

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2008-09 STAFF BUDGET BRIEFING DEPARTMENT OF HUMAN SERVICES

EXECUTIVE DIRECTOR'S OFFICE

OFFICE OF INFORMATION TECHNOLOGY SERVICES

COUNTY ADMINISTRATION

SELF-SUFFICIENCY

ADULT ASSISTANCE PROGRAMS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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**FY 2008-09 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HUMAN SERVICES

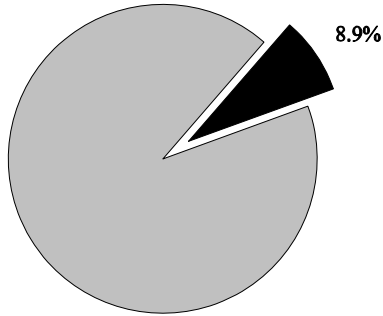
**EXECUTIVE DIRECTOR'S OFFICE
OFFICE OF INFORMATION TECHNOLOGY SERVICES
COUNTY ADMINISTRATION
SELF-SUFFICIENCY
ADULT ASSISTANCE PROGRAMS**

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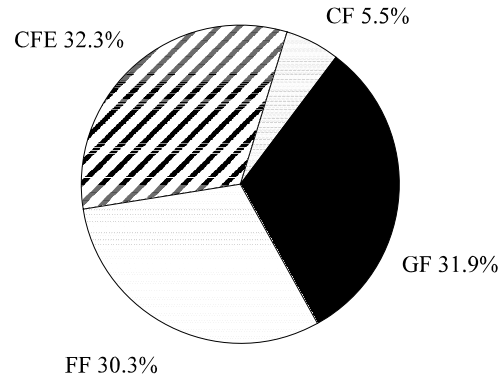
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DEPARTMENT OF HUMAN SERVICES GRAPHIC OVERVIEW

