

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2016-17 STAFF FIGURE SETTING COMEBACKS

DEPARTMENT OF HUMAN SERVICES

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

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Items Pending Committee Action on Annualization of S.B. 15-239

LINE ITEM DETAIL – (3) OFFICE OF OPERATIONS

(A) Administration

Personal Services

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

Statutory Authority: Section 24-1-120, C.R.S.

Request: The Department requests an appropriation of \$25,775,305 total funds, including \$14,817,110 General Fund, \$2,285,779 cash funds, \$6,704,280 reappropriated funds, \$1,968,136 federal funds, and 429.1 FTE for FY 2016-17. This reflects an increase of \$1,377,176 total funds, including \$1,170,257 General Fund, for the Department’s R9 budget request and the annualization of prior year legislation and budget actions.

Recommendation: Staff recommends an appropriation of \$24,000,899 total funds, including \$13,722,827 General Fund, \$2,285,779 cash funds from various sources, \$6,704,280 reappropriated funds from various sources, \$1,288,013 federal funds from various sources, and 422.2 FTE. This includes a decrease of \$864,197 total funds, including \$184,074 General Fund, for the annualization of S.B. 15-239.

| Office of Operations, Administration, Personal Services | | | | | | |
|----------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|---------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2015-16 Appropriation | | | | | | |
| SB 15-234 (Long Bill) | \$24,398,129 | \$13,646,853 | \$2,238,394 | \$6,580,066 | \$1,932,816 | 432.5 |
| HB 16-1242 (Supplemental Bill) | 0 | 0 | 0 | 0 | 0 | 0.0 |
| TOTAL | \$24,398,129 | \$13,646,853 | \$2,238,394 | \$6,580,066 | \$1,932,816 | 432.5 |
| FY 2016-17 Recommended Appropriation | | | | | | |
| FY 2015-16 Appropriation | \$24,398,129 | \$13,646,853 | \$2,238,394 | \$6,580,066 | \$1,932,816 | 432.5 |
| Annualize prior year budget actions | 466,967 | 260,048 | 47,385 | 124,214 | 35,320 | 0.0 |
| R9 Indirect cost recover offset for DVR transfer to CDLE | 0 | 0 | 0 | 0 | 0 | 0.0 |
| NP2 FMAP decrease | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Annualize SB 15-239 | <u>(864,197)</u> | <u>(184,074)</u> | <u>0</u> | <u>0</u> | <u>(680,123)</u> | <u>(10.3)</u> |

*JBC Staff Figure Setting Tabled and Comeback Items: FY 2016-17
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| Office of Operations, Administration, Personal Services | | | | | | |
|----------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|--------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| TOTAL | \$24,000,899 | \$13,722,827 | \$2,285,779 | \$6,704,280 | \$1,288,013 | 422.2 |
| Increase/(Decrease) | (\$397,230) | \$75,974 | \$47,385 | \$124,214 | (\$644,803) | (10.3) |
| Percentage Change | (1.6%) | 0.6% | 2.1% | 1.9% | (33.4%) | (2.4%) |
| FY 2016-17 Executive Request: | \$25,775,305 | \$14,817,110 | \$2,285,779 | \$6,704,280 | \$1,968,136 | 429.1 |
| Request Above/(Below) Recommendation | \$1,774,406 | \$1,094,283 | \$0 | \$0 | \$680,123 | 6.9 |

Operating Expenses

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

Statutory Authority: Section 24-102-302, C.R.S.

Request: The Department requests an appropriation of \$3,747,713 total funds, including \$2,690,599 General Fund, \$11,422 cash funds, \$846,073 reappropriated funds, and \$199,619 federal funds, for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$3,691,360 total funds, including \$2,678,596 General Fund, \$11,422 cash funds from various sources, \$846,073 reappropriated funds from various sources, and \$155,269 federal funds from various sources. This includes a decrease of \$56,353 total funds, including \$12,003 General Fund, for the annualization of S.B. 15-239.

