

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR  
FY 2014-15 and FY 2013-14**

**DEPARTMENT OF HUMAN SERVICES**

**(Executive Director's Office and Services for People with Disabilities)**

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

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## DEPARTMENT OF HUMAN SERVICES

### Department Overview

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare activities of the State including: assistance payments, the Supplemental Nutrition Assistance Program, child welfare services, vocational rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is responsible for inspecting and licensing child care facilities and operation of institutional facilities for individuals who are mentally ill, intellectually and developmentally disabled, or juvenile offenders. The Department operates two mental health institutes, three regional centers for persons with intellectual and developmental disabilities, and ten institutions for juvenile delinquents. The Department provides funding for the care of indigent mentally ill individuals and contracts for the supervision and treatment of delinquent juveniles.

This document covers the Executive Director's Office, Developmental Disabilities Council, and the Colorado Commission for the Deaf and Hard of Hearing. Additionally this document covers the following programs within the Services for People with Disabilities Division: Division of Regional Centers Operations; the Work Therapy Program; Division of Vocational Rehabilitation, and the State Veterans Nursing Homes.

### Summary: FY 2013-14 Appropriation and Recommendation

<b>Department of Human Services: Recommended Changes for FY 2013-14</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2013-14 Appropriation</b>						
FY 2013-14 Appropriation	<u>\$2,187,196,360</u>	<u>\$719,197,941</u>	<u>\$358,243,248</u>	<u>\$497,587,819</u>	<u>\$612,167,352</u>	<u>4,879.0</u>
<b>Current FY 2013-14 Appropriation</b>	<b>\$2,187,196,360</b>	<b>\$719,197,941</b>	<b>\$358,243,248</b>	<b>\$497,587,819</b>	<b>\$612,167,352</b>	<b>4,879.0</b>
<b>Recommended Changes</b>						
Current FY 2013-14 Appropriation	\$2,187,196,360	719,197,941	\$358,243,248	\$497,587,819	\$612,167,352	4,879.0
June 2014 1331 for Mental Health Institutes	1,148,682	(58,609)	1,207,291	0	0	0.0
1331 Grand Junction Regional Center operating	<u>516,575</u>	<u>0</u>	<u>516,575</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>Recommended FY 2013-14 Appropriation</b>	<b>\$2,188,861,617</b>	<b>\$719,139,332</b>	<b>\$359,967,114</b>	<b>\$497,587,819</b>	<b>\$612,167,352</b>	<b>4,879.0</b>
<b>Recommended Increase/(Decrease)</b>	\$1,665,257	(\$58,609)	\$1,723,866	\$0	\$0	0.0
Percentage Change	0.1%	(0.0%)	0.5%	0.0%	0.0%	0.0%
<b>FY 2013-14 Executive Request</b>	<b>\$2,188,861,617</b>	<b>\$719,139,332</b>	<b>\$359,967,114</b>	<b>\$497,587,819</b>	<b>\$612,167,352</b>	<b>4,879.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

## Request/Recommendation Descriptions

**1331 Grand Junction Regional Center operating:** The Department requested, and the Committee approved, an increase of \$516,575 cash funds spending authority for the Grand Junction Regional Center operating expenses line item to align budgetary spending authority with revenues earned by the Grand Junction Regional Center and enable the Department to properly book expenditures according to state fiscal rules and accounting principles.

## Summary: FY 2014-15 Appropriation and Recommendation

<b>Department of Human Services: Recommended Changes for FY 2014-15</b>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$248,338,704	\$59,981,754	\$44,865,677	\$75,609,509	\$67,881,764	1,859.0
Other legislation	<u>253,746</u>	<u>253,746</u>	<u>(22,345)</u>	<u>22,345</u>	<u>0</u>	<u>0.0</u>
<b>Current FY 2014-15 Appropriation</b>	<b>\$248,592,450</b>	<b>\$60,235,500</b>	<b>\$44,843,332</b>	<b>\$75,631,854</b>	<b>\$67,881,764</b>	<b>1,859.0</b>
<b>Recommended Changes</b>						
Current FY 2014-15 Appropriation	\$248,592,450	60,235,500	\$44,843,332	\$75,631,854	\$67,881,764	1,859.0
S4 DYC Staffing Enhancements	0	0	0	0	0	0.0
S5 OCYF Medical Oversight	0	0	0	0	0	0.0
S8 APS State Administration	0	0	0	0	0	0.0
S9 Group home safety renovations and roll forward authority	0	0	0	0	0	0.0
S10 Regional Center depreciation spending authority	0	0	0	0	0	0.0
S11 Division of Vocational Rehabilitation SWAP	0	0	0	0	0	0.0
S13 Work therapy spending authority	0	0	0	0	0	0.0
S15 GJRC operating	425,467	0	425,467	0	0	0.0
S17 RC line item adjustment	0	0	0	0	0	0.0
S20 Regional Center Task Force	0	0	0	0	0	0.0
NP2 Administrative Law Judges Adjustment	<u>44,746</u>	<u>27,674</u>	<u>1,255</u>	<u>0</u>	<u>15,817</u>	<u>0.0</u>
<b>Recommended FY 2014-15 Appropriation</b>	<b>\$249,062,663</b>	<b>\$60,263,174</b>	<b>\$45,270,054</b>	<b>\$75,631,854</b>	<b>\$67,897,581</b>	<b>1,859.0</b>
<b>Recommended Increase/(Decrease)</b>	\$470,213	\$27,674	\$426,722	\$0	\$15,817	0.0
Percentage Change	0.2%	0.0%	1.0%	0.0%	0.0%	0.0%
<b>FY 2014-15 Executive Request</b>	<b>\$250,921,394</b>	<b>\$61,073,577</b>	<b>\$45,373,359</b>	<b>\$76,576,877</b>	<b>\$67,897,581</b>	<b>1,859.0</b>
Request Above/(Below) Recommendation	\$1,858,731	\$810,403	\$103,305	\$945,023	\$0	0.0