**Share of State General Fund
FY 2007-08**

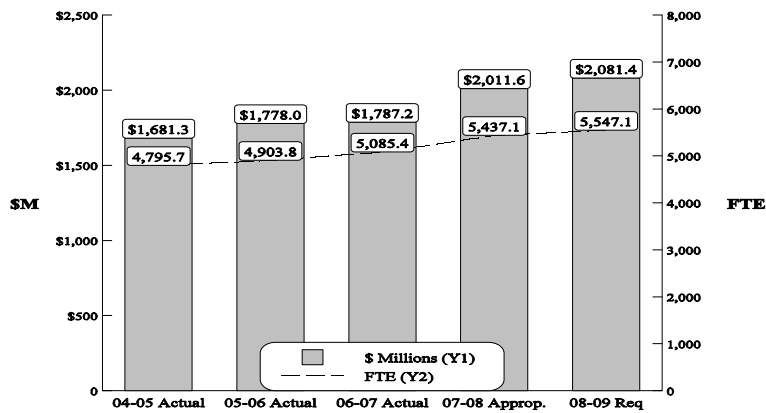


**Funding Source Split
FY 2007-08**



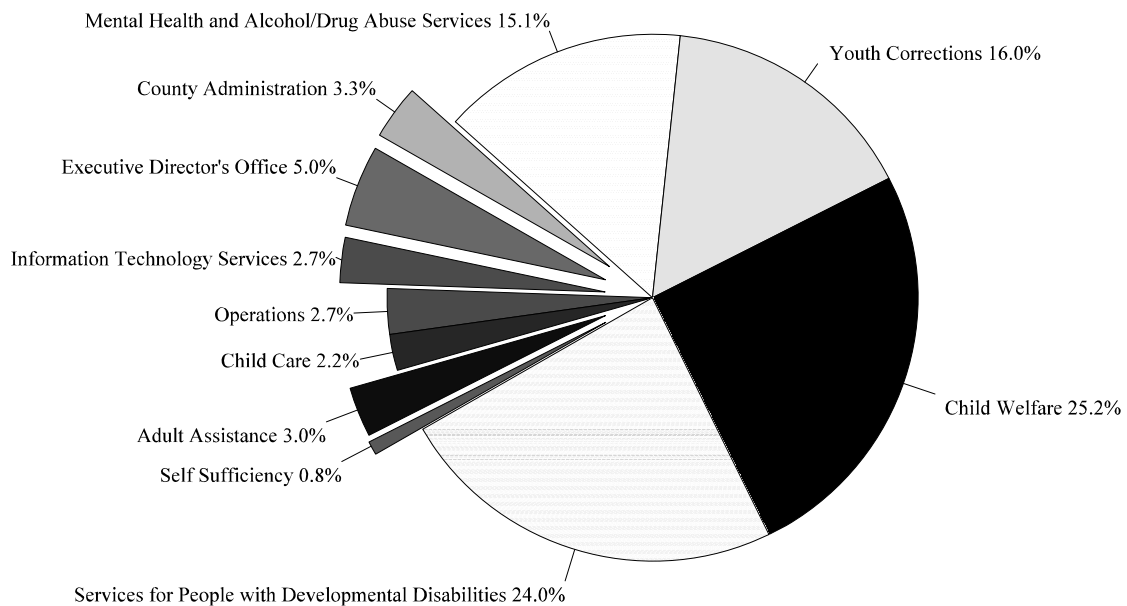
Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.6 percent.

Budget History



**FY 2008-09 Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES:
Executive Director's Office
Office of Information Technology Services
County Administration
Self-Sufficiency
Adult Assistance**

**Department of Human Services: Net General Fund
FY 2007-08 Appropriation (\$839.2 million)**



FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Executive Director's Office, Office of Information Technology Services,
County Administration, Self-Sufficiency, and Adult Assistance Programs
Department Overview

Key Responsibilities

- ▶ **Executive Director's Office:** Serves as the central administrative office responsible for accounting, budgeting, and general office policy. It also operates the Office of Performance Improvement, which delivers information, technical assistance, and management solutions to other divisions in the department and to counties and local providers. It covers financial, programmatic, legal, and policy accountability. Some of the programs within the Executive Director's Office are excluded from this packet and will be covered in other staff briefings (e.g., the Juvenile Parole Board is covered as part of the Division of Youth Corrections). Examples of major programs of this section include:
 - The Administrative Review Division is responsible for federally required case review and quality assurance for the Division of Child Welfare and the Division of Youth Corrections.
 - Human Resources is responsible for recruitment, required examinations, referrals, and orientation of new employees, as well as personnel and benefits administration.
 - Boards and Commissions is responsible for the oversight of and staff support for several state boards and commissions.

- ▶ **Office of Information Technology Services:** Supports and maintains existing information systems used by the staff of the Department of Human Services, county departments of social services, and local service providers. It also oversees the development and ongoing improvement of the information systems used by department staff, counties, and other providers. The following list is a sampling of the systems supported by this division.
 - The Colorado Benefits Management System. This system is used by county departments of social services and local providers to determine eligibility and manage benefits associated with the Medicaid program, the Colorado Works program, the Food Stamp program, the Children's Basic Health Plan, and the Colorado Indigent Care Program. The Department formally accepted the CBMS system from the vendor in June 2006.
 - The County Financial Management System. This system is used primarily to accumulate benefit and benefit-related expenditure and refund data from the counties, and is used by the Department to calculate appropriate federal and state reimbursement of those expenditures.
 - The Colorado Trails (Child Welfare and Youth Corrections) system. This system provides support for case management, case tracking, court reporting, and case

information sharing in support of client services.