| Office of Operations, Administration, Operating Expenses | | | | | | |
|-----------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2015-16 Appropriation | | | | | | |
| SB 15-234 (Long Bill) | \$3,613,538 | \$2,690,599 | \$11,422 | \$711,898 | \$199,619 | 0.0 |
| HB 16-1242 (Supplemental Bill) | <u>134,175</u> | <u>0</u> | <u>0</u> | <u>134,175</u> | <u>0</u> | <u>0.0</u> |
| TOTAL | \$3,747,713 | \$2,690,599 | \$11,422 | \$846,073 | \$199,619 | 0.0 |
| FY 2016-17 Recommended Appropriation | | | | | | |
| FY 2015-16 Appropriation | \$3,747,713 | \$2,690,599 | \$11,422 | \$846,073 | \$199,619 | 0.0 |
| BA7 Technical correction to DOC transfer spending authority | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Annualize SB 15-239 | <u>(56,353)</u> | <u>(12,003)</u> | <u>0</u> | <u>0</u> | <u>(44,350)</u> | <u>0.0</u> |

*JBC Staff Figure Setting Tabled and Comeback Items: FY 2016-17
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| Office of Operations, Administration, Operating Expenses | | | | | | |
|-----------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| TOTAL | \$3,691,360 | \$2,678,596 | \$11,422 | \$846,073 | \$155,269 | 0.0 |
| Increase/(Decrease) | (\$56,353) | (\$12,003) | \$0 | \$0 | (\$44,350) | 0.0 |
| Percentage Change | (1.5%) | (0.4%) | 0.0% | 0.0% | (22.2%) | 0.0% |
| FY 2016-17 Executive Request: | \$3,747,713 | \$2,690,599 | \$11,422 | \$846,073 | \$199,619 | 0.0 |
| Request Above/(Below) Recommendation | \$56,353 | \$12,003 | \$0 | \$0 | \$44,350 | 0.0 |

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles. The vehicle lease payment line item provides for the fixed portion of the vehicle leases from fleet management. The Department currently has approximately 465 vehicles.

Statutory Authority: Sections 24-30-1104 (2) and 24-30-1117, C.R.S.

Request: The Department requests an appropriation of \$1,152,105 total funds, including \$593,025 General Fund, \$78,198 cash funds, \$301,738 reappropriated funds, and \$179,144 federal funds, for FY 2016-17. This includes an increase of \$72,599 total funds, including \$45,281 General Fund, for the Department’s NP4 annual fleet vehicle request.

Recommendation: Staff recommends an appropriation of \$1,132,168 total funds, including \$582,909 General Fund, \$76,798 cash funds from various sources, \$296,459 reappropriated funds from various sources, and \$176,002 federal funds from various sources.

| Office of Operations, Administration, Vehicle Lease Payments | | | | | | |
|---------------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2015-16 Appropriation | | | | | | |
| SB 15-234 (Long Bill) | \$1,079,506 | \$547,744 | \$75,788 | \$285,796 | \$170,178 | 0.0 |
| HB 16-1242 (Supplemental Bill) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0.0</u> |
| TOTAL | \$1,079,506 | \$547,744 | \$75,788 | \$285,796 | \$170,178 | 0.0 |
| FY 2016-17 Recommended Appropriation | | | | | | |
| FY 2015-16 Appropriation | \$1,079,506 | \$547,744 | \$75,788 | \$285,796 | \$170,178 | 0.0 |
| NP4 Annual fleet vehicle request | <u>52,662</u> | <u>35,165</u> | <u>1,010</u> | <u>10,663</u> | <u>5,824</u> | <u>0.0</u> |
| TOTAL | \$1,132,168 | \$582,909 | \$76,798 | \$296,459 | \$176,002 | 0.0 |
| Increase/(Decrease) | \$52,662 | \$35,165 | \$1,010 | \$10,663 | \$5,824 | 0.0 |

*JBC Staff Figure Setting Tabled and Comeback Items: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision*

| Office of Operations, Administration, Vehicle Lease Payments | | | | | | |
|---------------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| Percentage Change | 4.9% | 6.4% | 1.3% | 3.7% | 3.4% | 0.0% |
| FY 2016-17 Executive Request: | \$1,152,105 | \$593,025 | \$78,198 | \$301,738 | \$179,144 | 0.0 |
| Request Above/(Below) Recommendation | \$19,937 | \$10,116 | \$1,400 | \$5,279 | \$3,142 | 0.0 |

Leased Space

The appropriation for this line item provides funding for 40 commercial space leases throughout the state associated with nine major program areas, including Alcohol and Drug Abuse Services, Child Care, Disability Determination, Vocational Rehabilitation, and Youth Corrections. The Department leases approximately 160,560 square feet.

