This link includes the following presentations:

1. Figure setting for the Department of Human Services, Child Welfare, Child Care, Youth Corrections, March 17, 2010 (pp. 1-127).

2. Staff Memo, Additional Child Welfare and Youth Corrections Budget Balancing Options. (p. 128)

3. Staff Memo, Human Services SBA #7 - Refinance General Fund of Child Welfare Services with Federal TANF Moneys (p. 129)

4. Staff Memo, Option for Recognizing FY 2009-10 Savings from Restrictions (p. 134)

5. Staff Memo, Proposed Bill to Assist Counties that Would Qualify Under Tier I County Tax Base Relief (p. 135)

6. Staff Comebacks to Human Services Figure Setting Presentations, March 17, 2010 (p. 139)

7. Memo to Conference Committee on the Long Bill on Long Bill Footnote adjustments, dated April 8, 2010, and Memo to Conference Committee on the Long Bill on Technical Correction to Child Welfare Services ARRA adjustment, dated April 8, 2010. Summary information on these amendments was presented, and action was taken, during the meeting of the Conference Committee on the Long Bill April 13, 2010. The attached memos provide additional detail to clarify Committee action and intent. (p. 143)

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2010-11 STAFF FIGURE SETTING

DEPARTMENT OF HUMAN SERVICES

(Child Welfare, Child Care, Youth Corrections)

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

Prepared By:
Amanda Bickel, JBC Staff
March 17, 2010

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FY 2010-11 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE

DEPARTMENT OF HUMAN SERVICES

(Child Welfare, Child Care, Division of Youth Corrections)

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DEPARTMENT OF HUMAN SERVICES								
Executive Director: Karen Beye								

(1) EXECUTIVE DIRECTOR'S OFFICE

The primary function of this division is general department administration. This document includes Executive Director's Office, Special Purpose line items that are specifically related to child welfare services and youth corrections. This includes: staff responsible for periodically assessing all Colorado children placed in residential care as a result of a dependency and neglect or a delinquency proceeding to ensure counties' statutory and regulatory compliance; funding to support staff who conduct background/employment screenings using records and reports of child abuse or neglect; and staff and operating costs for the Juvenile Parole Board. Cash funds are from fees paid by those requesting background/employment checks. Reappropriated funds are transferred from the Department of Public Safety. *The balance of Executive Director's Office line items are covered in other Department of Human Services briefing and figure setting documents.*

(B) Special Purpose

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
Administrative Review Unit	1,859,239	2,000,821	2,185,382	S	2,201,692	A	2,201,692	BA #NP1
FTE	20.9	22.2	25.2		25.2		25.2	
General Fund	1,160,911	1,196,083	1,421,098	S	1,432,026	A	1,432,026	
Federal Funds	698,328	804,738	764,284	S	769,666	A	769,666	
Records and Reports of Child Abuse or Neglect	426,787	566,937	574,529	S	577,425	A	577,461	BA #NP1
FTE	6.5	6.2	7.5		7.5		7.5	
Cash Funds	73,771	566,937	574,529	S	577,425	A	577,461	
Cash Funds Exempt/Reappropriated funds [reserves]	353,016	0	0		0		0	
Juvenile Parole Board	186,907	247,971	246,357	S	248,050	A	248,050	BA #NP1
FTE	2.2	3.0	3.0		3.0		3.0	
General Fund	186,907	196,097	200,589	S	202,282	A	202,282	
Reappropriated Funds	0	51,874	45,768		45,768		45,768	
								Recommend v. Approp
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	2,472,933	2,815,729	3,006,268	S	3,027,167	A	2,779,153	-7.6%
FTE	29.6	31.4	35.7		35.7		32.7	(3.0)
General Fund	1,347,818	1,392,180	1,621,687	S	1,634,308	A	1,432,026	-11.7%
Cash Funds	73,771	566,937	574,529	S	577,425	A	577,461	0.5%
Cash Funds Exempt/Reappropriated funds	353,016	51,874	45,768		45,768		0	-100.0%
Federal Funds	698,328	804,738	764,284	S	769,666	A	769,666	0.7%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
(5) DIVISION OF CHILD WELFARE								

This division provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. Funding also supports training for county and state staff, direct care service providers (e.g. foster parents), and court personnel. Cash funds sources include county tax revenues, grants and donations, federal Title IV-E funds, and amounts from the Collaborative Management Incentives Cash Fund (primarily from civil docket fees). Reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
Administration	2,380,105	2,426,087	3,532,864	S	3,681,478	A	3,668,920	BA #NP1, BA-S #NP5
FTE	22.3	25.8	36.5		41.0		41.0	SBA #8
General Fund	1,481,846	1,676,095	2,763,768	S	2,856,709	A	2,846,726	
Cash Funds Exempt/Reappropriated funds	118,794	57,100	133,422	S	133,906	A	133,906	
Federal Funds	779,465	692,892	635,674	S	690,863	A	688,288	
*Medicaid Funds**	*118,794*	*90,100*	*133,422*	S	*135,418*	A	*135,418*	
*Net General Fund**	*1,541,243*	*1,721,145*	*2,830,478*	S	*2,924,418*	A	*2,913,678*	
Training	4,878,536	4,931,859	5,862,319	S	6,552,151	A	6,545,439	BA-S #NP5
FTE	0	0	3.0		6.0		6.0	
General Fund	2,245,129	2,341,374	2,844,519	S	3,237,104	A	3,231,076	
Cash Funds	0	37,230	37,230		37,230		37,230	
Cash Funds Exempt/Reappropriated funds	37,230	0	0		0		0	
Federal Funds	2,596,177	2,553,255	2,980,570		3,277,817		3,277,133	
Foster and Adoptive Parent Recruitment, Training, and Support	297,020	323,859	335,291	S	328,005	A	328,140	BA #NP1, BA-S #NP5
FTE	1.0	1.0	1.0		1.0		1.0	SBA #8
General Fund	230,902	257,115	268,292	S	260,895	A	261,030	
Federal Funds	66,118	66,744	66,999	S	67,110	A	67,110	

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
Child Welfare Services /a	337,446,740	345,340,609	343,705,363	S	338,008,112	A	333,397,905	Aug #5, BR 4, BR 5
General Fund	168,846,941	171,716,693	166,421,698	S	154,288,591	A	153,252,547	SBA #6, SBA #7
Cash Funds	0	62,775,661	61,168,175	S	63,855,311	A	63,227,484	
Cash Funds Exempt/Reappropriated funds	75,949,417	12,872,178	14,508,228	S	14,218,064		14,218,063	
Federal Funds	92,650,382	97,976,077	101,607,262	S	105,646,146	A	102,699,811	
*Medicaid Funds**	*13,778,035*	*13,865,508*	*14,508,228*	S	*14,218,064*		*14,218,063*	
*Net General Fund**	*175,735,959*	*178,649,447*	*173,675,812*	S	*161,397,623*	A	*160,361,578*	
Total Expenditures for Child Welfare Block [non-add]			Not appropriated;		Not appropriated;			
Transfer to Title XX from TANF (10 percent TANF)	11,542,622	15,509,896	see note a/ below		see note a/ below			
County Funds	9,427,280	1,053,178						
Total Child Welfare Expenditures [non-add]	$358,416,642	$361,903,683						
Excess Federal Title IV-E Distributions for Related County Administrative Functions								
Cash Funds	0	1,735,971	1,735,971		1,701,252		0	BR 4
Cash Funds Exempt/Reappropriated funds	1,710,316							
Excess Federal Title IV-E Reimbursements								
Cash Funds	0	813,856	0		0		0	
Cash Funds Exempt/Reappropriated funds	3,106,669							
Title IV-E Related County Administrative Functions [new line item]								
General Fund	n/a	n/a	n/a		0		1,000,000	
Family and Children's Programs	46,094,857	50,042,150	45,689,850		44,776,053		44,776,053	BR 4
General Fund	38,896,453	42,735,769	28,883,469		28,305,800		28,132,328	
Cash Funds		5,213,955	5,213,955		5,109,676		5,113,437	
Cash Funds Exempt/Reappropriated funds	5,136,901	0	0		0		0	
Federal Funds	2,061,503	2,092,426	11,592,426		11,360,577		11,530,288	
*Medicaid Funds**	*0*	0	*0*		0		*0*	
*Net General Fund**	*38,896,453*	*42,735,769*	*28,883,469*		*28,305,800*		*28,132,328*	
Performance-based Collaborative Management Incentives								
Cash Funds	0	3,167,603	3,555,500		3,555,500		3,555,500	
Cash Funds Exempt/Reappropriated funds	1,358,989		0		0		0	
Integrated Care Management Program - Cash Funds Exempt	0	0	0		0		0	

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Independent Living Programs - Federal Funds	2,142,031	2,468,806	2,826,582		2,826,582		2,826,582	
FTE	0.0	0.0	4.0		4.0		4.0	
Promoting Safe and Stable Family Programs	4,980,103	4,445,190	4,455,981	S	4,457,448	A	4,457,448	BA #NP 1
FTE	2.0	1.5	2.0		2.0		2.0	
General Fund	30,605	27,926	50,090	S	50,457	A	50,457	
Cash Funds	0	1,064,160	1,064,160		1,064,160		1,064,160	
Cash Funds Exempt/Reappropriated funds	1,064,160	0	0		0		0	
Federal Funds	3,885,338	3,353,104	3,341,731	S	3,342,831	A	3,342,831	
Federal Child Abuse Prevention and Treatment Act Grant - Federal Funds	553,757	469,908	380,134	S	381,708	A	381,708	BA #NP 1
FTE	3.0	3.0	3.0		3.0		3.0	
Child Welfare and Mental Health Services Pilot (H.B. 08-1391)								
General Fund	n/a	0	0		0		0	
Child Welfare Action Committee (H.B. 08-1404)	n/a	346,216	200,000		0		0	
General Fund		340,907	0		0		0	
Cash Funds		5,309	200,000		0		0	
Child Welfare Functional Family Therapy	n/a	n/a	0	S	0		n/a	Aug #4
FTE			0.0	S	0.0			
General Fund			0	S	0			
Cash Funds			0	S	0			

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
								Recommend v. Approp
TOTAL - (5) CHILD WELFARE b/	404,949,123	416,512,114	412,279,855	S	406,268,289	A	400,937,695	-2.8%
FTE	28.3	31.3	49.5	S	57.0		57.0	7.5
General Fund	211,731,876	219,095,879	201,231,836	S	188,999,556	A	188,774,164	-6.2%
Cash Funds	0	74,813,745	72,974,991	S	75,323,129	A	72,997,811	0.0%
Cash Funds Exempt/ Reappropriated Funds	88,482,476	12,929,278	14,641,650	S	14,351,970	A	14,351,969	-2.0%
Federal Funds	104,734,771	109,673,212	123,431,378	S	127,593,634	A	124,813,751	1.1%
*Medicaid Funds**	*13,896,829*	*13,955,608*	*14,641,650*	*S*	*14,353,482*	A	*14,353,481*	*-2.0%*
*Net General Fund**	*218,680,291*	*226,073,683*	*208,552,660*	*S*	*196,176,297*	A	*195,950,147*	*-6.0%*

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

a/ Staff has reflected the actual expenditure of county funds and federal TANF funds that were transferred from Colorado Works County Block Grants or from County Reserve Accounts to the federal Title XX Social Services Block Grant in order to cover county expenditures related to child welfare. Associated appropriations of TANF funds are reflected in the Office of Self Sufficiency.

b/ Actual expenditures include multiple transfers, including those authorized pursuant to Long Bill footnote and transfers to and from the Department of Health Care Policy and Financing pursuant to Section 24-75-106, C.R.S.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
(6) DIVISION OF CHILD CARE								
This division includes funding and state staff associated with: (1) licensing and monitoring child care facilities; (2) the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program; and (3) the administration of various child care grant programs. Cash funds sources reflect fees and fines paid by child care facilities and county tax revenues.								
Child Care Licensing and Administration	6,225,439	6,280,823	6,575,077	S	6,755,429	A	6,551,553	Aug #6, BR 4
FTE	63.0	58.6	63.8	S	64.0		64.0	BA #NP1, BA-S #NP5
General Fund	2,275,147	2,431,287	2,171,187	S	2,291,552	A	2,251,456	SBA #8, BA #2, SBA #4
Cash Funds (fees and fines)	459,748	626,868	853,322	S	748,086	A	748,086	
Cash Funds Exempt/Reappropriated Funds (local funds)	666	0	0		0		0	
Federal Funds (CCDF and Title IV-E)	3,490,544	3,222,668	3,550,568	S	3,715,791	A	3,552,011	
Fines Assessed Against Licensees - (CF)	0	18,000	32,000		32,000		15,000	
Child Care Assistance Program Automated System Replacement (FF-CCDF)	0	47,675	103,246		0		0	DI 4
Child Care Assistance Program /a	75,668,324	74,968,579	75,618,195		74,968,969	A	74,802,572	DI 4, SBA #2
General Fund	15,319,582	15,354,221	15,354,221		15,354,221		14,604,221	
Cash Funds (local funds)	0	9,201,753	9,183,907		9,182,622		9,182,622	
Cash Funds Exempt/Reappropriated Funds (local funds)	9,181,497	0	0		0		0	
Federal Funds (CCDF and Title XX)	51,167,245	50,412,605	51,080,067	S	50,432,126	A	51,015,729	
Child Care Assistance Program - ARRA Funding - FF	n/a	11,064,462	10,405,227	S	0		0	
Total County Child Care Assistance Program Expenditures [non-add]								
Transfer to Child Care from TANF block grant (including expenditures from county reserves created by prior-year TANF transfers) (FF)	10,650,807	10,731,866	Not appropriated; see note a/ below		Not appropriated; see note a/ below			
Total Child Care Assistance Program expenditures [non add]	$86,319,131	$96,764,907						
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements (FF-CCDF)	3,453,140	3,473,583	3,473,633		3,473,633		3,473,633	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements - ARRA Funding (FF-CCDF)	n/a	0	3,173,850	S	0		0	
Early Childhood Councils Cash Fund - General Fund	1,022,168	0	0		0		0	
Early Childhood Councils [formerly Pilot for Community Consolidated Child Care Services]	3,016,775	2,979,597	2,985,201		2,985,201		2,985,201	
FTE	0.7	0.7	1.0		1.0		1.0	
General Fund	0	1,006,161	1,006,161		1,006,161		506,161	
Cash Funds Exempt/Reappropriated Funds (E.C. Councils Cash Fund)	1,022,168	0	0		0		0	
Federal Funds (CCDF)	1,994,607	1,973,436	1,979,040		1,979,040		2,479,040	
School-readiness Quality Improvement Program [formerly School-readiness Child Care Subsidization Program] - (FF - CCDF)	2,205,150	2,226,834	2,229,305		2,229,305		2,229,305	
FTE	0.7	0.5	1.0		1.0		1.0	
								Recommend v. Approp
(6) TOTAL - DIVISION OF CHILD CARE	87,115,688	101,059,553	104,595,734	S	90,444,537	A	90,057,264	-13.9%
FTE	63.7	59.8	65.8	S	66.0		66.0	0.2
General Fund	17,594,729	18,791,669	18,531,569	S	18,651,934	A	17,361,838	-6.3%
Cash Funds	459,748	9,846,621	10,069,229	S	9,962,708	A	9,945,708	-1.2%
Cash Funds Exempt/Reappropriated Funds	9,181,497	0	0		0		0	n/a
Federal Funds	59,879,714	72,421,263	75,994,936	S	61,829,895	A	62,749,718	-17.4%

a/ Staff has reflected the actual expenditure of federal TANF funds that were transferred from County Block Grants or from County Reserve Accounts (both associated with the ColoradoWorks Program) to federal Child Care Development Funds in order to cover county expenditures related to child care. Associated appropriations of TANF funds are reflected in the Office of Self Sufficiency.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
(11) DIVISION OF YOUTH CORRECTIONS								
(A) Administration								
This section provides funding and state staff associated with providing policy direction for the DYC and administering and monitoring the quality of care provided to delinquent youth. The source of cash funds exempt is a grant from the Victims Assistance and Law Enforcement (VALE) Board.								
Personal Services - General Fund	1,221,723	1,303,755	1,340,448	S	1,351,783	A	1,351,783	BA #NP1
FTE	15.0	11.5	15.4		15.4		15.4	
Operating Expenses - General Fund	30,071	30,285	30,432		29,079	A	29,111	BA-S #NP5, SBA #8
Victims Assistance - Reappropriated Funds	25,294	28,224	29,599		29,599		29,599	
FTE	0.4	0.0	0.5		0.5		0.5	
								Recommend v. Approp
(11) DIVISION OF YOUTH CORRECTIONS								
Subtotal - (A) Administration	1,277,088	1,362,264	1,400,479	S	1,410,461	A	1,410,493	0.7%
FTE	15.4	11.5	15.9		15.9		15.9	0.0
General Fund	1,251,794	1,334,040	1,370,880	S	1,380,862	A	1,380,894	0.7%
Reappropriated Funds	25,294	28,224	29,599		29,599		29,599	0.0%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
(B) Institutional Programs								
This section provides funding and state staff associated with providing detention services and institutional care,								
Personal Services - General Fund	40,682,391	42,267,224	44,139,754	S	43,427,375	A	43,427,375	BR 4
FTE	776.9	779.3	794.3		794.3		794.3	BA #NP1
Operating Expenses	3,485,826	3,494,857	3,602,020	S	3,369,747	A	3,369,950	BA-S #NP5, SBA #8
General Fund	2,078,067	2,076,957	2,271,820	S	2,039,547	A	2,039,750	
Reappropriated Funds	0	0	1,330,200		1,330,200		1,330,200	
Federal Funds	1,407,759	1,417,900	0		0		0	
Capital Outlay - General Fund	0	0	0		0			
Medical Services - General Fund	7,810,391	7,934,777	8,309,521	S	7,989,107	A	7,989,118	BA #NP1, BA-S #NP5
FTE	35.0	36.2	39.0		39.0		39.0	BA #3, SBA #8
General Fund	7,810,391	7,934,777	7,897,438	S	7,000,107	A	7,000,118	
Reappropriated Funds	0	0	412,083	S	989,000	A	989,000	
Medicaid Funds	*0*	*0*	*412,083*	S	*989,000*	A	989,000	
Net General Fund	*7,810,391*	*7,934,777*	*8,103,480*	S	*7,494,607*	A	8,483,618	
Enhanced Mental Health Services Pilot for Detention - General Fund	261,533	260,726	66,482	S	0		0	Aug #11
Educational Programs	5,837,378	5,916,443	5,830,418	S	5,788,767	A	5,788,767	BR 4, Aug #22
FTE	33.8	35.0	40.8		40.8		40.8	BA #NP1, SBA #8
General Fund	5,201,939	5,353,439	5,486,525	S	5,444,874	A	5,444,874	
Reappropriated Funds	0	563,004	343,893	S	343,893		343,893	
Federal Funds	635,439	0	0		0		0	
Prevention / Intervention Services	49,215	48,965	49,693		49,693		49,693	
FTE	0.0	0.0	1.0		1.0		1.0	
Reappropriated Funds	49,215	48,965	49,693		49,693		49,693	
Federal Funds	0	0	0		0		0	

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								Recommend v. Approp
(11) DIVISION OF YOUTH CORRECTIONS								
Subtotal - (B) Institutional Programs	58,126,734	59,922,992	61,997,888	S	60,624,689	A	60,624,903	-2.2%
FTE	845.7	850.5	875.1		875.1		875.1	0.0
General Fund	56,034,321	57,893,123	59,862,019	S	57,911,903	A	57,912,117	-3.3%
Reappropriated Funds	49,215	611,969	2,135,869	S	2,712,786	A	2,712,786	27.0%
Federal Funds	2,043,198	1,417,900	0		0		0	n/a
Medicaid Funds	*0*	*0*	*412,083*	*S*	*989,000*	A	989,000	140.0%
Net General Fund	*56,034,321*	*57,893,123*	*60,068,061*	*S*	*58,406,403*	A	58,406,617	-2.8%

(C) Community Programs
This section provides funding and state staff associated with providing case management services for committed youth

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
Personal Services	7,382,843	7,929,462	7,585,045	S	7,436,906	A	7,436,906	Aug #23
FTE	114.4	114.3	110.6	S	107.4		107.4	BA #NP1
General Fund	7,053,403	7,585,467	7,232,891	S	7,081,823	A	7,081,823	
Cash Funds	48,728	48,850	50,020	S	50,441	A	50,441	
Reappropriated Funds	30,712	44,520	45,514	S	45,870	A	45,870	
Federal Funds	250,000	250,625	256,620	S	258,772	A	258,772	
**Medicaid Cash Funds*	*30,712*	*44,520*	*45,514*	*S*	*45,870*	A	45,870	
**Net General Fund*	*7,068,759*	*7,607,727*	*7,255,648*	*S*	*7,104,758*	A	*7,104,758*	
Operating Expenses	341,709	359,898	346,603	S	330,980	A	330,980	Aug #23
General Fund	339,261	357,410	344,155	S	328,532	A	328,532	BA-S #NP5, SBA #8
Cash Funds	2,448	2,488	2,448		2,448		2,448	
Capital Outlay - General Fund	0		0		0		0	
Purchase of Contract Placements	45,508,487	42,774,182	39,003,162	S*	44,836,259	A	42,430,401	Aug #21, BR 2, BR 4
General Fund	43,657,783	41,274,243	36,783,468	S*	42,144,305	A	39,467,727	BA #1, BA #3
Reappropriated Funds	1,850,704	1,499,939	1,493,558	S*	1,713,571	A	1,618,662	
Federal Funds	0	0	726,136	S*	978,383		1,344,012	
**Medicaid Cash Funds*	*1,850,704*	*1,499,939*	*1,493,558*	*S**	*1,713,571*	A	*1,618,662*	
**Net General Fund*	*44,583,135*	*42,024,213*	*37,530,247*	*S**	*43,001,091*	A	*40,277,059*	
Managed Care Pilot Project	1,365,094	1,390,441	1,119,020	S	1,096,639		1,096,639	Aug #19, BR 4
General Fund	1,316,084	1,357,105	1,085,684	S	1,063,970		1,063,970	
Reappropriated Funds	49,010	33,336	33,336		32,669		32,669	
**Medicaid Cash Funds*	*49,010*	*33,336*	*33,336*		*32,669*		32,669	
**Net General Fund*	*1,340,589*	*1,373,773*	*1,102,352*	*S*	*1,080,305*		1,080,305	
S.B. 91-94 Programs - General Fund	12,458,030	13,228,039	13,297,559		13,031,493	A	13,031,528	BR 4, BA-S #NP5

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
Parole Program Services	5,134,846	6,433,220	5,983,517		5,863,847		5,863,847	BR 4
General Fund	4,235,526	5,529,773	5,073,661		4,972,188		4,972,188	
Federal Funds	899,320	903,447	909,856		891,659		891,659	
Juvenile Sex Offender Staff Training	84,373	40,175	47,060		47,060		47,060	
General Fund	52,243	8,810	8,810		8,810		8,810	
Cash Funds	32,130	31,365	38,250		38,250		38,250	
								Recommend v. Approp
(11) DIVISION OF YOUTH CORRECTIONS								
Subtotal - (C) Community Programs	72,275,382	72,155,417	67,381,966	S	72,643,184	A	70,237,361	4.2%
FTE	114.4	114.3	110.6	S	107.4		107.4	(3.2)
General Fund	69,112,330	69,340,847	63,826,228	S	68,631,121	A	65,954,578	3.3%
Cash Funds	83,306	82,703	90,718	S	91,139	A	91,139	0.5%
Reappropriated Funds	1,930,426	1,577,795	1,572,408	S	1,792,110	A	1,697,201	7.9%
Federal Funds	1,149,320	1,154,072	1,892,612	S	2,128,814	A	2,494,443	31.8%
**Medicaid Cash Funds*	*1,930,426*	*1,577,795*	*1,572,408*	*S*	*1,792,110*	A	1,697,201	7.9%
**Net General Fund*	*70,077,543*	*70,129,745*	*64,612,432*	*S*	*69,527,177*	A	66,803,180	3.4%
								Recommend v. Approp
TOTAL - (11) DIVISION OF YOUTH CORRECTIONS	131,679,204	133,440,673	130,780,333	S	134,678,334	A	132,272,757	1.1%
FTE	975.5	976.3	1,001.6	S	998.4		998.4	(3.2)
General Fund	126,398,445	128,568,010	125,059,127	S	127,923,886	A	125,247,589	0.2%
Cash Funds	83,306	82,703	90,718	S	91,139	A	91,139	0.5%
Reappropriated Funds	2,004,935	2,217,988	3,737,876	S	4,534,495	A	4,439,586	18.8%
Federal Funds	3,192,518	2,571,972	1,892,612	S	2,128,814	A	2,494,443	31.8%
***Medicaid Cash Funds*	*1,930,426*	*1,577,795*	*1,572,408*	*S*	*1,792,110*	A	1,697,201	7.9%
***Net General Fund*	*127,363,658*	*129,356,908*	*125,845,331*	*S*	*128,819,942*	A	126,096,191	0.2%

* Reflects supplementals recommended but not yet enacted.

** These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

Recommend v. Approp

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation		FY 2010-11 Request		FY 2010-11 Recommend	Change Requests
TOTAL - HUMAN SERVICES - CHILD WELFARE, CHILD CARE, YOUTH CORRECTIONS (INCLUDING RELATED LINE ITEMS IN EXECUTIVE DIRECTOR'S OFFICE)	626,216,948	653,828,069	650,662,190	S	634,418,327	A	493,774,112	-24.1%
FTE	1,097.1	1,098.8	1,152.6	S	1,157.1		155.7	(996.9)
General Fund	357,072,868	367,847,738	346,444,219	S	337,209,684	A	207,568,028	-40.1%
Cash Funds	616,825	85,310,006	83,709,467	S	85,954,401	A	83,520,980	-0.2%
Cash Funds Exempt/Reappropriated Funds	100,021,924	15,199,140	18,425,294	S	18,932,233	A	14,351,969	-22.1%
Federal Funds	168,505,331	185,471,185	202,083,210	S	192,322,009	A	188,333,135	-6.8%
*Medicaid Funds**	*15,827,255*	*15,533,403*	*16,214,058*	S	*16,145,592*	A	*14,353,481*	*-11.5%*
*Net General Fund**	*364,986,496*	*375,614,440*	*354,551,247*	S	*345,282,481*	A	*214,744,011*	*-39.4%*

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

FY 2010-11 Figure Setting
DEPARTMENT OF HUMAN SERVICES
Division of Child Welfare, Division of Child Care, Division of Youth Corrections

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

ADMINISTRATIVE REVIEW UNIT

This line item provides funding for the Department's "Administrative Review Unit", which is responsible for performing federally-mandated periodic on-site case reviews of children and youth who are placed in out-of-home residential care. These reviews include children and youth placed out of the home by county departments of social services, as well as youth placed in a community setting by the Division of Youth Corrections. These face-to-face reviews are open to participation by all involved parties (the child's birth parents, foster parents, guardian ad litem, probation officer, caseworker, etc.). These reviews ensure that:

- the child or youth is safe and receiving services identified in their case plan;
- the placement of the child or youth is necessary, the setting is appropriate, and progress is being made to either return the child or youth home safely or achieve permanency through another means; and
- the county has appropriately determined the child or youth's eligibility for federal Title IV-E funds.

Staffing Summary	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Director (General Professional VII)	1.0	1.0	1.0	1.0
Supervisors (General Professional VI)	3.0	3.0	3.0	3.0
Compliance Investigators	16.4	19.4	19.4	19.4
Support	1.8	1.8	1.8	1.8
TOTAL	22.2	25.2	25.2	25.2

Federal law requires that face-to-face case reviews be conducted by an independent entity. Thus, these reviews can be conducted by a court or by this unit, but they cannot be conducted by county departments of social services. The Department indicates that most courts are not currently conducting reviews in a manner that meets the federal requirements. Thus, in most cases, even if the court is "reviewing" certain cases involving children in out-of-home care, this unit must still conduct periodic on-site case reviews with open participation in order to maintain compliance with federal law.

This unit is also responsible for conducting federally-required quality assurance reviews concerning all children and families receiving child welfare services. These reviews currently involve a random sample of individual cases, client satisfaction surveys, and evaluations of systemic indicators. The unit is thus responsible for ensuring compliance with state and federal laws, assuring that out-of-home placement care criteria are met, reviewing the level of care for the child or youth, and assisting in moving the child or youth to a safe, permanent environment. In addition, this unit was designed to facilitate maximization of federal Title IV-E revenues and to assist counties in identifying other available revenues, such as federal Social Security, federal Social Security Disability Income, federal Supplemental Security Income, private insurance, and victim advocacy funds.

A total of 3.0 FTE and $207,054 ($134,584 General Fund) was added in FY 2009-10 (annualized from FY 2008-09) to address problems with the timeliness of Department reviews. For FY 2010-11, the Department request is for $2,201,692, including $1,432,026 General Fund, and 25.2 FTE. The request includes the annualization of FY 2009-10 personal services common policy reductions and Budget Amendment #NP 1 (adjustment requiring staff to pay an additional 2.5 percent of their salaries for PERA, with an associated reduction to the state PERA share). Staff recommends the request, which is calculated consistent with Committee common policy.

Summary of RECOMMENDATION: Administrative Review Unit				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
S.B. 09-259 Personal Services	$2,014,342	$1,249,454	$764,888	25.2
Annualize 1.8 percent personal services cut	33,767	20,840	12,927	0.0
BA #NP1 - PERA	(43,661)	(29,253)	(14,408)	0.0
Subtotal - Personal Services	**2,004,448**	**1,241,041**	**763,407**	**25.2**
S.B. 09-259 Operating Expenses	197,244	128,208	69,036	0.0
No changes	0	0	0	0.0
Subtotal - Operating Expenses	**197,244**	**128,208**	**69,036**	**0.0**
TOTAL RECOMMENDATION	**$2,201,692**	**$1,369,249**	**$832,443**	**25.2**

Committee Option - Reduce or Eliminate Additional ARU Staff

The General Assembly approved adding 3.0 new FTE for this unit in mid-FY 2008-09, on the grounds that the State was not completing federally-required reviews of out-of-home placements in a timely manner. However, between June 2009 and January 2010, the number of open removals (out-of home placements) in the child welfare and DYC populations fell by 10.3 percent, based solely on a decline in child welfare numbers. While the number of youth in out-of-home placement has been declining for several years, and staff took this into account in recommending 3.0 FTE, rather than the 6.6 requested, the numbers have begun to fall much more steeply in FY 2009-10. While the current number of staff can still be justified, this will rapidly stop being the case if these numbers continue to fall. Thus, to the extent additional cuts are required, 1.0 or more of these FTE could reasonably eliminated. If no cut is taken during figure setting, staff will reexamine the caseload ratios mid-year.

Committee Option **- Reverse FY 2009-10 Decision Item #16/SBA #2**			
		FY 2008-09/FY 2009-10 Increase approved Could be reduced or eliminated in FY 2010-11	
	Annual salary	FTE	Amount
Personal Services			
Compliance Investigator II	$56,796	3.0	$170,388
PERA (10.15%)			17,294
Medicare (1.45%)			2,471
Subtotal - Personal Services		**3.0**	**190,153**
Operating Expenses			
Supplies @ $500 per year			$1,500
Computer @ $900 one time			0
Office Capital Outlay @1,000 one-time			0
Software@ $330 one-time			0
Telephone @ $450/year			1,350
Lodging @ (3 FTE * 36 nights * $85/nt)			9,180
Vehicle operating@ (1*12,000 mi*$.13)			1,560
Subtotal - Operating Expense			**13,590**
Office of Operations, Vehicle Lease			
Vehicle Lease @ (1 * $3,311)			$3,311
Grand TOTAL		3.0	**$207,054**
General Fund			$134,585
Federal Funds (IV-E)			$72,469

Records and Reports of Child Abuse or Neglect

This line item provides funding for the Department to maintain records of abuse and neglect and to perform related functions. Funding for this purpose was previously included in a line item in the Division of Child Welfare entitled, "Central Registry of Child Protection". House Bill 03-1211 repealed the state Central Registry of Child Protection, effective January 1, 2004. Pursuant to H.B. 03-1211, the Department of Human Services now utilizes records and reports of child abuse or neglect for the purpose of conducting background screening checks (generally requested by employers and agencies to screen potential child care employees, child care facility license applicants, and prospective adoptive parents). Fees paid for screening checks continue to be used to cover the direct and indirect costs of performing background checks and administering provisions related to the appeals process and the release of information contained in records and reports[1]. Functions related to records and reports of abuse and neglect are currently performed as follows:

- County departments of social services enter confirmed reports of child abuse or neglect in the state Department's automated system (Colorado Trails) within 60 days of receiving the complaint.

- County departments of social services provide notice to a person responsible in a confirmed report of child abuse or neglect of the person's right to appeal the county department's finding to the state Department within 90 days.

- Such a person may request: (1) a paper review of the county's confirmed report and record by the Department of Personnel and Administration, Division of Administrative Hearings; or (2) a fair hearing (either by telephone or in person) by the Division of Administrative Hearings before an administrative law judge, at which the state Department would bear the burden of proof. The notice includes information as to how the individual can access the county department's dispute resolution process.

- The state Department's Office of Appeals issues final agency decisions upon review of an administrative law judge's final decision. The final agency decision continues to advise the individual who filed the appeal of his/her right to seek judicial review in the state district court.

In FY 2007-08, 1.3 FTE was added to this line item to help address a backlogs in child abuse dispute reviews and to avoid a backlog for background checks. The fee for a background check is currently $30. It was temporarily lowered to $10, from the previous level of $35, to spend down the program's fund balance between January 2004 and August 2008.

[1] These fees are also used to cover a portion of the costs of related legal services and administrative law judge services.

Records and Reports Staffing Summary	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Administrative support (issuance of final agency decisions and related administrative functions)	1.6	1.6	2.1	2.1
Technicians (background/employment screening)	1.6	2.5	1.4	1.4
General Professionals (represent Department at hearings and settlement conferences)	3.0	3.4	4.0	4.0
TOTAL	**6.2**	**7.5**	**7.5**	**7.5**

The Department requested $577,425 cash funds and a continuation level of 7.5 FTE. The request includes annualization of FY 2009-10 DI NP#2 (mail equipment upgrade) and FY 2010-11 BA #NP1 (PERA adjustment). The staff recommendation, calculated according to common policy, is detailed in the table below. The slight difference between the request and recommendation is based on a correction to the annualization of the mail equipment upgrade.

Summary of Recommendation: Records and Reports of Child Abuse or Neglect		
Description	**TOTAL - Cash Funds**	**FTE**
S.B. 09-259 Personal Services	547,591	7.5
BA #NP 1 (PERA adjustment)	(8,166)	0.0
Subtotal - Personal Services	**539,425**	**7.5**
S.B. 09-259 Operating Expenses	38,155	0.0
Annualize FY 2009-10 mail equipment upgrade	(119)	0.0
Subtotal - Operating Expenses	**38,036**	**0.0**
TOTAL RECOMMENDATION	**$577,461**	**7.5**

JUVENILE PAROLE BOARD

Pursuant to Section 19-2-206 (6), C.R.S., the Department of Human Services is responsible for providing clerical support for the Juvenile Parole Board (JPB). The juvenile parole board administrator is appointed by the executive director of the Department of Human Services.

The Juvenile Parole Board is a nine-member body responsible for reviewing and approving parole applications for adjudicated juveniles in the custody of the Division of Youth Corrections (DYC). Authority for the Juvenile Parole Board is established in Section 19-2-206, C.R.S. The full board is required to meet no less than once per month (Section 19-2-206 (4), C.R.S.). Members of the Juvenile Parole Board are reimbursed for expenses incurred in the performance of their duties. In addition to the reimbursement of expenses, the four citizen board members and the local elected official member receive a per diem of one hundred fifty dollars per day spent transacting official business of the board. House Bill 08-1156 (Casso/Gibbs) clarified the role of the Juvenile Parole Board and added a victims rights coordinator position, using reappropriated funds transferred from the Department of Public Safety.

Executive Director's Office - Juvenile Parole Board Staffing Summary	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recommended
Board Administrators	1.2	1.4	1.4	1.4
Victims Rights Coordinator	0.8	0.8	0.8	0.8
Support Staff	1.0	0.8	0.8	0.8
TOTAL	**3.0**	**3.0**	**3.0**	**3.0**

The Department's request for $248,050, including $202,282 General Fund and 3.0 FTE includes a reduction for Budget Amendment #NP-1, which reduces the state employer contribution for the Public Employee's Retirement Association by 2.5 percent and increases the employee's contribution by the same amount. **Staff recommends the request, which is based on a calculation consistent with Committee common policy.**

Summary of Recommendation — Department of Human Services (1) Executive Director's Office – (B) Special Purpose Juvenile Parole Board				
	General Fund	**Reapprop. Funds**	**Total**	**FTE**
S.B. 09-259 Personal Services Appropriation	$184,525	$45,768	$230,293	3.0
BA #NP-1 - PERA adjustment	(4,532)	0	(4,532)	0.0
Subtotal - Personal Services	**179,993**	**45,768**	**225,761**	**3.0**
S.B. 09-259 Operating Expenses	22,289	0	22,289	0.0
TOTAL RECOMMENDATION	**$202,282**	**$45,768**	**$248,050**	**3.0**

(5) DIVISION OF CHILD WELFARE

The Division of Child Welfare supervises the child welfare programs that are administered by Colorado's 64 counties. The Department of Human Services also conducts periodic on-site reviews of children who are in residential care. County responsibilities include: (1) receiving and responding to reports of potential child abuse or neglect; and (2) providing necessary and appropriate child welfare services to the child and the family, including providing for the residential care of a child when a court determines that it is necessary and in the best interests of the child and community to remove the child from the home.