## **Request/Recommendation Descriptions**

**S9 Group home safety renovations and roll forward authority:** The Department requests \$600,600 General Fund in FY 2014-15 and roll forward into FY 2015-16 for the capital construction costs to replace the heat-detection fire alarm systems at 28 Regional Center group homes and modify the systems at 12 Regional Center group homes. Staff recommends that the Committee refer the request to the Capital Development Committee pursuant to Joint Legislative Rule 45 (2) (a).

**S10 Regional Center depreciation spending authority:** The Department requests \$932,429 Medicaid reappropriated funds for facilities maintenance and repair. Staff recommends the Committee deny the request (see recommendation for S9).

**S11 Division of Vocational Rehabilitation SWAP:** The Department requests a transfer of \$851,405 total funds, of which \$181,349 is reappropriated funds from school districts and \$670,056 is federal funds from the School Work Alliance Program line item to the Personal Services and Operating expenses line items in the Division of Vocational Rehabilitation Programs. The funds will be used to hire twelve FTE in FY 2014-15. Staff recommends the Committee deny the request.

**S13 Work therapy spending authority:** The Department requests an increase of \$103,305 cash funds from the Work Therapy Cash Fund for the Work Therapy Program for FY 2014-15. Staff recommends the Committee deny the request.

**S15 GJRC operating:** The Department requests an increase of \$425,467 cash funds for the Grand Junction Regional Center (GJRC) operating expenses line item to align the budget with recent changes in accounting practices. Staff recommends the Committee approve the request.

**S17 RC line item adjustments:** The Department requests a net zero transfer of spending authority between the three Regional Center appropriations to reflect the recently developed budgets for each Regional Center. Staff recommends the Committee deny the request.

**S20 Regional Center Task Force:** The Department requests the \$250,000 General Fund appropriation for the Regional Center Task Force in H.B. 14-1338 be provided roll forward spending authority into FY 2015-16. Staff recommends the Committee approve the request in part and authorize \$75,000 to roll forward into FY 2015-16.

## Prioritized Supplemental Requests

### **SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #9 GROUP HOME SAFETY RENOVATIONS AND ROLL FORWARD AUTHORITY**

	Request	Recommendation
<b>Total</b>	<b><u>\$600,600</u></b>	<b><u>\$0</u></b>
General Fund	600,600	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>No</b>
JBC staff and the Department do <u>not</u> agree that this request is the result of data that was not available when the original appropriation was made. The request states that the new safety codes were approved October 2013 and implemented January 2014. Therefore the information about new safety codes was effective prior to the close of the FY 2014-15 Long Bill in March 2014.	

**Department Request:** The Department requests \$600,600 General Fund in FY 2014-15 for the capital construction costs to replace the heat-detection fire alarm systems at 28 Regional Center group homes and modify the systems at 12 Regional Center group homes.

**Staff Recommendation:** Staff recommends that the Committee refer the request to the Capital Development Committee pursuant to Joint Rule 45 (2) (a). Staff recommends the Joint Budget Committee include the following recommendations for consideration by the Capital Development Committee:

- The request be denied for FY 2014-15 because it does not meet supplemental criteria;
- The Joint Budget Committee and/or the Capital Development Committee sponsor legislation to:
  - Transfer the dollars (both General Fund and federal funds) earned for Regional Center depreciation to a new subaccount specifically for Regional Center depreciation and maintenance within the Capital Construction Fund; and
  - Require the Department to submit requests for funding from the new subaccount to the Capital Development Committee for each fiscal year; and
- Recommend the request be funded with depreciation dollars in FY 2015-16.

**Staff Analysis:** The analysis of this request has three components: (1) whether or not this request should be considered a capital construction request, (2) use of the Regional Center depreciation dollars, and (3) applicability of the request to the three vacant group homes.

*Section 1 - Classification of Requests #9 and #10*

There is a statutory definition and a joint legislative rule which govern what is classified as a capital construction and a controlled maintenance request and which legislative committee (i.e.

the Joint Budget Committee or the Capital Developmental Committee) is responsible for evaluating capital construction requests.

Section 24-30-1301 (2) (b), C.R.S., defines capital construction as "construction, demolition, remodeling, or renovation of real property necessitated by changes in the program, to meet standards required by applicable codes, to correct other conditions hazardous to the health and safety of persons which are not covered by codes, to effect conservation of energy resources, to effect cost savings for staffing, operations, or maintenance of the facility, or to improve appearance."