Statutory Authority: Section 24-102-302, C.R.S.

Request: The Department requests an appropriation of \$1,237,487 total funds, including \$343,243 General Fund, \$32,992 cash funds, \$22,527 reappropriated funds, and \$838,725 federal funds, for FY 2016-17. This includes a decrease of \$1,173,428 total funds, including \$245,516 General Fund, for the annualization of prior year legislation.

Recommendation: Staff recommends an appropriation of \$1,101,384 total funds, including \$310,771 General Fund, \$32,992 cash funds from various sources, \$22,527 reappropriated funds from various sources, and \$735,094 federal funds from various sources. This includes a decrease of \$1,309,531 total funds, including \$277,988 General Fund, for the annualization of S.B. 15-239.

| Office of Operations, Administration, Leased Space | | | | | | |
|-----------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2015-16 Appropriation | | | | | | |
| SB 15-234 (Long Bill) | <u>\$2,410,915</u> | <u>\$588,759</u> | <u>\$37,416</u> | <u>\$22,527</u> | <u>\$1,762,213</u> | <u>0.0</u> |
| TOTAL | \$2,410,915 | \$588,759 | \$37,416 | \$22,527 | \$1,762,213 | 0.0 |
| FY 2016-17 Recommended Appropriation | | | | | | |
| FY 2015-16 Appropriation | \$2,410,915 | \$588,759 | \$37,416 | \$22,527 | \$1,762,213 | 0.0 |
| Annualize SB 15-239 | <u>(1,309,531)</u> | <u>(277,988)</u> | <u>(4,424)</u> | <u>0</u> | <u>(1,027,119)</u> | <u>0.0</u> |
| TOTAL | \$1,101,384 | \$310,771 | \$32,992 | \$22,527 | \$735,094 | 0.0 |
| Increase/(Decrease) | (\$1,309,531) | (\$277,988) | (\$4,424) | \$0 | (\$1,027,119) | 0.0 |
| Percentage Change | (54.3%) | (47.2%) | (11.8%) | 0.0% | (58.3%) | 0.0% |

*JBC Staff Figure Setting Tabled and Comeback Items: FY 2016-17
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| Office of Operations, Administration, Leased Space | | | | | | |
|-----------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2016-17 Executive Request: | \$1,237,487 | \$343,243 | \$32,992 | \$22,527 | \$838,725 | 0.0 |
| Request Above/(Below) Recommendation | \$136,103 | \$32,472 | \$0 | \$0 | \$103,631 | 0.0 |

Capitol Complex Leased Space

Capitol Complex Leased Space is appropriated based on usable square footage used by each state department. Currently, for the Department, this includes 99,087 square feet at 1575 Sherman Street in Denver and 3,104 square feet at the State Office Building in Grand Junction.

Statutory Authority: Section 24-82-101 (2), C.R.S.

Request: The Department requests an appropriation of \$1,525,054 total funds, including \$800,586 General Fund, \$71,858 cash funds, \$77,990 reappropriated funds, and \$574,620 federal funds, for FY 2016-17. This includes a decrease of \$223,185 total funds, including \$117,162 General Fund, for the Capitol Complex Lease Space adjustment.

Recommendation: Staff recommends an appropriation of \$1,562,573 total funds, including \$820,273 General Fund, \$73,648 cash funds from various sources, \$79,934 reappropriated funds from various sources, and \$588,718 federal funds from various sources. This includes a reduction of \$185,666 total funds, including \$97,475 General Fund for the annualization of centrally appropriated line items.