- ▶ **County Administration:** Supervises the 64 county departments of social services' administration of state and federally-funded services. Provides counties with resources related to their duties in delivering social services functions. Several of the programs administered by the counties are described under the Divisions of Self Sufficiency and Adult Assistance.
- ▶ **Self-Sufficiency:** Provides income, nutritional and support services to assist families and individuals in need, and particularly as they transition from welfare to independence.
 - Colorado Works provides cash and other benefits and services intended to promote sustainable employment for low income families with children.
 - Food stamp and commodity food distribution programs assist the needy in meeting nutritional needs.
 - Low-income energy assistance and low-income telephone assistance programs provide support in those areas.
 - Child Support Enforcement works to insure that child support orders that have been entered are properly complied with.
- ▶ **Adult Assistance Programs:** Provides assistance and support for the elderly and the needy adult disabled populations in Colorado.
 - Determines medical disability for Colorado residents who apply for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. Included in its responsibilities is processing disability cases for Medicaid.
 - Supervises the Aid to the Needy Disabled / State Only (AND-SO) program, which provides cash assistance to disabled individuals awaiting SSI eligibility determination and those individuals who meet state eligibility requirements but not federal requirements, and supervises the Aid to the Blind / Supplemental Security Income / Colorado Supplement Program;
 - Supervises Adult Protective Services programs (APS), which intervene on behalf of at-risk adults to correct or alleviate situations of abuse, neglect, or exploitation;
 - Supervises and funds the provision of services to older Coloradans throughout the state through the 16 Area Agencies on Aging (AAA); and
 - Supervises the Old Age Pension (OAP) program, which provides cash assistance to eligible individuals age 60 and older.

Factors Driving the Budget

Colorado Benefits Management System

The Colorado Benefits Management System (CBMS) replaced several older IT systems that supported social services programs in Colorado: the Colorado Indigent Care Program, the Children's

Basic Health Plan, the Client-Oriented Information Network, the Colorado Automated Client Tracking Information System, the Colorado Automated Food Stamp System, and Colorado Employment First. CBMS is a collaborative effort between the Department of Health Care Policy and Financing and the Department of Human Services. As the single support system for a large number of public assistance programs, CBMS is a focal point for the expenses associated with changes in eligibility or reporting requirements.

The initial CBMS roll-out experienced significant problems. In order to provide a central point of control for dealing with these problems, the Office of CBMS was created within the Governor's Office by executive order. Early in 2007, the Office of CBMS was eliminated by another executive order. However, the functions provided by the Office of CBMS continued to be necessary. The detailed plan for reallocation of resources to the Departments of Human Services and Health Care Policy and Financing were not completed soon enough to be addressed during the 2007 session. The Joint Budget Committee approved a 1331 supplemental request in June 2007 to accommodate the budget changes necessary for the reorganization.

The support contract between the state and the CBMS developer (Electronic Data Systems, or EDS) expires on July 15, 2008. The State is currently in the process of acquiring a new contract for CBMS maintenance and modifications. The federal agencies whose funding has been used in the development and deployment of CBMS require that the State go through a complete rebid for such services – it is not possible to simply negotiate a new long-term agreement with EDS). As a result of the impending change, there is some degree of uncertainty regarding the actual costs for CBMS maintenance for FY 2008-09 and succeeding fiscal years. Staff will address this subject in greater detail in the CBMS briefing issue.

Community Provider Rate Increases

Some departments of state government contract with community providers to deliver services of the state to eligible clients. To ensure that community provider arrangements are viable over the long term, the General Assembly has regularly awarded annual inflationary increases for community provider programs. The rate increases awarded to providers each year are determined by the Joint Budget Committee in a common policy decision. This common policy is then applied to each community provider program. Of the five divisions covered in this briefing, the County Administration division is the only one that has historically been affected by the provider rate increase.

Federal TANF Reauthorization – Colorado Works

The General Assembly created the Colorado Works program in 1997 in response to federal welfare reform legislation. That federal legislation replaced the open-ended federal reimbursement provided under the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant program. The TANF legislation was originally due for reconsideration and reauthorization in 2002, but that did not happen; funding continued by means of several short-term extensions. Reauthorization legislation was passed by Congress in December 2005 and signed by President Bush in February 2006. The reauthorization legislation made several

significant changes in the program that required the federal Department of Health and Human Services (DHHS) to issue modified rules. Those new rules became effective on October 1, 2006. As a result of those changes, Colorado no longer meets federal performance targets. A number of changes have been proposed to fund activities that should help the State come into compliance with federal requirements.