Child Welfare System Issues. Over the last 2.5 years, child abuse fatalities and a growing number of reports have highlighted weaknesses in Colorado's child welfare system and recommended a variety of changes.[2] In response to these studies, the Governor and the General Assembly have taken a variety of steps, ranging from providing funding for additional studies and research (*e.g.*, creation of the Child Welfare Action Committee) to adding new Division of Child Welfare staff and expanded funding for caseworker training.

The studies and reports thus far have included a wide array of data and recommendations, but there have been some consistent themes. Many of the studies have pointed to the challenges of a county-administered system, inadequate state oversight of the system, the need for additional training throughout the system, the need for a workload study of county staffing, and problems with the state's case management system for child welfare (Colorado Trails), among other issues.

The Child Welfare Action Committee has served as organizing point for proposed system changes. The Committee was created by executive order in April 2008 to provide recommendations on how to improve Colorado's child welfare system and was subsequently funded through H.B. 08-1404. The Committee submitted 13 recommendations in October 2008 and 16 new recommendations in October 2009. The Governor has accepted 27 of the Action Committee's recommendations but requested further study over the next year of two more controversial recommendations that would shift direct service responsibilities from counties to the State. A task force is being formed which is to report to the Governor by the end of 2010 regarding those two items. The Committee has also developed some final recommendations (an addendum to the October 2009 report) related to training, cross-system collaboration, behavioral health, statute review, domestic violence intervention, and co-occurring disorder screening. However, final versions have not yet been released.

Child Welfare Staffing. The Department's efforts to improve state child welfare performance has focused, in part, on its efforts to develop more robust state staffing for the division. *A total of 21.0 FTE (annualized) were added between FY 2008-09 and FY 2009-10*, and the division has

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[2]See staff briefing presentation, December 14, 2009, for a more detailed review of recommendations and actions to-date.

reorganized staffing consistent with a consultant's report completed in Spring 2009. The table below outlines overall staffing, including positions that are funded outside the division or off-budget. Of note: although the Division was only approved for 1.0 new deputy director position in its FY 2009-10 budget request, it hired and additional 1.0 new deputy director in lieu of a program assistant position approved.

Current Staffing, March 2009 Organizational Chart (includes FTE to be annualized)				
Unit	**Function**	**FTE in CW Admin line item**	**FTE in other CW line items**	**FTE off-budget/ outside CW**
Children, Youth, and Families Director	The Child and Family Services Director oversees Child Welfare, Child Care, and Youth Corrections.	1.0	0.0	0.0
Training	1.0 Director and 6.0 staff - Child Welfare Training Academy	1.0	6.0	0.0
Child Welfare Management	1.0 Director of child welfare, 2.0 deputy directors, 1.0 support position. 1.0 FTE deputy was added instead of an administrative assistant position (*i.e.*, not officially approved by GA)	4.0	0.0	0.0
Child Protection	Oversees grants and policies related to child protection (1.0 FTE off-budget grant position)	5.0	4.0	1.0
Permanency	Oversees grants and state policies related to services designed to support a child and family where there is an imminent risk of out-of-home placement, adoption programs, and programs for adolescents (1.0 off-budget funded via grants)	8.0	2.0	1.0
Financial	Oversees distribution of funds to counties	7.0	0.0	0.0
Research and data	Oversight for Trails and federal data-reporting (2.0 FTE appropriated in Office of Information Technology Services)	4.0	1.0	2.0
Quality assurance	Inspection county-run foster homes and response to complaints (1.0 FTE appropriated in the Division of Child Care)	5.0	1.0	1.0
Special initiatives	Oversight CFSR, Core Services, other initiatives	6.0	1.0	0.0
Total		**41.0**	**15.0**	**5.0**

Overview of Request. No new funding requests for system improvement have been submitted for FY 2010-11, in light of the fiscal crisis. However, funding approved in FY 2008-09 and FY 2009-10 for 21.0 new FTE in this Division and 3.0 FTE for the Administrative Review Division, as well as for substantial increases for child welfare staff training, are proposed to be maintained and annualized.

The Department's overall request for the Division of Child Welfare reflects a decrease of 1.5 percent in total funding and 5.9 percent in net General Fund from the FY 2009-10 amended appropriation. These savings are based entirely on reductions and refinance of county block allocations, which comprise 97 percent of the Division's budget.

ADMINISTRATION

This line item provides funding for those Department staff who supervise, manage, or provide administrative support for child welfare programs. The Division includes a child protection unit that oversees grants and policies related to child protection, a permanency unit, that oversees grants and state policies designed to support a child and family where there is an imminent risk of out-of-home placement, adoption programs, and programs for adolescents, a financial unit that oversees distribution of funds to counties, a research and data group that oversees Trails data and federal data reporting, a quality unit assurance unit that inspects county-run foster homes and responds to complaints, and a unit that oversees various special department initiatives.

Staffing Summary - (5) Division of Child Welfare, Administration	FY 08-09 Actual	FY 09-10 Approp.	FY 10-11 Request	FY 10-11 Recomm.
Management	1.9	2.0	2.0	2.0
General Professionals, Program Assts.	21.4	30.5	35.0	35.0
Administrative Support	2.5	4.0	4.0	4.0
TOTAL	**25.8**	**36.5**	**41.0**	**41.0**

The Department request and staff recommendation are reflected in the table below. Reappropriated funds reflect Medicaid funds, 50 percent of which originates as General Fund in the Department of Health Care Policy and Financing.

Summary of REQUEST: Administration					
Description	Total Funds	General Fund	Reapprop. Funds	Federal Funds	FTE
S.B. 09-259 Personal Services	2,984,903	2,219,247	130,894	634,762	36.5
Annualize FY 09-10 DI #6 (staffing)	287,346	229,878	0	57,468	4.5
Annualize FY 09-10 DI# 9 (Title IV-E enhance)	(101,250)	(101,250)	0	0	0.0
Annualize 1.8% personal services cut	49,027	33,403	2,379	13,245	0.0
BA #NP-1 (PERA adjustment)	(53,253)	(33,427)	(3,025)	(16,801)	0.0
Subtotal - Personal Services	**3,166,773**	**2,347,851**	**130,248**	**688,674**	**41.0**

Summary of REQUEST: Administration					
Description	Total Funds	General Fund	Reapprop. Funds	Federal Funds	FTE
S.B. 09-259 Operating Expenses	572,973	557,925	4,304	10,744	0.0
Annualize FY 09-10 DI #6 (staffing)	(42,777)	(34,222)	0	(8,555)	0.0
Annualize FY 09-10 mail upgrade	(1,365)	(1,365)	0	0	0.0
Supplemental/BA #NP 5 (Postage)	311	311	0	0	0.0
SBA #8 (Operating Expense Reduction)	(14,437)	(13,791)	(646)	0	0.0
Subtotal - Operating Expenses	**$514,705**	**$508,858**	**$3,658**	**$2,189**	**0.0**
TOTAL REQUEST	**$3,681,478**	**$2,856,709**	**$133,906**	**$690,863**	**41.0**

Summary of RECOMMENDATION: Administration					
Description	Total Funds	General Fund	Reapprop. Funds	Federal Funds	FTE
S.B. 09-259 Personal Services	2,984,903	2,219,247	130,894	634,762	36.5
Annualize FY 09-10 DI #6 (staffing)	287,346	229,878	0	57,468	4.5
Annualize FY 09-10 DI# 9 (Title IV-E enhance)	(101,250)	(101,250)	0	0	0.0
Annualize FY 09-10 1.8% personal services cut	49,027	33,403	2,379	13,245	0.0
BA #NP-1 (PERA adjustment)	(66,127)	(43,726)	(3,025)	(19,376)	0.0
Subtotal - Personal Services	**3,153,899**	**2,337,552**	**130,248**	**686,099**	**41.0**
S.B. 09-259 Operating Expenses	572,973	557,925	4,304	10,744	0.0
Annualize FY 09-10 DI #6 (staffing)	(42,777)	(34,222)	0	(8,555)	0.0
Annualize FY 09-10 mail upgrade	(1,049)	(1,049)	0	0	0.0
Supplemental/BA #NP 5 (Postage)	311	311	0	0	0.0
SBA #8 (Operating Expense Reduction)	(14,437)	(13,791)	(646)	0	0.0
Subtotal - Operating Expenses	**$515,021**	**$509,174**	**$3,658**	**$2,189**	**0.0**
TOTAL RECOMMEND	**$3,668,920**	**$2,846,726**	**$133,906**	**$688,288**	**41.0**

The differences between the request and recommendation include:

- The staff recommendation includes an adjustment to Budget Amendment #NP-1 (PERA adjustment) to reflect the impact of adding 9.0 new FTE starting in January 2009, pursuant to Committee action on the Department's FY 2009-10 Decision Item #6/Budget Amendment #55. Because the PERA calculations in the Department request were based on point-in-time Department staffing prior to the new FTE coming on board, the request understates the scale of the PERA savings. The staff recommendation expands the PERA reduction by $12,874, including $10,299 General Fund.

- The staff recommendation includes a minor correction to the annualization of FY 2009-10 postage increase/mail system upgrade decision item.

Staff concerns regarding use of FY 2009-10 Appropriation. Staff has two significant concerns about the Department's use of its FY 2009-10 appropriation for this line item.

- As discussed above, **the Department chose to add a GP VII position (base salary $77,700) in lieu of the Program Assistant (base salary $40,492) position approved in FY 2009-10.** It reported to the JBC that it had accomplished this using "internal" resources in this line item, indicating that either the line item was previously over-funded, or the Department intends to keep other positions vacant, or it intends to transfer funds from other line items to this line item to support the higher-cost positions (something it could do based on the flexibility historically provided for child welfare line items). While staff understands the Department's desire to hire a new deputy director prior to hiring other positions, this should have been presented in the original request. To ensure that the Department does not misuse flexibility it was previously granted and attempt to fund this new position or other non-approved positions by transferring funds from line items intended to support county-administered child welfare services, staff recommends modification to the footnote outlined below for FY 2010-11.

  22 **Department of Human Services, Division of Child Welfare** -- It is the intent of the General Assembly to encourage counties to serve children in the most appropriate and least restrictive manner. For this purpose, the Department may transfer funds among all line items in this long bill group total for the Division of Child Welfare, EXCEPT THAT THE DEPARTMENT MAY NOT TRANSFER FUNDS FROM NON-CUSTODIAL LINE ITEMS TO THE CHILD WELFARE ADMINISTRATION LINE ITEM TO INCREASE FUNDING FOR PERSONAL SERVICES.

- **The Department failed to promptly move ahead with a new contract that it had requested to augment Title IV-E funding.** FY 2009-10 Decision Item #9 was for $321,250 General Fund in FY 2009-10 and ongoing annual funding of $220,000 General Fund to implement administrative claiming for federal Title IV-E funds for child placement agencies (CPAs). This was identified in a 2007 State Auditor's Office report as an untapped source of federal revenue. In order to implement administrative claiming for CPAs, the Department must implement random moment sampling surveys of child placement agencies, for which contractor assistance is needed. The Department's cost-benefit analysis for the decision item projected additional federal revenue of $758,032 starting in FY 2010-11. However, in response to staff questions, the Department indicated that it is only now in the process of rating and awarding a contract, which it anticipates it will award by April 1, 2010. The project has would have an anticipated completion date of October 2010. As a result:

(a) the Department may need to make much of the development payments for the program out of the FY 2010-11 budget, and **will likely not use a significant amount of $321,250 General Fund provided in FY 2009-10**.

(b) at most, staff can assume 50 percent of additional Title IV-E revenue originally promised for FY 2010-11. Given the state's situation with respect to such revenue, this is of grave concern.

In light of this, **staff anticipates that the Department will use the authority provided by footnote 22 to move an estimated $200,000 of the General Fund appropriated for this project <u>in FY 2009-10</u> to the Child Welfare Services line item to help address the Title IV-E shortfalls for FY 2009-10.**

Committee Option - Reduce new child welfare staff by 2.0 FTE for FY 2009-10 and FY 2010-11. In light of the revenue shortfall, the Committee may wish to consider further delaying the addition of 2.0 of the 9.0 new FTE approved in the FY 2009-10 budget. Particularly in light of the large reductions being taken to child welfare program service In response to staff questions, the Department indicated that new positions added had been frozen January 1, 2010 related to Department layoffs in other divisions and the need to hold positions associated with "bumping rights". Most of the positions were released March 4, and the Department has moved to fill them. However, two positions still had not been released as of March 11. If the Committee wishes to eliminate these positions, the savings would be as reflected in the table below. The two positions are:

- a rural recruitment and retention specialist (GP IV for the Permanency Unit); and
- a intervention specialist (GP IV for the Child Protective Services Unit).

Committee Option - Eliminate 2.0 New FTE added FY 2009-10						
		FY 2009-10 (half-year)			**Annual Cost Full Year (FY 2010-11)**	
	Annual salary	Months Paid	FTE	Amount	FTE	Amount
DIVISION OF CHILD WELFARE, ADMINISTRATION						
<u>Personal Services</u>						
General Prof. IV	$56,796	6	(1.0)	(56,796)	(2.0)	(113,592)

Committee Option - Eliminate 2.0 New FTE added FY 2009-10					
	FY 2009-10 (half-year)			Annual Cost Full Year (FY 2010-11)	
Annual salary	Months Paid	FTE	Amount	FTE	Amount
PERA (10.15%)			(5,765)		(11,530)
Medicare (1.45%)			(824)		(1,647)
Subtotal - Personal Services		**(1.0)**	**(63,384)**	**(2.0)**	**(126,769)**
Operating Expenses					
Supplies @ $500/FTE			(500)		(1,000)
Computer @ $900/FTE			(1,800)		0
Software @ $330/FTE			(660)		0
Furniture @/ $3,998/FTE			(7,996)		0
Telephone @ $450/FTE			(450)		(900)
Subtotal - Operating Expense			**(11,406)**		**(1,900)**
Total - CW Administration		**(1.0)**	**($74,790)**	**(2.0)**	**($128,669)**
General Fund			(59,832)		(102,935)
Federal Funds (Title IV-E)			(14,958)		(25,734)

Committee Option for FY 2009-10 - Vacancy Savings. An alternative to a permanent reduction described above would simply be to incorporate some FY 2009-10 vacancy savings. In response to staff questions, the Department indicated that 5.0 FTE of the new positions added had been frozen from January 1, 2010 to March 4, 2010 related to Department layoffs in other divisions and the need to hold positions associated with "bumping rights". As a result of this, the Committee could choose to take three months of FY 2009-10 vacancy savings associated with one GP VI, three GP IV, and 1 Program Assistant II position. This would provide savings of $80,220, including $64,176 General Fund, as reflected in the table below. **If the Committee does not take these savings, staff assumes that amounts will be used to help address shortfalls in federal Title IV-E funding in this and other Division line items.**

Committee Option - Take FY 2009-10 Vacancy Savings related to New Hires					
		FY 2009-10 Vacancy Savings - 5 positions			**Full Year (FY 2010-11)**
	Annual salary	Months Paid	FTE	Amount	FTE - Full Year
DIVISION OF CHILD WELFARE, ADMINISTRATION					
Personal Services					
Program Asst.	$40,392	(3)		(10,098)	1.0
General Prof. IV	$56,796	(3)		(42,597)	3.0
General Prof. VI	$72,492	(3)		(18,123)	1.0
General Prof. VII	$77,700			0	
PERA (10.15%)				(7,188)	
Medicare (1.45%)				(1,027)	
Subtotal - Personal Services			**0.0**	**(79,033)**	**5.0**
Operating Expenses					
Supplies @ $500/FTE				(625)	
Computer @ $900/FTE				n/a	
Software @ $330/FTE				n/a	
Furniture @/ $3,998/FTE				n/a	
Telephone @ $450/FTE				(563)	
Subtotal - Operating Expense				**(1,188)**	
Total - CW Administration			0.0	($80,220)	5.0
General Fund				(64,176)	
Federal Funds (Title IV-E)				(16,044)	

CHILD WELFARE STAFF TRAINING

This line item has historically provided funding for the Department to provide necessary training for county and state staff, direct service providers (e.g., foster parents), county attorneys, guardians ad litem, court-appointed special advocates, and court personnel. Most curriculum development and training is provided by outside contractors, including departments of social work at several colleges and universities and a few for-profit training providers. The appropriation for training was increased in FY 2005-06 due to a staff recommended transfer from the Family and Children's Programs line item. This action represented the consolidation of training funding into one line item.

Child Welfare Training Academy. For FY 2009-10, the General Assembly approved a large increase for this line item. Funding to increase available training was provided through a Long Bill decision item (FY 2009-10 DI#7) while policy changes to create a child welfare training academy were included in S.B. 09-164. The Academy largely reflected the recommendations of the Child Welfare Action Committee. Pursuant to S.B. 09-164, the Department is responsible for identifying specific child welfare job titles that are required to obtain certification as a mandatory condition of employment and to promulgate related rules. In the Long Bill, funding was provided to increase both the frequency and length of training for county child welfare caseworkers and supervisors to add a state-supervised on-the-job component. This facilitated the State's ability to require that certain training be completed before a new child welfare workers takes cases. The total FY 2009-10 increase, including some adjustments to other line items, was $885,668, including $501,275 General Fund. When annualized in FY 2010-11, the cost is $1,580,498, including $898,858 General Fund and 6.0 FTE.

Training Increases Authorized in FY 2009-10 DI #7

	Prior annual number trained*	New number trained per year	Prior Number Hours	New Hours (Classroom)	Prior number Sessions per year	New number Sessions per year
Legal Preparation	135	400-450	8	18	5	24
New Worker Core	330	400-450	112	128	10	20
Supervisor Core	57	100-140	72	80	3	9
Computer Based Training	327	400-450	30	40	ongoing	ongoing

* Based on averaging the highest number the Department reported attending a class in a series by the number of sessions now offered.

In response to staff questions about the roll-out of the new Training Academy, the Department reported that the Academy opened as planned on January 19, 2010. The Department indicated that there were eight student registered for Cohort 1 (January 19, 4 for Cohort 2 (February), and eight for cohort 3 (March 1) for the new worker training. The Department is offering the new worker training series every two weeks. **Staff is concerned about the small size of classes.** Although each class is designed to accommodate up to 25 students, there are now just 4-8. In the FY 2009-10 decision item, it was clear that the Department was expecting to double the number of sessions offered--while only expecting an increase of 30 percent in the number of students. Thus, staff did anticipate that class sizes would decline. Nonetheless, **if the class sizes do not increase, it is not clear that offering classes with this frequency makes sense from a fiscal perspective. Staff proposes to reevaluate and make adjustments as appropriate for FY 2011-12, if the training series do not**

receive greater use. Courses could be offered every 3 weeks, for example, rather than every two. Staff had identified a less costly alternative to the FY 2009-10 decision item ($647,321 total annual funds and 1.0 FTE), which, although not recommended or approved at the time, could be revisited.

Line Item Request and Recommendation. The Department requested $6,552,151, including $3,237,104 General Fund and 6.0 FTE. The staff recommendation is detailed in the table below.

Summary of RECOMMENDATION: Child Welfare Training					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
S.B. 09-259 Personal Services	$149,803	$84,774	$0	$65,029	3.0
Annualize FY 09-10 DI #7 (training)	149,804	84,774	0	65,030	3.0
BA #NP-1 (PERA adjustment)	(6,712)	(3,798)	0	(2,914)	0.0
Subtotal - Personal Services	**292,895**	**165,750**	**0**	**127,145**	**6.0**
S.B. 09-259 Operating Expenses	44,208	25,017	0	19,191	0.0
Annualize FY 09-10 DI #7 (training)	(18,528)	(10,485)	0	(8,043)	0.0
Annualize FY 09-10 mail upgrade	(401)	(401)	0	0	0.0
Supp/BA #NP 5 (mail upgrade)	91	91	0	0	0.0
Subtotal - Operating Expenses	**25,370**	**14,222**	**0**	**11,148**	**0.0**
SB 09-259 Contractual	5,668,570	2,734,990	37,230	2,896,350	0.0
Annualize FY 09-10 DI #7 (training)	558,604	316,114	0	242,490	0.0
Subtotal - Contractual (Training)	**$6,227,174**	**$3,051,104**	**$37,230**	**$3,138,840**	**0.0**
TOTAL RECOMMEND	**$6,545,439**	**$3,231,076**	**$37,230**	**$3,277,133**	**6.0**

The difference between the request and recommendation is that staff has included an adjustment for BA #NP1 (the PERA adjustment). No adjustment for this was included in the Department's request, presumably because the new staff were hired after the statewide calculation of current staff salaries subject to the PERA adjustment. Staff has applied the adjustment to the annualized staff salary amounts.

FOSTER AND ADOPTIVE PARENT RECRUITMENT, TRAINING, AND SUPPORT

This line item represents the consolidated funding the Department receives related to the recruitment and retention of foster and adoptive parents. It was intended to encourage the Department to address the shortage of foster and adoptive parents in a comprehensive manner. Funding is provided to support 1.0 FTE charged with monitoring and improving counties' adoptive and foster parent recruitment and retention activities and providing technical assistance to counties. This position was first funded in FY 2001-02 to meet one of the requirements of the federal *Adoption and Safe Families*

Act, which requires states to have an identifiable process for assuring diligent recruitment and retention of foster and adoptive families that reflect the ethnic and racial diversity of children for whom placements are needed. This funding was also intended to assist counties in ensuring that placement resources are available so that children in foster care can reside close to their homes, sibling groups can be placed together, and adolescents and children with developmental disabilities or mental health issues can be placed in the least restrictive, most appropriate placement.

The Department requested $328,005, including $328,005 General Fund, and 1.0 FTE, including adjustments for BA #NP 1- PERA, postage adjustments (annualization and supplemental/budget amendment #NP5), and SBA #8 (operating expense reduction). **The staff recommendation is detailed in the table below.** The difference between the request and recommendation is a correction to the annualization of the FY 2009-10 mail upgrade decision item.

Summary of Recommendation: Foster and Adoptive Parent Recruitment, Training, and Support				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
S.B. 09-259 Personal Services	79,991	64,013	15,978	1.0
BA #NP1 (PERA adjustment)	(1,489)	(1,192)	(297)	0.0
Subtotal - Personal Services	**78,502**	**62,821**	**15,681**	**1.0**
S.B. 09-259 Operating Expenses	257,726	206,297	51,429	0.0
Annualize FY 2009-10 postage adjustment	(448)	(448)	0	0.0
Supp/BA #NP5 (mail upgrade)	133	133	0	0.0
SBA #8 (operating expense reduction)	(7,773)	(7,773)	0	0.0
Subtotal - Operating Expenses	**249,638**	**198,209**	**51,429**	**0.0**
TOTAL RECOMMENDATION	**$328,140**	**$261,030**	**$67,110**	**1.0**

CHILD WELFARE SERVICES

This line item provides the primary source of funding for counties to administer child welfare programs and deliver associated services to children and families. This line item thus provides funding for: (1) county administration for child welfare related activities; (2) out-of-home residential care; (3) subsidized adoptions; and (4) other necessary and appropriate services for children and families.

County Capped Allocations. Pursuant to Section 26-5-104 (4), C.R.S., counties receive capped funding allocations for the administration and provision of child welfare services. Counties are allowed to use capped allocation moneys for child welfare services without categorical restriction. Those counties that serve at least 80 percent of the total child welfare services population (the largest ten counties, currently) receive individual capped allocations, and the remaining small- and medium-sized counties receive separate capped allocations. Each county's allocation consists of local, state, and federal funds. The Department uses *state and federal* funds appropriated through the Child Welfare Services line item to reimburse county departments of social services for approximately 80 percent of related expenses, up to the amount available in each county's allocation. In addition, pursuant to Section 26-5-104 (7), C.R.S., the Department is authorized, based upon the recommendations of the Allocations Committee, to allocate any unexpended funds at fiscal year-end to any county that has over spent its capped allocation. However, a county may only receive such "close-out" funds for authorized expenditures attributable to caseload increases beyond those anticipated when the allocations were made, and for expenditures *other than* those attributable to administrative and support functions.

Current law directs the Department of Human Services, after input from the Child Welfare Allocations Committee[3], to annually develop formulas for allocating child welfare funding among counties. In determining such formulas, the Department is to take into consideration historical expenditures, a comparison of such expenditures to the associated caseload, and other factors "that directly affect the population of children in need of child welfare services in a county" [Section 26-5-104 (3) (a), C.R.S.]. A county's allocation may be amended due to "caseload growth ... or changes in federal law or federal funding" [Section 26-5-104 (4) (e), C.R.S.]. In the event that the Department and the Child Welfare Allocations Committee do not reach an agreement on the allocation formula by June 15 of any state fiscal year for the following fiscal year, the Department and the Child Welfare Allocations Committee are to submit alternatives to the Joint Budget Committee for selection of an allocation formula.

Prior to FY 2001-02, each county's allocation of child welfare funding was based largely on historical data, including the county's out-of-home care expenditures and the county's share of open child welfare cases. In FY 2000-01, a department consultant and the Child Welfare Allocations Committee began work on an "optimization model" for use in allocating annual capped allocations among counties. The model was actively used for allocations through FY 2006-07. The allocation model sought to: (1) identify factors that drive costs in child welfare for which reliable data is available; and (2) determine which of these cost drivers should be "optimized" within a desired range. Drivers in the model include the following:

- child abuse or neglect referrals;
- assessments as a percentage of referred children;
- total new involvements as a percentage of assessments;
- out-of home placements as a percentage of open involvement;
- average days per year for out-of-home placement;
- average cost per day for out-of-home placements;
- and average cost per day for subsidized adoptions.

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[3] The Child Welfare Allocations Committee consists of eight members, four appointed by Colorado Counties, Inc. (CCI) and four appointed by the Department of Human Services. If CCI does not appoint a representative from the county that has the greatest percentage of the state's child welfare caseload (i.e., Denver), the Department is required to do so.

For the last four of these drivers, the Allocations Committee established a maximum and minimum range for funding purposes. Counties whose practice led to costs outside the range for a given driver, *e.g.*, average cost per day for subsidized adoptions, did not receive an increase in their allocation for costs above the range. The model allowed county flexibility in practice, and did not force counties to mirror one another in program administration. However, it did adjust county allocations when counties operated outside a range deemed reasonable by the Allocations Committee.

The optimization model came under fire due in part to large year-to-year funding shifts which counties found difficult to predict or manage. As a result, its use was suspended in FY 2007-08 and a subcommittee was formed to make recommendations related to the model.

- For FY 2007-08, the allocations committee chose to use the allocations model but to set a "floor" for reductions for small and medium-sized counties of 5.0 percent of their FY 2006-07 allocations and to not allow allocations for the state's 10 biggest counties to fall below their FY 2006-07 level.

- For FY 2008-09, FY 2009-10, and FY 2010-11 the allocation committee voted to allocate funding received based on the percent of the total allocation received by each county in FY 2006-07.

- Based on the recommendations of the allocations subcommittee, the allocations committee voted to reactivate the optimization model for 2011-12. Changes have been incorporated to make funding more stable and predictable, including (1) FY 2011-12 allocations will be based on applying squeezes and drivers identified in December 2009; (2) expenditures applied in the allocation formula will be limited to the amount of a county's child welfare allocation and will not incorporate county over-expenditures; and (3) counties with less than an average of 100 open involvements over the previous 3 years on a rolling average will be excluded (excludes the 24 smallest counties). In other respects, the approach is generally the same as that used in FY 2006-07. Additional model components, including a poverty factor and outcome measures, were considered and rejected on policy or feasibility grounds, and options for "carving out" funds related to outcomes and other factors were also rejected on the basis of inadequate funding.

Child Welfare Expenditure Trends. The table below reflects the overall trend in county total expenditures (and over-expenditure) of <u>combined allocations</u> for child welfare services and family and children's programs (a dedicated line item for in-home supports and services). To a significant extent, over-expenditures have been addressed through counties' transfer of portions of their Temporary Assistance to Needy Families (TANF) block allocations to child welfare services. However, county tax revenues are also used when sufficient TANF funds are not available. For FY 2008-09, $15.5 million of the net county over-expenditures were addressed through county transfer of TANF allocations, and $1.1 million was covered by county tax revenue. While some counties over-expend, the pattern is not consistent: other counties operate within their allocations or below allocated amounts.

Child Welfare Allocations to Counties and County Over-expenditures					
	FY 04-05	**FY 05-06**	**FY 06-07**	**FY 07-08**	**FY 08-09**
Approp. Child Welfare Services and Family and Children's Programs line items ($ millions)	$343.2	$359.3	$370.4	$384.9	$394.9
Percent Change	*0.4%*	*4.7%*	*3.1%*	*3.9%*	*2.6%*
County Expenditures In Excess of Capped Allocations ($ millions)	$10.8	$14.2	$12.2	$20.4	$16.6
Shortfall as Percent of Capped Allocations	*3.1%*	*4.0%*	*3.3%*	*5.3%*	*4.2%*

Based on data for the first half of FY 2009-10, counties appear poised to over-spend allocations by about $11.1 million in Child Welfare Services and $2.4 million in "Core Services" (services for children and families) on an appropriation *less restrictions imposed by the Department due to insufficient federal revenue* of $381.7 million (a total drop of 2.6 percent on the FY 2008-09 appropriation for Child Welfare Services and Services for Children and Families). In other words, **for FY 2009-10, data to-date suggests that overall spending will be down by about 4.0 percent, even taking into account projected county over-expenditures of about $13.5 million.** This includes a sharp drop in Denver county spending, so it is no longer the primary driver of over-expenditures based on mid-year data.

The following table provides data on the overall trends in county child welfare services, based on the child welfare allocation model (plus inflationary data from Legislative Council Staff). Note that this table does not include funding in the Family and Children's Programs line item, as this funding is not included in the allocation model.

Child Welfare Allocation Model - County Expenditure Changes FY 2004 to FY 2009			
	FY 2003-04	**FY 2008-09**	**Percentage Change**
Child/adolescent Population 0-17	**1,170,722**	**1,258,823**	**7.5%**
Denver-metro CPI (inflation) FY 03-04 to FY 08-09	**n/a**	**n/a**	**12.4%**
Referrals (Families)	62,548	76,144	21.7%
Assessments	51,974	64,745	24.6%
Total new involvements	**16,181**	**14,459**	**-10.6%**
Total open involvements	**40,016**	**41,918**	**4.8%**
Out of home open involvements	13,855	12,342	-10.9%
Total cost for out of home placements	$143,783,916	130,760,470	-9.1%
Total paid days for out of home placements	**2,259,541**	**1,912,476**	**-15.4%**

Child Welfare Allocation Model - County Expenditure Changes FY 2004 to FY 2009			
	FY 2003-04	**FY 2008-09**	**Percentage Change**
Average cost per day for out of home placements	**$63.63**	**$68.37**	**7.4%**
Program services costs (case management, administration, in-home interventions)	$119,050,942	174,268,650	**46.4%**
Children receiving adoption subsidy	**8,183**	**10,560**	**29.0%**
Average cost per child per day for adoption	**$16.83**	**$15.14**	**-10.0%**
Total annual adoption subsidy paid days	2,358,325	2,956,789	25.4%
Total annual adoption subsidy cost	$39,700,508	44,770,265	12.8%
Total expenditure	**$303,616,944**	**$353,983,857**	**16.6%**

Child Welfare Outcomes. As discussed above, and in greater depth during the staff budget briefing, a variety of reports over the last three years have pointed to problems in Colorado's child welfare system. Most recently, the federal government conducted its second Child and Family Services Review (CFSR) for Colorado in 2009. Colorado was not in substantial conformity with any of the seven CFSR outcomes. It was also not in substantial conformity with five of the seven systemic factors that affect the State's capacity to deliver services leading to improved outcomes. Colorado's CFSR performance on systemic factors appears to be worse than most other states that have undergone "second round" CFSR review, although its outcomes results appear to similar to or somewhat better than the average for other states. Like all states that have been reviewed, Colorado will be required to submit and implement a performance improvement plan (PIP) in order to avoid financial sanctions.

Overall, there is substantial variability in county performance on child welfare services. High rates of poverty correlate with high rates of child welfare expenditure and, to a lesser extent, with poor results on child welfare outcome measures. However, county decision making appears to be a primary driver in different outcomes among counties. Due to the differences in county policies and programs, it is difficult to relate increases or decreases in funding with better or worse child welfare performance. Nonetheless, it is reasonable to expect that substantial reductions in child welfare funding may have negative program impacts.

Title IV-E Projection. Under Title IV-E of the federal Social Security Act, Colorado earns federal reimbursement of at least 50 percent for some foster care and adoption services for low income children. Revenue from this sources has been declining and is likely to decline further, based on the structure of the federal program and out-of-home placement trends. **The Department of Human Services issued a letter on March 10, 2010 to notify counties of the projected shortfall and to inform them that county allocations for FY 2009-10 will be reduced by 1.83 percent based on this.** An overall reduction $6.2 million incorporates of $5.0 million in federal Title IV-E funding and $1.2 million in county-required matching funding. The $5.0 million includes $1.5 million already reduced through the FY 2009-10 supplemental appropriation (recommended by staff based on initial data) and a further $3.5 million restricted by the Department which could be lifted if the trend were to change.

Request for Line Item. The Department requests a total of $338.0 million for FY 2010-11, including $154.3 million net General Fund for the Child Welfare Services line item. The table below summarizes the components of the Department's request and staff's recommendation for the Child Welfare Services line item. Each of the components of the request is described in narrative form following the table.

Description	Department Request	Staff Recommend.	Difference
FY 2009-10 Appropriation, as amended	$343,705,363	$343,705,363	$0
General Fund	166,421,698	166,421,698	0
Cash Funds	61,168,175	61,168,175	0
Reappropriated Funds	14,508,228	14,508,228	0
Federal Funds	101,607,262	101,607,262	0
Medicaid Cash Funds	*14,508,228*	*14,508,228*	*0*
Net General Fund	*173,675,812*	*173,675,812*	*0*
I. Annualize S.B. 09-267 and S.B. 09-245	(249,950)	(249,950)	0
General Fund	(4,178,534)	(4,178,534)	0
Cash Funds	3,991,072	3,991,072	0
Reappropriated Funds	0	0	0
Federal Funds	(62,488)	(62,488)	0
Medicaid Cash Funds	0	0	*0*
Net General Fund	*(4,178,534)*	*(4,178,534)*	*0*
II. 2.0 Percent Rate Cut	(6,903,227)	(6,635,156)	268,071
General Fund	(3,355,889)	(3,826,933)	(471,044)
Cash Funds (local funds)	(1,303,936)	(1,327,031)	(23,095)
Reappropriated Funds	(290,164)	(290,165)	(1)
Federal Funds	(1,953,238)	(1,191,027)	762,211
Medicaid Cash Funds	*(290,164)*	*(290,165)*	*(1)*
Net General Fund	*(3,500,971)*	*(3,972,016)*	*(471,045)*
III. Administrative Case Management	0	(165,000)	(165,000)
General Fund	0	(165,000)	(165,000)
Cash Funds	0	0	0
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	0	0	0

Description	Department Request	Staff Recommend.	Difference
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*0*	*(165,000)*	*(165,000)*
IV. FF Adjustments Related to Title IV-E Revenue Projection (non-ARRA)	1,010,179	(9,289,077)	(10,299,256)
General Fund	0	0	0
Cash Funds	0	(2,113,041)	(2,113,041)
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	1,010,179	(7,176,036)	(8,186,215)
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*0*	*0*	*0*
V. Title IV-E ARRA Revenue	0	2,516,517	2,516,517
General Fund	1,955,569	0	(1,955,569)
Cash Funds	0	894,417	894,417
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	(1,955,569)	1,622,100	3,577,669
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*1,955,569*	*0*	*(1,955,569)*
VI. Partial Backfill Related to Title IV-E Revenue Projection	445,747	3,515,208	3,069,461
General Fund	445,747	2,001,316	1,555,569
Cash Funds	0	613,892	613,892
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	0	900,000	900,000
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*445,747*	*2,001,316*	*1,555,569*
VII. Refinance Child Welfare Services with TANF Funds - SBA #7	0	0	0
General Fund	(7,000,000)	(7,000,000)	0
Cash Funds	0	0	0
Cash Funds Exempt/Reappropriated Funds	0	0	0
Federal Funds	7,000,000	7,000,000	0
Medicaid Cash Funds	*0*	*0*	*0*
Net General Fund	*(7,000,000)*	*(7,000,000)*	*0*

Description	Department Request	Staff Recommend.	Difference
TOTAL RECOMMENDATION	**$338,008,112**	**$333,397,905**	**($4,610,207)**
General Fund	154,288,591	153,252,547	(1,036,044)
Cash Funds	63,855,311	63,227,484	(627,827)
Cash Funds Exempt/Reappropriated Funds	14,218,064	14,218,063	(1)
Federal Funds	105,646,146	102,699,811	(2,946,335)
Medicaid Cash Funds Exempt	*14,218,064*	*14,218,063*	*(1)*
Net General Fund	*161,397,623*	*160,361,578*	*(1,036,045)*

FY 2009-10 APPROPRIATION, AS AMENDED

Two issues related to the FY 2009-10 base calculation should be noted:

- The FY 2009-10 appropriation, as amended, included an $8.4 million (2.4 percent) reduction to the Child Welfare Services block. This reduction is continued in FY 2010-11.