Section 24-30-1301 (4) (a), C.R.S., defines controlled maintenance as "corrective repairs or replacement, including improvements for health, life safety, and code requirements, used for existing real property." Therefore, based on the statutory definition of what projects should be classified as capital construction or controlled maintenance, requests #9 and #10 should be classified as either a capital construction or controlled maintenance requests because the funding would be used for renovations to meet standards required by applicable codes.

Joint Legislative Rule 45 (2) (a) requires the Capital Developmental Committee to review and prioritize capital budget requests for "a state-funded capital construction project when a capital construction project, including the cost of initial design, has a total cost of more than \$500,000." Additionally the State Architect is required to review controlled maintenance requests. Therefore, both requests 9 and 10 should be reviewed by the State Architect and Capital Developmental Committee because those two bodies have the expertise to review these requests. The Department indicated that since each component of the request (i.e. each heat detection fire alarm system) was less than \$500,000, the Office of State Planning and Budgeting had approved the request as operating and not capital.

Additionally, during last year's supplementals for FY 2013-14, the Department requested, and received, the ability to move \$420,000 from the Grand Junction Regional Center and Pueblo Regional Center to the Wheat Ridge Regional Center for \$420,000 worth of Regional Center group home flooring and cabinet repairs. The Department's supplemental indicated that there would be Medicaid revenues earned from fee-for-services in excess of allowable expenses at the Pueblo Regional Centers and pursuant to Medicaid rules those excess revenues could be used for other purposes as necessary at the Regional Centers. What ultimately happened was the Department transferred \$420,000 from the Grand Junction Regional Center Personal Services line item to the Wheat Ridge Regional Center Operating Expenses line item. While within the authority granted to the Department by the General Assembly's footnote, using personal services dollars for capital improvements was not discussed by the Committee during the presentation of last year's request.

**Based on the statutory definition and legislative rules, staff recommends the Committee refer both requests 9 and 10 to the Capital Development Committee for their consideration.**

*Section 2 - Use of the Regional Center Depreciation Dollars*

From the FY 2014-15 figure setting document: "the Regional Center Depreciation line item in the Department of Health Care Policy and Financing is intended to enable the State to capture

depreciation payments from federal authorities associated with the Regional Centers. The HCPF line item was added through the FY 2003-04 Supplemental Bill (HB 04-1320) to reflect historic department practice where the Department of Human Services (DHS) is required to conduct annual depreciation calculations as part of its federal cost reporting. Medicaid allowable costs are included in the Regional Center daily rates, but because depreciation is associated with a past expenditure and is not a current year operating expense, spending authority has never resided in the DHS budget and the funds appropriated in the HCPF budget (the General Fund and federal matching funds) have reverted to the General Fund at the end of the fiscal year. This process makes sense in terms of capital construction because the majority of capital construction is funded via General Fund transferred to the Capital Construction Fund.

Unfortunately it appears this explanation was not entirely correct. The Department of Human Services is now requesting spending authority for the depreciation dollars, and staff has learned that the dollars appropriated to the Depreciation line item have not reverted to the General Fund. Instead the dollars have been expended as a direct result of HCPF payments made to DHS for the Regional Centers. HCPF indicated the expenditures from the HCPF depreciation line item are not specifically for depreciation costs and are rolled into the payments for Medicaid allowable expenses.

Due to staff's inability to determine how much is actually being drawn down for Regional Center depreciation and maintenance and on what depreciation dollars are being spent **staff is recommending the Committee deny supplemental request #10 and instead the Joint Budget Committee and/or the Capital Development Committee sponsor legislation to transfer the dollars earned for Regional Center depreciation to a new subaccount specifically for Regional Center depreciation and maintenance within the Capital Construction Fund.** This will enable the General Assembly to know exactly how much is being drawn down for Regional Center depreciation and maintenance and would provide a funding source for group home maintenance and improvement projects.

In order to implement a more standardized process by which the General Assembly is able to evaluate capital construction projects for the group homes **staff recommends the legislation include the requirement that the Department of Human Services submit capital construction requests in order to access the funds in the subaccount.** This would help avert questions which have come up over the past two years regarding if a request exceeds the \$500,000 threshold, but is comprised of multiple smaller projects, is the request considered operating or capital construction. The recommendation would provide the Department with a clear mechanism for how the General Assembly expects capital construction projects for the Regional Centers to be requested, and would ensure the General Assembly is using the staff and Committee with the expertise in the cost of capital projects to evaluate capital requests.

Since the request for heat detection fire alarm systems is a capital construction request and the depreciation and maintenance dollars are supposed to be used for capital construction projects, staff recommends the Joint Budget Committee include, for consideration by the Capital Development Committee, **the recommendation the funding for the heat detection fire alarm systems be funded from the depreciation dollars subaccount in FY 2015-16.**



***Section 3 - Improvements at Vacant Group Homes***

Due to a reduction in the number of individuals served by the Regional Centers, the Department has taken three group homes off-line and the request does not include heat detection fire alarm system modifications/replacements to those group homes. If those homes are going to be used again in the future to provide services for individuals that require Regional Center level of care, staff questions if omitting them from the improvements would impede the Departments ability to provide emergency services to individuals if the need arose.

