size of the Colorado refugee population, the percent that is TANF-eligible, federal funding received from the Department of Health and Human Services, Office of Refugee Resettlement in the most recent actual fiscal year, and federal funding projected to be received in the current and next fiscal year from the Office of Refugee Resettlement.

Comment: This report was added due to the addition of $2.0 million in TANF funds for Refugee resettlement. Staff believes this information will be important to track for at least the next 1-2 years given the overall shortage of available TANF funds.

4. **Department of Human Services, Executive Director's Office, General Administration, Injury Prevention Program --** The Department is requested to provide information regarding the cost-effectiveness of this program. Such information should include: actual and planned annual expenditures for this line item, by program; the actual number of workers' compensation claims filed, by type of injury and by program; and the related costs associated with workers' compensation claims filed, by type of injury and by program. This information should be provided to the Joint Budget Committee annually on or before October 15.

Comment: This report is routinely submitted in response to funding for the injury prevention program.

Staff recommends the following request be **eliminated**:

X **Department of Human Services, Office of Self Sufficiency, Colorado Works Program, Works Program Evaluation** -- The Department is requested to submit a summary of the activities conducted under the Works Program Evaluation activity. The summary should include specific questions which the Department set out to answer, the methodologies used, the results obtained, and suggestions on how the results can be used to improve the Works program. The report should be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by November 1 of each year.

Comment: The Department did not submit the report for FY 2010-11. Staff has recommended eliminating the appropriation for this line item.

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2011-12 STAFF FIGURE SETTING

DEPARTMENT OF HUMAN SERVICES

(Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Adult Assistance)

ADDENDUM - Other Balancing Options

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Prepared By:
Amanda Bickel, JBC Staff
Feburary 16, 2011

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OTHER BALANCING OPTIONS

These options are presented without staff recommendation in order to maximize the Committee's choices. The Committee may wish to consider these options now or in the future. Amounts shown are the maximum that could be realized; smaller amounts could be used instead.

Numbering does not reflect priority. However, staff has grouped items in two separate categories representing options staff considers "very painful" or only "moderately painful".

Options with *Appropriations* Impacts - Less severe/painful	**GF**	**CF**	**RF**	**FF**	**Total**	**FTE**
1	(1,000,000)	0	0	0	(1,000,000)	0.0
Eliminate County Tax Base Relief **County Administration.** Eliminates the $1.0 million in County Tax Base Relief retained in the staff recommendation						
2	(1,000,000)	1,000,000	0	0	0	0.0
Reduce County Incentive Payments and use state share of recoveries to offset General Fund for County Administration **County Administration.** Reduces incentive payments to counties which are funded with a portion of the State's share of recoveries for public assistance programs. Instead, uses a portion of these funds to offset General Fund in County Administration. This line item is related to incentive payments for child support enforcement, and receives a federal match rate at the county level (66 percent); however, given current issues related to the demand for Food Assistance, this reduction would likely be preferable to a reduction to the County Administration line item. A total of **$5.1 million** is currently appropriated for County Incentive Payments.						
3	(594,701)	(275,804)	0	(632,578)	(1,503,083)	0.0
Reduce Funding for County Administrative Activities by 3.0 percent **County Administration**. The county administration line item supports county eligibility determination activities for public welfare programs such as food assistance. Funding provided by the State is capped. If insufficient support is provided by the State (as is currently the case), counties may use county funds (matched by federal funds) to cover shortfalls. Due to the recession, numbers of individuals applying for such assistance has increased sharply, and the Department has requested an increase in related funding. Nonetheless, because this is a capped allocation for a county activity, the General Assembly could apply a further reduction. In many cases, this would likely shift current General Fund costs to county budgets. Staff has not recommended this due to the growth in the county administration and, particularly, food assistance caseload which has already placed county operations under great strain.						
4	(1,000,000)	0	0	0	(1,000,000)	(28.0)
Reduce staffing and operating funding for maintenance of state-operated facilities by 3.8 percent (reduce GF by 6.0 percent)						