- The FY 2009-10 action included a $1.5 million staff-recommended reduction to federal funding (Title IV-E) based on the low level of Title IV-E revenue received in FY 2008-09. This was not included in the Department request. However, on March 10, 2010, the Department issued a letter to counties restricting their block allocations by 1.83 percent, based on a combination of the $1.5 percent reduction in the appropriation, an additional $3.5 million federal funds shortfall projected (total shortfall of $5.0 million) and a matching county share of $1.2 million. Thus, **the effective funding reduction for FY 2009-10 was 4.2 percent of the original FY 2009-10 appropriation.**

I. ANNUALIZE S.B. 09-267 AND S.B. 09-245

Senate Bill 09-267 was a Joint Budget Committee bill that required counties to cover a full 20 percent of the cost of out-of-home placement (rather than 10 percent), effective January 1, 2010. The impact of this adjustment is annualized in FY 2010, resulting in an increase of $4,028,564 in cash funds (county share) and a reduction in General Fund required by the same amount.

Senate Bill 09-245 amended the Children's Code to conform with the federal Fostering Connections to Success and Increasing Adoptions Act of 2008 concerning kinship placement. The fiscal note for the bill anticipated county savings of $249,950 total funds in FY 2010-11 associated with the bill.

Staff recommends the Department's requests for annualization of these bills, consistent with their fiscal notes.

II. 2.0 PERCENT RATE CUT

The Department requested rate cuts of 2.0 percent for programs throughout the Department. Staff recommends the rate cut; however, the staff recommendation differs from the request with respect to totals and fund splits, as staff has tied the total adjustment to current "effective" FY 2009-10 base for county allocations (including restrictions) and has attached fund splits based on the revenue sources in the line item and the current ratio of Title IV-E earning to expenditures. The result is a lower total funds cut and a higher General Fund cut than the amounts in the request.

III. ADMINISTRATIVE CASE MANAGEMENT

The JBC analyst for the Department of Health Care Policy and Financing has recommended that $165,000 General Fund be reduced in the Department Human Services and instead appropriated in the Department of Health Care Policy and Financing where it will be used to draw down matching federal Medicaid funds for county Administrative Case Management. This amount is consistent with the FY 2008-09 actual transfers that occurred between the two departments related with Administrative Case Management and reflects an ongoing effort to more accurately reflect transfers that the departments are authorized to make by statute to maximize federal funding. **The statewide net General Fund impact of the change is $0, although the impact on counties is an increase in matching federal Medicaid funds.**

Please note that it is not clear to staff how local share adjustments associated with this item are managed by the Department and thus how they should be treated in the appropriation, so no associated county match reduction has been taken. Staff hopes to address this issue, and related issue of "excess" local match in this line item, with the Department over the summer.

IV. FEDERAL FUNDS ADJUSTMENTS RELATED TO TITLE IV-E REVENUE PROJECTION (NON-ARRA)

Department Request. The amount shown as the Department request includes two components:

(1) A reduction of $445,747 to annualize a one-time FY 2009-10 block refinance. The Department had submitted a supplemental adjustment in FY 2009-10 projecting that it would have a one-time increase in available IV-E revenue; this did not materialize and the request reflects reversing this for FY 2010-11. This change is effectively incorporated in the staff recommendation. [Staff has shown the reduction part of the annualization here and the offsetting General Fund increase in separate components].

(2) An increase of $1,455,926 when compared to the FY 2009-10 appropriation. This is because staff recommended, and the General Assembly approved, a supplemental reduction of $1,455,926 federal funds, but this change to the base was not part of the Department's calculations. Thus, this is added back in the Department request calculation.

Overview of Staff Recommendation. Staff recommends a reduction of $7,176,036 federal funds and a matching local cash funds reduction of $2,113,041 related to the projected receipt of federal Title IV-E revenue in FY 2010-11. Most of these adjustments are not reflected in the Executive request, and the need for them has only recently become fully apparent.

Background on Title IV-E Revenue. States may earn federal reimbursement under Title IV-E of the federal Social Security Act for some services to low-income children who are placed outside their own homes. In general, Title IV-E reimbursement is provided on a matching basis consistent with a state's federal match for its Medicaid program (usually 50/50 in Colorado, although adjusted by the American Recovery and Reinvestment Act). The program is an open-ended entitlement program, so there is no dollar limit on what any state may earn.

Qualifying Expenditures. Title IV-E reimbursement is provided for the following types of expenses:
- Maintenance (room and board) costs for children in foster care and for children with special needs who have been adopted;
- Administrative costs; and
- Training costs, associated with training staff and service providers.

In FY 2008-09, 56 percent of Colorado's Title IV-E revenue was received for administrative costs, while the remaining 44 percent was for maintenance (room and board) for low income youth in out of home placement.

Eligibility for Title IV-E. For related expenditures to qualify, a child must have been eligible for Aid to Families with Dependant Children (AFDC) <u>(based on the State AFDC income standards that were in place on July 16, 1996</u>) during the month a petition was filed for removal from the home or a voluntary placement agreement was signed. The child must have lived in the home of a person related to them (within 5 degrees of kinship) within six months of the eligibility month and be deprived of parental support. A court order must find that continuation in the child's home would be contrary to the child's welfare, and that reasonable efforts were made to prevent the removal.

Title IV-E Revenue Earning Mechanisms. Title IV-E revenue is generated in three ways:

- Direct payments for maintenance (room and board) for eligible children.
- Quarterly "random moment sampling" of county administrative activities.
- Direct reimbursement for certain administrative FTE and training activities that are Title IV-E specific.

For direct service line items in the Division of Child Welfare (child welfare services and family and children's programs line items), Title IV-E revenues are driven by actual maintenance (room and board payments) and quarterly "random moment sampling" of county administrative activities. For state child welfare administration, administrative review, and central department administration line items, federal Title IV-E revenues are <u>also</u> driven by quarterly "random moment sampling" of **county** (not state) administrative activities, and, for a limited number of positions and functions, direct Title

IV-E support for the Department activity (e.g., for staff responsible for oversight of Title IV-E claims).

Title IV-E Appropriations , Earnings, and Excess Federal Title IV-E Cash Fund. The Long Bill includes appropriations for Title IV-E funds throughout the Department; however, the vast majority of appropriations are to the Division of Child Welfare. Title IV-E funds are earned against each line item's expenditures, based on the earning mechanisms described above. At the close of the year, the Department makes internal adjustments, so that Title IV-E revenue "over earned" in any line item is transferred to line items that have "under-earned". The Department uses Title IV-E revenue received to cover all appropriated amounts throughout the Department before determining if there is an excess of Title IV-E revenue available. Pursuant to Section 26-1-111 (2) (d) (II) (C), C.R.S., federal funds earned in excess of appropriated amounts are deposited each year into the Excess Federal Title IV-E Cash Fund. Such funds are appropriated in the subsequent year.

Title IV-E Earning Trends. The State appears to be experiencing a dramatic decline in Title IV-E earning. The decline appears to be driven by a number of factors:

- Title IV-E reimburses states for costs related to out-of-home placement. Use of out-of-home placement has been declining in Colorado and nationwide. This trend is generally considered to reflect best practice, although it has negative financial implications for Title IV-E earning. Child Welfare days in out of home placement has been falling ever more steeply: by 3.4 percent in FY 2006-07, a further 4.0 percent in FY 2007-08, and 4.4 percent in FY 2008-09. **Days in out of home placement are now projected to fall by a further 8.2 percent in FY 2009-10.**

- Income eligibility for Title IV-E is based on 1996 income standards. As incomes--and the minimum wage--have increased, fewer children and families have qualified under the income-eligibility standards. Thus, even among children in out-of-home placement, the percentage deemed to be Title IV-E eligible has been in decline (from 18.9 percent in FY 2005-06 to 17.1 percent in FY 2008-09). For CY 2010, because the minimum wage is declining slightly, instead of increasing, and given high levels of unemployment, this portion of the trend may be somewhat arrested.

- Administrative effort and issues. Title IV-E earning can be affected by the failure of courts to make findings that remaining in the child's home would be contrary to the child's welfare using the appropriate language. It may also be affected by failure of counties to complete necessary paperwork in a timely manner. Finally, certain administrative changes (such as facilitating random moment sampling of child placement agencies) can increase claims. The Department is not able, at present, to determine the extent to which various county and court practices may be negatively affecting Title IV-E earning.

Title IV-E Appropriations, Earning and Title IV-E Excess Revenue Department-wide			
Year	**Appropriation of Title IV-E Funds**	**Title IV-E Earnings**	**Title IV-E Excess /(Shortfall)**
FY 2003-04	$69,564,846	$73,444,437	$3,879,592
FY 2004-05	72,441,851	79,101,735	6,659,885
FY 2005-06	74,712,056	80,211,690	5,499,635
FY 2006-07	84,571,156	88,777,718	4,206,562
FY 2007-08	82,124,990	84,463,547	2,338,556
FY 2008-09	w/o ARRA:	82,790,470	
ARRA adjustment		3,523,366	
FY 2008-09 with ARRA	87,806,633	86,313,836	(1,492,797)
FY 2009-10 (prior to supplemental)*		76,196,149	
ARRA adjustment		5,864,951	
FY 2008-09 with ARRA	88,749,837	82,061,100	(6,688,737)

*Straight-line projection based on seven months of data.

The Title IV-E earning decline has implications throughout the Department. The most substantial impacts are in the funding for counties. However, to the extent Department administrative line items under-earn, staff understands that those line items will be expected to absorb the shortfall for FY 2009-10. **At this point staff anticipates that any department administrative shortfalls in FY 2010-11 will simply be absorbed in department line items via vacancies.** However, staff believes an adjustment for the primary line items funding the counties is necessary to help ensure counties know earlier, rather than later, the limits on funding available.

Recommended Line Item Adjustment. The letter note for this line item is combined with the letter note for the Programs for Children and Families line item, which also is distributed to counties. Thus both components are included in the projection below. The FY 2009-10 projection is based on a straight line projection for the first seven months of the year. The FY 2010-11 figure is JBC staff's projection for FY 2010-11.

After exploring multiple trending approaches, all of which seem to point in the same direction, staff is recommending a simple percentage adjustment to Title IV-E based on the overall Title IV-E percentage adjustment now projected for FY 2008-09 to FY 2009-10. Although there are some factors that may mitigate such an ongoing steep decline, the general trends that led to the FY 2008-09 to FY 2009-10 decline--greatly reduced out-of-home placement and other county cost-cutting measures--should be similar in FY 2010-11 to FY 2009-10.

Title IV-E Projection for Child Welfare Services and Family and Children's Programs Line Items			
	Title IV-E Earned	**Dollar Change**	**% Change**
FY 2004-05	$67,537,025	n/a	
FY 2005-06	67,294,683	(242,342)	-0.4%
FY 2006-07	73,119,891	5,825,208	8.7%
FY 2007-08	71,984,322	(1,135,569)	-1.6%
FY 2008-09 w/o ARRA	69,746,975	(2,237,347)	-3.1%
ARRA Match	3,523,366		
FY 2008-09 Total	73,270,341		1.8%
FY 2009-10 w/o ARRA	65,363,376	(4,383,599)	-6.3%
ARRA Match	5,864,951		
FY 2009-10 Total*	71,228,327		
FY 2010-11 w/o ARRA**	61,255,286	($4,108,090)	-6.3%
ARRA Match	5,496,339		
FY 2010-11 Total	66,751,625		

*Straight-line projection based on 7 months.
**Assumes decline at same rate as now projected from FY 2008-09 to FY 2009-10. Assumes ARRA enhanced match will comprise the same proportion of the total as is projected for FY 2009-10 (9.0 percent).

The recommended staff adjustment reduces the recommended appropriation so that overall Title IV-E appropriations for Child Welfare Services and Family and Children's Programs matches the total amount of Title IV-E funding anticipated to be available prior to ARRA adjustments ($61,255,286), as reflected in the table below.

	Child Welfare Services & Family & Children's IV-E Appropriation	**ARRA Estimated Component**	**Estimated Non-ARRA Title IV-E**
FY 2009-10 Base Appropriation	73,989,826	4,242,851	69,746,975
Annualize SB 09-249	(62,488)	0	(62,488)
2% Rate Cut (both line items)	(1,253,163)	$0	(1,253,163)
Subtotal	$72,674,175	$4,242,851	$68,431,324
Projected Available Funds	$66,751,625	$5,496,339	61,255,286
Difference - Recommended Adjust	($5,922,550)	$1,253,488	**($7,176,038)**

The overall adjustment includes both the federal funds adjustments and related local match adjustments. The local share adjustment associated with FY 2009-10 restrictions for insufficient Title IV-E includes an adjustment associated the $1.5 million federal funds reduction included in the FY 2009-10 supplemental appropriation.

	Total	Cash Funds (local share)	Federal Funds
FY 2009-10 Sup. Reduction for IV-E [non-add]	*(1,455,926)*	*0*	*(1,455,926)*
FY 2009-10 Restrictions for Insufficient IV-E*	(4,694,031)	(1,194,031)	(3,500,000)
FY 2010-11 Additional IV-E Reductions not included in other reductions	(4,595,048)	(919,010)	(3,676,038)
Difference - Recommended Adjust	**($9,289,079)**	**($2,113,041)**	**($7,176,038)**

*Excludes the $1,455,926 federal funds reduction and other reductions in the FY 2009-10 supplemental bill. Includes a local share reduction on that $1,455,926 in addition to the $3,500,000 federal funds balance.

V. TITLE IV-E ARRA REVENUE

The American Recovery and Reinvestment Act of 2009 (ARRA) included adjustments to the federal match for the Title IV-E program (the "FMAP") similar to the adjustments provided for the Medicaid program.

- These adjustments applied solely to the "maintenance" or room and board components of the title IV-E funding for foster care and adoption assistance (less than half the base); and

- The maximum adjustment authorized was an increase from 50 to 56.2 percent as the federal share of costs; no higher percentage share was authorized, *e.g.*, based on unemployment.

The adjustment authorized in ARRA was, as for Medicaid, for three quarters in SFY 2008-09, four quarters in SFY 2009-10, and two quarters in SFY 2010-11. **It now appears that federal authorities will extend the enhanced match through June 30, 2011, based on the Senate passage of HR 4213 (the second JOBS bill).** This bill authorizes continuation of the favorable match for Title IV-E, in addition to continuation of a favorable match for the Medicaid program.

Base FY 2009-10 Appropriation and FY 2010-11 Projection for Enhanced Match. The FY 2009-10 Long Bill included an adjustment for the enhanced federal Title IV-E match rate of $3,911,137. Federal funds were increased by this amount, and General Fund was reduced. As part of the supplemental appropriation for FY 2009-10, staff included an informational notation indicating that, of the total federal funds, $4,242,851 was expected to be from the ARRA enhanced match; however, in light of overall projected shortfalls, there was no further adjustment to the General Fund/Federal Funds funding splits.

Based on actual revenue received associated with the enhanced match in FY 2008-09 and projected for FY 2009-10, **staff now anticipates total enhanced match of $5,864,951 in FY 2009-10 and $5,496,339 in FY 2010-11.** The FY 2009-10 figure is based on the Department's straight-line projection of seven months of revenue. The FY 2010-11 figure is based on the assumption that the enhanced match for FY 2010-11 will be 9.0 percent of the total "regular" Title IV-E amounts for Child Welfare Services and Services for Children and Families.

Department Request. The Department request anticipated that the ARRA enhanced match would end December 31, 2010. It included an adjustment to annualize 50 percent of the ARRA "refinance" included in the FY 2009-10 Long Bill: it thus requested a reduction in federal funding of $1,955,569 and an increase in General Fund of the same amount.

Staff Recommendation: The staff recommendation instead includes the following:

- No reversal of FY 2009-10 General Fund savings (as ARRA will be extended through FY 2010-11)

- **An increase of $1,253,488 federal funds and matching local share of $313,372 based on a revised estimate of ARRA funding of $5,496,339 in FY 2010-11 when compared to the $4,242,851 estimate noted in the FY 2009-10 supplemental bill.** Staff has not recommended General Fund savings associated with higher ARRA revenue because of the overall concerns about the Department's base appropriation for Child Welfare Services. However, *staff also does not assume that General Fund will be made available to backfill this funding when it is eliminated in FY 2011-12 or if it cannot be fully generated.*

- A further refinance is an option that could be considered by the Committee to help address the statewide General Fund revenue shortfall. The current estimate for the ARRA FMAP in FY 2010-11 is $1,585,202 greater than the "base" refinanced amount of $3,911,137 in the FY 2009-10 Long Bill. However, staff is not recommending this due to uncertainty about whether revenue at this level will actually be received and due to the overall Title IV-E revenue shortfall.

VI. PARTIAL BACKFILL RELATED TO TITLE IV-E REVENUE PROJECTION

Department Request. The Department request included an increase of $445,747 General fund related to the annualization of an FY 2009-10 refinance with Title IV-E funds. For purposes of comparison with the staff recommendation, staff has included the General Fund increase portion of the annualization here, and the $445,747 federal funds reduction as part of the discussion of the Title IV-E revenue projection.

Staff Recommendation. The staff recommendation includes several efforts intended to address the shortfall of federal Title IV-E funds and resulting decreases in Child Welfare Services allocations that go beyond the levels requested by the Executive.

- **The staff recommendation includes an increase of $900,000 in federal Title XX funds.** This matches an amount that staff proposes be reduced from the Child Care Assistance Program line item. The Executive has, on several occasions, transferred these funds to help cover federal funds revenue shortfalls. Staff proposes that this adjustment be made on a permanent basis in the appropriation.

- **The staff recommendation applies a portion of General Fund "savings" associated with differences between the staff recommendation and the Department request for this line item and the Family and Children's Programs line item ($1,555,569)** to help offset the

Title IV-E shortfall. **These amounts could instead be used to address the state General Fund revenue shortfall,** and staff has included this as a General Fund savings option. However, the staff recommendation reflects applying the funds here to help address the federal Title IV-E shortfall.

- Recommended increases in General Fund and federal funds are associated with a 20 percent local share match.

Determining the "appropriate" level of funding for child welfare services is not clear-cut, due to the wide array of county practices and cost structures, the fact that counties may or may not choose to spend more than the funds allocated, and the fact that they are required to provide the services even if state funding is insufficient. Nonetheless, ultimately these services are an entitlement: counties are required to ensure that children are protected from abuse and neglect, even as they have significant flexibility in expenditures and approaches.

The table below compares the FY 2009-10 appropriations for the combination of Child Welfare Services and Family and Children's Programs--the major line items used to support child welfare activities--from the FY 2009-10 Long Bill, to the supplemental bill plus department-imposed Title IV-E restrictions, to the FY 2010-11 request and recommendation.

It should also be noted that, in addition to the absolute reductions, no increases are requested or recommended associated with growth in the population of children in the state or associated Child Welfare caseloads, and any increases previously provided for FY 2009-10 have been eliminated through supplementals.

	Child Welfare Services	**Family and Children's Programs**	**Total**	**Percent Change**
FY 2009-10 Long Bill	353,575,261	45,689,850	399,265,111	
FY 2009-10 Supplementals	(9,869,898)	0	(9,869,898)	
FY 2009-10 IV-E Related Restrictions	(4,694,031)		(4,694,031)	From FY 10 LB
FY 2009-10 Revised	339,011,332	$45,689,850	384,701,182	-3.6%
FY 2010-11 Rate cuts and other	(7,050,106)	($913,797)	(7,963,903)	
FY 2010-11 Title IV-E Revenue proj	(4,595,048)	$0	(4,595,048)	From FY 10 Revised
FY 2010-11 Prior to Backfills	327,366,178	$44,776,053	372,142,231	-3.3%
FY 2010-11 ARRA FMAP increase	1,566,860	$0	1,566,860	
FY 2010-11 Partial Backfill	$3,515,208	$0	3,515,208	From FY 10 Revised
FY 2010-11 with Backfills	$332,448,246	$44,776,053	377,224,299	-1.9%

VII. Refinance Child Welfare Services with TANF Funds/ SBA #7 - TANF Budget Reduction Proposal

Department Request. The Department submitted a budget balancing adjustment (after staff's Figure Setting for the Office of Self-Sufficiency) to:

- Further refinance $7.0 million in the Child Welfare Services line item with Temporary Assistance to Needy Families funds.
- Reduce Appropriations for the Colorado Works Program Maintenance Fund and Statewide Strategic Use Fund to offset the increase for Child Welfare Services.

The requested adjustment are reflected in the table below.

SBA #7 - Refinance Child Welfare with TANF - Request			
	Total	**General Fund**	**Federal Funds**
Child Welfare Services	$0	($7,000,000)	$7,000,000
Self-Sufficiency, Colorado Works Program Maintenance Fund	(2,000,000)		(2,000,000)
Colorado Works, Statewide Strategic Use Fund	(5,000,000)		(5,000,000)
Subtotal	($7,000,000)	($7,000,000)	$0

Child Welfare Component: For FY 2009-10, the Department requested and the General Assembly approved an adjustment to refinance $9.5 million General Fund in the Division of Child Welfare with TANF dollars. This was increased during supplementals by an additional $3.0 million. These adjustments were presented as time-limited and related to spending down the TANF fund balance. The additional requested adjustment will bring the refinance total to $19.5 million. **This portion ($7.0 million) is reflected as ongoing and is associated with reductions to other budget line items.**

Staff recommends the child welfare component of the request. There are sufficient qualifying child welfare expenditures to allow this proposed refinance. Issues related to the Office of Self Sufficiency and associated reductions to offset this refinance are reviewed under separate cover, as the issues do not relate to child welfare.

Excess Title IV-E Distributions for Related County Administrative Functions

States are allowed to earn federal Title IV-E funds (Title IV-E refers to a section of the federal Social Security Act) for a number of activities associated with providing services to certain children who are placed outside their own homes. Pursuant to Section 26-1-111 (2) (d) (II) (C), C.R.S., federal funds earned in excess of these appropriations are deposited each year into the Excess Federal Title IV-E Cash Fund. Such funds are appropriated in the subsequent year for distribution to counties, including for county administrative activities related to Title IV-E.

The Department requested a continuing level of $1,701,252 in excess Title IV-E earnings be appropriated for FY 2010-11 through this line item, including a 2.0 percent provider rate decrease. However, as previously discussed, the sharp decline in Title IV-E revenue resulted in no revenue being available for deposit to the cash fund for use in FY 2009-10, and it appears highly unlikely that such funds would be available for FY 2010-11. In light of this, **staff recommends that this line item be eliminated for the present. However, as discussed below, staff does recommend a new line item for a related purpose.**

TITLE IV-E RELATED COUNTY ADMINISTRATIVE FUNCTIONS [new line item]
Staff recommends provision of a new line item for $1,000,000 General Fund for the purpose of sustaining and improving Title IV-E Related County Administrative Functions. As previously discussed, Title IV-E revenues have been falling sharply. This may in some part reflect insufficient administrative effort on the part of counties. Prior to FY 2009-10, at least some Excess Federal Title IV-E revenue was available to support these functions and incentivize counties in these activities. The lack of such support may be contributing to recent declines, as the incentives for individual counties to engage the administrative activities necessary to claim Title IV-E are limited.

Staff therefore recommends that $1.0 million General Fund (that represents a portion of the difference between the staff recommendation and department request on other child welfare items) be directed for FY 2010-11 to supporting a line item specifically targeted at these county activities. In addition, staff recommends a request for information on Department efforts to address the Title IV-E situation and the usefulness of this line item.

N Division of Child Welfare, Title IV-E Related County Administrative Functions -- The Department is requested to provide a report, by January 15, 2010 that addresses the Department's recommendations for maximizing the collection of revenue authorized under Title IV-E of the federal Social Security Act. The recommendations should address executive initiatives to maximize revenue, any proposals for statutory change to Section 26-1-111 (2) (d) (II) (C), C.R.S., how this line item is being used to promote Title IV-E collections, and the Department's assessment of whether ongoing General Fund support for a Title IV-E Related County Administrative Functions line item is warranted.

EXCESS TITLE IV-E REIMBURSEMENTS
In addition to providing moneys to counties to defray the costs of Title IV-E administrative functions, Section 26-1-111 (2) (d) (II) (C), C.R.S., also allows the General Assembly to appropriate to the Department moneys for TANF related purposes, child care assistance, and child welfare services. These moneys are appropriated for allocation to the counties. **This line item was eliminated in FY 2009-10 due to lack of available funding.**

FAMILY AND CHILDREN'S PROGRAMS
This line item was established largely as a result of the Child Welfare Settlement Agreement (which was finalized in February 1995). The settlement agreement required a number of improvements in the child welfare system, including: (1) an increase in the number of county caseworkers and supervisors; (2) improvements in the amount and types of training provided to caseworkers, supervisors, and out-of-home care providers; (3) the provision of core services to children and

families (described below); (4) improvements in investigations, needs assessments, and case planning; (5) improvements in services to children placed in residential care; (6) increased rates for out-of-home care providers and elimination of certain rate disparities; and (7) the development of a unitary computerized information system (the Colorado Trails System). In January 2002, the parties agreed that the Department and counties were in substantial compliance with the terms of the settlement agreement, and it was terminated.

This line item historically provided funding for three purposes (staff, training, and core services), but the General Assembly transferred staff and training to other line items. Currently, the line item funds only "core services" to families with children that are at imminent risk of placement outside the home.

Description of "Core Services". Pursuant to Section 19-3-208, C.R.S., the following services are to be made available and provided based upon the State's capacity to increase federal funding or any other moneys appropriated for these services and as determined necessary and appropriate by individual case plans:

- transportation;
- child care;
- in-home supportive homemaker services;
- diagnostic, mental health, and health care services;
- drug and alcohol treatment services;
- after care services to prevent a return to out-of-home placement;
- family support services while a child is in out-of-home placement including home-based services, family counseling, and placement alternative services;
- financial services in order to prevent placement; and
- family preservation services, which are brief, comprehensive, and intensive services provided to prevent the out-of-home placement of children or to promote the safe return of children to the home. Such services are further described and authorized at 26-5.5-101 through 106, C.R.S.

In addition, pursuant to Section 26-5.3-105, C.R.S., "emergency assistance" shall be made available to or on behalf of children at imminent risk of out-of-home placement. Emergency assistance includes:

- 24-hour emergency shelter facilities;
- information referral;
- intensive family preservation services;
- in-home supportive homemaker services;
- services used to develop and implement a discrete case plan; and
- day treatment services for children.

Summary of Department Request and Staff Recommendation. The Department requested $44,776,053, including a reduction of $577,669 General Fund for BR #4 (a 2.0 percent provider rate reduction). **Staff recommends the request for $44,776,053, including $28,132,328 General Fund.**

A difference in fund splits between the request and recommendation is related to Budget Amendment #4.

Budget Reduction #4 - Provider Rate Reduction
The Department request provides for a 2.0 percent provider rate recommendation to this lin item. Staff recommends the request. However, the staff recommendation for BR #4 is for a reduction of $913,797, including a reduction of $751,141 General Fund, $100,518 cash funds, and $62,138 federal Funds. This compares with a Department request that reduces total funds by the same amount but General Fund by $577,669. Only a small portion of the federal funds in the base are associated with federal Title IV-E revenue: the balance consists of federal block grant amounts. Thus, reductions on these federal funds may be applied as General Fund reductions.

PERFORMANCE-BASED COLLABORATIVE MANAGEMENT INCENTIVES
This line item was first appropriated in FY 2005-06 to provide spending authority for the Department to provide incentives to counties pursuant to H.B. 04-1451 and previous legislation.

House Bill 04-1451, as amended by H.B. 08-1005. House Bill 04-1451, codified at Section 24-1.9-101 through 104, C.R.S., authorizes (but does not require) each county department of social services to enter into a memorandum of understanding (MOU) with local representatives of various agencies to promote a collaborative system of services to children and families. If a county department elects to enter into an MOU pursuant to this bill, the MOU is required to include local representatives from the following agencies:

- the local judicial districts, including probation services;
- the health department, whether a county, district, or regional health department;
- the local school district or school districts;
- each community mental health center;
- each behavioral health organization (BHO);
- the Division of Youth Corrections; and
- alcohol and drug abuse managed service organizations.

The statute encourages local agencies to enter into MOUs by region, and recommends that the agencies seek input, support, and collaboration from key stakeholders in the private and non-profit sectors, as well as from parent advocacy or family advocacy organizations.

Parties to each MOU are required to establish collaborative management processes that are designed to: (1) reduce duplication and eliminate fragmentation of services; (2) increase the quality and effectiveness of services; and (3) encourage cost-sharing among service providers. The bill also authorizes departments and agencies that provide oversight to the parties to the MOU to issue waivers of state rules necessary for effective implementation of the MOUs that would not compromise the safety of children. Through the establishment of a local interagency oversight group, parties to an MOU are to create a procedure to allow General Fund savings realized as a result of the MOU to be reinvested in services for children and families. General Fund savings associated with the program, that are to be retained by participating counties, are to be determined based on rules established by the State Board of Human Services.

Parties to an MOU may agree to attempt to meet certain performance measures, specified by the Department and the Board of Human Services. Local interagency groups that choose this option are eligible to receive incentive moneys from the "Performance-based Collaborative Management Incentive Cash Fund". Incentive moneys, which are allocated by the Department to those interagency groups that meet or exceed the specified performance measures, are to be reinvested in services for children and families. The Department is authorized to contract for external evaluation of the program.

The number of collaborative management programs has grown significantly in the last several years. In FY 2006-07, 10 counties participated. In FY 2007-08, 18 counties participated in these programs. As of FY 2008-09, 24 counties were participating. Nine of the 10 largest counties have implemented Collaborative Management to varying degrees, *i.e.* different populations of children and families who would benefit from multi-agency services are identified according to the county and community's needs. In FY 2008-09, 80 percent of the managed care counties targeted outcomes of reducing placement, reducing high cost placement or reducing length of stay. Activities ranged from investing in outcomes evaluation and research intended to guide practice, creation of a high fidelity wraparound service designed to reduce use and length of stay in institutional care, to implementing a single entry point for families and using cross systems service plans.

Funding for the Program. House Bill 04-1451 amended a number of existing statutory provisions to change the destination of approximately $2.1 million in civil docket fee revenue. For FY 2007-08, the Performance Incentive Cash Fund was repealed and all moneys in the fund were transferred into the Performance-based Collaborative Management Incentive Cash Fund. In addition, the fund received transfers from the family stabilization services fund and from docket fees in civil actions - dissolution of marriage - as specified in Section 13-32-101 (1) (a), C.R.S. Current program funding levels exceed the annual fund revenue of approximately $2.8 million per year.

Request and Recommendation. The Department requests, and staff recommends, a continuing level of appropriation of $3,555,500 cash funds. Although the fund balance appears to be sufficient to maintain spending at this level in FY 2010-11, program reductions or revenue increases are expected to be required for FY 2011-12. Thus, staff recommends retaining the footnote clarifying that funding at the current level is not sustainable.

INDEPENDENT LIVING PROGRAM

This line item reflects, for informational purposes, federal Title IV-E "Chafee Foster Care Independence Program" funds that are available to states to provide services for youth up to age 21 who are, or will be, emancipating from out-of-home residential care. While some counties use other existing funding sources to support staffing units devoted to independent living and emancipation services, federal Chafee funds provide the primary source of funding for independent living services in Colorado. These federal funds support direct services to eligible youth, as well as technical assistance, program and policy development, monitoring, and program administration.

Studies concerning the circumstances of youth after leaving foster care indicate that this population is at higher risk of experiencing unemployment, poor educational outcomes, poor health, long-term dependency on public assistance, and increased rates of incarceration when compared to their peers in the general population. Since 1986, the federal government has provided states with funding to develop independent living programs intended to minimize these negative effects and prepare youth for adulthood.

Independent living programs are designed for youth who need to develop the skills necessary to lead self-sufficient, healthy, productive and responsible interdependent lives. Services are focused on encouraging the development of support systems within the community, education, career planning, money management, securing and maintaining a stable source of income and affordable housing, and health and safety. It is a goal that all youth that leave the program have completed their high school education and are continuing to participate in an educational program or obtaining a training certificate in a specific skill area and are working while in the program. County departments of social services have the flexibility to provide direct services in the manner that works well for their county and the population they serve.

This program also works in conjunction with other programs to provide services to youth emancipating from foster care. Two examples include:

- The Supportive Housing and Homeless Program [this program is also funded with 100 percent federal funds available from the Department of Housing and Urban Development] was awarded 100 time-limited (18-month) housing vouchers for youth who have aged out of foster care. In June 2002, the Department began using these vouchers to provide housing and transitional living services to young adults aging out of foster care.

- In January 2002, legislation was enacted to authorize additional Title IV-E funds (up to $60.0 million per year nationally) for educational and training vouchers for youths who age out of foster care (including youth who are adopted out of foster care after age 15). Eligible youth may receive vouchers for up to $5,000 per year for four years to attend college, a university, or an accredited vocational or technical training program. The funds may be used for tuition, books or qualified living expenses. These funds are available on a first-come, first-served basis to students out of the Colorado foster care system. The Division of Child Welfare contracted with the Orphans Foundation, a non-profit organization, to administer and track Colorado's share of the funds [see www.statevoucher.org].

The Department requests a continuation level of funding for this line item of $2,826,582 federal funds. **Staff recommends the Committee approve the Department's request for a continuation level of funding for this line item of $2,826,582 federal funds and 4.0 FTE.** Staff assumes that any savings associated with the PERA adjustment will be redirected to other program costs.

PROMOTING SAFE AND STABLE FAMILIES PROGRAM

This program, authorized under Sub-Part 2 of Title IV-B of the federal Social Security Act, provides funding for local communities to provide a variety of services to families in times of need or crises.

This program promotes permanency and safety for children by providing support to families in a flexible, family-centered manner through a collaborative community effort. While a small portion of the federal funds are used to support 2.0 FTE state staff responsible for administering the program, the majority of the funds are made available to local communities and tribes.

Each local site is required to have a Community Advisory Council comprised of governmental and community stakeholders, family advocates and parents, and consumers to help direct the project. Currently, 36 counties and the Ute Mountain Ute tribe receive funding to:

- reunify children placed in the foster care system with their families;
- support and promote adoption or permanent placement with kin for children who cannot be safely returned home; and
- prevent child abuse and neglect in at-risk families.

Seventy-nine percent of program funds are awarded to local communities, 13 percent is set aside to provide support to adoptive families, and the remainder is used for administrative costs, technical assistance, and training.

A 25 percent match is required to draw down the federal funds. The General Fund is used to provide the match for the portion of the funds that are used for state-level staff and activities, and local communities are required to provide the match for the funds they receive.

The Department requests **$4,457,448, including $50,457 General Fund, and 2.0 FTE** for this line item. **Staff recommends the Committee approve the request, which is consistent with a common policy calculation.** The staff recommendation is detailed in the following table.

Summary of Recommendation: Promoting Safe and Stable Families Program					
Description	**Total Funds**	**General Fund**	**Local Funds**	**Federal Funds**	**FTE**
S.B. 09-259 Personal Services	$189,307	$47,327	$0	$141,980	2.0
BA #NP1 (PERA adjustment)	(3,928)	(982)	0	(2,946)	0.0
Subtotal - Personal Services	**185,379**	**46,345**	**0**	**139,034**	**2.0**
S.B. 09-259 Operating Expenses	16,449	4,112	0	12,337	0.0
Amount available to pass through to locals	4,255,620	0	1,064,100	3,191,520	0.0
TOTAL RECOMMENDATION	**$4,457,448**	**$50,457**	**$1,064,100**	**$3,342,891**	**2.0**

FEDERAL CHILD ABUSE PREVENTION AND TREATMENT ACT GRANT

This line item reflects funding and staff responsible for administering grants available pursuant to Section 106 of the Child Abuse Prevention and Treatment Act (CAPTA), as amended by Public Law

105-235. Under federal law, states have five years to spend the funds available through this grant program. Funding is allotted to states annually on a formula basis according to each state's ratio of children under the age of 18 to the national total. This grant program requires each state to submit a five-year plan and an assurance that the state is operating a statewide child abuse and neglect program that includes specific provisions and procedures. Among other things, these assurances include:

- establishment of citizen review panels;
- expungement of unsubstantiated and false reports of child abuse and neglect;
- preservation of the confidentiality of reports and records of child abuse and neglect, and limited disclosure to individuals and entities permitted in statute;
- provision for public disclosure of information and findings about a case of child abuse and neglect that results in a child fatality or near fatality;
- the appointment of a guardian ad litem to represent a child's best interests in court; and,
- expedited termination of parental rights for abandoned infants, and provisions that make conviction of certain felonies grounds for termination of parental rights.