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**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #10  
REGIONAL CENTER SPENDING AUTHORITY**

	Request	Recommendation
<b>Total</b>	<b><u>\$932,429</u></b>	<b><u>\$0</u></b>
Federal Funds	932,429	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>No</b>
<p>JBC staff and the Department do <u>not</u> agree that this request is the result of a technical error in calculating the original appropriation. The Office of State Planning and Budgeting did a March 17, 2014 comeback for FY 2014-15 figure setting for the Regional Center Depreciation line item and stated in that comeback, "HCPF needs more spending authority than DHS because HCPF must account for its payments to DHS for depreciation as an expense, while DHS does not have an associated expenditure. Although this creates an apparent discrepancy between the two departments' budgets, this methodology properly allows for reimbursement for depreciation to be return to the General Fund." The Department's supplemental request states, "Currently, the Regional Center Depreciation and Annual Adjustments line item is reflected in HCPF's budget as it must account for its depreciation payments to DHS however, the Regional Centers do not have associated depreciation expenditure."</p>	

**Department Request:** The Department requests \$932,429 Medicaid reappropriated funds for facilities maintenance and repair.

**Staff Recommendation:** Staff recommends the Committee deny the request.

**Staff Analysis:** See the Staff Analysis section for supplemental request #9.

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**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #11**  
**DIVISION OF VOCATIONAL REHABILITATION SWAP**

	Request	Recommendation	
<b>Total</b>		<u>\$0</u>	<u>\$0</u>
Reappropriated Funds		0	0
Federal Funds		0	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>In Part</b>
JBC staff and the Department do agree that this request is the result of information that was not known when the original appropriation was set because the School Work Alliance Program contracts are not signed until July. JBC staff does not believe that it was unknown that additional staffing would be required for the Vocational Rehabilitation Programs when the FY 2014-15 appropriation was set.	

**Department Request:** The Department requests a transfer of \$851,405 total funds, of which \$181,349 is reappropriated funds from school districts and \$670,056 is federal funds from the School Work Alliance Program line item to the Personal Services and Operating expenses line items in the Division of Vocational Rehabilitation Programs. The funds will be used to hire twelve FTE in FY 2014-15.

**Staff Recommendation:** Staff recommends the Committee deny the request in light of the discussions related to transferring the Vocational Rehabilitation Programs to the Department of Labor and Employment.

If the Committee wants to authorize spending authority so that the Department can hire additional vocational rehabilitation staff, staff would recommend the Committee consider the following funding amounts for FY 2014-15:

- An increase of \$556,058 total funds, of which \$118,441 is reappropriated funds and \$437,617 is federal funds to the Vocational Rehabilitation Personal Services line item;
- An increase of \$158,284 total funds of which \$33,715 is reappropriated funds and \$124,569 is federal funds for the Vocational Rehabilitation Operating Expenses line item;
- An increase of \$95,207 total funds for centrally appropriated line items including health, life and dental, AED, SAED, and short-term disability; and
- A reduction to the School to Work Alliance Program line item of \$809,549 total funds.

Note if the Committee decides to fund additional FTE in FY 2014-15, General Fund would be required in FY 2015-16 because the deferred SWAP revenue is for FY 2014-15 only.

**Staff Analysis:** The initial request as submitted to the Joint Budget Committee on January 2, 2015 was for spending authority to hire 12.0 FTE in FY 2014-15 for the Vocational Rehabilitation Programs. Upon further discussion with the Department, there are actually 28.0 vacant FTE the Department would like to hire for Vocational Rehabilitation Programs. Staff

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recognizes the magnitude of the unmet demand for vocational rehabilitation services, but if the General Assembly approves the transfer of the Vocational Rehabilitation Programs to the Department of Labor and Employment, staff believes any new FTE should be hired by the new department.

Staff realizes that the recommendation could impede the Departments ability to serve all individuals on the waiting by the end of the fiscal year, but if the Vocational Rehabilitation Programs are transferred, it makes more sense to staff to allow the Department of Labor and Employment to make hiring decisions once the Program is transferred.

If the Committee wanted to provide the Department of Human Services with spending authority to hire new FTE, staff has provided a summary of what that cost would be based on the number of vacant Program FTE. It should be noted that the reduction to the School to Work Alliance Program is a result of revenue from school district contracts which was lower than projected when the FY 2014-15 Long Bill was set. Due to the unique matching nature of the School to Work Alliance Program, the Department receives reappropriated funds which are in excess of the SWAP contracts and books these reappropriated dollars as deferred revenue. The request is using some of the deferred revenue as a source of federal fund match in FY 2014-15 in order to receive the federal fund match and hire these staff. The request would annualize to General Fund in FY 2015-16 because the FY 2015-16 appropriation for the School to Work Alliance Program would be based on anticipated contracts which does not include the new FTE." The request for FY 2014-15 the request would reduce the amount of unused federal funds in the State's federal vocational rehabilitation account.

Based on discussions with the Department the initial request was to hire 12.0 FTE in FY 2014-15, but after further discussions, there are actually 28.0 vacant FTE the Department would like to fill in FY 2014-15. It is unlikely that the Department would be able to hire 28.0 FTE in a four month period, but the Department's preference is to use the available deferred revenue to begin hiring as many staff as possible in FY 2014-15.