| Office of Operations, Administration, Capitol Complex Leased Space | | | | | | |
|---------------------------------------------------------------------------|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|------------|
| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FTE |
| FY 2015-16 Appropriation | | | | | | |
| SB 15-234 (Long Bill) | <u>\$1,748,239</u> | <u>\$917,748</u> | <u>\$82,374</u> | <u>\$89,403</u> | <u>\$658,714</u> | <u>0.0</u> |
| TOTAL | \$1,748,239 | \$917,748 | \$82,374 | \$89,403 | \$658,714 | 0.0 |
| FY 2016-17 Recommended Appropriation | | | | | | |
| FY 2015-16 Appropriation | \$1,748,239 | \$917,748 | \$82,374 | \$89,403 | \$658,714 | 0.0 |
| Centrally appropriated line items | <u>(185,666)</u> | <u>(97,475)</u> | <u>(8,726)</u> | <u>(9,469)</u> | <u>(69,996)</u> | <u>0.0</u> |
| TOTAL | \$1,562,573 | \$820,273 | \$73,648 | \$79,934 | \$588,718 | 0.0 |
| Increase/(Decrease) | (\$185,666) | (\$97,475) | (\$8,726) | (\$9,469) | (\$69,996) | 0.0 |
| Percentage Change | (10.6%) | (10.6%) | (10.6%) | (10.6%) | (10.6%) | 0.0% |
| FY 2016-17 Executive Request: | | | | | | |
| Request Above/(Below) Recommendation | (\$37,519) | (\$19,687) | (\$1,790) | (\$1,944) | (\$14,098) | 0.0 |

(B) Special purpose

Buildings and Grounds Rental

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

Most of these rentals are at the Colorado Mental Health Institute at Fort Logan with agencies having missions compatible with the Department. Rents collected are deposited into the Buildings and Grounds Cash Fund to be used for the operating, maintaining, remodeling or demolishing of the rental properties. The rates paid by agencies are based on the Department's calculated costs for maintenance, repair, and upkeep of the rented spaces. Spending authority for this line item is based on anticipated revenue from the leasing agencies.

Statutory Authority: Section 26-1-133.5 (2), C.R.S.

Request: The Department requests an appropriation of \$1,032,638 cash funds and 6.5 FTE for FY 2016-17. This includes an increase of \$3,369 cash funds for the annualization of prior year budget actions.

Recommendation: Staff's recommends an appropriation of \$1,032,638 cash funds from the Human Services Buildings Cash Fund and 6.5 FTE

| Office of Operations, Special Purpose, Buildings and Grounds Rental | | | | |
|----------------------------------------------------------------------------|------------------------|-------------------------|-----------------------|------------|
| | Total Funds | General Fund | Cash Funds | FTE |
| FY 2015-16 Appropriation | | | | |
| SB 15-234 (Long Bill) | <u>\$1,029,269</u> | <u>\$0</u> | <u>\$1,029,269</u> | <u>6.5</u> |
| TOTAL | \$1,029,269 | \$0 | \$1,029,269 | 6.5 |
| FY 2016-17 Recommended Appropriation | | | | |
| FY 2015-16 Appropriation | \$1,029,269 | \$0 | \$1,029,269 | 6.5 |
| Annualize prior year budget actions | <u>3,369</u> | <u>0</u> | <u>3,369</u> | <u>0.0</u> |
| TOTAL | \$1,032,638 | \$0 | \$1,032,638 | 6.5 |
| Increase/(Decrease) | \$3,369 | \$0 | \$3,369 | 0.0 |
| Percentage Change | 0.3% | n/a | 0.3% | 0.0% |
| FY 2016-17 Executive Request: | \$1,032,638 | \$0 | \$1,032,638 | 6.5 |
| Request Above/(Below) Recommendation | \$0 | \$0 | \$0 | 0.0 |

State Garage Fund

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

Statutory Authority: Section 24-30-1104 (2) (b), C.R.S.

Request: The Department requests an appropriation of \$740,640 reappropriated funds and 2.6 FTE for FY 2016-17. This reflects an increase of \$3,368 reappropriated funds for the annualization of prior year budget actions.

Recommendation: Staff’s recommends an appropriation of \$740,640 reappropriated funds and 2.6 FTE.

| Office of Operations, Special Purpose, State Garage Fund | | | | |
|-----------------------------------------------------------------|------------------------|-------------------------|---------------------------------|------------|
| | Total Funds | General Fund | Reappropriated Funds | FTE |
| FY 2015-16 Appropriation | | | | |
| SB 15-234 (Long Bill) | <u>\$737,272</u> | <u>\$0</u> | <u>\$737,272</u> | <u>2.6</u> |
| TOTAL | \$737,272 | \$0 | \$737,272 | 2.6 |
| FY 2016-17 Recommended Appropriation | | | | |
| FY 2015-16 Appropriation | \$737,272 | \$0 | \$737,272 | 2.6 |
| Annualize prior year budget actions | <u>3,368</u> | <u>0</u> | <u>3,368</u> | <u>0.0</u> |
| TOTAL | \$740,640 | \$0 | \$740,640 | 2.6 |
| Increase/(Decrease) | \$3,368 | \$0 | \$3,368 | 0.0 |
| Percentage Change | 0.5% | n/a | 0.5% | 0.0% |
| FY 2016-17 Executive Request: | \$740,640 | \$0 | \$740,640 | 2.6 |
| Request Above/(Below) Recommendation | \$0 | \$0 | \$0 | 0.0 |