The CAPTA State Grant program provides states with flexible funds to improve their child protective service systems in one or more of the following areas:

- the intake, assessment, screening, and investigation of reports of abuse and neglect;
- protocols to enhance investigations;
- improving legal preparation and representation;
- case management and delivery of services provided to children and their families;
- risk and safety assessment tools and protocols;
- automation systems that support the program and track reports of child abuse and neglect;
- training for agency staff, service providers, and mandated reporters; and
- developing, strengthening, and supporting child abuse and neglect prevention, treatment, and research programs in the public and private sectors.

The Department requests $381,708 federal funds and 3.0 FTE for this line item, including annualization of the FY 2009-10 mail upgrade decision item and BA #NP1 (the PERA adjustment). **Staff recommends the Committee approve the request.** Staff's recommendation, calculated consistent with common policy, is reflected below.

Summary of Recommendation: Federal Child Abuse Prevention and Treatment Act Grant		
Description	**Federal Funds**	**FTE**
FY 2008-09 Personal Services	$210,353	3.0
BA #NP1 (PERA adjustment)	(4,319)	0.0
Subtotal: Personal Services	**206,034**	**3.0**
Operating Expenses (Assuming $500/FTE)	1,500	0.0
Annualize FY 2009-10 mail upgrade	(40)	0.0
Amount Available for Various Activities Authorized Under Federal Law2	174,174	0.0
TOTAL RECOMMENDATION	**$381,708**	**3.0**

CHILD WELFARE ACTION COMMITTEE (H.B. 08-1404)

House Bill 08-1404 funded the executive order that established the Child Welfare Action Committee. The FY 2008-09 appropriation was comprised of $350,000 General Fund and $200,000 cash funds from the Child Welfare Action Committee Cash Fund. This cash fund was created by the bill and initially funded via a statutory requirement that the first $200,000 of the Department of Human Services' FY 2007-08 General Fund reversions would be deposited into the cash fund. Funding related to the cash fund continued to be reflected in FY 2009-10. **As the funding is projected to be exhausted and the Committee is completing its work, the Department requests, and staff recommends, eliminating this line item.**

CHILD WELFARE FUNCTIONAL FAMILY THERAPY

Through FY 2009-10 Decision Item #4, the Department requested creation of a new program for $3,281,941, including $2,632,599 General Fund, to support four functional family therapy teams and 0.5 FTE at the Department to oversee these efforts. Funding was eliminated through supplemental action is not requested for FY 2010-11.

FOOTNOTES

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

23 **Department of Human Services, Division of Child Welfare, Family and Children's Programs** -- It is the intent of the General Assembly that $4,088,723 of the funds appropriated for this line item be used to assist county departments of social services in implementing and expanding family- and community-based services for adolescents. It is the intent of the General Assembly that such services be based on a program or programs that have been demonstrated to be effective in reducing the need for higher cost residential services.

Comment: This targeted funding was added by the General Assembly between FY 2003-04 and FY 2005-06 with the intent of ensuring that new child welfare funding be used as effectively as possible.

24 **Department of Human Services, Division of Child Welfare, Performance-based Collaborative Management Incentives –** The total appropriation in this line item exceeds the projected ongoing revenue stream for the Collaborative Management Incentives Cash Fund. Therefore, appropriations at the current level may not be available when reserves are exhausted.

Comment: The current projection for this cash fund, reflected below, indicates that reserves can continue to support the program through FY 2010-11, if current appropriations levels remain constant. However, reductions in spending or increases in revenue are anticipated to be required by FY 2011-12.

Staff recommends the following footnotes be **continued as amended**:

22 **Department of Human Services, Division of Child Welfare** -- It is the intent of the General Assembly to encourage counties to serve children in the most appropriate and least restrictive manner. For this purpose, the Department may transfer funds among all line items in this long bill group total for the Division of Child Welfare, EXCEPT THAT THE DEPARTMENT MAY NOT TRANSFER FUNDS FROM NON-CUSTODIAL LINE ITEMS TO THE CHILD WELFARE ADMINISTRATION LINE ITEM TO INCREASE FUNDING FOR PERSONAL SERVICES.

Comment: As previously discussed, staff believes it may be appropriate to limit the Division's flexibility somewhat.

INFORMATION REQUESTS

Staff recommends the following information requests be **continued**:

32. **Department of Human Services, Division of Child Welfare; and Totals –** The Department is requested to provide a report to the Joint Budget Committee by October 1 of each fiscal year concerning the amount of federal revenues earned by the State for the previous fiscal year, pursuant to Title IV-E of the Social Security Act, as amended; the amount of money that was expended for the previous state fiscal year, including information concerning the purposes of the expenditures; and the amount of money that was credited to the Excess Federal Title IV-E Reimbursements Cash Fund created in Section 26-1-111(2) (d) (II) (C), C.R.S.

Comment: The report is requested annually and is extremely useful in the budgeting process.

33. **Department of Human Services, Division of Child Welfare** -- The Department is requested to provide to the Joint Budget Committee, by November 1 of each year, information concerning the gross amount of payments to child welfare service providers, including amounts that were paid using revenues other than county, state, or federal tax revenues. The Department is requested to identify amounts, by source, for the last two actual fiscal years.

Comment: The Department has provided the requested information annually. Staff believes the report provides useful background information for staff and interested legislators and members of the public.

35. **Department of Human Services, Division of Child Welfare, Child Welfare Services --** The Department is requested to provide to the Joint Budget Committee, by November 1 of each year, information concerning actual expenditures for the last two fiscal years for services that are now funded through this consolidated line item. Such data should include the following: (a) program services expenditures and the average cost per open involvement per year: (b) out-of-home placement care expenditures and the average cost per child per day; and (c) subsidized adoption expenditures and the average payment per child per day.

Comment: The Department has provided the requested information annually. Staff believes the report provides useful background information for staff and interested legislators and members of the public.

Staff recommends that the following information requests be discontinued.

6. **Department of Health Care Policy and Financing, Medicaid Mental Health Services; and Department of Human Services, Division of Child Welfare, Mental Health and Alcohol and Drug Abuse Services, and Division of Youth Corrections -** The Departments are requested to provide the following data by October 1, 2009, by county, for the state's ten largest counties, using the most recent actual data consistently available:

   (1) county child welfare expenditures, including both child welfare block and core services expenditures;
   (2) youth corrections expenditures;
   (3) mental health capitation payments to BHOs for children, identifying amounts for children in foster care and children served based on income (AFDC);
   (4) number of children eligible for mental health capitation payments, identifying children based on foster care status and children eligible based on income (AFDC);
   (5) mental health capitation encounter data (numbers receiving services and estimated expenditures) for children in foster care and children eligible based on income (AFDC);
   (6) expenditures of Alcohol and Drug Abuse treatment dollars, by county, for children receiving child welfare services, specifying, at a minimum, funding allocated by the state for this specific purpose;
   (7) Any other data, readily available, that might shed light on the extent to which multiple state funding sources support services for children currently in the child welfare

system and those who exhibit similar needs to children in the child welfare system, although they may be served in other systems (such as youth corrections).

Comment: The Departments provided the requested data. No further information is presently required.

34. Department of Human Services, Division of Child Welfare, Training -- The Department is requested to provide additional information on the State's child welfare training efforts and the need for child welfare training funds, including the following: (1) the number of individuals employed and annual rate of turnover, by county, for child welfare caseworkers and supervisors and any other job classification for which the Department provides training; and (2) the number of training sessions provided and anticipated to be required annually, based on the data provided on county employees and turnover. This report is requested to be submitted by June 30, 2010.

Comment: The Department has indicated it is unable to provide data on county turnover. Information on the training sessions and utilization will be provided by June 30, 2010.

(6) DIVISION OF CHILD CARE

Background Information: Federal Child Care Funds. Unlike most sources of federal funds, the General Assembly has the authority to appropriate federal Child Care Development Funds (CCDF). The CCDF funds available to the state each year consist of three components. Each component, summarized below, has its own rules regarding funding and periods of obligation and expenditure.

- *Mandatory Funds* - Each state receives "mandatory" funds based on the historic federal share of expenditures in the state's Title IV-A child care programs (AFDC, JOBS, Transitional, and At-Risk Child Care). No state match is required to spend mandatory funds. Mandatory funds are available until expended, unless the state chooses to expend federal "matching" funds. To qualify for its share of federal matching funds, a state must obligate its mandatory funds by the end of the federal fiscal year in which they are granted.

- *Matching Funds* - A state's allocation of federal matching funds is based on the state's relative share of children under age 13. A state is required to match expenditures of this source of funds based on its applicable federal medical assistance percentage rate (50/50 for Colorado). Matching funds are available to a state if: (a) its mandatory funds are obligated by the end of the federal fiscal year in which they are awarded; (b) within the same fiscal year, the state meets the federal child care *maintenance of effort (MOE) requirement*; and (c) its federal and state shares of the matching funds are obligated by the end of the fiscal year in which they are awarded. Matching funds must be fully expended in two years. With respect to the MOE requirement, a state must continue to spend at least the same amount on child care services that it spent on the Title IV-A child care programs in FFY 1994 or FFY 1995, whichever was greater, to be eligible for its share of the matching funds.

- *Discretionary Funds* - The allocation of these funds among states is based on: a state's relative share of children under age five; a state's relative share of children receiving free or reduced price school lunches under the National School Lunch Act; and, a state's per capita income. No state match is required to spend discretionary funds. States have two years to obligate their Discretionary funds and an additional year to liquidate those obligations. Since FFY 2001, Congress has targeted certain portions of discretionary funds. Thus, a state is required to spend these *targeted discretionary funds* each year for specific types of activities designed to enhance the quality of care, including infant and toddler care as well as school-age care and resource and referral services. In addition to these targeted funds, a states must spend at least *four percent* of all of its expenditures for child care (including the state share of matching funds) on quality activities. Examples of quality activities include:

    - ✓ practitioner training and technical assistance;
    - ✓ grants or loans to allow programs to purchase needed equipment, make minor renovations, develop new curricula, or pursue accreditation;
    - ✓ use of the federal funds to train or to lower caseloads for licensing staff; and
    - ✓ grant programs specifically aimed at improving wages for child care providers.

In addition to the Child Care Development Fund federal allocations:

- *TANF Transfer Funds* - The State may effectively transfer up to 20 percent of its Temporary Assistance to Needy Families (TANF) block grant to the Child Care Development Fund (CCDF) block grant.[4] Because most TANF funds are allocated to counties, the State has historically allowed counties to determine the share of their TANF allocations they will transfer to the child care block. In its 2008 audit of the Child Care Assistance Program, the State Auditor's Office noted that the General Assembly could make this decision at the front-end by appropriating a share of the annual TANF allocation to child care programs. However, because counties presently have wide discretion in structuring their Colorado Works and Child Care Assistance Programs, the Department has thus far supported leaving TANF-transfer decisions at the county level. Because of this, there have been large swings in the amount of total spending for child care programs that has been outside of the control of the General Assembly.

American Recovery and Reinvestment Act. The American Recovery and Reinvestment Act of 2009 (the 2009 economic stimulus bill) included an additional $2.0 billion for states for the period from October 1, 2008 though September 30, 2010 for the Child Care Development Fund block grant. The table below reflects Colorado amounts for FY 2008-09 and FY 2009-10. No additional ARRA funding is available for FY 2010-11.

American Recover and Reinvestment Act Colorado Child Care Funding

	FY 2008-09 Actual	FY 2009-10 Approp.	Two year total
Child Care Assistance Program - ARRA Funding.	$10,569,227	$10,569,228	$21,138,455
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements - ARRA Funding.	0	3,173,850	3,173,850
TOTAL	$10,569,227	$13,743,078	$24,312,305

FFY 2010-11 Federal Budget Request for Child Care. The federal executive budget request includes $1.6 billion in additional Child Care Development Funds. The request includes $800 million in discretionary funding that requires no match and $782 million in amounts that would require a match. Given that Colorado received 1.21 percent of the total federal ARRA child care funding (consistent with its typical share for child care), it's reasonable to anticipate that Colorado might receive about $19.2 million in additional funding, including about $9.7 in discretionary and $9.5 million in matching amounts if the federal request were approved. This would represent an overall increase in the annual federal grant of about 30 percent. **However, based on conversations with**

[4] Transfer of up to 30 percent to either CCDF or the Title XX (Social Services) block grant is permitted, with a maximum of 10 percent to Title XX. As the transfer to Title XX is consistently used up for child welfare services, up 20 percent is available for transfer to CCDF.

individuals working on supporting this legislation in Congress, there is great uncertainty about whether an increase at even half this level will be approved, and increases could be minimal.

Projection for Federal Child Care Development Funds. The table below reflects the overall staff recommendation concerning the use of state-appropriated federal child care development funds for FY 2010-11 and projections for future years **excluding any federal increase that may be approved in the FFY 2010-11 budget**. As can be seen:

- The staff recommendation is for spend-down of CCDF reserves at an ongoing rate of $1.5 million per year. This includes a staff-recommended reduction in General Fund support to address the state budget crisis and a backfill of Title XX funds (which staff proposes to transfer to the Division of Child Welfare).

In relation to this, it should also be noted that the projection:

- Assumes no federal funds increases or decreases in spending for the Colorado Child Care Assistance Program (CCAP) or to spending for "quality" activities. The exception is that CCAP funds are transferred to the CHATS program line item in FY 2011-12 to support ongoing maintenance of the new CHATS system consistent with the expectation when the project was launched.

FEDERAL CHILD CARE DEVELOPMENT FUNDS (CCDF)							
	FY 2009-10	FY 2010-11		FY 11-12	FY 12-13	FY 13-14	FY 14-15
	Estimate*	Request	Recommend	Projection	Projection	Projection	Projection
FUNDS AVAILABLE:							
CCDF Funds Rolled Forward (inc. ARRA)	30,864,095	8,170,208	8,170,208	4,170,239	2,711,741	1,253,243	(205,255)
New Annual CCDF Award	63,846,995	63,946,429	63,946,429	63,946,429	63,946,429	63,946,429	63,946,429
TOTAL TANF FUNDS AVAILABLE	**94,711,090**	**72,116,637**	**72,116,637**	**68,116,668**	**66,658,170**	**65,199,672**	**63,741,174**
CCDF EXPENDITURES:							
CHATs Information System Operating	165,731	1,738,808	1,690,969	2,207,219	2,207,219	2,207,219	2,207,219
CHATS Capital, Other (prev. approp'd)	*9,756,757*	*2,541,471*	*2,541,471*	0	0	0	0
Other Indirect Costs and Information Systems	973,844	956,194	1,206,194	1,206,194	1,206,194	1,206,194	1,206,194
Child Care Assistance Program	50,980,067	49,460,563	50,944,166	50,427,916	50,427,916	50,427,916	50,427,916
ARRA Child Care Funding	13,579,077	0	0	0	0	0	0
Child Care Licensing and Administration	3,403,428	3,403,428	3,381,620	3,381,620	3,381,620	3,381,620	3,381,620
Child Care Grants (including targeted)	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633
Early Childhood Councils	1,979,040	1,979,040	2,479,040	2,479,040	2,479,040	2,479,040	2,479,040
School-readiness Child Care Subsidization	2,229,305	2,229,305	2,229,305	2,229,305	2,229,305	2,229,305	2,229,305
TOTAL EXPENDITURES	**86,540,882**	**65,782,442**	**67,946,398**	**65,404,927**	**65,404,927**	**65,404,927**	**65,404,927**
AVAILABLE FUNDS LESS EXPENDITURES	**8,170,208**	**6,334,195**	**4,170,239**	**2,711,741**	**1,253,243**	**(205,255)**	**(1,663,753)**
Annual Grant Compared to Annual Expenditures	(22,693,887)	(1,836,013)	(3,999,969)	(1,458,498)	(1,458,498)	(1,458,498)	(1,458,498)

CHILD CARE LICENSING AND ADMINISTRATION

Staffing Summary	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommend.
Management (Management, General Professional VI and VII)	7.0	7.0	7.0	7.0
Program Assistants	4.2	4.3	4.3	4.3
General Professional/ Licensing Specialists	41.8	46.0	46.2	46.2
Administrative and Technical Support	5.6	6.5	6.5	6.5
TOTAL	58.6	63.8	64.0	64.0

The Division of Child Care is responsible for inspecting, licensing and monitoring child care facilities throughout the state, including child care homes and centers, preschool and school-age child care programs, homeless youth shelters, and summer camps, as well as 24-hour facilities (such as residential treatment facilities, residential child care facilities, and child placement agencies). In some counties, the Division contracts with local entities (*e.g.*, county departments of social services, county health departments, child placement agencies) to perform licensing functions for certain types of facilities. In addition, the Division supervises the county-administered Child Care Assistance Program, and it performs several quality-related functions. This line item provides funding for all Division staff, except the 1.0 FTE associated with the School-readiness Child Care Subsidization Program and the 1.0 FTE associated with the Early Childhood Councils. Of the total appropriation for this line item:

- 39.2 FTE and 72 percent of the total funding (56 percent of the General Fund) relate to licensing all child care facilities and monitoring less-than-24-hour child care facilities;

- 10.0 FTE and 14 percent of the total funding (34 percent of the General Fund) relate to monitoring 24-hour child care facilities; and

- 14.6 FTE and 14 percent of the total funding (11 percent of the General Fund) relate to general administration of the Division (the Division Director, staff that administer the Child Care Assistance Program and child care grants program, staff that provide training and technical assistance to providers and county staff, and staff that ensure compliance with federal laws and regulations).

Licensing Fees. Pursuant to Section 26-6-105, C.R.S., the Department is to establish license fees pursuant to rules promulgated by the State Board of Human Services. Such fees are not to exceed the direct and indirect costs incurred by the Department. The Department is to develop and implement an objective, systematic approach for setting, monitoring, and revising child care licensing fees by developing and using an ongoing method to track all direct and indirect costs associated with child care inspection licensing, developing a methodology to assess the relationship between licensing costs and fees, and annually reassessing costs and fees and reporting the results to the State Board. The Department is to consider the licensed capacity of facilities and the time required to license facilities.

In recent years, child care licensing fees have covered between 11 and 15 percent of the costs of the licensing program: cash funds represent about 13 percent of the portion of the child care administration budget allocated for licensing 24-hour and other facilities in FY 2009-10. Fees have been adjusted approximately every five years, with the most recent adjustment September 1, 2008 (there were no FY 2009-10 increases). Fees range from $24 per year for a smaller family child care home to $792 for an initial license for a residential child care facility, with higher fees for secure facilities.

Licensing Caseloads. Division staff were expected to license 7,431 child care homes and facilities in FY 2009-10. As part of budget reduction initiatives, the Department requested, and the General Assembly approved, a reduction in child care licensing staff (3.5 FTE or 8.2 percent of the licensing staff). This leaves licensing caseloads at about 150 cases per worker. The Division applies a risk-based system in the licensing process. Well established, high performing child care centers may be visited as little as once every three years, although centers that are new or have a history of problems are visited more frequently.

Summary of Department Request and Staff Recommendation. The Department's request for this line item for 6,755,429 ($2,291,552 General Fund) and 64.0 FTE. The request and recommendation are detailed in the table below.

Summary of REQUEST: Licensing and Administration					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
S.B. 09-259 Personal Services	4,470,531	2,078,816	720,559	1,671,156	67.1
Annualize FY 2009-10 DI #18	28,436	0	0	28,436	0.4
Annualize 1.8 percent personal services cut	81,009	40,516	11,302	29,191	0.0
Annualize 1 x child care licensing refinance	0	110,000	(110,000)	0	0.0
August #6 (reduce child care staff)	(178,808)	(178,808)	0	0	(3.5)
BA #NP1 (PERA adjustment)	(90,717)	(44,252)	(12,755)	(33,710)	0.0
Subtotal - Personal Services	**4,310,451**	**2,006,272**	**609,106**	**1,695,073**	**64.0**
S.B. 09-259 Operating Expenses	481,885	298,410	138,980	44,495	0.0
Annualize FY 2009-10 DI #18	0	0	0	0	0.0
Annualize FY 2009-10 postage increase	(9,375)	0	0	(9,375)	0.0

Summary of REQUEST: Licensing and Administration					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
Supplemental/BA NP #2 (Mail upgrade)	2,137	0	0	2,137	0.0
SBA #4 CHATS (replaces BA #2)	166,397	0	0	166,397	0.0
SBA #8 operating expense reduction	(13,130)	(13,130)	0	0	0.0
Subtotal - Operating Expenses	**$627,914**	**$285,280**	**$138,980**	**$203,654**	**0.0**
S.B. 09-259 Licensing Contractual	1,858,168	0	0	1,858,168	0.0
Base Reduction #4 (provider rates)	(41,104)	0	0	(41,104)	0.0
Subtotal - Licensing Contractual	**$1,817,064**	**$0**	**$0**	**$1,817,064**	**0.0**
TOTAL REQUEST	**$6,755,429**	**$2,291,552**	**$748,086**	**$3,715,791**	**64.0**

Summary of RECOMMENDATION: Licensing and Administration					
Description	**Total Funds**	**General Fund**	**Cash Funds**	**Federal Funds**	**FTE**
S.B. 09-259 Personal Services	4,470,531	2,078,816	720,559	1,671,156	67.1
Annualize FY 2009-10 DI #18	31,390	0	0	31,390	0.4
Annualize 1.8 percent personal services cut	81,009	40,516	11,302	29,191	0.0
Annualize 1 x child care licensing refinance	0	110,000	(110,000)	0	0.0
August #6 (reduce child care licensing staff)	(215,579)	(215,579)	0	0	(3.5)
BA #NP1 (PERA adjustment)	(90,717)	(44,252)	(12,755)	(33,710)	0.0
Subtotal - Personal Services	**4,276,634**	**1,969,501**	**609,106**	**1,698,027**	**64.0**
S.B. 09-259 Operating Expenses	481,885	298,410	138,980	44,495	0.0
Annualize FY 2009-10 DI #18	(2,505)	0	0	(2,505)	0.0
Annualize FY 2009-10 postage increase	(7,207)			(7,207)	0.0
August #6 (reduce child care staff)	(3,325)	(3,325)	0	0	0.0
Supplemental/BA NP #2 (Mail upgrade)	2,137	0	0	2,137	0.0
SBA #4 CHATS (replaces BA #2)	0	0	0	0	0.0
SBA #8 operating expense reduction	(13,130)	(13,130)	0	0	0.0
Subtotal - Operating Expenses	**$457,855**	**$281,955**	**$138,980**	**$36,920**	**0.0**
S.B. 09-259 Licensing Contractual	1,858,168	0	0	1,858,168	0.0

Summary of RECOMMENDATION: Licensing and Administration					
Description	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Base Reduction #4 (provider rates)	(41,104)	0	0	(41,104)	0.0
Subtotal - Licensing Contractual	**$1,817,064**	**$0**	**$0**	**$1,817,064**	**0.0**
TOTAL RECOMMENDATION	**$6,551,553**	**$2,251,456**	**$748,086**	**$3,552,011**	**64.0**

The differences between the staff recommendation and the request include the following:

SBA #4 - Child Care Automated Tracking System

The Department requested a supplemental and budget amendment (BA #2), which it subsequently replaced with BA #4, to add $166,397 federal funds for training and technical support associated with the new Child Care Automated Tracking System. This item was incorrectly requested in the Child Care Licensing and Administration line item. Supplemental action added the related funding in the Office of Information Technology Services, Child Care Automated Tracking System line item. Consistent with the supplemental action, the staff recommendation includes funding for this purpose in the Child Care Automated Tracking System line item in the Office of Information Technology Services rather than here.

Annualization of FY 2009-10 Actions

The request and recommendation include minor differences for annualization of FY 2009-10 DI #18 and the FY 2009-10 postage increase, based on staff records. Further, consistent with the staff recommendation for Department's Supplemental August #6, the recommendation includes a larger dollar reduction associated with eliminating 3.5 FTE licensing staff than was requested. The Department proposed dollar reductions for FTE consistent with the minimum salaries for the positions to be eliminated (GP II and III positions). The staff recommendation is based on average salaries within the Division. Detail on the FTE and associated salaries is outlined in the staff supplemental figure setting packet dated January 20, 2010.

FINES ASSESSED AGAINST LICENSES

Senate Bill 99-152 created the Child Care Cash Fund, which consists of fines collected from licenses by the Department [see 26-6-114 (5), C.R.S.]. Moneys in the Fund are continuously appropriated to the Department "to fund activities related to the improvement of the quality of child care in the state of Colorado". **The Department requested a continuation level of $32,000. Staff recommends $15,000 for informational purposes for FY 2010-11, based on the level of fines collected in recent years.**

AUTOMATED CHILD CARE ASSISTANCE PROGRAM SYSTEM REPLACEMENT

This line item funded temporary operating costs associated with the replacement and upgrade of a system for managing child care assistance payments, known as the Child Care Automated Tracking System (CHATS). The Department requested $0 for this line item for FY 2010-11, including the impact of Decision Item #4, which moves the project from the development phase to the ongoing operations phase. **Staff recommends the request for no funding for this line item**. The staff recommendation for Decision Item #4 - CHATS Replacement, as well as the overall staff recommendation for the Child Care Automated Tracking System line item in the Office of Information Technology Services is detailed below. It is assumed that any FY 2010-11 costs associated with roll-out will be funded from the new line item in the Office of Information Technology Services.

OFFICE OF INFORMATION TECHNOLOGY SERVICES, CHILD CARE AUTOMATED TRACKING SYSTEM

Starting in FY 2007-08, the General Assembly authorized the Department to proceed with the replacement and upgrade of its system for managing child care assistance payments, known as the Child Care Automated Tracking System (CHATS). Most of the project is funded through the capital construction budget using state-appropriated federal Child Care Development Funds, with a small additional appropriation in the operating budget. The project has a $14.7 million capital budget and is currently in development phase, with active development and piloting now anticipated between March 2009 and November 2010.

The FY 2010-11 budget request reflects establishing an ongoing operating budget for CHATS in the Department's Office of Information Technology Services. While an older CHATS system has existed in the Department for many years, the new system will require substantially more ongoing information technology funding and supervision related to the "Point of Sale" (POS) technology for the system. Because of the transition from development to ongoing funding for this line item in FY 2010-11, staff figure setting for this line item has been included in figure setting for the Division of Child Care. Beginning with FY 2011-12, after this project has been fully rolled-out and is in an ongoing funding mode, staff anticipates that the funding associated with this line item will be set during figure setting for the Office of Information Technology Services, rather than in the Division of Child Care.

Additional Project Background. CHATS is a data system that supports the Department and all counties in managing the subsidized child care program (total expenditures of $70 to $100 million, depending on the year). The system serves over 48,000 children within 23,000 low income and disadvantaged families who receive services from 10,000 licensed and legally exempt child care providers. CHATS current functions include: client administration, provider administration, payments, recovery, program technical assistance, program monitoring, and reporting. It was first developed in 1995 on mainframe technology.

After denying the request during the 2006 session, the General Assembly approved the request during the 2007 legislative session. The proposal was to replace the current CHATS system with a web-based system that uses "point of sale" technology and to build the new system from scratch over a two-year period, using an outside vendor. A significant portion of the cost is for "point of sale" technology that would allow a family to "swipe" a child care assistance program "credit card" that would reflect the family's child care assistance program allocation. The new system is expected to have a life span of 10 years. Equipment lease and maintenance costs of approximately $1.2 million per year would be ongoing during this period. The majority of such maintenance costs are associated with the "point of sale" technology.

In June 2008, the Department requested, and received, authorization from the Capital Development Committee and the JBC to proceed with the project at a new higher cost of $14,757,783 based on bids received (prior project estimate was $8,541,664). Based on Committee action in June and September in 2008, the project's official start date (for purposes of the three-year capital appropriation) was June 20, 2008, although due to various delays, active work on the project did not begin until Spring 2009. In addition to existing reserves of Child Care Development Fund moneys, the Department requested and received authorization to use $2.0 million in Temporary Assistance to Needy Families (TANF) state-held reserves that will be transferred to the Child Care Development Fund for this purpose.

The Department has projected annual savings associated with the project (after three years) of approximately $10.0 million per year associated with reduced fraud and errors. Staff believes a more realistic estimate may be $5.0 million; however, even with the much higher development cost reflected in this updated request and staff's conservative savings estimate, the savings can be expected to offset total project costs within five years of full implementation, assuming capital costs of $14.7 million and ongoing annual maintenance costs of $1.2 million once the project is operational. (Additional information on the project's projected benefits was included in prior year staff documents and is available upon request.)

The **time-frame for the project has been repeatedly delayed**:

- The Department originally requested the project as an FY 2006-07 capital construction request. The General Assembly did not approve the project until FY 2007-08, due to ongoing concerns about the roll-out of the CBMS system and desire that the Executive focus on resolving those issues before a new system was approved.
- Rather than beginning during FY 2007-08 when the capital appropriation for CHATS was first approved, contractual negotiations were only completed during FY 2008-09, after approval of a much larger appropriation for the project.
- Although the Department anticipated contractual negotiations would be completed shortly after the 2008 interim supplemental was approved, active system development only began in March 2009.

- Most recently, the full system implementation date has slipped five months from July 1, 2010 to September 2010 (November 2009 estimate) to December 1, 2010 (January 2010 estimate).

Project Budget. The tables below reflects capital costs for the project, as finally approved, and operating costs as approved for FY 2008-09 and FY 2009-10, and requested FY 2010-11. The Department is uncertain as to whether ongoing maintenance costs for point of sale technology will also prove higher than the feasibility study estimates (as the capital components did), though it notes that point of sale development costs in the final capital budget are actually lower than originally anticipated.

CHATS Information Technology System Replacement - Capital Development Costs	
	FY 2007-08 3-year Appropriation, as amended - effective through June 2011
Capital	
Development vendor	$11,547,651
Development software	370,904
Development hardware	78,393
Independent Validation (I V & V)	230,560
Point of sale (POS) hardware	1,818,000
Contingency (5 percent)	702,275
Subtotal - CAPITAL appropriation	**$14,747,783**

CHATS Information Technology System Replacement Operating Costs				
Funds Appropriated and Requested to-date				**Estimated Project Operating Costs (FY 2007-08 Decision Item)**
	FY 08-09 Approp	FY 09-10 Approp.	FY 2010-11 Request*	1st full year operating
Operating				
Pilot costs (3 months)	$0	$103,246	$0	$0
Materials and supplies	6,500	0	0	0
Maintenance of hardware	33,333	0	0	33,333
Maintenance of software	0	0	722,750	1,205,958
Telecommunications	7,852	0		0

CHATS Information Technology System Replacement Operating Costs				
	Funds Appropriated and Requested to-date			Estimated Project Operating Costs (FY 2007-08 Decision Item)
	FY 08-09 Approp	FY 09-10 Approp.	FY 2010-11 Request*	1st full year operating
Training	0	62,485	166,397	0
Subtotal - Operating	**$47,685**	**$165,731**	**$889,147**	**$1,239,291**

*Based on full roll-out by December 1, 2010 (7 months operating in FY 2010-11) Cost allocation amounts are for a full year and relate to prior CHATS system and not solely new system. Includes training amount requested in Child Care Licensing and Administration line item.. Excludes cost-allocation amounts not specifically tied to the new system.

Summary of CHATS Line Item Request and Recommendation. The table below summarizes the Department's request for the new CHATS line item in the Office of Information Technology Services (totaling to the $1,690,969 above), as well as related adjustments requested to other line items in the Division of Child Care.

Summary Department Request - All CHATS-related Items				
	Office of Information Technology Services, CHATS line item	**Other Affected Line Items**	**Amount Change, Other Child Care Line Items**	**Net Request, Federal Child Care Development Funds**
Decision Item #4, Amended SBA #2 - CHATS Point of Sale Maintenance	$722,750	Child Care Assistance program	($619,504)	
		Child Care assistance Program, Automated System Replace	(103,246)	
		Subtotal	(722,750)	$0
Budget Amendment #2, Amended SBA #4 - CHATS Support Contract	$0	Child Care Licensing and Administration	$166,397	$166,397
SBA #1 - CHATS Infrastructure	$801,822	Multiple ITS line items, but none in Division of Child Care	$0	$801,822
Total - REQUEST	**$1,524,572**		**($556,353)**	**$968,219**

Summary Staff Recommendation - All CHATS-related Items				
	Office of Information Technology Services, CHATS line item	**Other Affected Line Item**	**Amount Change, Other Line Item**	**Net Request, Federal Child Care Development Funds**
Decision Item #4, Amended SBA #2 - CHATS Point of Sale Maintenance	$722,750	Child Care Assistance Program	($619,504)	
		Child Care assistance Program, Automated System Replace	(103,246)	
		Subtotal	(722,750)	$0
Budget Amendment #2, Amended SBA #4 - CHATS Support Contract	$166,397	Child Care Licensing and Administration	$0	
		Child Care Assistance Program	($166,397)	$0
SBA #1 - CHATS Infrastructure	$801,822	Multiple ITS line items, but none in Division of Child Care	$0	$801,822
Total - RECOMMEND	**$1,690,969**		**($889,147)**	**$801,822**

Decision Item #4, Amended SBA #2 -CHATS Point of Sale Maintenance

This request, as amended, is based on the ongoing point of sale technology maintenance costs for the CHATS system, as outlined in the 2004 feasibility study for the new system. The feasibility study anticipated ongoing costs associated with use of "swipe cards" in child care facilities. The amendment to the Department's November request was based on a revised time line for the project, in which full implementation occurs December 1, 2010. Thus, only seven months of funding are required in FY 2010-11, instead of the twelve months originally requested.

Consistent with legislative intent, reflected in footnotes when the project was first approved, the request includes reducing the Child Care Assistance Program line item by the amount of any increase for the CHATS system. This is based on the expectation that, by eliminating errors and fraud in the current child care system, there will be net savings in child care assistance funding required.

As discussed above, system roll-out has been repeatedly delayed. Staff believes system delays may be appropriate, particularly to the extent that they reflect an effort to ensure that the final product has been adequately tested. Staff has seen numerous past examples in which new systems were rolled out prematurely, ultimately costing the state money. The project was approved with conditions outlined in Long Bill footnotes in FY 2007-08, FY 2008-09, and FY 2009-10. Among the conditions outlined in this footnote are that the "go/no go decision" should be made with input from countyusers. **Staff assumes that delays thus far will help to ensure the final system has been adequately piloted.**

The current request for ongoing costs is based on a feasibility study completed in 2004. However, staff understands that the Department has solicited updated information from companies involved in this kind of work which indicates that the final costs should be very similar to those included in the original feasibility study. In light of this, staff recommends the requested change.

Supplemental and Budget Amendment #2, Amended SBA #4 - CHATS Support Contract

Supplemental/Budget Amendment #2 was a request for $62,485 federal funds, annualizing to $214,236 federal funds in FY 2010-11 for training and support contracts for the new Child Care Automated Tracking System. As discussed in the staff supplemental packet dated January 20, 2010, the request included funding for two contract staff: a CHATS trainer to assist with training providers and county and state level uses prior to the beginning of the pilot implementation phase, and a CHATS customer support position to respond to additional requests for CHATS user technical assistance.

Staff recommended, and the Committee and ultimately General Assembly, approved the supplemental request but placed the funding in a different line item than requested. Although the Department requested this funding in the Child Care Licensing and Administration line item, it was funded in a new Child Care Automated Tracking System line item in the Office of Information Technology Services, as this was more consistent with the overall approach for funding the new system.

With respect to the supplemental, staff further recommended that, starting in FY 2011-12, the positions be changed from contract staff to regular FTE positions, as the amounts requested for two relatively low level contract staff appeared excessive. The Department subsequently submitted a new supplemental and budget amendment, indicating that the original request had been overstated. The revised request indicated that $48,532 was requested for FY 2009-10 and $166,397 was requested for FY 2010-11. **Staff does not recommend revising the FY 2009-10 funding amount**, given the small size of the differential and the Department's ability to under-spend any appropriation (which, in this case, will simply be retained in the state's reserves of federal child care funds).

The staff recommendation for FY 2010-11, however, is based on the Department's revised request. As discussed during the supplemental, staff believes these kinds of supports are important to a successful system roll-out, and the cost is not large when compared to the overall costs associated with the project. Although staff believes the new figure is more reasonable, staff would likely still recommend converting these positions to FTE starting in FY 2011-12, based on the costs outlined.

The only difference between the request and recommendation for FY 2010-11 is that staff recommends that the amount of the increase be offset with a decrease to the Child Care Assistance Program line item. Based on legislative intent expressed in footnotes over several years, the costs of the new CHATS system are to be covered through federal Child Care Development Funds. While the requested increase could be covered through CCDF reserves, the requested costs are ongoing and the reserves are temporary. Further, the new CHATS system is estimated to drive substantial expenditure reductions to the Child Care Assistance Program based on reduced improper payments. Thus, the staff recommendation reflects offsetting these additional costs--like other ongoing costs associated with the new CHATS system--with a reduction to the Child Care Assistance Program line item.