<b>Summary of Funding for Additional Vocational Rehabilitation Staff</b>				
	<b>Total Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>Description of Change</b>
Personal Services	\$556,058	\$118,441	\$437,617	Personal services dollars for four months for an additional 28.0 FTE
Operating Expenses	158,284	33,715	124,569	Operating expenses for 28.0 FTE at \$5,653 per FTE
Centrally Appropriated lines	95,207	20,280	74,927	Centrally appropriated costs for four months
School to Work Alliance Program	(809,549)	(172,436)	(637,113)	Reduction of spending authority related to earned revenue.
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #13  
 WORK THERAPY SPENDING AUTHORITY**

	Request	Recommendation
<b>Total</b>	<b><u>\$103,305</u></b>	<b><u>\$0</u></b>
Cash Funds	103,305	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	<b>No</b>
JBC staff and the Department do <u>not</u> agree that this request is the result of data that was not available when the original appropriation was made because the significant increase in revenue which caused the large excess fund balance occurred in FY 2012-13 and the Department has known of the large uncommitted fund balance since FY 12-13.	

**Department Request:** The Department requests an increase of \$103,305 cash funds from the Work Therapy Cash Fund for the Work Therapy Program for FY 2014-15.

**Staff Recommendation:** Staff recommends the Committee deny the request for FY 2014-15.

**Staff Analysis:**

The Work Therapy Program which provides sheltered training and employment workshops for individuals receiving services at the Colorado Mental Health Institute at Fort Logan and the Regional Centers at Grand Junction and Wheat Ridge. The Work Therapy Cash Fund receives revenue from contracts with area businesses and organizations for custodial services, printing, packaging, mailing, and other types of manual processing that can be performed by program clients. Enrolled clients are paid from funds received in proportion to the work performed.

The FY 2014-15 supplemental request is intended to draw down the excess fund balance of the Work Therapy Cash Fund which has accumulated due to a significant increase in expenditures in FY 2012-13 without an associated increase in spending authority. The following table summarizes the fund balance since FY 2010-11.

	Work Therapy Cash Fund				
	FY 10-11	FY11-12	FY 12-13	FY 13-14	FY 14-15
Beginning Balance	\$50,801	\$56,496	\$42,627	\$98,510	\$94,251
Revenue	365,659	332,939	444,883	455,488	487,372
Expenditures					
Base	(359,964)	(346,808)	(389,000)	(459,747)	(448,393)
S13					(103,305)
Total Expenditures	(359,964)	(346,808)	(389,000)	(459,747)	(551,698)
<b>End Balance</b>	<b>\$56,496</b>	<b>\$42,627</b>	<b>\$98,510</b>	<b>\$94,251</b>	<b>\$29,925</b>

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	Work Therapy Cash Fund				
	FY 10-11	FY11-12	FY 12-13	FY 13-14	FY 14-15
16.5% Reserve	59,394	57,223	64,185	75,858	73,985
Over/(Under) Excess Uncommitted Reserve	(2,898)	(14,596)	34,325	18,393	(44,060)

The Department has known since the close of FY 2012-13 that the Work Therapy Cash Fund had an excess fund balance and did not request any changes to the appropriation in FY 2013-14 or FY 2014-15. The request states that the new spending authority will be used for increased resident wages, new contracts, and new canteens at the Mental Health Institutes. The growth of the Work Therapy Programs is something staff supports but does not meet supplemental criteria and staff will recommended the increase be provided in FY 2015-16.

**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #15  
GRAND JUNCTION REGIONAL CENTER OPERATING**

	Request	Recommendation
<b>Total</b>	<b><u>\$425,467</u></b>	<b><u>\$425,467</u></b>
Cash Funds	425,467	425,467

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	Yes
JBC staff and the Department do agree that this request is the result of data that was not available when the original appropriation was made.	

**Department Request:** The Department requests an increase of \$425,467 cash funds for the Grand Junction Regional Center.

**Staff Recommendation:** Staff recommends the Committee approve the request.

**Staff Analysis:** The supplemental budget request seeks to add cash funds spending authority to the FY 2014-15 Grand Junction Regional Center Operating Expenses line item based on findings from an internal audit of the Grand Junction Regional Center. The Department initiated an internal audit of the Regional Center after publication of the State Auditor's report on the Regional Centers in December 2013. The internal audit found the Regional Center was providing dental outreach services, pharmaceuticals, and soft medical supplies to community providers for clients not residing at the Regional Center, receiving revenue for these services, but not properly recording these revenues in accordance with General Accepted Accounting Principles or State fiscal rules. These revenues were not being recorded anywhere in the state accounting system as either revenues or expenditures, resulting in an underreporting of both revenues and expenditures. The audit determined this practice was in place for a number of years and began working implementing corrective actions.

The Department began in March 2014 to properly record these revenues going forward. In order to reflect the corrections to the accounting practices of the Regional Center in the FY 2014-15 Long Bill staff recommends the Committee approve the request. Note the Committee approved a similar June 1331 request for FY 2013-14 and the Department indicated in that request a supplemental and budget would also be forth coming.

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**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #17  
REGIONAL CENTER LINE ITEMS ADJUSTMENT**

	Request	Recommendation	
<b>Total</b>		<b><u>\$0</u></b>	<b><u>\$0</u></b>
Cash Funds		0	0
Reappropriated Funds		0	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	Yes
JBC staff and the Department do agree that this request is the result of data that was not available when the original appropriation was made.	

**Department Request:** The Department requests a net zero transfer of spending authority between the three Regional Center appropriations to reflect the recently developed budgets for each Regional Center.