Options with *Appropriations* Impacts - Less severe/painful	GF	CF	RF	FF	Total	FTE
Office of Operations. This represents about 50 percent of the General Fund shifted to the Office of Operations to compensate for revenue reductions that were tied to the closure of state-operated facility beds. While the Office of Operations did take reductions in direct-service positions associated with the facility closures, a further amount could be taken. The Department estimates it would take a 10 percent reduction in maintenance and housekeeping staff to absorb this cut. This would adversely affect accreditation standards.						
5	0	(3,250,000)0	0	0	(3,250,000)	
Eliminate Severance Tax Funding for Low Income Energy Assistance **Self Sufficiency**. Funding from the Operational Account of the Severance Tax Trust Fund supports direct bill assistance to reduce energy costs for families. The funding supplements federal funding also received by the Department. Statute provides $3.25 million per year FY 2011-12, and reducing this amount could allow for either other balancing of the Operational Account or additional transfers to the General Fund. The Low Income Energy Assistance Program has a budget of $73.5 million and has a caseload of approximately 100,000. The vast majority of funding is from a federal energy assistance block grant. (Revenue impact also)						
6	(659,824)	0	0	0	(659,824)	0.0
Eliminate TANF for domestic violence programs and use savings to further refinance General Fund in child welfare New fees on marriage licenses and divorce petitions (S.B. 09-68) now provide an ongoing revenue stream of approximately $950,000 for domestic violence programs. In light of this, TANF funding (appropriated since 2004 for distribution to community domestic violence programs) could be reduced or eliminated and could be used to refinance General Fund in the Division of Child Welfare.						
7	(1,500,000)	0	0	0	(1,500,000)	0.0
Eliminate TANF Funding for Low Income Energy Assistance Funding from the Temporary Assistance to Needy Families Block Grant supports direct bill assistance to reduce energy costs for families. The funding supplements federal funding also received by the Department. The Low Income Energy Assistance Program has a budget of about $60 million and a caseload of approximately 100,000. The vast majority of funding is from a federal energy assistance block grant. In light of this, TANF funding could be reduced or eliminated and could be used to refinance General Fund in the Division of Child Welfare..						
8	(5,000,000)	0	0	0	(5,000,000)	0.0
Further Refinance Child Welfare with TANF/ Reduce Other TANF Expenditures The Department previously indicated that based on child welfare expenditures, additional child welfare amounts could be refinanced with TANF. $5.0 million reflects the amount of TANF reserves that will not yet be spent down by the end of FY 2011-12 and therefore funds that could be use for one-time refinancing. Any refinance will exacerbate the "cliff effect" that will be created when TANF reserves are exhausted. Staff assumes that further refinance would be accompanied by reductions in TANF appropriations for other purposes.						
9	(2,125,000)	(700,000)	(100,000)	0	(2,925,000)	0.0

Options with *Appropriations* Impacts - Less severe/painful	GF	CF	RF	FF	Total	FTE

Reduce benefit for Aid to the Needy Disabled - State-Only Program

During the 2003 economic downturn, the monthly AND-SO benefit was reduced. The savings shown reflects a reduction of 25 percent in the average monthly benefit, which is expected to be $175/month in FY 2011-12. A cut could be taken without a statutory change.

Options with *Appropriations* Impacts - Larger and More Difficult	GF	CF	RF	FF	Total	FTE
1	(20,000,000)	0	0	0	(20,000,000)	0.0

Reduce Appropriations for Colorado Works/Refinance Additional Child Welfare General Fund

Reduce appropriations for Colorado Works and further refinance Child Welfare General Fund. This reflects a **one-time refinance** built around requiring counties to use reserves in lieu of new TANF appropriations. This approach (reduce allocations/refinance General Fund) can also be used on an ongoing basis on a smaller scale. Run a bill that would clarify the General Assembly's intent and provide direction on how reductions would be allocated at the county level. County MOE requirements could also be reduced in light of such action. Based on the Department's most recent TANF Maintenance of Effort (MOE) analysis, an additional **$40 million** of child welfare expenditures could be refinanced with TANF beyond current amounts. County reserves were at $55.6 million as of September 10, 2010, but falling. Staff does NOT recommend this option as staff believes counties are currently under substantial fiscal stress related to high caseload growth, local revenue shortfalls, and limited State funding and that many--although not all--are draining their reserves to address these needs. However, the Committee, and counties, should be aware that this remains an alternative, however unattractive.

2	0	(6,000,000)	0	0	(6,000,000)	0.0

Eliminate Older Coloradans Cash Fund Programs

Reflects eliminating the balance of the $8.0 million in State Funding for Senior Services, after the $2.0 million reduction recommended in the figure setting packet. (Revenue impact also)

3	(8,500,000)	(2,800,000)	(4,000,000)	0	(15,300,000)	0.0

Eliminate Aid to Needy Disabled - State-Only Program

The program provides monthly cash payments of $140 to $175 to over 6,000 low income disabled individuals who do not qualify for federal Social Security payments or whose federal application is pending. An executive proposal submitted and withdrawn in 2009 reflected larger General Fund savings ($9.8 million). Staff has modified General Fund and federal funds estimates to better reflect the long-term loss of federal reimbursements for some AND-SO payments. Cash amounts shown are county share. The original proposal was withdrawn due to impact on vulnerable population (about 18 percent of those affected are homeless; others rely on this payment to access federal subsidized housing). Staff anticipates that the reduction in support for this indigent population may increase costs in the correctional and medical systems for local and state government. Initial General Fund savings might be as high as $9.0 million although this would decline over time.

Options with *Appropriations* Impacts - Larger and More Difficult	**GF**	**CF**	**RF**	**FF**	**Total**	**FTE**
4	0	(20,000,000)	0	0	(20,000,000)	0.0
Eliminate or Reduce OAP Eligibility for individuals not *currently* eligible for Medicaid or on SSI [uncertain option]						
Based on current federal restrictions, staff believes the only population that can be reduced from Old Age Pension rolls prior to January 2014 would be individuals who are neither eligible for Medicaid nor the SSI program. Estimated funding associated with this population is shown above. Further research would be required if the Committee is interested in this option. (Revenue impact also)						

Among the times above, the following also have revenue impacts (increase the General Fund)

- Transfer LEAP Funds to the General Fund - $3.25 million
- Reduce OAP eligibility - up to $20 million to the General Fund
- Eliminate Older Coloradans Cash Fund Programs - Up to $6 million to the General Fund