Stand-alone Budget Amendment #1 - CHATS Infrastructure

This component of the request is based on a Department determination that information technology costs associated with child care had not been sharing in the costs of maintaining statewide infrastructure, despite the fact that child care is one of the systems supported by this infrastructure.

As discussed during the figure setting for the Department of Human Services, Office of Information Technology Services, staff recommends this request. The request adjusts multiple line items in other department divisions (particularly the Office of Information Technology Services) and provides department-wide net General Fund savings of $391,767. Staff notes that the additional federal Child Care Development Fund amounts associated with this request will be drawn from remaining CCDF reserves, because CCDF expenditures already exceed annual CCDF revenue. Consistent with the request, **staff does not recommend associated reduction to other child care line items**, given that: (1) the costs for this item are not associated solely with the new CHATS system but with costs ongoing even under the old CHATS system; (2) staff anticipates significant increases for child care based on the current FFY 2010-11 budget requests at the federal level. (However, in the event that federal increases are not forthcoming, other child care line items would need to be reduced in future years associated with this initiative.)

Long Bill Footnote #25 - CHATS Replacement Conditions

Staff also recommends that FY 2009-10 Long Bill Footnote #25 be continued for this line item in FY 2010-11 as a record of legislative intent. This footnote has been vetoed each year; however, as it reflects the conditions on which the CHATS system replacement was approved, staff recommends its continuation until roll-out is completed in FY 2010-11. The only change shown is to the leader.

25 **Department of Human Services, OFFICE OF INFORMATION TECHNOLOGY SERVICES, CHILD CARE AUTOMATED TRACKING SYSTEM; AND Division of Child Care** **~~Child Care Assistance Program Automated System Replacement~~** -- It is the intent of the General Assembly that this project: 1) have a steering committee that includes a county commissioner, a county human services director, and a user of the system; 2) that the Department pilot the program before rolling it out; 3) that the steering committee, including the county representatives, should decide whether the system is "go" or "no go" at the roll out stages; and 4) that ongoing costs for maintenance and administration of this system be covered through savings in or reductions to the Colorado Child Care Assistance Program and remaining Child Care Development Fund reserves. The new system will not drive additional costs to the state General Fund.

The footnote was vetoed in both FY 2007-08, FY 2008-09 and FY 2009-10 but the Department was directed to comply to the extent feasible. In his veto message, the Governor indicated that he felt that the footnote goes beyond expressing legislative intent and violates the separation of powers by attempting to administer the appropriation. However, he indicated that he would ask the Department to consider the General Assembly's suggestions during the implementation of the project. The Department has indicated that it intends to comply, with the exception that the Executive Director will make the final "go/no go" decision, taking into consideration the recommendation of the steering committee.

CHILD CARE ASSISTANCE PROGRAM

Senate Bill 97-120 established the Colorado Child Care Assistance Program (CCCAP) in statute at Section 26-8-801 through 806, C.R.S. Child care subsidy programs, such as CCCAP, were promoted under 1996 federal welfare reform legislation to help families become financially independent. Subject to available appropriations, counties are *required* to provide child care assistance (subsidies) to any person or family whose income is less than 130 percent of the federal poverty level. Recipients of assistance are responsible for paying a portion of child care costs. Counties are also *authorized* to provide child care assistance for a family transitioning off the Works Program or for any other family whose income is between 130 percent of the federal poverty level ($23,803 for a family of three in 2009) and 85 percent of the state median income ($50,194 for a family of three in 2008).[5] This program comprises 82 percent of the appropriation for the Division of Child Care in FY 2009-10.

Pursuant to Sections 26-1-11 and 26-1-201, C.R.S., the Department supervises CCCAP services administered by county departments of human/social services. As for other public assistance programs, counties serve as agents of the State and are charged with administering the program in accordance with Department regulations

Effectively, this program serves three groups of low income families: (1) families receiving cash and other assistance through the Colorado Works Program; (2) families transitioning off of cash assistance; and (3) low income families. Low income families have always comprised the largest group receiving child care subsidies (about 85 percent in FY 2007-08). Children in families earning 130 percent or less of the federal poverty level make up about 70 percent of cases (includes those who qualify based on family enrollment in Colorado Works and those who qualify based on income).

[5] The income level cap was revised upward from 225 percent of the federal poverty level to the federal maximum of 85 percent of the state median income pursuant to H.B. 08-1265.

Department of Human Services Colorado Child Care Assistance Program Expenditures and Children Served Fiscal Years 2004 through 2009[1]						
Category	**FY 04-05**	**FY 05-06**	**FY 06-07**	**FY 07-08**	**FY 08-09**	**Percent Change FY 07-09**
Direct Child Care Expenses	73,200,000	67,100,000	66,100,000	76,800,000	82,964,205	25.5%
County Administration	8,200,000	8,500,000	8,300,000	9,400,000	10,413,168	25.5%
Recovery Act Funding	n/a	n/a	n/a	n/a	11,064,462	n/a
Total	81,400,000	75,600,000	74,400,000	86,200,000	93,377,373	25.5%
Children Served[2]	38,200	35,600	33,900	35,100	37,837	11.6%
Cost per Child	2,130	2,120	2,190	2,460	2,468	12.7%

Source: 2008 SAO Child Care Assistance Program Performance Audit, citing DHS County Financial Management System and annual CCCAP reports, updated with FY 2008-09 data from the same sources.

(1) Expenditures and children served reflect low income and Colorado Works child care funded by CCCAP

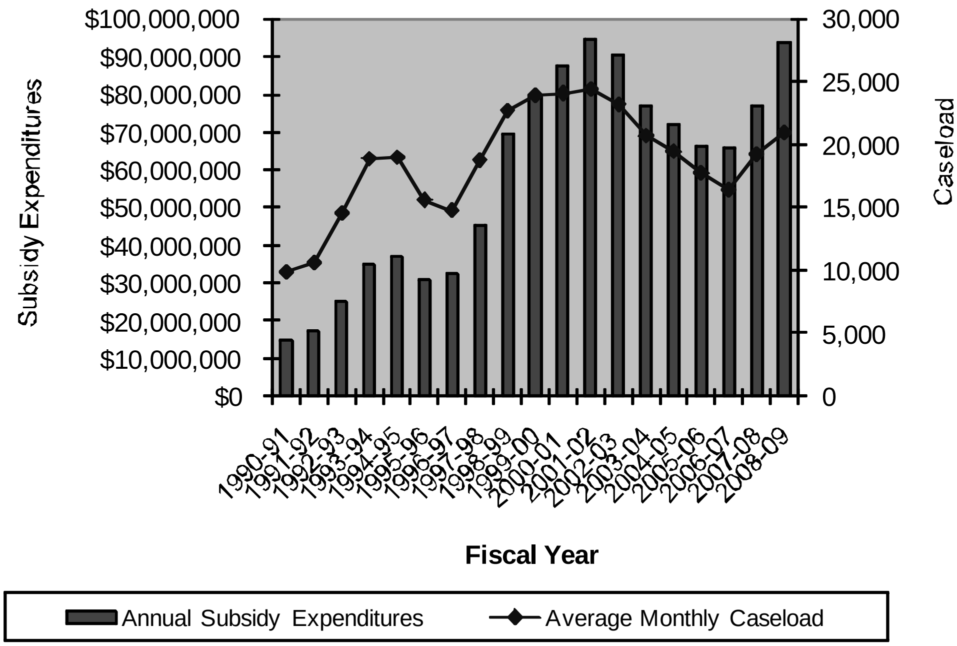
(2) Children served represents total children served in the year, regardless of length of time served

The funding provides for a block grant to each county for child care subsidies following an allocation formula that includes: (1) the number of children in the county ages 0-12; (2) the number of county children in the Food Stamp program; and (3) the previous year's CCCAP utilization. State statute provides counties substantial flexibility in structuring their child care subsidy programs. Specific county eligibility policies do vary and have changed over time. Variations include the income levels served up to 85 percent of the median income, reimbursement rates for child care providers, and whether students in higher education programs are eligible. An analysis contracted by the State Auditors in 2008 estimated that in FY 2004-05 the program served about 27 percent of those eligible; however, individual county coverage rates varied from 2 percent to 58 percent.[6]

The appropriation is comprised of state-appropriated federal Child Care and Development Fund (CCDF) block grant amounts, state General Fund, and county maintenance of effort and administrative amounts. Each county is required to spend, as a maintenance of effort, its share of an amount identified in the Long Bill each year. The Long Bill also reflects the estimated county share of program administration costs ($1.7 million of total county amounts).

[6]Analysis by Berkeley Policy Associates, cited in SAO Colorado Child Care Assistance Program Performance Audit, December 2008

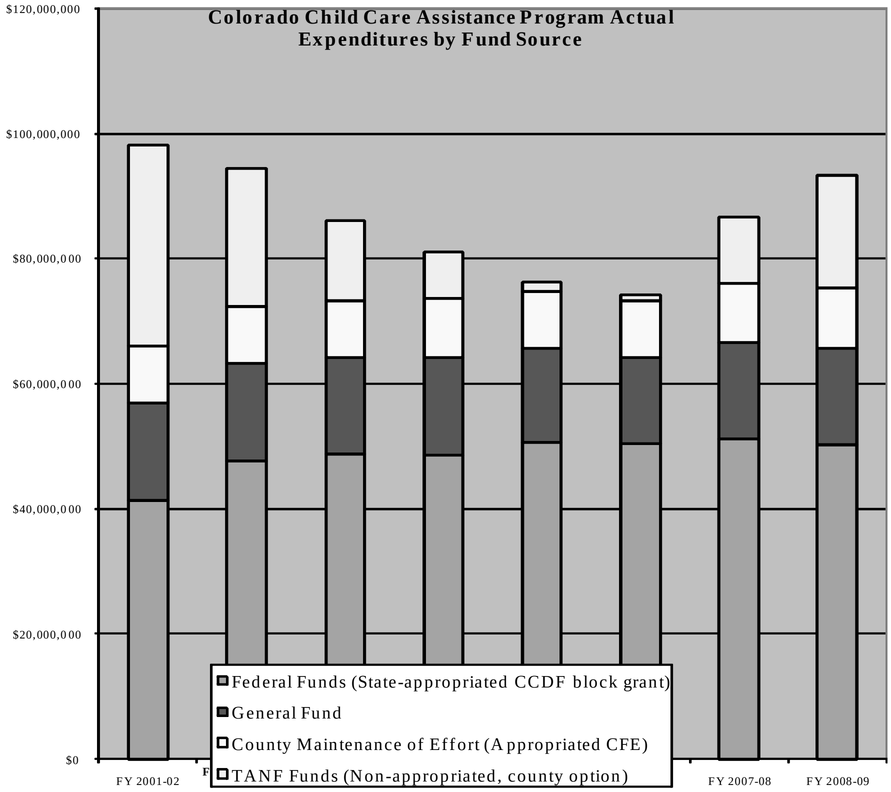
CCAP Subsidy Expenditures and Average Monthly Caseload



Overall funding sources for the program may include large county transfers from their Temporary Assistance to Needy Families (TANF) block grants. Counties are permitted to transfer up to 30 percent of their TANF allocations into CCDF and Title XX Child Welfare Funding. As the maximum of 10 percent is generally transferred to Title XX, 20 percent is generally available for transfer into Child Care. Funds expended for child care that are transferred from TANF are shown for actual years, but are not reflected in the appropriation for the Child Care Assistance Program.

Appropriations and Expenditure History. The chart illustrates the history of expenditures for CCCAP, as well as the average monthly number of children for whom subsidies are provided through CCCAP. As reflected in the chart, the history of the program reflects bursts of funding and caseload expansion, followed by rapid contraction. Both the annual appropriation for CCCAP and the number of children for whom subsidies were provided increased rapidly in the early 1990s. However, the caseload increased at a faster rate than appropriations, requiring the Department to institute a caseload freeze in January 1995. In July 1995, this caseload freeze was replaced with specific allocations to individual counties. The new allocation method reduced utilization temporarily. However, both state and local funding then increased substantially until federal welfare reform in FY 1997-98. At this point, growth in the program began to be fueled by a combination of federal CCDF block grant funds and transfers to this block grant from the TANF block grant.

Expenditures for the program peaked in 2001-02, with county expenditures of TANF transfer dollars for the program totaling almost $32 million. However, beginning in FY 2000-01, counties began spending more TANF funds for the Works Program to address an increasing Works Program caseload. As counties depleted their reserves of TANF funds, they again took action to reduce their CCAP caseloads (*e.g.*, reducing income eligibility standards, instituting waiting lists).



Through FY 2004-05, the declines were seen solely in reductions in the expenditures of TANF transfer dollars. However, by FY 2006-07, expenditures had dropped below the level that required TANF transfers, and the program reverted almost $840,000 General Fund at year end. For FY 2007-08, prior year reductions were partially restored, but an additional reduction of $2.0 million was taken through H.B. 07-1062 in order to fund creation and expansion of Child Care Councils . At the same time, counties began to increase program expenditures through increased provider reimbursement rates and eligibility caps, as well as increased administrative spending. This trend continued in FY 2008-09, with counties spending close to the FY 2001-02 peak by the end of FY 2008-09. Spending in FY 2008-09 and FY 2009-10 was supported by the receipt of one-time federal American Recovery and Reinvestment Act dollars ($10.6 million in each year); these funds will be fully expended by the end of FY 2009-10.

Based on the history of the program, several tendencies are clear:

- Overall spending for child care generally occurs in an inverse relationship to other TANF spending, since major increase and declines are funded through transfers from TANF.
- Associated with the above, caseload for the child care assistance program increases and decreases in an inverse relationship to the TANF basic cash assistance program. **The unstable expenditure pattern in child care appears to be less a reflection of changing demand for subsidized child care than an artifact of counties' assessment of the availability of TANF funds.**

- **Counties seem to have difficulty rapidly adjusting spending for child care**, as the impact of new eligibility criteria or freezes on new admissions only gradually affect their budgets. Changes to provider reimbursements, however, can occur more rapidly.

Projected CCAP Expenditures for FY 2009-10 and FY 2010-11. The table below reflects projected Child Care Assistance Program expenditures. The FY 2009-10 expenditure projection is based on a straight-line projection from six month actuals. The FY 2010-11 figure reflects a rough staff estimate based on:

- elimination of ARRA funding of $10.4 million in FY 2010-11. ARRA funding offset amounts counties were required to transfer from TANF programs to cover shortfalls by $10.4 million in FY 2008-09 and FY 2009-10;
- trends in available TANF funding and increasing demands for basic cash assistance, which limits counties' ability to increase TANF transfers; and
- the historic speed with which counties have been able to "turn" child care expenditure patterns. As increases since FY 2006-07 reflect a combination of increases for county administrative costs, increases in average provider reimbursements, and increases in caseload, staff assumes decreases will reflect a similar combination of strategies.

Child Care Assistance Program - Expenditure and Appropriation History and Projection

Fiscal Year	Closeout Expenditure	Percent Change	Appropriation	Percent Change
SFY 02	$98,291,475		$65,048,209	
SFY 03	94,481,674	-3.9%	71,336,427	9.7%
SFY04	85,850,643	-9.1%	71,336,427	0.0%
SFY05	80,426,556	-6.3%	73,135,525	2.5%
SFY06	76,299,719	-5.1%	75,768,237	3.6%
SFY 07	74,301,618	-2.6%	74,739,132	-1.4%
SFY 08	86,589,306	16.5%	75,668,323	1.2%
SFY 09*	93,377,372	7.8%	86,933,041	14.9%
SFY 10*	101,057,799	8.2%	86,682,657	-0.3%
SFY 11*	*85,000,000*	-15.9%	*74,802,572*	-13.7%

*SFY 2008-09 and 2009-10 appropriation amounts include ARRA funds. FY 2009-10 closeout expenditure is Department projection based on six month actuals. FY 2010-11 expenditure amount reflects rough JBC staff estimate, based on expenditure history; appropriation reflects staff recommendation.

Department Request and Staff Recommendation. The tables below summarize the Department's request and staff recommendation.

Child Care Assistance Program - Department Request				
	Total	**GF**	**Local Funds**	**FF**
FY 09-10 Appropriation (S.B. 09-259)	$75,618,195	$15,354,221	$9,183,907	$51,080,067
Annualize FY 08-10 DI #18 (CCAP Compliance)	(29,722)	0	(1,285)	(28,437)
Decision Item #4, amended by SBA #2 (maintenance for new CHATS/ITS transfer)	(619,504)	0	0	(619,504)
	$74,968,969	$15,354,221	$9,182,622	$50,432,126

Child Care Assistance Program - Staff Recommendation				
	Total	**GF**	**Local Funds**	**FF**
FY 09-10 Appropriation (S.B. 09-259)	$75,618,195	$15,354,221	$9,183,907	$51,080,067
Annualize FY 09-10 DI #18 (CCAP Compliance)	(29,722)	0	(1,285)	(28,437)
Decision Item #4, amended by SBA #2 (maintenance for new CHATS/ITS transfer)	(619,504)	0	0	(619,504)
Budget Amendment #2, amended by SBA #4 (training for new CHATS/ITS transfer)	(166,397)	0	0	(166,397)
Transfer Title XX to Child Welfare	(900,000)	0	0	(900,000)
Backfill Title XX transfer with CCDF	900,000	0	0	900,000
Refinance GF with federal CCDF reserves	0	(750,000)	0	750,000
	$74,802,572	$14,604,221	$9,182,622	$51,015,729

- As reflected in the tables, the staff calculation and the Department request include matching amounts associated with annualization of FY 2009-10 Decision item #18 (funded new department oversight staff for the CCAP program via a reduction to this line item) and Decision Item #4 (transfers funds from this line item to the new CHATS line item in the Office of Information Technology Services). As previously discussed, staff recommends the Department's request with respect to this transfer.

- Unlike the request, the staff recommendation also includes a reduction of $166,397 for Budget Amendment #2, as amended by SBA #4. As previously discussed related to the new CHATS line item, staff believes this requested increase should be funded through a reduction to the Child Care Assistance Program line item, like Decision Item #4.

- The staff recommendation includes two additional items, which are not included in the Executive Request. These are described below.

Move Title XX federal funds to the Division of Child Welfare and Backfill with CCDF

Title XX Social Services Block Grant funds may be used in various parts of the Human Services budget, including both child welfare and cold care. As federal Title IV-E revenue for child welfare has declined, the Department has on several occasions used its end of year transfer authority to transfer $900,000 of the $1,000,000 in Title XX funds from the Division of Child Care to the Division of Child Welfare. As decreases in federal Title IV-E funding appear to be continuing, staff proposes to permanently shift the $900,000 in Title XX funds from the Child Care Assistance Program line item. This will leave $100,000 in Title XX funds in the Child Care Assistance Program line item, which, staff understands, enables child care centers participating in the Child Care Assistance Program to access certain other federal benefits. Consistent with Long Bill head notes, Title XX funds in the Long Bill reflect limits on Title XX expenditures. Staff proposes to backfill this reduction with federal Child Care Development Funds, in light of the availability of reserve amounts.

Refinance General Fund with Federal Child Care Development Funds

The staff recommendation includes several proposals, not included in the Executive Request, to refinance current General Fund appropriations for child care with federal Child Care Development Funds. This includes a proposal in this line item and also adjustments to several other line items, as reflected in the table below.

	Total	General Fund	Federal - CCDF
Office of Operations (for child care indirect costs)	$0	($250,000)	$250,000
Child Care Assistance Program	0	(750,000)	750,000
Early Childhood Councils	0	(500,000)	500,000
Total Refinance Proposals	$0	($1,500,000)	$1,500,000

The rationale for these proposed adjustments is as follows:

- The annual "RFI" response from the Department regarding its indirect costs has indicated that approximately $250,000 in indirect costs for child care are charged to the General Fund, rather than the federal Child Care Development Fund block grant, because Long Bill letter notes restrict its federal funds spending. Staff believes that on an ongoing basis the Division of Child Care should be "paying its way" with respect to departmental indirect costs and therefore recommends a $250,000 adjustment in the Office of Operations.

- The State has been gradually spending down reserves of child care development funds but is now projected to spend less than its ongoing federal grant, based on increases in the annual federal grant. Given statewide General Fund shortages, staff recommends that a spend down be again instituted.

  - The staff recommendation for this and the Title XX refinance proposal will create a spend-down of $1.5 million per year, with reserves able to support spending at this level through FY 2013-14.
  - A more aggressive spend-down is feasible. However, the staff recommendation leaves some "wiggle room" for funding any fixes to the new CHATS system that might be required as the system rolls out in FY 2010-11 (although use of reserves for such purpose will bring forward the point at which reserves are exhausted).
  - It is reasonable to expect that some federal increases for child care will become available in FY 2010-11 and future years, even if these are not at the scale included in the current federal budget request. Such increases may well reduce or eliminate the need for budget reductions in the out-years.

Match Issues: This recommendation will reduce the General Fund match available for Child Care by $1.5 million, requiring the Department to identify match in lieu of these amounts. It may also require the Department to identify additional match for the spending from reserves that is proposed. However, staff believes this level of adjustment is manageable. In FY 2008-09, required federal match was derived from $24.5 million in Department of Human Services appropriations, $1.2 million in Mile High United Way expenditures, and $4.3 million in Department of Education special education and Colorado preschool program expenditures. Particularly given that federal authorities allow the State to use match from sources outside state government (such as Mile High United Way), and this authority has been increased in recent years, staff does not believe the State will face great difficulty in identifying matching sources of funding.

Federal Funds Issues: It is too early in the federal budget process to know whether additional federal funds will be made available or what strings might be attached to any new federal funding. Thus, there is some risk that federal policies will limit the proposed backfill with reserves. Further, in a worst case scenario, if no additional federal funds become available, total funding for child care would need to be reduced slightly in FY 2013-14 with an ongoing reduction of $1.5 million starting in FY 2014-15, or alternative funding sources would need to be identified.

CHILD CARE ASSISTANCE PROGRAM - AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING

Funding of $10.4 million per year was available in FY 2008-09 and FY 2009-10. No additional funding is available for FY 2010-11.

GRANTS TO IMPROVE THE QUALITY AND AVAILABILITY OF CHILD CARE AND TO COMPLY WITH FEDERAL REQUIREMENTS FOR TARGETED FUNDS

This line item was created in FY 2007-08 and combined the former "Grants to Improve the Quality and Availability of Child Care" and "Federal Discretionary Child Care Funds Earmarked for Certain Purposes" line items.

"Quality" requirement. The federal government requires that 4.0 percent of expenditures for Child Care and Development Fund-supported activities be used to improve service quality. The 4.0 percent calculation is based on total CCDF expenditures, including state expenditures required to match a portion of the federal CCDF grant and county transfers of TANF funds to CCDF. The Department estimates that the maximum 4.0 percent quality requirement that could be needed for FY 2010-11 is \$3,803,111, calculated on a base of \$95,077,774 (includes the state share of for funds that must be matched; does not assume expenditure of TANF transfer funds. Assuming TANF transfer expenditure (or additional block allocations) of \$15 million, the additional "quality" requirement would be \$600,000.

"Targeted Funds" requirements. Federal law concerning Child Care Development Funds also requires specific dollar amounts of the "discretionary grant" funding under CCDF be "targeted" (formerly known as "earmarked") for specific purposes. These targeted amounts are for: (1) infant/toddler programs; (2) school age and/or resource and referral programs; and (3) quality expansion activities such as professional development, mentioning, provider retention, equipment supply, facility start-up and minor facility renovation. Funding used to meet the "target" requirement may not also be used to meet the "quality" requirement (although many expenditures could be assigned to either category).

The Department seeks to target grant funds reflected in this line item to those areas determined to provide the greatest long-term gains. These areas include: increasing the efficiency and effectiveness of local child care services; raising the level of professional development in the field and providing early childhood training opportunities for child care providers; providing child care resource and referral services for families and child care providers; and, improving the ability of child care providers to prepare children for entering elementary school.

The table below reflects the Department's anticipated requirement for targeted funds for the state fiscal year, as reported in response to the annual request for information on Child Care Development Funds.

Federal Targeted Funds Requirement FY 2010-11				
	Quality Expansion	Infant/Toddler	School Age or Resource & Referral	Total
Targeted Funds, FY 2010-11				
Estimated open "targets" 7/1/09	0	0	0	0
New target amounts (75% FFY 10)	1,603,184	928,458	163,930	2,695,572
	1,603,184	928,458	163,930	2,695,572

Line Item Recommendation. The table below compares the combined federal requirements for "target" and "quality" funding with anticipated spending, based on the Department's response to the Committee's FY 2009-10 Request for Information #44. **As reflected below, the Department has requested, and staff recommends, a continuation level of appropriation for this line item of $3,473,633. This exceeds the minimum federal requirements for spending in these areas.**

Federal Requirements		**Amount**
Federal 4% quality requirement		$3,803,111
Federal "targeted funds" requirement		2,695,572
Total federal quality and target requirement		6,498,683
"Quality" and "Target" Projected Expenditures		
Office of Operations & Executive Director's Office		16,554
Child Care Licensing and Administration (portion of line item)		2,277,480
Child Care Pilots/Early Childhood Councils		1,973,437
School Readiness Child Care Subsidization		1,426,333
TANF transfer funds spent on quality (none assumed)		0
	Subtotal	5,693,804
Grants to Improve the Quality of Child Care and to Comply with Federal Requirements for Targeting Funds - **Request and Recommendation**		**$3,473,633**
	Total	$9,167,437
"Quality" Spending in Excess of Federal Requirements		$2,668,754

Of the total in this line item, an estimated $710,254 supports the Early Childhood Councils.

EARLY CHILDHOOD COUNCILS CASH FUND

This cash fund was created in FY 2007-08 through H.B. 07-1062. This bill, for the first time, authorized the use of General Fund to support early childhood councils (previously known as "consolidated child are pilots"; see discussion below). House Bill 07-1062 included an appropriation of $1,022,168 General Fund into this Cash Fund, with a further appropriation to the Department for Early Childhood Councils programs (reflected in the line item below). Since FY 2007-08, no appropriations have been made to the Cash Fund; instead General Fund appropriations have been made directly to the Early Childhood Councils line item to avoid a double-count in the Long Bill.

EARLY CHILDHOOD COUNCILS

Since FY 1997-98, the Department of Human Services has worked with the Department of Education to provide grant funds and technical assistance to local communities to design consolidated programs of comprehensive early childhood care and education services intended to serve children in low-income families. The "pilot programs", as they were named, were allowed to blend various sources of state and federal funding and could apply for waivers of state rules. The pilots were used to identify best practices relative to increasing quality, meeting the diverse needs of families seeking child care, and integrating early childhood care with education programs. The law authorizing pilots was repealed and reenacted pursuant to H.B. 07-1062 [Solano/Williams] to create the Early Childhood Councils program. House Bill 07-1062, codified at Section 26-6.5-101 et. seq., C.R.S., replaced the pilot program for consolidated child care services with a new, statewide system of early childhood councils. Councils represent public and private stakeholders in a local community who work to develop and improve local early childhood services and to create a seamless network of such services statewide. The bill also established the Colorado Early Childhood Council Advisory Team in the Office of the Lieutenant Governor and required a contracted evaluation of the early childhood council system no later than March 1, 2010, among other components.

Prior to FY 2000-01, funding for this program was included in other line items (the Child Care Services line item in FY 1998-99, and the Child Care Grants line item in FY 1999-00). Funding for the pilot program was then reflected in its own line item starting in FY 2000-01 (the Pilot Program for Community Consolidated Child Care Services) until being renamed the Early Childhood Councils line item after the enactment of H.B. 07-1062.

Line Item Request and Recommendation. The Department requested continuation funding of $2,985,201 and 1.0 FTE for this line item for FY 2010-11, including $1,006,161 General Fund. It is assumed that modifications such as the PERA adjustment will be managed within the total appropriation. **Staff recommends the request with the adjustment described previously that $500,000 of General Fund be reduced and replaced with $500,000 from federal Child Care Development Fund reserves.** The resulting line item recommendation includes $506,161 General Fund.

Summary of RECOMMENDATION: Early Childhood Councils				
Description	**Total Funds**	**General Fund**	**Federal Funds**	**FTE**
DHS staff **Personal Services**	$48,228	$0	$48,228	1.0
DHS staff **Operating Expenses**	950	0	950	0.0
Contractual and Pass-through				
Early Childhood Councils Direct Support (30 Councils)	2,189,747	1,006,161	1,183,586	0.0
Early Childhd Councils Technical Assistance and Evaluation (Colorado Department of Education)	668,738	0	668,738	0.0
Early Childhood Councils Advisory Team (Office of Lieutenant Governor)	77,538	0	77,538	0.0
Subtotal - Contractual and Pass-through	**$2,936,023**	**$1,006,161**	**$1,929,862**	**0.0**
Refinance of General Fund	**$0**	**($500,000)**	**$500,000**	**0.0**
TOTAL RECOMMENDATION	**$2,985,201**	**$506,161**	**$2,479,040**	**1.0**

In addition to the amounts appropriated in this line item, an estimated $710,254 that is appropriated in the line item for Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Requirements for Targeted Funds is directed to support the activities of the Early Childhood Councils.

SCHOOL READINESS QUALITY IMPROVEMENT PROGRAM

Background Information. House Bill 02-1297 [Section 26-6.5-106, C.R.S.] created the School-readiness Child Care Subsidization Program to improve the quality of certain licensed child care facilities whose enrolled children ultimately attend low-performing neighborhood elementary schools. The legislation was reauthorized in H.B. 05-1238 [Hefley/Williams] and the program renamed the School Readiness Quality Improvement Program. The program provides grants to child care facilities in areas served by low-performing schools.

Statute specifies that school-readiness quality improvement program funding shall be awarded to early childhood care and education councils for subsidies to local early care and education providers based upon allocations made at the state department. The program targets the school readiness of young children who will ultimately attend eligible elementary schools that have on overall performance rating of “low”" or "unsatisfactory" or that have an overall rating of “average” but have received a CSAP overall academic improvement rating of "decline" or "significant decline”.

The program provides subsidies over a three year period to participating child care centers and family child care homes to cover the cost of equipment, supplies, minor renovations, curricula, staff education, scholarships, training, and bonuses for facility staff for demonstrating quality improvements and addressing problems identified in the ratings.

The act requires the Early Childhood and School Readiness Commission to adopt a voluntary school-readiness rating system to measure the quality of services provided by a child care provider to prepare children to enter elementary school. It requires early childhood care and education councils to submit reports by January 1, 2009, and every three years thereafter, and required a consolidated report to the Education Committees of the General Assembly on or before April 1, 2009, and on or before April 1 every three years thereafter.

Program Implementation. Funding was allocated to 14 grantees (early childhood care and education councils), which use strategies such as mentoring, provider training, and provision of supplies to improve quality of care. The program served approximately 6,750 children in 464 classrooms at 149 sites during the most recent grant cycle. Based on the number of children served, supports are for an average of about $250 per child served or $3,000 to $4,000 per classroom or family child care home.

All sites participating in the program undergo by Qualistar and then have follow-up evaluations. Each site receives a baseline overall quality rating score (one, two, three, or four stars, with four being the highest achievable). These ratings are based on five measurement areas:

- Learning Environment -- a program's health and safety standards, classroom environment, curriculum and activities, interactions between adults and children, and the daily schedule
- Family Partnerships -- how a program develops relationships with families, serves as a resource for them, and offers them opportunities to be part of their children's early learning experience
- Training and Education -- work experience and the average level of early childhood education attained by the providers working in the home or center
- Adult-to-Child Ratios -- average ratios in a classroom over a 10-day period, from the time the program opens until it closes
- Accreditation -- whether a program is accredited through a national accrediting agency

Qualistar describes each of the rating levels as follows:

Zero star - "Children in a zero-star rated program may find themselves confronting sub-standard conditions. Health and safety issues are often neglected, teacher training can be non-existent, and staff turnover is usually high. Often, programs at this level lack basic equipment and toys, and may be violating state licensing requirements."

One star - "Though conditions improve with each STAR level, children may not be experiencing routine high-quality interactive care. Health and safety issues may still need to be addressed, and staff turnover often continues to be high. Teachers and program administrators may lack formal early childhood training and experience. Adult-to-child ratios tend to meet the minimum standards, but generally do not allow for staff to provide individualized attention during the course of a day."

Two stars - "Children in 2-STAR programs are read to regularly, watch some television, and have access to toys that support children's discovery and learning. Though health and safety issues may still exist, children's basic needs are satisfied and parents often feel a sense of stability within a 2-STAR rated program. Programs at this level are beginning to see how children's feelings of security are linked to their experiences in the classroom and how their learning is supported by opportunities for meaningful play."

Three stars - "In addition to being safe, a program at this quality level organizes many fun, educational activities for children, and employs teachers who understand age-appropriate behaviors. Staff also support parents and keep them regularly informed about their child's progress. 3-STAR programs tend to have higher tuition rates and receive additional funding, relieving some of the financial burden."

Four stars - "In addition to many fun activities and regular communication with parents, a 4-STAR Quality Rating means a program fundamentally understands the importance of preparing children for school through a strong curriculum that addresses the social, emotional, physical, and academic needs of each child. Staff is knowledgeable and educated in early childhood development and provides wonderful age-appropriate activities based on the individual needs of the children. Ratios are optimal allowing staff to provide a loving, stable environment for the children in care."

Each site receives detailed information about its strengths and weaknesses in each of the five areas, as well as a list of concrete action steps recommended to improve program quality. The evaluation also includes a list of additional services that will be made available through the program to support quality improvement efforts. Specific quality rating information for providers receiving one or more stars is also made available to parents and members of the public through Qualistar's website [Qualistar.org].

During the current program cycle, the total number of participating child care facilities considered "high quality" increased from 59 percent to 72 percent. Conversely, participating facilities that were considered "low quality" decreased from 41 percent to 27 percent of facilities. The first three-year grant cycle also reflected significant impact, with the percentage of programs achieving 3 or 4 stars increasing from 36 percent at baseline to 77 percent at second follow-up, and the programs achieving 0, 1, or 2 stars decreasing from 64 percent at baseline to 23 percent at second follow up.

Request and Recommendation. Staff recommends **a continuation level of $2,229,305 in federal CCDF funds and 1.0 FTE**, consistent with the request. This includes $47,905 for personal services,

$2,106 for operating expenses, $1,828,294 for grantees and $351,000 for the school-readiness rating system. Any adjustments (*e.g.*, related to PERA) will be addressed within the overall appropriation for the line item.

LONG BILL FOOTNOTES

Staff recommends the following footnote be **continued, as amended**:

25 **Department of Human Services, OFFICE OF INFORMATION TECHNOLOGY SERVICES, CHILD CARE AUTOMATED TRACKING SYSTEM; AND Division of Child Care ~~Child Care Assistance Program Automated System Replacement~~** -- It is the intent of the General Assembly that this project: 1) have a steering committee that includes a county commissioner, a county human services director, and a user of the system; 2) that the Department pilot the program before rolling it out; 3) that the steering committee, including the county representatives, should decide whether the system is "go" or "no go" at the roll out stages; and 4) that ongoing costs for maintenance and administration of this system be covered through savings in or reductions to the Colorado Child Care Assistance Program and remaining Child Care Development Fund reserves. The new system will not drive additional costs to the state General Fund.

Comment: The footnote was vetoed in both FY 2007-08, FY 2008-09 and FY 2009-10 but the Department was directed to comply to the extent feasible. In his veto message, the Governor indicated that he felt that the footnote goes beyond expressing legislative intent and violates the separation of powers by attempting to administer the appropriation. However, he indicated that he would ask the Department to consider the General Assembly's suggestions during the implementation of the project. The Department has indicated that it intends to comply, with the exception that the Executive Director will make the final "go/no go" decision, taking into consideration the recommendation of the steering committee. Staff recommends continuation of the footnote until roll-out is complete as a record of legislative intent with respect to the conditions under which the CHATS project was approved.

INFORMATION REQUESTS

Staff recommends that the following information requests be **continued as amended**.

36 **Department of Human Services, Division of Child Care, Child Care Assistance Program** -- The Department is requested to submit a report to the Joint Budget Committee by October 1, ~~2009~~ 2010 concerning the Child Care Assistance Program. The report is requested to address whether the Department, after consultation with counties and other interested parties, would recommend that eligibility for this program and/or provider reimbursement rates be set by the State. This recommendation could include eligibility/reimbursement rates that vary by region (metro, rural, mountain resort), even if they were set by the state. The Department is requested to include in the report: (1) an analysis of the programmatic and fiscal implications of such a change on program participants, providers, counties and state government; (2) how any recommended changes might be phased-in; and (3) what statutory modifications would be required. The report is requested to take into account the results of the State Auditor's Office audit of the Child Care Assistance Program required pursuant to H.B. 07-1062.

Comment: Although a portion of this request was first submitted in April 2008, the Department still has not provided a full response. A response was initially promised by February 1, 2009 but was delayed after a December 2008 SAO Child Care Assistance Program audit recommended similar changes. The Department's response to the audit was that it would convene a work group to further study the issue. The Department has now convened the workgroup; however, in its response to the FY 2009-10 version of this request, the Department submitted a letter dated January 15, 2010 indicating that the issue is still being studied by a committee and that the State will be able to issue its recommendation by April 15, 2010. Staff recommends that this request be continued for an additional year, given that the Department has not yet provided a definitive response.