Staff Comebacks - Technical

➔ Early Childhood Mental Health Services, FTE Correction

In the Department's Number Pages, Staff identified the total FTE associated with the Office of Early Childhood, Division of Community and Family Support, Early Childhood Mental Health Services line item as 1.0 FTE during the figure setting presentation on February 29, 2016. The correct amount of FTE for this line item is 0.7 FTE. Staff requests permission to correct the FTE provided for informational purposes in the FY 2016-17 Long Bill.

➔ Early Childhood Mental Health Services, Footnote

In the figure setting document for the Office of Early Childhood, Staff neglected to include a Footnote 29a for the Committee's approval. Staff recommends that the following footnote being continued:

29a Department of Human Services, Office of Early Childhood, Division of Community and Family Support, Early Childhood Mental Health Services – It is the intent of the General Assembly that this appropriation be used for the purpose of supporting early childhood mental health specialists in each community mental health center.

Department Responses to Committee Questions

1. What is the average cost of each child care licensing inspection?

The Department performs many different types of inspections, and each has different requirements. There is no standard measure of the time required to conduct an inspection, as each inspection is different based on the purpose, size, condition, and complexity of the facility.

For the purposes of this discussion, the Department will use an annual licensing inspection. The Department estimates that an annual licensing inspection can range anywhere from 7 to over 37 staff hours to complete. Although most licensing inspectors are not paid hourly, if we apply an hourly rate to the weighted average salary of \$52,750, including benefits, each annual licensing inspection costs anywhere from \$256 to \$1,331 on average. This does not take into account the additional time needed to address significant licensing violations, problems finding records, facilities in poor conditions, noncompliance with staff-child ratios, difficulties with staff availability, etc.

It is also important to note that annual licensing inspections are only one of the functions conducted by licensing staff. Other duties include: complaint investigations; probationary inspections; phone duty for customer service calls from the community; pre-licensing consultation; investigating reports of unlicensed care; new child care facility original inspections;

child abuse and neglect follow up investigations; change of service inspections; injury/accident investigations; monitoring inspections; and community meetings, presentations and training.

2. Has the Department ever calculated the early intervention caseload by using a trend line projection? If so, please provide; if not, please explain why.

Yes, the Department's November 1 request is based on a trendline. The request assumed at a minimum caseload growth would be 6% in FY 2015-16 and in FY 2016-17. This is based on an average caseload growth from FY 2012-13 to FY 2014-15 of 6.2%. The growth for FY 2014-15 was 6% over the prior year and was addressed in the FY 2014-15 supplemental request in which a 5.3% growth rate was projected for out years. The Department used new enrollment data showing that average monthly enrollment (AME) continues to grow at a rate closer to 6%.

This methodology was developed as part of the work of the ongoing Alliance/OEC Task Force, created in 2014. This methodology was first used for the FY 2014-15 Supplemental and continues to be a factor in the annual allocation methodology.

3. Does the Department still use Qualistar for the quality rating process for licensed child care programs? Has Qualistar been replaced by Colorado Shines? How does the cost of each compare?

The Colorado Shines quality rating and improvement *system* replaced the Qualistar Rating system effective February, 2016 Level 1 and 2 ratings are completed by the Department. Programs seeking a Level 3 through Level 5 quality rating are evaluated by the Department's contracted ratings administrator, which is Qualistar Colorado Inc. Qualistar Colorado Inc. was awarded the contract through an open and competitive request for proposal process.

The contract is based on cost reimbursement for services delivered and is established on a Full Time Equivalent (FTE) basis versus a cost per classroom rating. Structuring the contract in this way has reduced the cost to assess a classroom from \$1,100 per classroom to \$670 per classroom. The cost to rate a facility is paid by the Colorado Department of Human Services and these costs are not passed along to the licensed child care business. Additionally, a Colorado Shines rating is valid for a term of three years, whereas the previous Qualistar rating was only valid for one to two years. Less frequent assessments should also produce cost savings.