**Staff Recommendation:** Staff recommends the Committee deny the request because the Department has the authority to transfer up to 5.0 percent of the total appropriation for Regional Centers (up to \$2,554,916 total funds) and the request would transfer 2.2 percent of the total appropriation.

**Staff Analysis:** The Department developed detailed budgets for the Regional Centers after the December 2013 performance audit findings. The Department determined through the budget development process that the appropriations for the personal services, operating expenses, and provider fee line items for FY 2014-15 do not align with projected expenditures. As a result the Department has requested a net zero adjustment to these line items for each Regional Center so that the Long Bill reflects where expenditures are occurring.

A Long Bill footnote provides the Department with the ability to move funds between line items up to 5.0 percent of the total appropriation for all three Regional Centers. The request is to move \$1.4 million total funds, or 2.2 percent of the total appropriation. Since the Department has the ability to transfer up to 5.0 percent of the total appropriation between line items staff is recommending the Committee deny the request. The footnote was provided in the Long Bill specifically to avoid this type of supplemental request. The following table summarizes the

comparison of the maximum amount that could be transferred with the amount that is requesting to be transferred between line items.

<b>Comparison of 5.0 Percent Transfer Amount to Request</b>	
FY 2014-15 Regional Center Appropriations	
Wheat Ridge Regional Center	\$23,712,382
Grand Junction Regional Center	18,473,347
Pueblo Regional Center	<u>8,912,601</u>
Total	\$51,098,330
<b>5.0 Percent of Total FY 2014-15 Appropriation</b>	<b>\$2,554,917</b>
<b>Requested Net Dollar Change</b>	<b>\$1,147,264</b>
Net Dollar Change as Percent of Total Appropriation	2.2%

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**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #20  
REGIONAL CENTER TASK FORCE ROLL FORWARD SPENDING  
AUTHORITY**

	Request	Recommendation
<b>Total</b>	<u>\$0</u>	<u>\$0</u>
General Fund	0	0

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	Yes
JBC staff and the Department do agree that this request is the result of data that was not available when the original appropriation was made.	

**Department Request:** The Department requests the \$250,000 General Fund appropriation for the Regional Center Task Force in H.B. 14-1338 be provided roll forward spending authority into FY 2015-16.

**Staff Recommendation:** Staff recommends the Committee approve the request in part by providing roll forward spending authority for \$75,000 General Fund appropriated in H.B. 14-1338 to support the costs of the Regional Center Task Force in FY 2015-16.

**Staff Analysis:** The Department has requested roll forward of the \$250,000 General Fund appropriated for the Regional Center Task Force and Utilization Study in H.B. 14-1338 (Regional Centers Task Force and Utilization Study) because the Task Force will be meeting through December 2015 and the bill's appropriation was for FY 2014-15 only. The Task Force is statutorily required to complete its work by December 2015, but currently only has funding through June 2015. The Task Force and Utilization Study is projecting to spend \$190,726 by the

end of FY 2014-15, therefore staff recommends the Committee approve roll forward spending authority for \$75,000 in the event actual expenditures are lower than projected.

## **Non-prioritized Supplemental Requests**

### **PREVIOUSLY APPROVED INTERIM SUPPLEMENTAL REQUEST GRAND JUNCTION REGIONAL CENTER OPERATING EXPENSES**

	<b>Request</b>	<b>Approved</b>
<b>Total</b>	<b><u>\$516,575</u></b>	<b><u>\$516,575</u></b>
General Fund	0	0
Cash Funds	516,575	516,575
Reappropriated Funds	0	0
Federal Funds	0	0

**Department Request:** The Department requested \$516,575 cash funds spending authority for the Grand Junction Regional Center operating expenses line item to align budgetary spending authority with revenues earned by the Grand Junction Regional Center and enable the Department to properly book expenditures according to state fiscal rules and accounting principles.

**Summary:** Statute requires the Committee to introduce all interim supplementals that it approves pursuant to Section 24-75-111 (5), C.R.S.

**Committee Action:** Staff recommended, and the Committee approved, the additional cash fund spending authority in FY 2013-14 for the Grand Junction Regional Center Operating Expenses line item based on findings from an internal audit of the Grand Junction Regional Center. The Department initiated an internal audit of the Regional Center after publication of the State Auditor's report on the Regional Centers in December 2013. The internal audit found the Regional Center was providing dental outreach services, pharmaceuticals, and soft medical supplies to community providers for clients not residing at the Regional Center, receiving revenue for these services, but not properly recording these revenues in accordance with General Accepted Accounting Principles or State fiscal rules. These revenues were not being recorded anywhere in the state accounting system as either revenues or expenditures, resulting in an underreporting of both revenues and expenditures. The audit determined this practice was in place for a number of years and began working implementing corrective actions.



## **Statewide Common Policy Supplemental Requests**

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This request is not prioritized and is not analyzed in this packet. The JBC acted on this common policy during the presentation for the Department of Personnel on January 8, 2015.