44 **Department of Human Services, Totals** -- The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning federal Child Care Development Funds. The requested report should include the following information related to these funds for state fiscal years ~~2008-09,~~ 2009-10, ~~and~~ 2010-11, AND 2010-12 (the actual, estimate, and request years): (a) the total amount of federal funds available, and anticipated to be available, to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds.

Comment**:** The data provided annually by the Department related to this footnote is helpful for figure setting and ensuring that the State remains in compliance with federal block grant requirements.

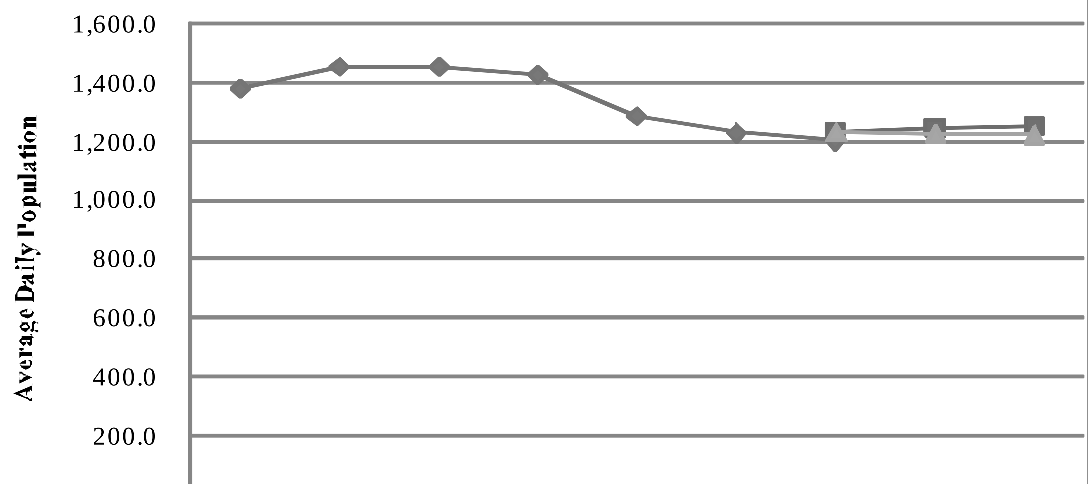
(11) DIVISION OF YOUTH CORRECTIONS (DYC)

The Division of Youth Corrections in the Department of Human Services is responsible for management and oversight of delinquent juveniles who are detained while awaiting adjudication, and for those who are committed to the Department after adjudication. In addition, juveniles may be sentenced as a condition of parole for up to 45 days to a detention facility.

The Division's responsibility for committed juveniles extends through a six-month mandatory parole period during which the youth is in the community. Finally, the Division allocates funds by formula to each judicial district in accordance with S.B. 91-94 for the development of local alternatives to incarceration.

Both the Division of Criminal Justice and the Legislative Council Staff provide population estimates for the Division of Youth Corrections. These estimates are considered by the Joint Budget Committee when determining appropriations, as population growth and inflation are the main factors in the need for additional appropriations. Below is a comparison of the projections.

Youth Corrections Forecast
(Average Daily Commitment Population)



	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Actual	1,377.4	1,453.5	1453.4	1424.5	1286.0	1228.3	1201.5		
DCJ							1,232.9	1248.3	1252.8
Leg Council							1232	1226	1222

- For FY 2009-10, staff recommends using the actual population through January 2010 as the basis for the FY 2009-10 projection.
- For FY 2010-11, staff recommends that the Committee use the Legislative Council Staff December 2009 average daily population projections for determining appropriations to the Division of Youth Corrections.

The basis for these recommendations is discussed in depth in the discussion for the line item for Purchase of Contract Placements.

Staff FY 2010-11 Recommendation - Fund Facilities at 110 Percent of Capacity

The Division's facilities were for many years operated at 110 percent of capacity. The Division was scheduled to begin operating at 100 percent of capacity for the first time in July 2009. This transition was halted, and the Division instead remained at 110 percent of capacity for two months of FY 2009-10 before moving to 120 percent of capacity in September 2009. The move to 120 percent of capacity was identified as a 10-month policy instituted pursuant to the August 2009 budget reduction proposals and restrictions imposed by the Governor.

The Executive Request for FY 2010-11 reflects a return to operating at 100 percent of capacity in July 2010. **Staff instead recommends 110 percent of capacity as a reasonable alternative.** Additional information on this recommendation is discussed related to the Purchase of Contract Placements line item.

BR #4 - Provider Rate Reduction (Multiple Line Items)

The Department requested 2.0 percent provider rate reductions throughout the Division of Youth Corrections for savings of $1,440,269 ($1,376,527 net General Fund) in total. This brings overall rates to 0.5 percent below FY 2008-09 levels. In the Division of Youth Corrections, 2.0 percent rate reductions were initially instituted October 1, 2009, based on the Governor's budget restrictions, to institutional program line items and purchase of contract placement line items. Thus, in the Division of Youth Corrections, the request reflects a continuation of these lower rates for these programs. In addition, in this FY 2010-11 request, reductions to community program lines, such as S.B. 91-94, are included.

Staff recommends the requested 2.0 percent reductions throughout the Division, although specific impacts vary in the Purchase of Contracts placement line item due to difference in the base calculation. These differences are described in the discussion for that line item.

SBA #8 - 5 Percent Operating Expense Reductions (Multiple Line Items)

As discussed in previous JBC staff presentations for the Department of Human Services, the Department requested a reduction in operating expenses ($843,780 throughout the Department, including $610,772 net General Fund). The request was designed to target 5.0 percent of the Department's operating expenses <u>excluding grant awards, funds transfers, food and food service</u>

supplies, medical and laboratory supplies and pharmaceutical costs. The Department's overall approach to meeting the total reduction included targeting the reductions to 25 of the Department's largest individual general operating expense line items and a reduction in the capital outlay allocation in the Executive Director's Office (General Administration Operating Expenses line item). Of the total, $110,000 is proposed to be reduced from the operating expenses line item in the Executive Director's Office. The other line items affected are reduced by 4.1 percent of their total General Fund and Medicaid reappropriated funds amounts. JBC staff has noted:

- Applying a percentage reduction to General Fund and reappropriated funds (as opposed to net General Fund) results in disproportionate impacts on Medicaid funded programs, as these effectively must take a reduction twice the size of General Fund programs. Thus, for example, the regional centers for people with developmental disabilities take a disproportionately large reduction (8.2 percent of total non-food, non-medical operating).

- Because many line items are comprised of multiple funding sources, a 5.0 percent reduction in General Fund and reappropriated funds operating expenses will have impacts on total operating expenses that vary substantially. For example, the institutional programs operating expense line item in the Division of Youth Corrections has a substantial component of reappropriated funds for the school breakfast and lunch programs. However, the Department's methodology ignores the fact that most food costs are non-General Fund and that other costs are borne solely by the General Fund. Thus, using the Department's methodology, Youth Corrections institutions take a much smaller proportionate reduction than other line items (2.5 percent of non-food, non-medical operating costs).

Despite the above concerns, JBC analysts for the Department of Human Services are recommending the reductions proposed as they have been requested. Given that the proposed reductions exclude cost centers such as food and medical that are least flexible, the fact that some costs may be interchangeable between the Office of Operations and individual facility line items, and the Department's ability to distribute remaining capital outlay funds differentially among programs, staff assumes the Department will manage the cuts to line items in the manner proposed.

(A) ADMINISTRATION

This section of the Division is responsible for establishing program policies and procedures for the treatment of juveniles in the custody of the Division and monitoring compliance with these standards. Also, this section collects data and provides strategic planning. Other duties include contract management and victim notification. Support for accounting, facility maintenance, and human resource functions is provided by other divisions within the Department of Human Services.

PERSONAL SERVICES

This line item funds salaries, PERA, and Medicare for administrative and management staff of the Division. The workload for the Personal Services line item in the Administration section is driven by the number of employees and programs in the Division that require supervision and strategic guidance, and by the amount and complexity of research and statistical data requested by the legislature, general public, and DYC's own management.

As the DYC commitment population changes, the number of youth in contract placements changes as well. Although the direct care of the youths is provided by the private sector, any caseload growth requires DYC to manage a larger number of contracts with private providers (including contracts with licensed Psychiatric Residential Treatment Facilities and Therapeutic Residential Child Care Facilities, medical and mental health treatment providers, local school districts, and colleges).

Staffing Summary - (11) Division of Youth Corrections (A) Administration	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommended
Management	3.0	3.0	3.0	3.0
Research / Statistics	9.5	9.4	9.4	9.4
Support Staff	3.0	3.0	3.0	3.0
TOTAL	**15.5**	**15.4**	**15.4**	**15.4**

The Department requests an appropriation of $1,351,783 General Fund and 15.4 FTE for this line item including a reduction of $30,344 for BA NP#1 (PERA adjustment). Staff recommends the request, which is consistent with the Committee common policy. The recommendation for this line item is summarized in the following table.

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (A) Administration Personal Services	General Fund	FTE
FY 2009-10 Long Bill (S.B. 09-259)	$1,382,127	15.4
Budget Amendment #NP 1 (PERA adjustment)	(30,344)	0.0
TOTAL RECOMMENDATION	**$1,351,783**	**15.4**

OPERATING EXPENSES

This line item provides operating funds for the administrative and management staff of the Division. Expenditures are for general office supplies; office equipment maintenance, purchases, and repairs; and travel. The Department requests $29,079 General Fund, including annualization of the FY 2009-

10 mail upgrade decision item, S #NP 5 (the new mail upgrade adjustment), and a reduction of $1,246 for SBA #8 (operating expense reduction).

The staff recommendation is for $29,111 General Fund, including the adjustments for mail equipment and the reduction for SBA #8. **The sole difference between the request and recommendation is a correction to annualization of the FY 2009-10 postage increase.**

SBA #8 - 5 Percent Operating Expense Reductions

As previously discussed, JBC analysts for the Department of Human Services are recommending the Department's requested operating expense reductions (SBA #8).

VICTIM ASSISTANCE

This line item provides spending authority and 0.5 FTE to help DYC fulfill its obligation to keep victims informed. For victims of qualifying charges (crimes against persons), DYC provides notification of all movements and status changes of the perpetrator within the youth corrections system, such as escapes and return to custody, eligibility for visits to the community and cancellation of visits, hearings involving the perpetrator, re-commitments, transfer to the adult system, death, and expiration of commitment. The victim has the right at any of these events to provide statements for review.

Fund Source Overview. The source of reappropriated funds for the victim assistance program is a grant from the Division of Criminal Justice in the Department of Public Safety, made pursuant to Section 24-33.5-506, C.R.S. The State Victims Assistance and Law Enforcement Advisory Board (State VALE Board), created in Section 24-33.5-508, C.R.S., advises the Division of Criminal Justice on what grants to make. Revenue for the State VALE fund comes from a percentage of surcharges on criminal offenders levied at the judicial district level, with a small amount coming from the Department of Corrections' Prison Industry Enhancement Program (federal) of which a certain amount must be used to provide direct services to crime victims.

The Department requests a continuing appropriation of $29,599 reappropriated funds (VALE funds transferred from the Division of Criminal Justice) and 0.5 FTE for this line item. **Staff recommends that the Committee approve the requested appropriation of $29,599 reappropriated funds (VALE funds transferred from the Division of Criminal Justice) and 0.5 FTE for this line item.** The request did not include an adjustment for BA #NP1 (the PERA reduction) for the line item. In light of the small size of the line item, staff assumes that any small reduction realized for this will be applied to other components of the line time. **The recommendation includes $26,374 and 0.5 FTE for personal services and $3,225 for operating expenses.**

(B) INSTITUTIONAL PROGRAMS

This section of the Division funds state-operated detention and commitment facilities, and diagnostic and program services for juveniles while they are in a DYC institution. Additional services for juveniles who leave an institutional setting, for example to a community placement or parole, are funded through the Community Programs section.

PERSONAL SERVICES

This line item pays salaries for the majority of program, supervisory, and support staff at DYC institutions. Educational and medical staff are funded in separate line items, and physical plant staff are funded through the Office of Operations, with limited exceptions.

Institutional Programs Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommended
Management / General Professional	16.9	17.0	17.0	17.0
YS Counselors, Social Workers	92.0	98.0	98.0	98.0
Security Officers	578.2	586.9	586.9	586.9
Food Services	39.8	41.3	41.3	41.3
Support Staff and Other	52.4	51.1	51.1	51.1
TOTAL	**779.3**	**794.3**	**794.3**	**794.3**

Request for Line Item. The Department requests an appropriation of $43,427,375 General Fund and 794.3 FTE for this line item. The request includes restoration of the FY 2009-10 personal services reduction, the 2.5 percent PERA adjustment, and a reduction of $32,534 for a 2.0 percent provider rate reduction pursuant to BR #4.

Staff Recommendation for Line Item. The staff recommendation, which aligns with the Department request, is detailed is summarized in the table below. The adjustments related to annualizing the FY 2009-10 personal services reduction and the adjustment to require employees to bear the cost of an additional 2.5 percent of PERA contributions is consistent with Committee common policy. The staff recommendation to approve BR #4 (the provider rate reduction) is discussed above.

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (B) Institutional Programs Personal Services		
	General Fund	**FTE**
FY 2009-10 Long Bill (S.B. 09-259)	$43,576,875	794.3
Annualize 1.8 percent personal services reduction	806,631	0.0
BR #4 - Provider Rate Reduction	(32,534)	0.0
BA #NP 1 - PERA Reduction	(923,597)	0.0
TOTAL RECOMMENDATION	**$43,427,375**	**794.3**

OPERATING EXPENSES

This line item funds the operation of DYC facilities, including such expenses as uniforms for staff and juveniles, custodial and laundry supplies, telephone fees, office equipment, and counseling supplies. Nearly half of the appropriation is for food and food service supplies, but food costs are paid primarily by the federal school breakfast and lunch program. Reappropriated funds in the line item are funds transferred from the Department of Education for the federal school breakfast and lunch program.

Request for Line Item. The Department requests an appropriation of $3,369,747, including $2,039,747 General Fund and $1,330,200 reappropriated funds, for this line item. The request includes, annualization of the FY 2009-10 mail upgrade adjustment, S #NP 5 (the FY 2010-11 mail upgrade adjustment), and a reduction of $41,887 for SBA #8 (operating expense reduction).

Staff Recommendation for Line Item. The staff recommendation is detailed in the table below. As reflected, the staff recommendation differs only slightly from the request, associated with a difference in the annualization of the FY 2009-10 mail upgrade adjustment. The mail upgrade adjustments are consistent with Committee common policy. As discussed above, staff is recommending the Department's SBA #8 (operating expense reduction) as requested.

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (B) Institutional Programs Operating Expenses				
	General Fund	**Reapprop. Funds***	**Federal Funds**	**Total**
FY 2008-09 Long Bill (H.B. 08-1375)	$2,082,111	$1,330,200	$0	$3,412,311
Annualize FY09-10 mail upgrade	(674)	0	0	(674)
S #NP 5 (Mail Equipment Upgrade)	200	0	0	200

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (B) Institutional Programs Operating Expenses				
	General Fund	**Reapprop. Funds***	**Federal Funds**	**Total**
SBA #8 (Operating Expense Reduction)	(41,887)	0	0	(41,887)
TOTAL RECOMMENDATION	**$2,039,750**	**$1,330,200**	**$0**	**$3,369,950**

* The source is federal dollars transferred from the Colorado Department of Education for the federal school breakfast and lunch program.

MEDICAL SERVICES

Personnel, contract, and operating costs associated with providing medical services to DYC youth were consolidated into one line item several years ago to enable better tracking of costs and to provide the Division with more flexibility in managing medical expenses. In response to staff questions, the Department provided the following break-down on how the line item is used and who it served on a functional basis in FY 2008-09.

FY 2008-09 Medical Services Major Components	Dollars (millions)	Serves
DYC Personnel	$3.2	Committed youth in state facilities
Medical services contracts for mental health services	1.2	Mainly committed youth - some overlap to detained youth in state operated facilities
Operating expenses and supplies for clinics at facilities	0.2	Mainly committed youth - some overlap to detained youth in state operated facilities
Outside medical services contracts - hospitalization, outpatient, specialty, dental and pharmaceutical	3.7	Committed youth in state facilities and state owned/privately operated facilities (state facility ADP 456.9; state-owned privately operated Ridge, Marler, DeNier ADP 459)
Total (FY 2009-09)	**$8.3**	

Youth in privately owned, privately operated contract facilities (none of which are physically secure) are eligible for Medicaid, and medical costs for these youths are billed directly to the Medicaid program. Previously, all three state-owned, privately operated facilities (Ridge View, Marler, and DeNier) were secure facilities and not eligible for Medicaid. For these three facilities only, outside medical services are included in this line item. However, as reviewed further below, pursuant to Budget Amendment #3, youth in the Ridge View facility are now Medicaid eligible. While medical costs will continue to be managed in this line item, they will be submitted to Medicaid for reimbursement.

Medical Services Staffing Summary	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommended
Support Staff	2.3	3.0	3.0	3.0
Physicians / Dentists	1.0	1.0	1.0	1.0
Mid-level Providers (e.g., nurse practitioners)	14.1	16.0	16.0	16.0
Nurses / Health Professional	15.0	14.0	14.0	14.0
Psychologist / Social Worker / Counselor	3.8	5.0	5.0	5.0
TOTAL	**36.2**	**39.0**	**39.0**	**39.0**

Department Request. The Department requests an appropriation of $7,989,107, including $7,494,607 "net" General Fund and 39.0 FTE for this line item. The request annualization of the FY 2009-10 mail equipment upgrade decision item and the 1.8 percent personal services reduction, S #NP 5 (the FY 2010-11 mail equipment upgrade), BA #NP1 (PERA adjustment), SBA #8 (operating expense reduction), and BA #3, related to the relicensing of the Ridge View facility and refinance of some General Fund medical expenses with Medicaid.

Because this is a program line item, there are three distinct components to the recommendation: (1) personal services; (2) contract services; and (3) operating expenses. At the end of the discussion for this line item, staff has provided a summary delineating the components of the staff recommendation for this line item.

(1) Personal Services

Description. This portion of the line item pays for staff in state-operated facilities who provide routine medical care and administer medications, especially psychotropics.

Staff Recommendation for Personal Services. The staff recommendation is detailed below.

Summary of Personal Services Staff Recommendation for Medical Services		
	General Fund	FTE
FY 2009-10 Long Bill (S.B. 09-259)	$2,360,149	39.0
Annualize FY 2009-10 1.8% personal services cut	43,735	0.0
BA #NP 1 (PERA adjustment)	(66,081)	0.0
Total Recommended for Personal Services	**$2,337,803**	**39.0**

(2) Contract Services

Description. The Division's primary contract for medical services is with Devereaux Cleo Wallace to provide acute mental health services at Lookout Mountain Youth Services Center in the Cypress

Unit. Also, the Division uses contract dollars to pay Colorado Access for managing specialty off-site medical needs. The Division spends smaller amounts on contracts for infrequently used on-site medical services, such as psychiatrists, and on contracts for medical services in areas where it is difficult to recruit state FTE.

Staff Recommendation for Contract Services. Staff recommends the request for a continuation level of $2,050,000 for contractual medical services. No provider rate reduction has been applied to these medical contractual services.

(3) Operating Expenses

Description. The majority of medical operating expenses are for youth in state-owned or state-operated commitment facilities. Federal rules prohibit youth in state-owned or state-operated institutions from accessing Medicaid. However, juveniles in contract facilities can typically meet Medicaid eligibility requirements because they are considered a family of one for the income criteria. Exceptions exist for youth placed out-of-state and youth in secure contract facilities. Detained youth who have not been committed, and therefore are not officially a ward (legal custody) of the State, may retain the Medicaid status they had prior to detention for the short duration of their stay.

Staff Recommendation for Operating Expenses. The staff recommendation is detailed below. The staff recommendation differs slightly from the request associated with the annualization of the FY 2009-10 mail upgrade. As previously discussed, staff is recommending the request for SBA #8 (operating expense reduction) as requested.

August #21/BA #3 -Ridge View Refinance

An original Department FY 2009-10 supplemental request, submitted in August, was to create a new licensing category to recognize the community-based nature of the Ridge View Youth Service Center (RVYSC) This change allows the State to bill for federal reimbursement of residential expenses for youth placed at the Ridge View facility, as well as associated administrative costs. In addition, the change allows the State to bill Medicaid for youth's off-site specialty medical care, rather than covering these costs entirely with General Fund. A January 2010 submission (Supplemental #5/BA #3) modified the request solely by changing the line item to which the proposed Medicaid adjustment would be applied. The original request made all changes in the Purchase of Contract Placements line item. The January submission instead applied the Medicaid portion of the adjustment to the Division's Medical Services line item.

Consistent with Committee action on the FY 2009-10 supplemental request, staff recommends the Medicaid refinance of medical services costs at Ridge View for FY 2010-11 for a full year. The medical services amount for Ridge View was based on actual medical billings for Ridge View youth in FY 2008-09. This is a reasonable approximation of savings to be realized in FY 2010-11, based on staff's overall approach for commitment placements.

Summary of Operating Expenses Recommendation for Medical Services				
	Total Funds	General Fund	Reapprop. Funds	Net General Fund
FY 2009-10 Long Bill (S.B. 09-259)	$3,607,743	$3,607,743	0	3,607,743
Annualize FY 2009-10 mail upgrade	(36)	(36)	0	(36)
S #NP 5 (maill upgrade)	11	11	0	11
SBA #8 (operating expense reduction)	(6,403)	(6,403)	0	(6,403)
Aug #21/BA #3 (Ridge View Refinance)	0	(989,000)	989,000	(494,500)
Total Recommended for Operating	**$3,601,315**	**$2,612,315**	**$989,000**	**$3,106,815**

Staff Recommendation for Line Item. Staff's recommendation is summarized in the table below.

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (B) Institutional Programs Medical Services			
	Total	Net General Fund	FTE
Personal Services	$2,360,149	$2,360,149	39.0
Contracts	2,050,000	2,050,000	0.0
Operating Expenses	3,607,743	$3,607,743	0.0
Total FY 2009-10 Appropriation as of SB 09-259	**8,017,892**	**8,017,892**	**39.0**
Annualize FY 2009-10 1.8% personal services cut	43,735	43,735	0
BA #NP 1 (PERA adjustment)	(66,081)	(66,081)	0
Annualize FY 2009-10 mail upgrade	(36)	(36)	0
S #NP 5 (mail upgrade)	11	11	0
SBA #8 (operating expense reduction)	(6,403)	(6,403)	0
Aug #21/BA #3 (Ridge View Refinance)	0	(494,500)	0
TOTAL RECOMMENDATION	**$7,989,118**	**$7,494,618**	**39.0**

ENHANCED MENTAL HEALTH SERVICES PILOT FOR DETENTION

The funding in this line item provided for assessment by DYC of youth in detention at the Mount View and Grand Mesa facilities. A companion piece of funding in the Division of Children's Health and Rehabilitation provided community treatment upon release. **The Department requested, and the Committee approved, eliminating this program pursuant to August supplemental #11. The program was closed effective October 1, 2009. No funding is requested or recommended in FY 2010-11.**

Staff notes that the Division does maintain ongoing relationships with local community mental health centers for services to youth in detention. Mental health staff come to detention facilities several times per week to help address any acute mental health problems that arise. The Division covers the associated costs for youth who are not Medicaid eligible, while the Behavioral Health Organizations cover costs for Medicaid-eligible youth. While services are more limited than in the pilot program and do not extend to youth after they leave secure detention, this more limited set of services will continue to be extended to youth in detention.

EDUCATIONAL PROGRAMS

This line item funds personal services and operating expenses associated with education, primarily in state-operated commitment facilities. In contract commitment facilities, and in detention facilities, education is the responsibility of local school districts and paid for with the help of state per pupil operating revenue (PPOR). A limited portion of the Educational Programs line item is used to supplement PPOR-funded services at detention facilities with health education, such as AIDS prevention and substance abuse prevention.

There are three sources of federal funds for this line item that appear as reappropriated funds because the money is transferred from the Department of Education: (1) the Carl D. Perkins Vocational Education Act for vocational training ($30,000); (2) Title I of the Elementary and Secondary Education Act for disadvantaged youth ($206,336); and (3) the Individuals with Disabilities Education Act for special education ($107,557).

Educational Programs Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommended
Support Staff	2.7	4.0	4.0	4.0
Teachers	27.3	36.8	36.8	36.8
TOTAL	**30.0**	**40.8**	**40.8**	**40.8**

The Department requests an appropriation of $5,788,767, including $5,444,874 General Fund and $343,893 reappropriated funds, and 40.8 FTE for this line item. This request includes annualization of FY 2009-10 personal services reductions, BR #4 (2.0 percent provider rate decrease), BA #NP-1 (PERA adjustment), and SBA #8 (operating expense reductions).

Staff recommends the request, which is calculated consistent with committee common policy and staff's recommendation, previously described, to approve BR #4 (2.0 percent provider rate decrease) and SBA #8 (operating expense reductions). The calculations are detailed below.

Summary of Staff Recommendation — Department of Human Services (11) Division of Youth Corrections – (B) Institutional Programs Educational Programs				
	General Fund	**Reapprop. Funds**	**Total Funds**	**FTE**
Personal Services	$2,636,827	$204,029	$2,840,856	40.8
Operating Expenses	2,884,537	136,087	3,020,624	0.0
FY 2009-10 Long Bill (S.B. 09-259)	**5,521,364**	**340,116**	**5,861,480**	**40.8**
Annualize 1.8 percent personal services reduction	48,809	3,777	52,586	0.0
BA #NP1 (PERA adjustment)	(57,760)	0	(57,760)	0.0
SBA #8 (Operating Expense Reduction)	(8,152)	0	(8,152)	0.0
BR #4 (Provider Rate Decrease)	(59,387)	0	(59,387)	0.0
TOTAL RECOMMENDATION	**$5,444,874**	**$343,893**	**$5,788,767**	**40.8**

PREVENTION/INTERVENTION SERVICES

This line item provides spending authority for an intra-agency agreement between DYC and the Alcohol and Drug Abuse Division (ADAD) located in the Division of Mental Health. Historically, the funds have supported drug and alcohol assessment and training for substance abuse counselors in DYC facilities. The dollars transferred to DYC (reappropriated funds) are initially appropriated as federal funds in ADAD.

The Department requests, and staff recommends, a continuation appropriation of $49,693 reappropriated funds and 1.0 FTE, for this line item. To the extent small savings are realized associated with BA #NP1 (PERA adjustment), staff assumes they will be redirected to meet other program needs.

(C) COMMUNITY PROGRAMS

This section of the Division funds contract placements of juveniles typically in community settings with lower security levels than state-operated institutions. This section also supports case management that begins during a juvenile's stay in commitment and continues through the end of parole. Finally, this section funds S.B. 91-94 programs intended to divert juveniles from detention and commitment, or reduce their length of stay.

PERSONAL SERVICES

This line item supports personal services for case managers, support staff, and regional administrators, who are responsible for overseeing contract placements and the overall operation of DYC services in the area. Beginning in FY 1997-98, the Division combined the role of case manager and parole officer, so the same individual tracks a juvenile through the system from commitment to the end of parole.

The source of cash funds in this line item is a reimbursement by the operator of the Ridge View facility to offset the cost of monitoring the facility pursuant to Section 19-2-411.5 (2) (e), C.R.S.

Community Programs Staffing Summary	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	FY 2010-11 Recommended
Management	4.0	4.0	4.0	4.0
Case Managers	95.6	91.9	88.0	88.0
General Professional	1.9	2.6	2.6	2.6
Support Staff	12.8	12.8	12.8	12.8
TOTAL	**114.3**	**111.3**	**107.4**	**107.4**

The Department requests $7,436,906, including $7,104,758 net General Fund, and 107.4 FTE for this line item. This includes annualization of FY 2009-10 personal services reductions, annualization of August Supplemental #23 (case management realignment), and BA #NP1 (PERA adjustment).

The staff recommendation is detailed below. Consistent with Committee common policy, staff recommends the requested adjustments for annualizing the FY 2009-10 personal services reductions and BA #NP1 (PERA adjustment).

August #23/BA #3 - Reduction in Client Management Positions

During FY 2009-10 supplemental figure setting, the Committee approved a Department request to re-align its caseload for its client management system effective October 1, 2009.

The Division previously applied a ratio of 1 client manager to 20 youth in both the residential and community parole programs. Under the revised approach, it applies a ratio of 1:25 for youth in residential placement and 1:18 for youth on parole. The August proposal was modified by a January Budget Amendment #3 to correct the line items to which the proposed adjustments would be applied.

The total reduction for FY 2009-10 was $427,686 and 5.7 FTE. For FY 2010-11, the reduction annualizes to 9.6 FTE and $642,240 General Fund, including $635,402 for personal services and $6,840 for operating expenses. As discussed during the supplemental presentation, applying the Legislative Council Staff December 2009 caseload projection for FY 2010-11 of an ADP of 1,232 committed youth and 437 on parole would indicate a reduction of 8.6, rather than 9.6 FTE. However, the Department has not requested an associated adjustment, and, given recent caseload trends and the margin of error in the forecast, staff is not recommending a higher figure. **Staff recommends the FY 2009-10 supplemental action for August 23/BA 3 be annualized as requested.**

Request for Line Item. The Department requests an appropriation of $8,249,032, including $7,909,250 *net* General Fund, and 117.0 FTE for this line item. The request includes a reduction of $98,184 General Fund and 1.8 FTE associated with Budget Amendment #50 (Eliminate Expansion of Functional Family Parole). **Staff recommends that the Committee approve an appropriation of $8,169,192, including $7,829,410 *net* General Fund, and 117.0 FTE for this line item.** Staff's calculations for the line item are below.

Summary of JBC Staff Recommendation — Department of Human Services (11) Division of Youth Corrections – (C) Community Programs Personal Services						
	General Fund	**Cash Funds***	**Reapprop. Funds****	**Federal Funds*****	**Total**	**FTE**
FY 09-10 Long Bill (S.B. 09-259)	$7,740,718	$50,669	$46,008	$259,933	$8,097,328	117.0
Annualize 1.8 percent reduction	145,102	938	852	4,812	151,704	0.0
BA #NP 1 (PERA adjustment)	(168,597)	(1,166)	(990)	(5,973)	(176,726)	0.0
August #23 (case management)	(635,400)	0	0	0	(635,400)	(9.6)
TOTAL RECOMMENDATION	**$7,081,823**	**$50,441**	**$45,870**	**$258,772**	**$7,436,906**	**107.4**

* The source of cash funds is fee revenue received by the Division pursuant to Section 19-2-411.5 (2) (e), C.R.S., from the Rights of Passage Program to offset the cost of monitoring the Ridgeview Facility.

** These amounts shall be from Medicaid funds transferred from the Department of Health Care Policy and Financing.

*** The source of federal funds is Title IV-E funds.

OPERATING EXPENSES

This line item provides operating funds for the FTE in the personal services line item above. The single largest expenditure category from this line item is fuel expenditures, reflecting the mobile nature of case management work. The source of cash funds is fees collected from the Ridge View contractor to offset the cost of monitoring operations in DYC facilities, which is required pursuant to Section 19-2-411.5 (2) (e), C.R.S.

The Department requests an appropriation of $330,980, including $328,532 General Fund and $2,448 cash funds. The request includes annualization of the FY 2009-10 mail equipment upgrade decision item and S #NP 5 (the FY 2010-10 mail equipment upgrade adjustment), annualization of August #23 (case management ratios), and SBA #8 (operating expense reductions).

The staff recommendation is detailed below. The only difference from the request is a slight modification to the annualization of the FY 2009-10 mail equipment adjustment.

Summary of JBC Staff Recommendation — Department of Human Services (11) Division of Youth Corrections – (C) Community Programs Operating Expenses			
	General Fund	**Cash Funds***	**Total Funds**
FY 2009-10 Long Bill (S.B. 09-259)	$348,929	$2,448	$351,377
Annualize FY 2009-10 mail equipment upgrade	(327)	0	(327)
S #NP 5 (mail equipment upgrade)	74	0	74
August #23/BA#3 (DYC client manager ratios)	(6,840)	0	(6,840)
SBA #8 (operating expense reductions)	(13,304)	0	(13,304)
TOTAL RECOMMENDATION	**$328,532**	**$2,448**	**$330,980**

* The source of cash funds is fee revenue received by the Division pursuant to Section 19-2-411.5 (2) (e), C.R.S., from the Rights of Passage Program to offset the cost of monitoring the Ridgeview Facility.

PURCHASE OF CONTRACT PLACEMENTS

This line item provides funding for the Division to contract with private for-profit and non-profit organizations to house and treat youth. This includes both contracts with privately owned and operated facilities and contracts with privately operated programs in state-owned facilities (Ridge View, Marler, and DeNier). In FY 2008-09, placements in state-owned, privately operated facilities comprised 60 percent of the placements funded through this line item (ADP of 459). All of the contracts funded through this line item are for residential services. Non-residential services are paid for through other line items. The source of reappropriated funds is Medicaid funds transferred from the Department of Health Care Policy and Financing.

Long Bill Footnote. In the 2003 Long Bill, the Committee added a footnote to this line item authorizing the Division to spend up to 5.0 percent of the appropriation on treatment and transition services for youth in state-operated facilities. In FY 2005-06, this percentage was increased to 10.0 percent, in FY 2007-08 the percentage was increased to 15.0 percent, and for FY 2008-09 the percentage was increased to 20.0 percent. The Division has used this flexibility to implement its Continuum of Care Initiative, which includes evidence-based practices to help transition youth from residential to community-based programs. However, all amounts in this line item in excess of amounts projected to be required to fund contract placements were either eliminated or moved to other line items in FY 2008-09.

Staff has included a recommendation for the FY 2009-10 Purchase of Contract Placements line item, in addition to a recommendation for the FY 2010-11 line item.

Purchase of Contract Placements - FY 2009-10 Supplemental Calculation - Supplemental #1

During the supplemental presentation for the Division of Youth Corrections in January 2010, staff recommended, and the Committee approved, various supplementals that would affect this line item. However, the Committee also agreed to a staff recommendation to delay final action on this line item pending a departmental caseload adjustment supplemental anticipated to be received in February. This supplemental request (S#1) was subsequently received. The request and staff's final recommendation for this line item are outlined below. A detailed staff calculation for the line item is included in an appendix.

DYC Purchase of Contract Placements Line Item - FY 2009-10				
	Request		Recommendation	
	Total	Net GF	Total	Net GF
FY 2009-10 Long Bill	$42,463,536	$41,695,809	$42,463,536	$41,695,809
Adjustment for 120 percent capacity in state facilities (Aug #20)	(4,440,222)	(4,357,099)	(4,443,792)	(4,360,558)
Adjustment for Ridge View Licensing (Aug #21/S #5)	0	(748,762)	0	(726,136)
Provider Rate Adjustment (Aug #22)	(557,983)	(557,983)	(592,540)	(581,856)
Caseload adjustment (S #1)	3,247,657	3,151,835	1,575,958	1,502,988
Total	**$40,712,988**	**$39,183,800**	**$39,003,162**	**$37,530,247**
Change from FY 2009-10 Long Bill	($1,750,548)	($2,512,009)	($3,460,374)	($4,165,562)

DYC Purchase of Contract Placements Line Item - FY 2009-10 - Staff Recommendation - Fund Source Detail					
	Total	General Fund	Reappropriated Funds*	Federal Funds**	Net General Fund
FY 2009-10 Long Bill	$42,463,536	$40,928,081	$1,535,455	$0	$41,695,809
Recommended Appropriation	39,003,162	36,783,468	1,493,558	726,136	37,530,247
Change	**(3,460,374)**	**(4,144,613)**	**(41,897)**	**726,136**	**(4,165,562)**

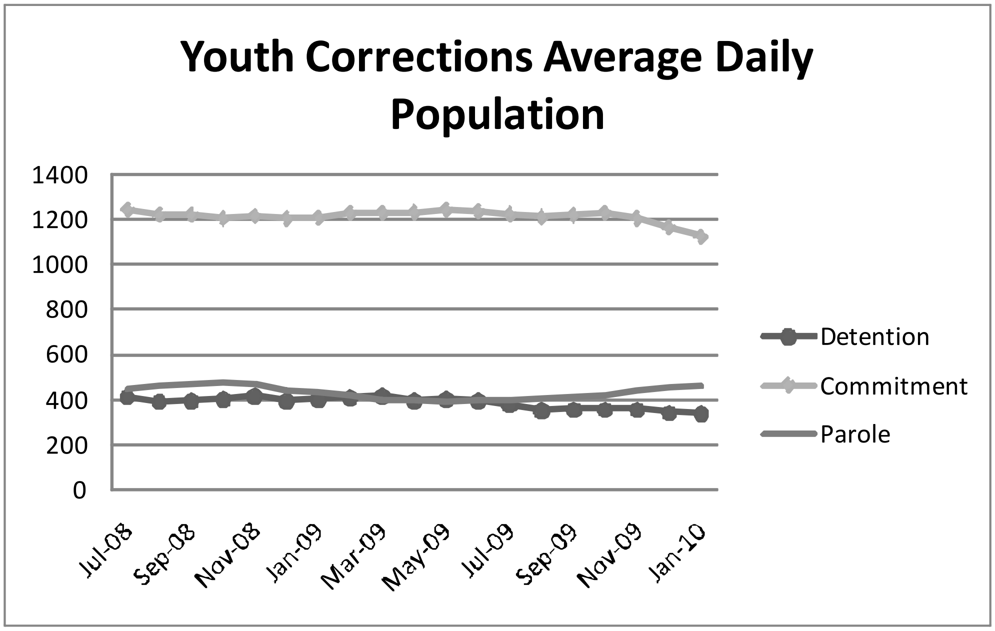
*Medicaid

**Title IV-E Reimbursements

Caseload calculation - Supplemental #1. Department's request is based on the Legislative Council Staff December 2009 caseload projection of 1,232 ADP for the commitment population for FY 2009-10. This is an increase over the December 2008 caseload projection 1,175 and thus drives an increase in required funding. The Department's request, including a caseload adjustment of $3.2 million net

General Fund and an overall reduction in this line item of $2.5 million (including all supplemental adjustments) is virtually identical to the amounts identified by staff in January as a placeholder based on the Legislative Council Staff December 2009 projection.

However, based on more recent actual caseload data, staff **does not** recommend use of the Legislative Council Staff projection for FY 2009-10. Instead, **the staff recommendation for the current fiscal year is based on the actual average daily placement of 1,201.5 for the first seven months of the year (July 2009-January 2010). This drives a need for an additional $1,502,988 net General Fund, rather than the $3,151,835 requested.**



The basis for the staff recommendation is as follows:

- The December 2009 Legislative Council staff projection was based on average daily placement data through October 2009. During the first four months of the year, average daily placements were increasing and had reached 1,233 in October. Subsequently, placements began to fall sharply. By January, they were at 1,128. Notably, during the same period, detention populations also began to fall more sharply and were at 336.5 by January, although staffed for a detention cap of 479. This is reflected in the data on the chart below.

- The Department has argued that despite the dramatic change in the population trend it is still appropriate to use the Legislative Council Staff projection, because trends can change rapidly and it is not uncommon for the Division to see a population increase in the spring. However, Legislative Council staff provided JBC staff with substantial historical data, and, although it is true that populations fluctuate, the evidence for a consistent upswing in the Spring is not strong. More importantly, even in periods of very rapid growth (based on data going back to

FY 1998-99), staff has difficulty generating a scenario for the last five months of the year that would bring the Division's average daily population above the seven month average for the year. While the Division has had periods of sustained growth, staff could not find any examples of sustained growth over a five month period of over 2 percent per month in the last ten years. Even if staff makes an aggressive assumption that the current trend will reverse and the population will grow at a rate of 2.0 percent for the remaining months of the year, the average ADP for the year would be 1,199--or below the average ADP staff proposes to use.

- The Department has acknowledged that the pressures of its operating at 120 percent of capacity are eased by the fact that detention populations are very low, at least for facilities that serve both detained and committed youth. While staff is not recommending an FY 2009-10 adjustment related to the detention population, low detention populations should continue to give the division considerable flexibility in managing the remainder of the year at approximately 120 percent of capacity (as requested and approved during supplementals).

Adjustment for Ridge View Licensing. August #21, as modified by supplemental #5, created a new licensing category to recognize the community-based nature of the Ridge View Youth Service Center (RVYSC) This change allows youth to be eligible for federal Title IV-E funding and will allow the State to bill for federal reimbursement of residential expenses for youth placed at the Ridge View facility, as well as associated administrative costs. In addition, the change will allow the State to bill Medicaid for youth's off-site specialty medical care, rather than covering these costs entirely with General Fund. The net impact of the change is a $0 change in total appropriated dollars but net General Fund savings.

Staff requested an updated estimate from the Division on the impact on the licensing change for the Ridge View facility for federal Title IV-E revenue. Ridge View has been approved to bill for Title IV-E reimbursement since November 1, 2009. However, due to required billing system changes, no bills have yet been submitted or reimbursed. Bills will ultimately be reimbursed retroactive to November 1. Staff requested an update in the expectation that the Department would have refined estimates developed in August. It has done so, although figures may still fluctuate. A revised analysis for FY 2009-10, based on an estimated Ridge View population of 311, a Title IV-E penetration rate of 17 percent, an average daily reimbursable rate of $94.23, and a start-date of November 1 results in **estimated room and board reimbursement of $606,136, instead of the $628,766 originally projected for the year. When this is combined with estimated administrative reimbursement of $120,000, the total adjustment is $22,630 less than the Department's original request. Staff recommends using this revised figure.**

Provider rates. The Department's February submission identified new average provider rates and new allocation of beds by contractor category, based on actuals for the first half of the year, including the 2.0 percent provider rate reduction for nine months. Staff used these figures in the staff calculation. Note that estimated savings related to provider rates and related to caseload changes compound, and residual adjustments in both the Department and staff calculation are included in the caseload change.

Purchase of Contract Placements - FY 2010-11 Line Item

Department Request. The Department requested $44,386,259, including $43,001,091 net General for this line item for FY 2010-11. The request is summarized in the table below.

Summary of Request — Department of Human Services (11) Division of Youth Corrections – (C) Community Programs Purchase of Contract Placements					
	General Fund	**Reapprop. Funds**	**Federal Funds**	**Total Funds**	***Net General Fund***
FY 09-10 Long Bill (S.B. 09-259)	$40,928,081	$1,535,455	$0	$42,463,536	*$41,695,809*
Annualize Reduction Based on Flexibility Allowed in Long Bill Footnote	9,149,992	0	0	9,149,992	*9,149,992*
BR #2 - Delay restoration of DYC Flexibility Allowed in Long Bill Footnote	(9,150,000)	0	0	(9,150,000)	*(9,150,000)*
August #21/BA #3 - Reclassification of Licensing Category of Ridge View Youth Services Center	(998,350)	0	998,350	0	(998,350)
BR #4 - Provider rate decrease	(961,814)	(50,489)	(19,967)	(1,032,270)	(987,059)
BA #1 - DYC Caseload	3,176,396	228,605	0	3,405,001	3,290,699
Total Request	**$42,144,305**	**$1,713,571**	**$978,383**	**$44,836,259**	***$43,001,091***

Base Reduction #2 - Delay restoration of DYC Flexibility Allowed in Long Bill Footnote

In the 2003 Long Bill, the Committee added a footnote to the Purchase of Contract Placements line item authorizing the Division to spend up to 5.0 percent of the appropriation on treatment services for youth in state-operated facilities. This percentage was increased to 10.0 percent in FY 2005-06, to 15.0 percent in FY 2007-08, and to 20.0 percent for FY 2008-09 and FY 2009-10. However, due to budget constraints, excess funding (funding beyond the minimum required on a per-bed) was eliminated from the contracts placement line item for FY 2008-09 and FY 2009-10.

The current budget request reflects annualizing (restoring) the reduction of $9,149,992--but then temporarily eliminating $9,150,000 again via Base Reduction #2. Thus, for the moment, flexibility in the Contracts Placement line item does not appear to be yielding funding for Continuum of Care; however the Department continues to see this as providing an important funding opportunity for the future.

The Department's Base Reduction #2 indicates that it is planning to delay implementation of the following Continuum of Care initiatives as a result of the base reduction.

Base Reduction #2: Continuum of Care Initiatives Proposed to be Delayed	
	Estimated Cost of Initiative
Community Accountability Program	$6,000,000
House Bill 1451 Collaboratives	2,000,000
Catastrophic Medical Reserve	500,000
Physical Plant Improvements in state owned facilities	650,000
Total Deferred Investments:	$9,150,000

Staff recommends the request. In light of the current budget situation, staff does not believe restoring the funding would be warranted. Staff notes that the request is based on plans that are delayed, rather than cuts to existing funding, as the Division has never actually had access to these funds. Further, to the extent that additional funds have been available in this line item, they have been transferred to the Parole Program Services line item. Thus, that is now the location of much of the funding used to support the continuum of care, including $779,763 transferred there for FY 2009-10. (To the extent continuum of care is a philosophy of putting the "right kids in the right places" associated funding is throughout the Division.)

Further, in light of the fact that this line item is not being budgeted with any excess funding, staff recommends two **modifications to the related footnote**:

- The footnote should authorize no more than a 5.0 percent transfer of funds. Staff does not expect that even this will be feasible this year; however, the concept of allowing the Division some flexibility to invest funding in efforts intended to reduce placements is reasonable.

- The footnote should be modified to clarify that excess amounts may transferred to the parole program services line item, rather than indicating that any spending not related to residential placements will occur in this line item.

August #21/BA #3 - Reclassification of Licensing Category of Ridge View Youth Services Center

This item annualizes changes implemented in FY 2009-10. The Department's August #21, as modified by supplemental #5, created a new licensing category to recognize the community-based nature of the Ridge View Youth Service Center (RVYSC). This change allows youth to be eligible for federal Title IV-E funding and allows the State to bill for federal reimbursement of residential expenses for youth placed at the Ridge View facility, as well as associated administrative costs. In addition, the change allows the State to bill Medicaid for youth's off-site specialty medical care, rather than covering these costs entirely with General Fund. The net impact of the change is a $0 change in total appropriated dollars but net General Fund savings.

For FY 2010-11, the Department requested associated savings in this line item of $998,350. In February, staff requested updated estimates from the Department on associated federal Title IV-E earnings. The Department now anticipates a higher penetration rate of IV-E eligible youth in the facility (17.0 percent), although a lower average daily rate of $94.23 than was originally anticipated. The impact of these figures changes depending upon whether it is assumed that the Ridge View facility will be fully utilized (ADP of 405) in FY 2010-11. Due to the Department's shift to operating at 120 percent of capacity in FY 2009-10, the Department now estimates the Ridge View population will be just 311 in FY 2009-10. However, staff currently assumes that, as the Department shifts back to less intensive utilization of state-operated facilities, Ridge View will be used at an ADP of 405. Based on this, the staff estimate of savings is outlined below. Staff assumes that, as needed, this figure will be further adjusted in FY 2010-11 based on Ridgeview actual caseload and Title IV-E revenue.

Revision to FY 2010-11 Ridgeview IV-E Estimate for FY 2010-11	
Estimated population	405
Estimated penetration rate	17.0%
Eligible youth	68.9
Average daily rate	$94.23
Days	365
Total per ADP	$34,394
IV-E eligible expenditures	2,368,023
Resulting IV-E revenue at 50%	1,184,012
Administrative billing fee	160,000
Total estimated IV-E FY 10-11	**$1,344,012**

BR #4 - Provider Rate Decrease

The General Assembly previously approved supplemental rate reduction for contracted facilities of 2.0 percent for nine months in FY 2009-10. The request continues this reduction for a fully year in FY 2010-11. **Staff recommends the requested rate reduction**. The lower rates are now incorporated into the calculation for this line item. Due to other adjustments in the staff calculation, the impact is calculated as a reduction of $865,927 total funds, including $821,931 net General Fund (slightly different from the request figures).

Staff Recommendation - Operate DYC Facilities at 110 Percent of Capacity

The basis for this recommendation is as follows:

- The Department has a long history of operating at 110 percent of capacity without any obvious major problems or crises. While staff recognizes this is not programmatically ideal, it seems reasonable in light of the revenue shortfall.

- Staff has recommended using the December 2009 Legislative Council staff population forecast. **Based on recent population history in the Division, staff believes this is likely an over-estimate.** However, a generous population estimate reduces any pressure to operate at above-110 percent of capacity prior to mid-year adjustments.

- **Average daily population figures in the Department's detention population, like the commitment population, appear to be in decline**. Funding for detention beds have been fixed at 470 since the implementation of the detention cap in 2003. The average daily population for the detention population for the last 12 months has been 373, and it has been declining steadily. During the first seven months of FY 2009-10, the population average was 353. **While an ADP of approximately 393 (82%) may be considered "full use" based on the day-to-day variability in individual facilities, the current trend (January population of 337) suggests significant under-use of detention beds. Staff believes closing detention beds and/or reducing detention staffing is likely warranted**. Because *the Department has been unwilling to work with staff related to any particular scenarios,* staff has identified as an option a reduction to the S.B. 91-94 programs that could be backfilled via reductions to detention beds.

- In the absence of a cut to detention, staff notes that a low detention population means that the Department has fewer demands on its overall staffing and facility operating costs, and that many DYC facilities are dual use, *i.e.*, they provide services for both detention and commitment populations. If commitment capacity is assumed to be operated at 110 percent of capacity, commitment beds hold 478.0 youths rather than 434.5 youth--a difference of 43.5 ADP. **If "effective" detention capacity is assumed to be 393 (82 percent of 479--the point at which facilities rarely if ever hit the detention cap) and the detention population stabilizes at the FY 2009-10 average of 353, the under use of detention (40 ADP) will approximately balance the over-use of commitment ADP (43.5).**

- Staff has not included additional funding for medical services ($4,445 per youth) or operating expenses in the institutions ($2,386 per youth) although these were requested when it shifted to 120 percent of capacity for FY 2009-10.
  a. When the Department shifted from 110 percent of capacity to 100 percent of capacity (its intent for FY 2009-10, though not realized), it did not include any *reduction* to either its operating costs or its medical expenses line item.
  b. With respect to operating costs, staff anticipates that reductions in the need for operating costs for youth in detention will offset the need for increased operating costs for committed youth.
  c. With respect to medical costs, staff notes that a significant portion of medical expenses associated with youth the Ridge View, Marler, and DeNier state owned/privately

operated facilities is already incorporated into the medical services line items. These facilities represent more than half of the contracted capacity and appear to be the facilities most affected by the Division's increased or reduced use of contract placements.

- Savings to the Purchase of Contract Placements line item associated with the staff recommendation are reflected in the table below.

Purchase of Contract Placements Impact of 110 Percent of Capacity	
	Net General Fund*
Contact Placements Cost if State Operates at 100 Percent Capacity (434.5 ADP in state facilities)	$43,970,382
Contract Placements Needed if State Operates at 110 Percent Capacity	41,621,070
Difference (Savings)	($2,349,312)

Budget Amendment #1 - DYC Caseload

Department's request for caseload for this line item is based on:

- the Legislative Council Staff December 2009 caseload projection of 1,226 ADP for the commitment population for FY 2009-10; and
- the assumption that the Department will operate at 100 percent of capacity in FY 2010-11, rather than the 120 percent temporarily instituted in FY 2009-10 and the 110 percent historically in place.

The staff recommendation is based on:

- the Legislative Council Staff December 2009 caseload projection of 1,226 ADP for the commitment population for FY 2009-10 (same as the Department); and
- the assumption that the Department will operate at 110 percent of capacity in FY 2010-11, consistent with past practice (different from the Department).

For comparison, the Division of Criminal Justice forecast is for an ADP of 1,248.3 in FY 2010-11.

Summary of Recommendation— Department of Human Services (11) Division of Youth Corrections – (C) Community Programs Purchase of Contract Placements					
	General Fund	**Reapprop. Funds**	**Federal Funds**	**Total Funds**	***Net General Fund***
FY 09-10 Long Bill (S.B. 09-259)	$40,928,081	$1,535,455	$0	$42,463,536	*$41,695,809*
Annualize Reduction Based on Flexibility Allowed in Long Bill Footnote	9,149,992	0	0	9,149,992	*9,149,992*
BR #2 - Delay restoration of DYC Flexibility Allowed in Long Bill Footnote	(9,150,000)	0	0	(9,150,000)	*(9,150,000)*
August #21/BA #3 - Reclassification of Licensing Category of Ridge View Youth Services Center	(1,344,012)	0	1,344,012	0	(1,344,012)
BR #4 - Provider rate decrease	(805,464)	(33,034)	(27,429)	(865,927)	(821,981)
Staff Rec - Operate at 110% capacity	(2,301,857)	(94,909)	0	(2,396,766)	(2,349,312)
BA #1 - DYC Caseload	2,990,987	211,150	27,429	3,229,566	3,096,560
Total Recommendation	**$39,467,727**	**$1,618,662**	**$1,344,012**	**$42,430,401**	***$40,277,056***
Comparison - FY 10-11 Request	$42,144,305	$1,713,571	$978,383	$44,836,259	*$43,001,091*
Recommendation v. Request.	($2,676,578)	($94,909)	$365,629	($2,405,858)	*($2,724,035)*
Comparison - FY 09-10 Recommend	$36,783,468	$1,493,558	$726,136	$39,003,162	*$37,530,247*
FY 10-11 Rec. v. FY 09-10 Rec.	$2,684,259	$125,104	$617,876	$3,427,239	*$2,746,809*

MANAGED CARE PILOT PROJECT

This line item is used to fund the Boulder County Impact Project, which is a managed care agreement between the Division of Youth Corrections and Boulder County for handling delinquent youth. The program serves as an umbrella for a wide range of Boulder county programs designed to assist at-risk youth involved in child welfare, youth corrections, and mental health systems and draws on multiple funding streams, including this one. The program has reported that, since its inception, it has been able to reduce use of detention beds by 25 percent and use of contract commitment beds by over 40 percent, as well as reducing use of hospitalization.

The original IMPACT agreement with Youth Corrections provided Boulder with the funds associated with their youth corrections contract placements and fixed their maximum use of state facility beds at the level in place at that time (the late 1990s). The Boulder agreement with DYC specifies that if its use of state commitment beds exceeds its cap, it will reimburse the State for the related costs.

Department Request. The Department requests an appropriation of $1,096,639, including $1,080,305 *net* General Fund, for this line item. The request includes decreases for BR #4 (Provider Rate Decrease) and August #19 (IMPACT).

Base Reduction #2 - Provider Rate Decrease

The request applies a 2.0 percent reduction to this line item. As previously discussed, staff recommends the 2.0 percent provider rate decreases proposed throughout this Division.

August #19 - IMPACT

The Department proposed, and the General Assembly approved, a 20 percent cut to the General Fund appropriation for this line item in FY 2009-10. The FY 2010-11 continues the reduction at this level. **Consistent with prior Committee action, staff recommends the cut be continued.** To balance the budget adjustment, a 0.75 parole officer was laid off from IMPACT but placed in an open position in the 20th Judicial District. Even with the reduction, IMPACT maintains 2.0 FTE to oversee 30 committed and paroled youth in Boulder county (a caseload of 1:14). The remainder of the cut is being managed by reallocation of a $300,000 set-aside, reduction of H.B. 04-1451 programs and under-used services, and reallocation of some program costs to other funding streams.

Staff recommendation. The staff recommendation is detailed in the table below.

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (C) Community Programs					
	General Fund	**Reapprop. Funds***	**Total Funds**	***Medicaid Cash Funds***	***Net General Fund***
FY 2009-10 Long Bill (S.B. 09-259)	$1,357,105	$33,336	$1,390,441	$33,336	$1,373,773
August #19 (IMPACT)	(271,421)	0	(271,421)	0	(271,421)
BR #2 - Provider Rate Decrease	(21,714)	(667)	(22,381)	(667)	(22,048)
TOTAL RECOMMENDATION	**$1,063,970**	**$32,669**	**$1,096,639**	***$32,669***	***$1,080,305***

* These amounts shall be from Medicaid funds transferred from the Department of Health Care Policy and Financing.

<u>SENATE BILL 91-94 PROGRAMS</u>

Senate Bill 91-94 authorized the creation of local, judicial-district based programs designed to provide alternatives to incarceration for pre-adjudicated and adjudicated youth. These programs work to reduce the incarcerated population by impacting the number of admissions into DYC facilities, or by reducing the length of stay for youths placed in DYC facilities. Senate Bill 91-94 funds are also used in each judicial district to implement a uniform intake screening and assessment of all youth taken into custody by law enforcement. The goal of this intake screening is to determine the most appropriate placement for youth. Four levels of placement are identified on the screening instrument, including secure detention, staff secure detention, residential/shelter, and home detention with monitoring.

Of the funds appropriated to this line item, the Division reserves three percent for research, evaluations, technical assistance, and audits. The remainder of the money is allocated by formula to programs in each judicial district. Historical funding has been based on approximately 25 percent for committed youth and 75 percent for detained youth. However, because of recent budget reductions and because of the statutory cap on juvenile detention beds, the funds are currently used for detention services only.

The Department requests an appropriation of $13,101,046 General Fund for this line item. The request includes a reduction to annualize the FY 2009-10 mail equipment upgrade, S #NP 5 for the FY 2010-11 mail equipment adjustment, and a reduction of $265,948 for BR #4 (the provider rate decrease).

The staff recommendation is detailed in the table below. The mail equipment upgrades are consistent with Committee common policy, and, as previously discussed, staff has recommended the requested provider rate decreases throughout this division. The only difference between the request and recommendation is a slight difference in annualization of the FY 2009-10 mail equipment upgrade.

Summary of Recommendation — Department of Human Services (11) Division of Youth Corrections – (C) Community Programs S.B. 91-94 Programs	
	General Fund
FY 2009-10 Long Bill (S.B. 09-259)	$13,297,559
Annualize FY 2009-10 mail equipment upgrade	(118)
S #NP 5 - Mail Equipment Upgrade	35
BR #5 - Provider Rate Decrease	(265,948)
TOTAL RECOMMENDATION	**$13,031,528**

Budget Reduction Option

Based on a review of Department data, **staff is concerned that the very low rate of average daily placements for the detention population, if it continues, represents a poor use of state resources**. Legislative Council Staff does not currently forecast the detention population, due to the detention bed cap of 479; however, the year-to-date ADP for detention beds was just 353 as of January 2010 and appears to be steadily falling. If savings could be achieved consistent with the daily cost per ADP in detention facilities ($161.28 per placement per day) and a drop in the population of 40 ADP, savings would be $2.35 million.

Staff also notes that no cuts have been taken from the S.B. 91-94 line item, which is designed to reduce the use of secure detention placements. Large reductions were taken from this line item during the last budget crisis.

Finally, staff notes the Department has been unwilling to work with staff in exploring options for savings associated with the low detention population. In light of this, staff suggests the Committee consider the following:

- Reduce this line item by $1.0 to $2.0 million.
- Add a footnote to the institutions section of the Youth Corrections budget authorizing transfer savings associated with reduced use of detention capacity to this line item.

PAROLE PROGRAM SERVICES

This line item was created in FY 1998-99 through the consolidation of several line items providing wrap-around services to parolees and pre-parolees. The funds are designed to assist in a successful transition from commitment to parole, and in successful completion of parole. In addition, some of the services, such as electronic monitoring, create conditions in the community that may make the Parole Board more comfortable with releasing a juvenile to parole sooner. Funding for this line item has grown substantially in recent years, as savings associated with decreased commitment populations have been transferred to this line item to support the Division's Continuum of Care initiatives, including an increase of $779,763 General Fund in FY 2009-10. The funding currently in this line item provides for services at a cost of $13,511 per year per average daily placement, based on the Legislative Council Staff projection of a parole ADP of 434 for FY 2010-11. In response to staff questions, the Department has indicated that approximately 40 percent of this budget is used to maintain capacity for services, regardless of the number of youth on parole, while the balance is more clearly variable based on clients served.

Source of Federal Funds. The source of federal funds is Title IV-E funding. Title IV-E provides assistance to states in paying a portion of the cost associated with maintaining certain youth in out-of-home placements. The youth must meet eligibility criteria based on family income and committing circumstances (best interests of the child and reasonable efforts to avoid out-of-home placement). The placement must be in a non-institutional, non-secure, community-based setting. Many of DYC's youth and placements meet the criteria.

The Division uses random moment sampling (RMS), a federally approved method of accounting for personal services time spent on Title IV-E eligible activities. Under RMS, an automated system calls client managers arbitrarily to determine what they are doing at that moment and for the preceding hour, and whether that activity qualifies for Title IV-E reimbursement. Then, based on the percentage of Title IV-E eligible youth in the system, the agency can claim the federal funds.

The Department requested $5,863,847, including $4,952,118 General Fund for this line item. This includes a reduction of $119,670, including $101,473 General Fund for BR #4 (the provider rate decrease). Staff recommends the Department's request. As previously discussed, staff recommends the proposed provider rate decreases throughout this division.

Staff has reflected as an option reducing this line item in light of the state budget crisis and the substantial recent-year increases.

JUVENILE SEX OFFENDER STAFF TRAINING

This line item was added through a supplemental appropriation in FY 2002-03 for the purpose of funding training costs for DYC staff. Pursuant to the provisions of H.B. 00-1317 (Tool / Anderson), the Sex Offender Management Board (SOMB) was required to develop standards for the evaluation and identification of juvenile sex offenders. The standards developed by the SOMB are founded on best practices, which include an emphasis on informed supervision. Implementing this concept involves a list of supervisory roles and duties for all individuals who have a direct care or custodial relationship with a juvenile sex offender, which includes facility staff, case managers, parents, teachers, coaches, etc. The Division estimates that, on average, approximately 250 youth in its custody either have been adjudicated for a sexual offense or have charges that include an underlying factual basis for a sexual offense. This estimate includes the population in residential treatment or under parole supervision.

The Department requests a continuation appropriation of $47,060 total funds, including $38,250 cash funds (Sex Offender Surcharge Fund) to train Department staff and contractors so that they can continue the process of complying with standards developed by the Sex Offender Management Board. The remaining $8,810 General Fund is annualization from H.B. 07-1093, which requires DYC to develop polices and procedures regarding sexual assaults that occur in facilities for which they are responsible.

Staff recommends that the Committee approve an appropriation of $47,060, including $8,810 General Fund and $38,250 cash funds, for this line item. The source of cash funds is the Sex Offender Surcharge Fund established in Section 18-21-103 (3), C.R.S.

DEPARTMENT OF HUMAN SERVICES
DIVISION OF YOUTH CORRECTIONS
FY 2010-11 LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

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

1 **Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice; and Colorado Bureau of Investigation** -- State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from the Drug Offender Surcharge Fund, the Offender Identification Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Program Fund, among other programs.

Comment: Staff believes this footnote is useful because there have been historical difficulties with coordinating multi-agency programs. As such, staff believes this footnote provides helpful information for the General Assembly to ensure the sustainability of cash funds that are appropriated to multiple agencies.

Staff recommends the following footnote be **continued, as amended.**

30 **Department of Human Services, Division of Youth Corrections, Community Programs, Purchase of Contract Placements** -- It is the intent of the General Assembly that up to ~~20.0~~ 5.0 percent of the General Fund appropriation to this line may be TRANSFERRED TO THE COMMUNITY PROGRAMS, PAROLE PROGRAM SERVICES LINE ITEM ~~used~~ to provide treatment, transition, and wrap-around services to youths in the Division of Youth Correction's system in residential and non-residential settings.

Comment: Due to the reductions in the Purchase of Contracts placement line item, staff does not anticipate excess funds to be available. Nonetheless, staff is recommending that some flexibility be retained. The change to the language shown is intended to make costs for residential services easier to track.

<u>Requests for Information</u>

Staff recommends the following information requests be **<u>continued</u>.**

40. **Department of Human Services, Division of Youth Corrections, Administration** -- The Division is requested to continue its efforts to provide outcome data on the effectiveness of its programs. The Division is requested to provide to the Joint Budget Committee, by January 1 of each year, an evaluation of Division placements, community placements, and nonresidential placements. The evaluation should include, but not be limited to, the number of juveniles served, length of stay, and recidivism data per placement.

<u>Comment:</u> Staff believes that this footnote is useful because of the importance placed on the reduction of recidivism by the General Assembly.

43. **Department of Human Services, Division of Youth Corrections, Community Programs, S.B. 91-94 Programs** -- The Department is requested to submit to the Joint Budget Committee no later than November 1 of each year a report that includes the following information by judicial district and for the state as a whole: (1) comparisons of trends in detention and commitment incarceration rates; (2) profiles of youth served by S.B. 91-94; (3) progress in achieving the performance goals established by each judicial district; (4) the level of local funding for alternatives to detention; and (5) identification and discussion of potential policy issues with the types of youth incarcerated, length of stay, and available alternatives to incarceration.

<u>Comment:</u> This report provide useful information on the S.B. 91-94 program and its impact on the detention population.

Staff recommends that the following request be **<u>continued as amended</u>**.

42. **Department of Human Services, Division of Youth Corrections, Community Programs, ~~Purchase of Contract Placements~~** PAROLE PROGRAM SERVICES -- The Division is requested to provide a report to the Joint Budget Committee on November 1, ~~2009.~~ 2010. This report should include the following information: (1) the amount spent serving youths in residential and non-residential settings from this line item in FY 2008-09; (2) the type of services purchased with such expenditures; (3) the number of committed and detained youths treated with such expenditures; (4) baseline data that will serve to measure the effectiveness of such expenditures; and (5) an evaluation of the effectiveness of this ~~footnote~~ FUNDING in addressing the need for flexibility in treating and transitioning youth from residential to non-residential settings.

Comment: The Division has used the flexibility within the purchase of contracts placements line item to implement its Continuum of Care Initiative. The associated funds have been transferred to the Parole Program Services line item, from which they are now spent. This initiative is based on principles of effective juvenile justice strategy such as: (1) state-of-the-art assessment; (2) enhanced treatment services within residential facilities; and (3) improved transitions to appropriate community-based services. As part of this strategy, the Continuum of Care Initiative seeks to provide the optimal length of stay in each stage of service as juvenile offenders move from secure residential to community-based parole services.

Staff recommends that the following requests be **discontinued**.

41. **Department of Human Services, Division of Youth Corrections, Administration** -- The Department is requested to provide a report to the Joint Budget Committee on January 1, 2010 that tracks and compares recidivism rates between those juveniles receiving drug and alcohol treatment and those not receiving treatment, while sentenced to commitment.

Comment: The Department has provided this information for several years and has consolidated this report with the Division's overall recidivism report required by Request for Information #40. Staff anticipates that elements of this topic will be included in the report related to the overall effectiveness of the Division's programs.

<u>ADDITIONAL BALANCING OPTIONS</u>

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
1	(102,935)	0	0	(25,734)	(128,669)	(2.0)
Reduce New Child Welfare Staff Over the last two years, the Division of Child Welfare has been granted 21.0 new FTE. The Committee could reduce 2.0 new FTE positions that are still vacant.						
2	(52,186)	0	0	(28,100)	(80,286)	(1.0)
Reduce New Administrative Review Staff A total of 3.0 new FTE were added in late FY 2008-09/early FY 2009-10 to address problems in the timeliness of reviews of children in out of home placement (a federal requirement). Due to the rapid decline in out of home placements, not all of these additional staff may be needed.						
3	(521,690)	0	0	(399,701)	(921,391)	(5.0)
Reduce funding for Child Welfare Training Academy Substantial additional funding was approved starting in FY 2009-10 for a new Child Welfare Training Academy. The scale of this increase could be reduced, particularly in light of low initial utilization of classes. The amount shown is the difference between the approved amount an a staff alternative discussed during FY 2009-10 figure setting; a smaller reduction could also be considered.						
4	(1,000,000)				(1,000,000)	
Do Not Provide Funding for Child Welfare County Title IV-E Administration This represents portions of the General Fund request for child welfare services that were not required but that staff applied to a new line item to support county Title IV-E revenue collection.						
5	(1,500,000)				(1,500,000)	
Offset General Fund required for Child Welfare based on continuation of ARRA through FY 2010-11/Do not provide backfill for low IV-E revenue This represents portions of the General Fund request for child welfare services that were not required but that staff applied as backfill, based on federal funds trends.						
6	(5,215,211)	5,215,211			0	
Require Counties to Cover 20 percent of Child Welfare Administrative Costs that are 100 percent General Fund Some child welfare funding is 100 percent General Fund, dating back to the Child Welfare Settlement Agreement. The state could begin to require counties to cover a full 20 percent share of these costs.						
7	(500,000)				(500,000)	
Child Care Councils						

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
Through H.B. 07-1062, the General Assembly expanded the previous Consolidated Child Care Pilots to additional locations throughout the State (estimated at 30). The bill added $1. million in federal funds and $1 million in General Fund transferred from the Child Care Assistance Program line item. The staff recommendation includes refinancing a portion of this line item with federal funds. The remaining General Fund could be eliminated.						
8	(1,000,000)				(1,000,000)	
Child Care Subsidy Reduction						
The Child Care Assistance Program is funded with a combination of General Fund, federal block grant funds, county funds, and county transfers of TANF dollars. Counties have significant discretion over who qualifies for subsidies and the level of provider reimbursement and, historically, the size of the General Fund subsidy has seemed to have little impact on the overall scope of the program, particularly given that the program can grow or shrink by $30 million, depending upon county TANF policies. Staff has recommended refinancing a portion of this line item with federal funds. As an alternative, or in addition, a further General Fund reduction could be applied.						
9	(2,000,000)	0	0	0	(2,000,000)	
Reduce DYC Senate Bill 91-94 Funding						
No cuts have been taken to this line item. In light of low populations in secure detention, this cut could be taken and the Department provided authority to transfer any savings from reduced detention placements to this line item. Note that, during the last budget crises, cuts to this line item were much greater.						
10					0	
Reduce or Eliminate Mandatory Parole						
Currently, all youth offenders committed to the Division are required to complete six months of mandatory parole under Section 19-2-1002, C.R.S. The length of mandatory parole could be reduced to three months, or it could be eliminated altogether. Elimination of mandatory parole would not mean that juvenile parole ceases to exist, but rather only those youth determined by the Juvenile Parole Board to need parole supervision would be given it. In addition, the Juvenile Parole Board may extend the period of parole supervision up to an additional 15 months under Section 19-2-1002, C.R.S. This discretion could be reduced or eliminated by the General Assembly.						
11					0	
Reduce or Eliminate Special Offender Sentencing Options						
Under the Children's Code, a juvenile is considered a special offender if he/she has been adjudicated a juvenile delinquent three times, has been previously adjudicated a juvenile delinquent and is adjudicated a second time for an act that constitutes a felony, or has been adjudicated for a crime of violence. For these special offenders, a one-year out of home placement is required by statute. In addition, an aggravated juvenile offender as defined in Section 19-2-516, C.R.S., can be committed to the Division for up to seven years. These mandatory and discretionary sentences could be reduced or eliminated.						
12					0	
Reduce Maximum Period for Determinate Sentences or Increase Minimum Age of Jurisdiction						

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
A majority of sentences are for a determinate period of up to two years. These determinate sentences mean that the Division cannot transfer custody until the youth has completed the period of commitment, although the Division may release the youth to parole prior to completion of the determinate sentence. The maximum determinate sentence of two years could be reduced or the Division could be allowed flexibility to transfer custody prior to the end of the determinate sentence. In addition, the Division has jurisdiction over youth 10-20 years of age. The minimum age jurisdiction could be increased, although the savings may not be great because very few youth age 10 are in commitment facilities.						