<b>Department's Portion of Statewide Supplemental Request</b>	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Administrative Law Judge Service	\$44,746	\$27,674	\$1,255	\$0	\$15,817	0.0

**Staff Recommendation:** The staff recommendation for these requests is based on the Committee's decision for common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill based on the Committee's decision. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

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*JBC Staff Supplemental Recommendations - FY 2014-15*  
*Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Number Pages**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
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**DEPARTMENT OF HUMAN SERVICES**  
**Reggie Bicha, Executive Director**

**S9 RC Group Home Safety**

**(9) SERVICES FOR PEOPLE WITH DISABILITIES**

**(B) Regional Centers for People with Developmental Disabilities**

**(1) Wheat Ridge Regional Center**

Wheat Ridge Regional Center Operating Expenses	<u>1,315,908</u>	<u>1,362,366</u>	<u>373,600</u>	<u>0</u>	<u>1,362,366</u>
General Fund	0	0	373,600	0	0
Reappropriated Funds	1,315,908	1,362,366	0	0	1,362,366
Grand Junction Regional Center Operating Expenses	<u>1,127,604</u>	<u>790,500</u>	<u>185,500</u>	<u>0</u>	<u>790,500</u>
General Fund	0	0	185,500	0	0
Cash Funds	520,884	0	0	0	0
Reappropriated Funds	606,720	790,500	0	0	790,500
Pueblo Regional Center Operating Expenses	<u>462,616</u>	<u>485,126</u>	<u>41,500</u>	<u>0</u>	<u>485,126</u>
General Fund	0	0	41,500	0	0
Reappropriated Funds	462,616	485,126	0	0	485,126

<b>Total for S9 RC Group Home Safety</b>	2,906,128	2,637,992	600,600	0	2,637,992
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	600,600	0	0
Cash Funds	520,884	0	0	0	0
Reappropriated Funds	2,385,244	2,637,992	0	0	2,637,992

**JBC Staff Supplemental Recommendations - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
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**S10 RC Depreciation**

**(9) SERVICES FOR PEOPLE WITH DISABILITIES**

**(B) Regional Centers for People with Developmental Disabilities**

**(4) RC Depreciation and Maintenance**

Depreciation and Maintenance	<u>0</u>	<u>0</u>	<u>932,429</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	0	0	932,429	0	0
<b>Total for S10 RC Depreciation</b>	0	0	932,429	0	0
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Reappropriated Funds	0	0	932,429	0	0

**JBC Staff Supplemental Recommendations - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
<b>S11 DVR SWAP</b>					
<b>(9) SERVICES FOR PEOPLE WITH DISABILITIES</b>					
<b>(D) Division of Vocational Rehabilitation</b>					
Vocational Rehabilitation Personnel Services	0	<u>14,542,611</u>	<u>313,874</u>	0	<u>14,542,611</u>
FTE	0.0	223.7	0.0	0.0	223.7
General Fund	0	3,097,576	0	0	3,097,576
Reappropriated Funds	0	0	66,855	0	0
Federal Funds	0	11,445,035	247,019	0	11,445,035
Vocational Rehabilitation Operating Expenses	<u>0</u>	<u>3,154,385</u>	<u>537,531</u>	<u>0</u>	<u>3,154,385</u>
General Fund	0	0	0	0	0
Reappropriated Funds	0	671,884	114,494	0	671,884
Federal Funds	0	2,482,501	423,037	0	2,482,501
School to Work Alliance Program	<u>0</u>	<u>9,973,705</u>	<u>(851,405)</u>	<u>0</u>	<u>9,973,705</u>
Cash Funds	0	34,647	0	0	34,647
Reappropriated Funds	0	2,089,753	(181,349)	0	2,089,753
Federal Funds	0	7,849,305	(670,056)	0	7,849,305
<b>Total for S11 DVR SWAP</b>	0	27,670,701	0	0	27,670,701
<b>FTE</b>	<u>0.0</u>	<u>223.7</u>	<u>0.0</u>	<u>0.0</u>	<u>223.7</u>
General Fund	0	3,097,576	0	0	3,097,576
Cash Funds	0	34,647	0	0	34,647
Reappropriated Funds	0	2,761,637	0	0	2,761,637
Federal Funds	0	21,776,841	0	0	21,776,841

***JBC Staff Supplemental Recommendations - FY 2014-15***  
***Staff Working Document - Does Not Represent Committee Decision***

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
<b>S13 Work Therapy</b>					
<b>(9) SERVICES FOR PEOPLE WITH DISABILITIES</b>					
<b>(C) Work Therapy Program</b>					
Program Costs	<u>459,748</u>	<u>467,116</u>	<u>103,305</u>	0	<u>467,116</u>
FTE	1.3	1.5	0.0	0.0	1.5
Cash Funds	459,748	467,116	103,305	0	467,116
<b>Total for S13 Work Therapy</b>	459,748	467,116	103,305	0	467,116
<b>FTE</b>	<u>1.3</u>	<u>1.5</u>	<u>0.0</u>	<u>0.0</u>	<u>1.5</u>
Cash Funds	459,748	467,116	103,305	0	467,116

**JBC Staff Supplemental Recommendations - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
<b>S15 GJRC Operating</b>					
<b>(9) SERVICES FOR PEOPLE WITH DISABILITIES</b>					
<b>(B) Regional Centers for People with Developmental Disabilities</b>					
<b>(2) Grand Junction Regional Center</b>					
Grand Junction Regional Center Operating Expenses	1,127,604	790,500	425,467	425,467	1,215,967
Cash Funds	520,884	0	425,467	425,467	425,467
Reappropriated Funds	606,720	790,500	0	0	790,500
<b>Total for S15 GJRC Operating</b>	1,127,604	790,500	425,467	425,467	1,215,967
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
Cash Funds	520,884	0	425,467	425,467	425,467
Reappropriated Funds	606,720	790,500	0	0	790,500