Table 1 - Projection Based on 7 Month Average for FY 2009-10	Commitment	Detention	Total
Forecasted Beds	1,201.5	479.0	1,680.5
Minus Boulder Impact	(7.0)		(7.0)
Minus State Capacity*	(514.2)	(453.3)	(967.5)
Contract Beds	**680.3**	**25.7**	**706.0**

100 % commitment capacity	434.5
110% capcity	478.0
120% capcity	521.4
2 mos 110%; 10 mos 120%	514.2

* Includes a reduction of 46 beds related to realignment at Lookout Mountain. Is based on 120 percent capacity for 10 months and 110 capacity for 2 months

Table 2 - Estimated Need Based on Averages To-date

	Contract Beds	Estimated Rate	General Fund	Medicaid RF	Federal Funds	Total	*Net GF*
PRTF (0.0%)	0.0	$385.00	0	0	0	0	*0*
TRCCF (33.6%) Treatment	228.6	$170.54	14,229,687	0	0	14,229,687	*14,229,687*
TRCCF (33.6%) Fee-for-Service		$17.90	0	1,493,558	0	1,493,558	*746,779*
CPA (2.23%)	16.3	$96.48	574,008	0	0	574,008	*574,008*
RCCF (64%)	435.4	$134.95	21,446,389	0	0	21,446,389	*21,446,389*
Total Commitment Beds	**680.3**		**36,250,084**	**1,493,558**	**0**	**37,743,642**	**36,996,863**
Detention Beds	25.7	$134.27	1,259,520	0	0	1,259,520	*1,259,520*
DYC Continuation Adjusted for Caseload			**37,509,604**	**1,493,558**	**0**	**39,003,162**	***38,256,383***
Ridge View Adjustment			(726,136)	0	726,136	0	*(726,136)*
Provider Rate Change (1.5% = 2.0% for 9 months - in new rates)			0	0	0	0	*0*
JBC Staff Recommendation			**36,783,468**	**1,493,558**	**726,136**	**39,003,162**	***37,530,247***

Assumptions:

1. Uses the 7 month average of 1,201.5 ADP for FY 2009-10.
2. Estimated beds for Boulder Impact Project reflect January 2009 DYC estimated capacity for FY 2009-10.
3. Assumes 479 detention beds pursuant to Section 19-2-1201, C.R.S. Of these, 448 are in state-operated facilities, plus additional 6 due to issue at Mesa
4. Assumes contract rates provided by the Division of Youth Corrections in its February 2010 submission, including rate reduction effective 9 mos in 2009-10.
5. The percentage of PRTF, TRCCF, and RCCF placements, as a percent of total commitment beds, is based on the estimated ratio provided by the Division of Youth Corrections as a part of its February 2010 submission

APPENDIX A

Table 1 - Projection Based December 2009 LCS Forecast	Commitment	Detention	Total
Forecasted Beds	1,226.0	479.0	1,705.0
Minus Boulder Impact	(7.0)		(7.0)
Minus State Capacity use 110%	(478.0)	(448.0)	(926.0)
Contract Beds	**741.1**	**31.0**	**772.1**

100 % commitment capacity	434.5
110% capcity	478.0
120% capcity	521.4

Table 2 - Estimated Need Based on Averages To-date

	Contract Beds	Estimated Rate	General Fund	Medicaid CF	Federal Funds	Total	*Net GF*
PRTF (0.0%)	0.0	$385.00	0	0	0	0	*0*
TRCCF (33.6%) Treatment	249.0	$169.69	15,422,276	0	0	15,422,276	*15,422,276*
TRCCF (33.6%) Fee-for-Service		$17.81	0	1,618,662	0	1,618,662	*809,331*
CPA (2.23%)	17.8	$96.00	623,712	0	0	623,712	*623,712*
RCCF (64%)	474.3	$134.28	23,246,486	0	0	23,246,486	*23,246,486*
Total Commitment Beds	**741.1**		**39,292,474**	**1,618,662**	**0**	**40,911,136**	**40,101,805**
Detention Beds	31.0	$134.27	1,519,265	0	0	1,519,265	*1,519,265*
DYC Continuation Adjusted for Caseload			**40,811,739**	**1,618,662**	**0**	**42,430,401**	***41,621,070***
Ridge View Adjustment			(1,344,012)	0	1,344,012	0	*(1,344,012)*
Provider Rate Change in rates above			0	0	0	0	*0*
JBC Staff Recommendation			**39,467,727**	**1,618,662**	**1,344,012**	**42,430,401**	***40,277,058***

Assumptions:

1. Uses the LCS December 2009 forecast.
2. Estimated beds for Boulder Impact Project reflect February 2009 DYC estimated capacity for FY 2010-11.
3. Assumes 479 detention beds pursuant to Section 19-2-1201, C.R.S. Of these, 448 are in state-operated facilities, plus additional 6 due to issue at Mesa
4. Assumes contract rates provided by the Division of Youth Corrections in its February 2010 submission.
5. The percentage of PRTF, TRCCF, and RCCF placements, as a percent of total commitment beds, is based on the estimated ratio provided by the Division of Youth Corrections as a part of its February 2010 submission

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Additional Child Welfare and Youth Corrections Budget Balancing Options**

DATE: March 17, 2010

The following additional budget balancing options were inadvertently omitted from the chart in the figure setting packet.

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
1	(10,000,000)	0	0	10,000,000	0	
Further Refinance General Fund in Child Welfare with TANF Based on the data provided by the Department on the amount of money in the Child Welfare Services line item $12.5 million after the current request for a $7 million refinance is completed and the Family and Children's Programs line item ($10.1 million) it appears that additional refinance of General Fund in Child Welfare would be feasible. It seems likely this could be done without so-jeopardizing the TANF MOE that the State would not be able to comply. However, such a refinance would only be sustainable on an ongoing basis if matched with decreases in other TANF-supported programs.						
2	(2,352,816)	0	(94,010)	0	(2,446,826)	
Youth Corrections 120 percent of Capacity The Committee could require Youth Corrections to operate at 120 percent of capacity in state facilities, as was done in FY 2009-10 (rather than the 110 percent recommended by staff). This provides additional savings as reflected above.						
3	(2,000,000)	0	0	0	(2,000,000)	
Reduce DYC Detention Cap The Committee could run a bill to further reduce the DYC detention cap from the current 479. For example, if the cap were reduced by 40 ADP, staff anticipates savings on the order of $2.0 million might be feasible. Additional work would be required to more precisely identify savings amounts, including FTE reductions.						

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Human Services SBA #7 - Refinance General Fund of Child Welfare Services with Federal TANF Moneys**

DATE: March 17, 2010

The Department submitted a budget balancing adjustment (after staff's Figure Setting for the Office of Self-Sufficiency) to:

1. Further refinance $7.0 million in the Child Welfare Services line item with Temporary Assistance for Needy Families (TANF) block grant funds.
2. Reduce Appropriations for the Colorado Works Program Maintenance Fund and Statewide Strategic Use Fund to offset the increase for Child Welfare Services.

The requested adjustment are reflected in the table below.

SBA #7 - Refinance Child Welfare with TANF - Request

	Total	General Fund	Federal Funds
Child Welfare Services	$0	($7,000,000)	$7,000,000
Self-Sufficiency, Colorado Works Program Maintenance Fund	(2,000,000)		(2,000,000)
Colorado Works, Statewide Strategic Use Fund	(5,000,000)		(5,000,000)
Subtotal	($7,000,000)	($7,000,000)	$0

Background - Child Welfare Component: For FY 2009-10, the Department requested and the General Assembly approved an adjustment to refinance $9.5 million General Fund in the Division of Child Welfare with TANF dollars. This was increased during supplementals by an additional $3.0 million. These adjustments were presented as time-limited and related to spending down the TANF fund balance. The additional requested adjustment will bring the refinance total to $19.5 million, although this is the first time the refinance has been identified as an ongoing change.

Office of Self Sufficiency Programs Background: The Department proposes to offset the Child Welfare TANF increase with reductions in two other programs: the Statewide Strategic Uses Fund (reduction of $5.0 million or 50 percent of the base funding of $10.0 million) and the Colorado Works Program Maintenance Fund (reduction of $2.0 million or 2/3rds of the base funding of $3.0 million). Both of these line items were created through S.B. 08-177, which capped county TANF reserves.

Colorado Works Program Maintenance Fund: The fund was created to allow the Department to respond to emergencies or other unforeseen circumstances at both the state and county level, pursuant to Section 26-2-721.3, C.R.S. Funds that are not spent revert to TANF Long Term Reserve. An annual report to the General Assembly indicated that during FY 2008-09, the Department did not incur any expenditures from the Fund. In FY 2009-10, the Department anticipates incurring expenditures related to case management services for TANF-eligible refugees, and expenditures to provide resources to counties for implementation of their Colorado Works programs.

Statewide Strategic Use Fund: Pursuant to Section 26-2-721.7, C.R.S., the fund is to be used to support initiatives and programs that have demonstrated effectiveness and meet one of the purposes of the federal TANF program including assisting needy families and assisting families to reduce dependence on government benefits. Funds are allocated by the Department based on the recommendations of an advisory committee including 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. According to an annual report to the General Assembly, funds have been allocated in two grant cycles, based on $10 million appropriated in FY 2008-09 and $10 million appropriated in FY 2009-10. Amounts in this fund do not revert to the Long Term Reserve, and funding associated with the second grant cycle is only expected to be fully completed at the end of FY 2010-11 (based on funds appropriated in FY 2009-10).

Staff Recommendation. Staff recommends the request with the following modifications:

- Staff recommends a reduction of $863,249 (all but $100,000 out of amount remaining) to the Colorado Works Program Maintenance Fund; and
- Staff recommends a reduction of $6,000,000 to the Colorado Works Statewide Strategic Uses Fund, leaving $4.0 million in the Fund.

SBA #7 - Refinance Child Welfare with TANF - Recommend			
	Total	**General Fund**	**Federal Funds**
Child Welfare Services	$0	($7,000,000)	$7,000,000
Self-Sufficiency, Colorado Works Program Maintenance Fund	(863,249)		(863,249)
Colorado Works, Statewide Strategic Use Fund	(6,000,000)		(6,000,000)
Subtotal	($6,863,249)	($7,000,000)	$136,751

Colorado Works Program Maintenance Fund. Due to previous committee action related to the Colorado Works Program Maintenance Fund, $2.0 million is no longer available to be taken from this line item. During figure setting for the Office of Self Sufficiency, the Committee reduced this line item to offset ongoing increased costs for the Refugee Services program and Colorado Works administration. The staff recommendation removes all funding in the Works Program Maintenance Fund apart from $100,000. Given the limits on TANF dollars, "unassigned" dollars are a reasonable reduction target. The remaining $100,000 allows the Department to retain a small amount of flexibility in addressing crisis situations. If the funds are not used, they revert to the Long Term

Reserve.

Statewide Strategic Use Fund: The Statewide Strategic Uses Fund is designed to enable the State to pursue initiatives that may reduce poverty on a statewide or cross county basis. A portion of the block grants received by counties are used in a similar manner at the county level, and staff believes addressing issues at the statewide level is appropriate and beneficial. However, given state General Fund shortfalls, the effective reallocation of this funding to provide child welfare services seems reasonable.

TANF Long Term Reserve Projection. As reflected in the table below, based on Committee action to-date and the staff recommendation on this decision item, the TANF Long Term Reserve will still become insolvent--but not until FY 2013-14. Staff anticipates that by this point, demands for TANF basic cash assistance will have declined and the state's budget situation may be somewhat improved. Even if the picture with respect to reserves has not improved by that point (based on TANF reauthorization), staff believes that the FY 2013-14 time frame provides counties and the State with a generous time frame for determining how to strategically address the structural TANF shortfall.

The table below summarizes the projected impact of the recommendation on the Temporary Assistance to Needy Families Long Term Reserve. A more detailed spreadsheet is also attached.

Temporary Assistance to Needy Families Long-term Reserve Analysis - Recommend 3/16/10

	SFY 09-10	SFY 10-11	SFY 11-12	SFY 12-13	SFY 13-14
Funds Available					
Available Prior Year Funds	$51,922,216	$53,509,072	$35,645,796	$12,231,092	$1,316,388
Ongoing Estimated Annual Grant	149,626,381	149,626,381	149,626,381	149,626,381	149,626,381
ARRA Funding	61,729,650	6,298,695	0	0	0
Total	**$263,278,247**	**$209,434,148**	**$185,272,177**	**$161,857,473**	**$150,942,769**
Appropriation/Recommend					
Approved/Estimated exc. Refi.	197,269,175	161,151,601	160,404,334	160,404,334	160,404,334
Child Welfare Refinance, including additional request	12,500,000	19,500,000	19,500,000	7,000,000	7,000,000
Reductions to SSUF and Works Program Maintenance Funding	0	(6,863,249)	(6,863,249)	(6,863,249)	(6,863,249)
Total	**$209,769,175**	**$173,788,352**	**$173,041,085**	**$160,541,085**	**$160,541,085**
Total TANF End-of-year Long Term Reserve Balance	**$53,509,072**	**$35,645,796**	**$12,231,092**	**$1,316,388**	**($9,598,316)**

TANF Long-term Works Reserve Analysis						
Estimated TANF Funds Available to Appropriate	SFY10	SFY11	SFY12	SFY13	SFY14	SFY15
Prior Grant Year Funds Available <1>	**106,452,115**	**53,509,072**	**35,645,796**	**12,231,092**	**1,316,388**	**(9,598,316)**
25% of remaining current FFY Grant Year Funds Available in current state fiscal year	37,406,595	37,406,595	37,406,595	37,406,595	37,406,595	37,406,595
75% of FFY Grant beginning 10/1 available in current state fiscal year <2>	112,219,786	112,219,786	112,219,786	112,219,786	112,219,786	112,219,786
PRWORA Contingency Fund <3>	24,943,727					
ARRA Emergency Contingency Fund <4>	36,785,923	6,298,695				
Less County Reserve Balance as of 9/30/08 <5>	(57,393,454)					
Plus remittances per SB08-177 <6>	12,174,581					
Less unspent SSUF from prior years <7>	(9,311,026)					
Sub-Total	**263,278,247**	**209,434,148**	**185,272,177**	**161,857,473**	**150,942,769**	**140,028,065**
Estimated TANF Spending/Appropriations By Long Bill Line Item						
Executive Director's Office (General Admin)	707,332	707,332	707,332	707,332	707,332	707,332
Office of Information Technology Service (various Lines)	1,148,892	1,043,331	1,043,331	1,043,331	1,043,331	1,043,331
TRAILS (098)	1,384,292	1,384,292	1,384,292	1,384,292	1,384,292	1,384,292
Colorado Benefits Management System	3,292,243	3,992,243	3,292,243	3,292,243	3,292,243	3,292,243
OPS - Admin-Vehicle Lease Payments	4,000	4,000	4,000	4,000	4,000	4,000
Colorado Works Administration	1,552,298	1,599,565	1,552,298	1,552,298	1,552,298	1,552,298
County Block Grants	128,713,135	128,713,135	128,713,135	128,713,135	128,713,135	128,713,135
Reimbursements to Counties for Prior Year Exp Due to Reduction in MOE	11,049,452	5,524,726	5,524,726	5,524,726	5,524,726	5,524,726
County Block Grant Support Fund	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
County Training	592,534	592,534	592,534	592,534	592,534	592,534
Domestic Abuse Program	659,824	659,824	659,824	659,824	659,824	659,824
OSS - Works Program Evaluation	350,029	350,029	350,029	350,029	350,029	350,029
Workforce Development Council	105,007	105,007	105,007	105,007	105,007	105,007
Federal TANF Reauthorization CBMS Changes <8>	2,229,774					
Colorado Works Statewide Strategic Use Fund <10>	10,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Colorado Works Program Maintenance Fund <10>	3,000,000	100,000	100,000	100,000	100,000	100,000
Low Income Energy Assistance Program	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Electronic Benefits Transfer Service	204,679	204,679	204,679	204,679	204,679	204,679
Refugee Assistance	815,850	2,805,334	2,805,334	2,805,334	2,805,334	2,805,334
Systematic Alien Verification for Eligibility	2,321	2,321	2,321	2,321	2,321	2,321
TANF 1331 <9>	28,957,513					
Sub-Total Long Bill Line Item Spending For SFY	**197,269,175**	**154,288,352**	**153,541,085**	**153,541,085**	**153,541,085**	**153,541,085**
Approved and Proposed Budget Refinance Items						
Core Services Refinance <11>	9,500,000	9,500,000	9,500,000			
Proposed Additional Refinancing in Child Welfare for SFY10		7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Proposed Additional Refinancing in Child Welfare for SFY10	3,000,000	3,000,000	3,000,000			
Sub-Total Actual and Proposed Budget Reduction Items	**12,500,000**	**19,500,000**	**19,500,000**	**7,000,000**	**7,000,000**	**7,000,000**
Total Estimated Spending For SFY	**209,769,175**	**173,788,352**	**173,041,085**	**160,541,085**	**160,541,085**	**160,541,085**
June 30 Estimated Long-term Works Reserve Balance	**53,509,072**	**35,645,796**	**12,231,092**	**1,316,388**	**(9,598,316)**	**(20,513,020)**

<1> For SFY10, the amount in this column is the sum total of all unspent funds available to Colorado from all open grant years.

<2> Based on the federal budget request for FFY11, the $13 million in supplemental funding is restored for future years as it now appears likely that this will be reinstated.

<3> These are the amount of funds available to the State for FFY09 expenditures only and contingent upon finding enough additional MOE per the federal requirements. These funds are part of the $68 million total that is available to Colorado. Based on our final FFY09 federal reports, we believe we have met our MOE requirement to draw down all of these funds.

<4> This is the balance of the $68 million available to Colorado which we intend on receiving based on historical expenditures allowed by ARRA, including those proposed by the TANF 1331 spending.

<5> This is the aggregate amount held in County Reserve Accounts. These funds are included in **<1>** above, but must be subtracted here since these are not available to be spent or appropriated by anybody other than counties.

<6> This is the aggregate amount of remittances to the Long-term Works Reserve as per SB08-177 for SFY09. We anticipate little remittances in future years.

<7> The SSUF line is a continuing appropriation. This amount represents the amount of unspent SSUF funds that were appropriated for SFY09 that are allowed to be spent in future years. Thus, they are also included in **<1>** above since they are appropriated but not spent yet and need to be subtracted here.

<8> This amount represents the amount of funds still available to be spent in SFY10 based on legislative authority and an approved roll-forward request from the State Controller.

<9> Approved by JBC September 21 for SFY10. The amounts in SFY11 are the remaining amounts needed to be appropriated in SFY11 to draw down all $68 million.

<10> Includes staff recommended reductions $963,249 in Maintenance Fund plus reduction of $2,036,751 already approved and $6.0 million for SSUF.

<11> This was a budget amendment approved by the JBC for SFY10. OSPB requested it be for three years.

<12> Approved: County Oversight DI ($47,267 - ongoing); CBMS Changes DI (700,000 - one-time); CRSP DI ($1,989,484); SBA #1 refinance adjustments (reduce $101,561 in ITS)

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Option for Recognizing FY 2009-10 Savings from Restrictions**

DATE: March 17, 2010

Pursuant to Section 24-75-109, C.R.S., the Controller may authorize overexpenditures, with certain limitations, and restrict the Department's appropriation in the subsequent fiscal year by the amount of the overexpenditure. The Department so restricted may then request a supplemental for the year in which the overexpenditure occurred and, by so doing, have the current year restriction lifted. The Department of Human Services had significant over-expenditures in FY 2008-09 and, as a result, expenditures were restricted in FY 2010-11. However, the Department did not request a supplemental to lift the restrictions. As a result, the Department expects to revert General Fund in FY 2009-10 that it is not allowed to spend, based on the restrictions. Based on communication with the Controller, staff believes this amount could be recognized in the General Fund overview for FY 2009-10, as these moneys will be reverted and not spent.

Based on the Controller's letter of December 18, 2009 regarding overexpenditures and restrictions, these are the amounts staff expects will be reverted in FY 2009-10:

	General Fund	
Human Services, Colorado Trails	$300,538	Approved overexpenditure due to impact of RMS statistics that limited ability to earn from other sources
Human Services Office of Operations, Information Technology Services, EDO, Various	348,264	Unapproved overexpenditures related to insufficient indirect earning and failure to limit expenditures.
Total	$648,802	

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Proposed Bill to Assist Counties that Would Qualify Under Tier I County Tax Base Relief**

DATE: March 17, 2010

Summary: Staff recommends that the Committee sponsor a bill to provide some alternative assistance to small, poor counties that will be negatively affected by the elimination of funding for county tax base relief for FY 2010-11. The bill would not have a fiscal impact on the State but would assist some of the smallest counties.

Background: During staff's February 17, 2010 figure setting presentation for the Department of Human Services, the Department requested, and the Committee approved removing all remaining funding for County Tax Base Relief. For FY 2009-10 funding is being provided for Tier I counties only. (The list of qualifying counties and associated funding below).

FY 2009-10 Tier I Funding Estimate - Projection from December 2009

	County Funding share required	County tax base relief per Tier I	County Tax base relief as Percent County Funding Required
Alamosa	$918,706	$400,678	43.6%
Bent	282,340	88,358	31.3%
Conejos	372,296	171,040	45.9%
Crowley	211,986	80,276	37.9%
Fremont	1,312,274	17,770	1.4%
Lincoln	283,654	54,914	19.4%
Logan	745,056	103,134	13.8%
Otero	794,862	337,842	42.5%
Prowers	591,256	162,218	27.4%
Pueblo	5,227,752	1,183,982	22.6%
Rio Grande	570,396	42,612	7.5%
Saguache	249,020	57,862	23.2%

FY 2009-10 Tier I Funding Estimate - Projection from December 2009			
	County Funding share required	**County tax base relief per Tier I**	**County Tax base relief as Percent County Funding Required**
TOTAL		$2,700,686	

As discussed during figure setting, in the absence of any funding for County Tax Base Relief, staff anticipates that:

- Counties will use any reserves available in their social services funds and will reallocate funds from other sections of their budgets. Operating under TABOR, counties are constrained in their total mill levy revenue, but capable of redirecting a higher share of their mill levy revenue to social services. This means redirecting funds away from other key community services, such as public safety.

- Six of the 12 counties qualifying for County Tax Base Relief (but NOT Alamosa, Fremont, Logan, Otero, Prowers or Pueblo) could increase their use of **Colorado Works mitigation, authorized at Section 26-2-714 (8), C.R.S.** The Colorado Works allocation committee has authority provided at Section 26-2-714 (8), C.R.S., to provide small counties (as defined in statute) with relief, as needed, related to their maintenance of effort requirement for Colorado Works, *based on counties' application for such relief*. This statute allows the Works Allocation Committee to waive some or all of a small county's responsibility for Colorado Works maintenance of effort. This does not backfill reduced county share, but allows counties to contribute less.

  Associated with this, **staff recommended, and the Committee approved, mitigation authorized pursuant to Section 26-2-714 (8) be increased to $500,000** (Long Bill footnote change) to accommodate any additional demands.

- Staff noted that some **statutory change on works mitigation** could make more counties eligible for this kind of assistance but did recommend a change based on initial county feedback.

Counties have now reviewed the issue and have indicated that they would appreciate a statutory change. Based on this, staff would recommend the Committees sponsor a related bill.

Background - provisions of Section 26-2-714 (8), C.R.S.: Section 26-2-714 (8), C.R.S. authorizes the Colorado Works Allocation Committee to relieve counties with a very small Colorado Works caseload from some or all of their share of the Works Maintenance of Effort requirements. Relief may be granted to a county with less than 0.38 percent of the statewide Colorado Works caseload, subject to the annual mitigation amount in the Long Bill (formerly $100,000 and now $500,000) and specified criteria, including: the equity of a small county's total program expenditures as they relate to the targeted or actual spending level for the small county; the extent to which the small county will have insufficient revenues to meet its targeted or actual spending level; and the extent to which the provision of any mitigation may enhance the efforts of a small county or group of small counties to regionalize pursuant to the provisions of section 26-2-718, C.R.S.

Counties must apply for mitigation, and in recent years only one county has chosen to do so. Counties that receive mitigation have no impact on their total federal share of the Colorado Works block grant, but they are no longer required to pay their county share (or must only pay a portion of it).

Recommended Changes to Section 26-2-714 (8), C.R.S.: Staff recommends the following statutory modifications. In lieu of the statute's current provisions:

- Make eligible for mitigation only those counties that meet both of the following criteria:

(1) Eligible for County Tax Base Relief Tier during the prior actual fiscal year; and
(2) Have less than 2.0 percent of the statewide Colorado Works caseload. This will effectively make eligible all counties that would have received County Tax Base Relief Tier I except Pueblo (which has more than 2.0 percent of the statewide Works caseload).

- Authorize migration for these counties up to the amount of relief they would have received under Tier I County Tax Base Relief. If the mitigation amount authorized in the Long Bill is smaller than the total, prorate among the counties accordingly.

- Require the counties to notify the Department by September 1 if they wish to take advantage of the MOE mitigation provisions during that state fiscal year (rather than requiring application to the Colorado Works Allocation Committee).

As reflected in the table below, staff anticipates that the maximum mitigation available to counties could be limited by either their Colorado Works MOE requirement or their County Tax Base Relief eligibility, whichever was smaller. With these provisions, **staff anticipates that a mitigation total of $1.0 million specified in the Long Bill footnote would be appropriate, and staff would recommend this further adjustment.** The bill would have no fiscal impact except on the total availability of funds counted as TANF MOE. As the Department is able to identify other sources of MOE (e.g., via non-profit spending), staff does not believe that this proposal will affect the MOE funding unduly.

	County Tax Base Relief per Tier I	TANF Initial County MOE for FY 2009-10	Maximum Mitigation Possible
003 Alamosa	$400,678	$187,257	$187,257
011 Bent	88,358	91,004	88,358
021 Conejos	171,040	117,845	117,845
025 Crowley	80,276	86,347	80,276
043 Fremont	17,770	263,508	17,770
073 Lincoln	54,914	31,637	31,637
075 Logan	103,134	148,495	103,134
089 Otero	337,842	175,796	175,796
099 Prowers	162,218	173,120	162,218
105 Rio Grande	42,612	170,070	42,612
109 Saguache	57,862	61,857	57,862
	$1,516,704	$1,506,937	$1,064,765

M E M O R A N D U M

TO:	**Joint Budget Committee**
FROM:	**Amanda Bickel, JBC Staff**
SUBJECT:	**Technical Corrections to Human Services Self-Sufficiency Figure Setting**
DATE:	March 17, 2010

Medicaid "net General Fund" amounts

"Net" General Fund amounts in the Department of Human Services will need to be modified based on the impact of the American Recovery and Reinvestment Act. Amounts shown in the staff presentations for the Department reflect a 50/50 General Fund/federal funds split. Staff requests permission to re-calculate final net General Fund figures throughout the Department of Human Services consistent with final information about federally-approved funding splits for both FY 2009-10 and FY 2010-11. In the Long Bill, these changes will appear solely in the Department of Health Care Policy and Financing.

Technical Corrections

Staff requests permission to make the following adjustments.

Office of Self Sufficiency, Automated Child Support Enforcement System: The staff figure setting presentation for the Human Services Automated Child Support Enforcement System reflected an increase of $3,563, including $1,211 General Fund for BA #NP5 - the mail upgrade decision item. The correct figure is $1,430, including $486 General Fund and $944 cash funds. Staff recommends correcting this amount.

Office of Self Sufficiency, Food Stamp Job Search Units: For BA #NP1 (PERA reduction), the request and recommendation should have reflected a total reduction of $8,390, including $4,195 General Fund and $4,195, instead of solely a reduction of $4,195 federal funds.

Division of Child Care, Fines Assessed Against Licenses: This line item is informational, and the Department has continuous spending authority for the line item. Staff had recommended that the line item be reflected at $15,000. Based on more recent projections for the year thus far, $20,000 appears to be a more reasonable estimate.

SBA #8 - 5 Percent Operating Reduction

As previously noted verbally during the staff Human Services figure setting presentation on March 17, 2010, staff requests permission to make operating expense adjustments to the sections of the budget covered during staff's February 17, 2010 presentation Human Services presentation, for the 5 percent operating expense reduction request. **Staff recommends the request as submitted.** The request was submitted after the staff presentation for the line items below. For informational purposes, the table below reflects impacts in the Executive Director's Office and the Office of Self Sufficiency for line items set February 17, 2010.

Line Items Affected by 5.0 Percent Operating Adjustment - EDO and Self Sufficiency		Amounts
(1) Executive Director's Office; (A) General Administration, Operating Expenses	Total	(118,270)
	FTE	0.0
	GF	(116,558)
	CF	0
	CFE/RF	(1,712)
	FF	0
	MCF	(1,712)
	MGF	(856)
	NGF	(117,414)
(1) Executive Director's Office; (B) Special Purpose, Office of Performance Improvement	Total	(7,572)
	FTE	0.0
	GF	(5,984)
	CF	0
	CFE/RF	(1,588)
	FF	0
	MCF	(1,588)
	MGF	(794)
	NGF	(6,778)
(7) Office of Self Sufficiency, (A) Administration, Operating Expenses	Total	(1,960)
	FTE	0.0
	GF	(1,960)
	CF	0
	CFE/RF	0
	FF	0
	MCF	0
	MGF	0
	NGF	(1,960)
(7) Office of Self Sufficiency, (D) Child Support Enforcement, Automated Child Support Enforcement System	Total	(39,365)
	FTE	0.0

Line Items Affected by 5.0 Percent Operating Adjustment - EDO and Self Sufficiency		Amounts
	GF	(13,384)
	CF	0
	CFE/RF	0
	FF	(25,981)
	MCF	0
	MGF	0
	NGF	(13,384)
(7) Office of Self Sufficiency, (D) Child Support Enforcement, Child Support Enforcement	Total	(14,482)
	FTE	0.0
	GF	(4,924)
	CF	0
	CFE/RF	0
	FF	(9,558)
	MCF	0
	MGF	0
	NGF	(4,924)

H.B. 10-1353 - Old Age Pension

As this bill died on the floor of the House and no related bill is expected to pass before the Long Bill, the Long Bill portions related to CBMS and the Old Age Pension will be written to current law (with no related OAP change). Any new Old Age Pension bill included in the budget reduction package would carry its own appropriation for FY 2010-11. Please note also that, even if a revised version of this bill is included in the Long Bill package, there may be reduced savings in FY 2010-11 related to timing, as a certain amount of time will be required to make any necessary CBMS changes. (There may also be reduced savings related to content of the bill, depending upon Committee decisions in this arena.).

At the point H.B. 10-1353 died, anticipated savings from the bill for FY 2010-11 were assumed to be reduced, based on the extension of the American Recovery and Reinvestment Act through the end of FY 2010-11. For informational purposes, staff has included a table reflecting this on the attached page. As previously discussed with the Committee, the portion of the bill concerning the Health and Medical Program ($2.85 million savings) could be addressed separately.

Staff understands that the Department is working with the advocacy community on a possible alternative bill. At present, staff assumes the Committee will proceed to balance the budget without assuming any savings related to an OAP bill. However, staff requests permission to continue to work with the Department and with the Office of Legislative Legal Services on options for a new bill.

Fiscal Impacts of H.B. 10-1353 as of March 15, 2010 (prior to indefinite postponement)				
	Recipients	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**
Old Age Pension - Department of Human Services				
Savings related to five year bar on eligibility from date of entry into US - OAP Cash Funds	(2,447)	$0	($14,108,817)	($14,108,817)
Savings related to considering sponsor's income and resources in determining eligibility - OAP Cash Funds	(2,020)	0	0	(14,757,948)
Total - DHS - OAP	(4,467)	$0	($14,108,817)	($28,866,765)
Health Care Policy and Financing				
Medicaid Savings related to considering sponsor's income and resources in determining eligibility	(108)	$0	$0	($531,076)
General Fund		0	0	(265,538)
Federal Funds		0	0	(265,538)
Old Age Pension State Medical Program	up to (1,953)	$0	($2,850,000)	($2,850,000)
Cash Funds			(2,850,000)	(2,850,000)
Total - Health Care Policy and Financing - Medicaid & OAP	(2,061)	$0	($2,850,000)	($3,381,076)
Colorado Benefits Management System (Human Services and Health Care Policy)				
General Fund		19,931	19,827	0
Cash Funds - Old Age Pension and Child Health Plan		2,219	2,208	0
Federal Funds		23,850	23,726	0
Total CBMS - HCPF & DHS		$46,000	$45,761	$0
Grand Total Impacts				
General Fund		$19,931	$19,827	($265,538)
Cash Funds		2,219	(16,956,609)	(31,716,765)
Federal Funds		23,850	23,726	(265,538)
Total Expenditures, including conditional impacts		**$46,000**	**($16,913,056)**	**($32,247,841)**
Revenue - Increase in General Fund revenue from saving OAP Cash, including conditional impacts		**($2,184)**	**$16,956,644**	**$31,716,765**

M E M O R A N D U M

TO: **Joint Budget Committee/Conference Committee on Long Bill**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Technical Correction to Child Welfare Services ARRA Adjustment**

DATE: April 8, 2010

The staff recommendation for the Child Welfare Services line item included an adjustment for additional revenue anticipated to be received pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA), as amended (enhanced federal match for Title IV-E of the Social Security Act, available through FY 2010-11).

There was a discrepancy between the detailed analysis provided in the staff figure setting write-up and the adjustments included in the staff calculation for the American Recovery and Reinvestment Act adjustment for the Child Welfare Services line item. Further, staff believes that a slightly different approach should have been applied in this calculation.

Staff recommends the following modifications to the federal funds and local funds amounts included in this line item.

Department of Human Services, Division of Child Welfare, Child Welfare Services Line Item Correction			
	Title IV-E ARRA Revenue adjustment in Mar 17 write-up	**REVISED recommended Title IV-E ARRA Revenue Adjustment**	**Difference**
Total	$2,516,517	$1,981,503	**($535,014)**
Cash Funds	894,417	396,301	**(498,116)**
Federal Funds	1,622,100	1,585,202	**(36,898)**

Federal Funds Adjustment. The federal funds portion of this calculation is based on the following:

	ARRA Federal Funds
Staff projection for total ARRA receipts in FY 2010-11	$5,496,339
ARRA adjustment included in FY 2009-10 figure setting calculation*	3,911,137
Difference	**$1,585,202**

*Reflects amount of General Fund reduced and federal funds increased in this line item in FY 2009-10 figure setting.

As discussed in the staff figure setting presentation, this estimate is based on the assumption that the additional ARRA match will represent 9.0 percent of Title IV-E receipts. This is consistent with the projection discussed in the figure setting write-up, in light of the Department's projected ARRA receipts of $5,864,951 in FY 2010-11 (based on seven months of revenue) and the overall trend of declining Title IV-E receipts.

As also discussed in the figure setting presentation:

- Title IV-E receipts have been difficult to predict. It is possible that revenue at this level will not be received.

- There may not be sufficient General Fund revenue available to replace these federal funds in FY 2010-11. While staff anticipates that the $3.9 million General Fund reduced from the budget in FY 2009-10 in response to the availability of federal ARRA Title IV-E funding will be replaced in FY 2011-12, this assumption does not hold for the additional $1.6 million federal funds in the current adjustment as there is no related reduction in General Fund.

Cash Funds Adjustment. The recommendation for the cash funds adjustment is based on the assumption that local funds (county dollars) will comprise 20 percent of total appropriations. Based on this, and the anticipated federal funds amount, the local share would be **$396,301.** Staff notes that the Department will not attempt to require counties to contribute more than the 20 percent share reflected in statute. *This technical correction in the local funds amount thus changes the amount shown in the Long Bill--but does not make a substantive change to the amount of county contributions.*

Additional Note on Cash Funds in Child Welfare Services Line Item. There is an ongoing discrepancy between the amount of funds allocated to counties in capped allocations and the appropriation for child welfare services in the Long Bill (county allocations appear to be $2.6 million lower). It appears that much of this discrepancy may be based on local share amounts that were built into the Long Bill over time but that exceed the 20 percent local match. Staff hopes to work with the Department during the interim to further clarify the nature of the discrepancy so that overall Long Bill appropriations for child welfare services are more closely aligned with county allocations.

M E M O R A N D U M

TO: **Joint Budget Committee/Conference Committee on Long Bill**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Long Bill Footnote Adjustments**

DATE: April 8, 2010

Staff recommends the following corrections/additions to Long Bill footnotes:

- The one footnote in the Department of Public Safety was numbered before the footnotes in the Department of Public Health, although it should have come after the footnotes in the Department of Public Health based on the alphabetical order of departments in the Long Bill. Staff requests permission to change the numbers of the footnotes to correct this problem, so that the last footnote that appears in the Long Bill is in the Department of Public Safety and is numbered footnote 45 (excluding any additional footnotes added by the House or Senate).

- A number of footnotes previously approved by the Joint Budget Committee for the Department of Human Services were inadvertently left out of the Long Bill. These footnotes are purely informational in nature and staff requests permission to include them through the conference committee amendment.

- Staff recommends that two additional informational footnotes be added in the Division of Child Welfare to explain the rate reduction included in line items for Child Welfare Services and Family and Children's Programs. Such footnotes have historically been included for rate increases and staff believes it may assist counties and the Department if the percent reduction in the Long Bill is documented in a similar manner. **Please note that the percentage and dollar figures in these footnotes change depending upon whether the Conference Committee on the Long Bill adopts child welfare services funding levels consistent with the Long Bill as adopted in the House or the Senate or adopts an alternative adjustment (*i.e.*, a 2.0 percent provider rate decrease, a 1.0 percent provider decrease, or other).** Figures subject to change are highlighted below.

New Footnotes:

21a Department of Human Services, Division of Child Welfare, Child Welfare Services -- Pursuant to Section 26-5-104 (6), C.R.S., subject to Department rules, counties are authorized to negotiate rates, services, and outcomes with child welfare services providers and are thus not required to provide a specific rate decrease for any individual provider. This provision does not apply, however, to Medicaid treatment rates. The funding appropriated for this line item includes a decrease of [$6,635,156 or $3,317,578] based on a [2.0 percent or 1.0 percent] decrease in funding for county staff salaries and benefits, community provider rates including subsidized adoption rates, and Medicaid treatment rates.

21b Department of Human Services, Division of Child Welfare, Family and Children's Programs -- Pursuant to Section 26-5-104 (6), C.R.S., subject to Department rules, counties are authorized to negotiate rates, services, and outcomes with child welfare services providers and are thus not required to provide a specific rate decrease for any individual provider. The funding appropriated for this line item includes a decrease of [$913,797 or $456,898] based on a [2.0 percent or 1.0 percent] decrease in funding for community provider rates.

Footnotes inadvertently omitted

21c Department of Human Services, Division of Child Welfare, Family and Children's Programs -- It is the intent of the General Assembly that [$4,006,949 or $4,047,836] of the funds appropriated for this line item be used to assist county departments of social services in implementing and expanding family- and community-based services for adolescents. It is the intent of the General Assembly that such services be based on a program or programs that have been demonstrated to be effective in reducing the need for higher cost residential services.

21d Department of Human Services, Division of Child Welfare, Performance-based Collaborative Management Incentives -- The total appropriation in this line item exceeds the projected ongoing revenue stream for the Collaborative Management Incentives Cash Fund. Therefore, appropriations at the current level may not be available when reserves are exhausted.".

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.