**JBC Staff Supplemental Recommendations - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
<b>R17 regional Center Adjustments</b>					
<b>(9) SERVICES FOR PEOPLE WITH DISABILITIES</b>					
<b>(B) Regional Centers for People with Developmental Disabilities</b>					
<b>(1) Wheat Ridge Regional Center</b>					
Wheat Ridge Regional Center Personal Services	<u>20,419,342</u>	<u>21,077,380</u>	<u>(315,735)</u>	<u>0</u>	<u>21,077,380</u>
FTE	379.7	393.9	0.0	0.0	393.9
Cash Funds	726,110	840,577	(47,000)	0	840,577
Reappropriated Funds	19,693,232	20,236,803	(268,735)	0	20,236,803
Wheat Ridge Regional Center Operating Expenses	<u>1,315,908</u>	<u>1,362,366</u>	<u>245,974</u>	<u>0</u>	<u>1,362,366</u>
General Fund	0	0	0	0	0
Reappropriated Funds	1,315,908	1,362,366	245,974	0	1,362,366
Wheat Ridge Regional Center Provider Fee	<u>1,422,365</u>	<u>1,213,636</u>	<u>222,967</u>	<u>0</u>	<u>1,213,636</u>
Reappropriated Funds	1,422,365	1,213,636	222,967	0	1,213,636
Grand Junction Regional Center Personal Services	<u>15,349,182</u>	<u>16,884,365</u>	<u>(30,724)</u>	<u>0</u>	<u>16,884,365</u>
FTE	270.0	311.4	0.0	0.0	311.4
Cash Funds	70,957	648,572	15,000	0	648,572
Reappropriated Funds	15,278,225	16,235,793	(45,724)	0	16,235,793
Grand Junction Regional Center Operating Expenses	<u>1,127,604</u>	<u>790,500</u>	<u>45,724</u>	<u>0</u>	<u>790,500</u>
Cash Funds	520,884	0	0	0	0
Reappropriated Funds	606,720	790,500	45,724	0	790,500
Grand Junction Regional Center Provider Fee	<u>445,344</u>	<u>653,497</u>	<u>(200,206)</u>	<u>0</u>	<u>653,497</u>
Reappropriated Funds	445,344	653,497	(200,206)	0	653,497

***JBC Staff Supplemental Recommendations - FY 2014-15***  
***Staff Working Document - Does Not Represent Committee Decision***

	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2014-15 Requested Change</b>	<b>FY 2014-15 Rec'd Change</b>	<b>FY 2014-15 Total W/ Rec'd Change</b>
Pueblo Regional Center Personal Services	<u>7,699,763</u>	<u>8,364,655</u>	<u>(22,850)</u>	<u>0</u>	<u>8,364,655</u>
FTE	0.0	181.8	0.0	0.0	181.8
Cash Funds	210,316	548,895	32,000	0	548,895
Reappropriated Funds	7,489,447	7,815,760	(54,850)	0	7,815,760
Leased Space	<u>42,807</u>	<u>42,820</u>	<u>(4,117)</u>	<u>0</u>	<u>42,820</u>
Reappropriated Funds	42,807	42,820	(4,117)	0	42,820
Pueblo Regional Center Operating Expenses	<u>462,616</u>	<u>485,126</u>	<u>58,967</u>	<u>0</u>	<u>485,126</u>
Reappropriated Funds	462,616	485,126	58,967	0	485,126
<b>Total for R17 regional Center Adjustments</b>	<b>48,284,931</b>	<b>50,874,345</b>	<b>0</b>	<b>0</b>	<b>50,874,345</b>
<i>FTE</i>	<u>649.7</u>	<u>887.1</u>	<u>0.0</u>	<u>0.0</u>	<u>887.1</u>
General Fund	0	0	0	0	0
Cash Funds	1,528,267	2,038,044	0	0	2,038,044
Reappropriated Funds	46,756,664	48,836,301	0	0	48,836,301



**JBC Staff Supplemental Recommendations - FY 2014-15**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
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**S20 RC Taskforce Rollforward**

**(1) EXECUTIVE DIRECTOR'S OFFICE**

**(B) Special Purpose**

Regional Center Taskforce and Utilization Study	0	250,000	0	0	250,000
General Fund	0	250,000	0	0	250,000

<b>Total for S20 RC Taskforce Rollforward</b>	0	250,000	0	0	250,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	250,000	0	0	250,000

<b>Totals Excluding Pending Items</b>					
<b>HUMAN SERVICES</b>					
<b>TOTALS for ALL Departmental line items</b>	1,677,413,129	1,901,273,647	2,061,801	425,467	1,901,699,114
<i>FTE</i>	<u>4,591.2</u>	<u>4,906.1</u>	<u>0.0</u>	<u>0.0</u>	<u>4,906.1</u>
General Fund	694,043,025	782,001,699	600,600	0	782,001,699
Cash Funds	303,325,583	347,236,592	528,772	425,467	347,662,059
Reappropriated Funds	122,842,847	144,373,402	932,429	0	144,373,402
Federal Funds	557,201,674	627,661,954	0	0	627,661,954