Low Income Energy Assistance Program.

Spending for the Low Income Energy Assistance Program has varied both up and down over the last several years as shown in the following table. The sharp increase in spending in FY 2005-06 was motivated by the record-high natural gas prices that occurred following the damage done to key areas of the Gulf Coast by Hurricanes Katrina and Rita. Past spending on this line has also been affected by the Governor's allocation of federal "flexible" funds, which was outside of the General Assembly's control, and by special bills such as H.B. 06-1200.

Low Income Energy Assistance Expenditures			
Fiscal Year	Expenditures	Change (Dollars)	Change (Percent)
2002-03	\$33,495,547	n/a	n/a
2003-04	\$41,279,451	\$7,783,904	23.2%
2004-05	\$44,750,486	\$3,471,035	8.4%
2005-06	\$69,947,472	\$25,196,986	56.3%
2006-07	\$46,426,404	(\$23,521,068)	-33.6%
2007-08*	\$39,674,338	(\$6,752,066)	-14.5%

* Current estimate of expenditures from the Department's budget request.

Adult Assistance Programs

Ageing Population. Colorado's population is forecast to grow by a substantial amount over the next 20 years. The portion of the population aged 60 or above is forecast to grow at even faster rate. The forecast used by the Department for growth of the population as a whole and older Coloradans in particular is summarized in the following table.

Growth of Colorado's Elderly Population				
Year	Colorado Population	Percent Increase (from 2008)	Colorado Population Aged 60+	Percent of Population Aged 60+
2008	5,004,990	n/a	741,319	14.8%
2011	5,311,455	6.1%	851,054	16.0%
2018	6,047,354	20.8%	1,145,932	18.9%
2028	7,097,682	41.8%	1,509,952	21.3%

Old Age Pension. Colorado's Old Age Pension (OAP) Program is mandated in Article XXIV of the Colorado Constitution. The State Board of Human Services determines the level of Old Age Pension benefits, and moneys from the pension fund are continuously appropriated pursuant to Article XXIV. The informational appropriation for FY 2007-08 was for \$82.5 million and accounts for 60 percent of the Adult Assistance Programs' total budget. The Board's decisions have the potential to directly affect other General Fund spending because of the way OAP is funded. The Old Age Pension Fund has first call on 85% of most state sales and excise taxes, inheritance taxes, and incorporation fees. These revenues must be spent in the following order: to make full payments to all qualified recipients, then to top up the \$5.0 million Stabilization Fund, then to top up the \$10.0 million Health and Medical Care Fund. Only then are the remaining funds from those taxes transferred to the General Fund.

Supplemental Security Income (SSI) Maintenance of Effort. Colorado must meet a federal expenditure test for maintenance of effort for state supplemental payments to federal SSI recipients. The expenditure test means the state must spend an amount equal to or greater than the highest amount it spent on such payments in any previous calendar year. The requirement for Colorado is currently \$26.9 million. The State failed to meet its spending obligations in CY 2003, 2004, and 2005, met the target for CY 2006, but appears to be falling short again in CY 2007. Failure to meet the requirement may eventually lead to the imposition of harsh federal sanctions: the smallest sanction that would be applied would be the loss of all federal Medicaid funds for a period of three months. Staff will discuss this topic in greater detail as one of the briefing issues.

Summary of Major Legislation

- ✓ **S.B. 07-97 (Fitz-Gerald / Madden):** Reallocates the portion of the tobacco settlement money received by the state pursuant to the Master Settlement Agreement. Some of the changes made by the bill required modifications to benefits eligibility calculations. Among many larger appropriations, \$18,000 was appropriated for changes to CBMS in order to support those modifications.
- ✓ **S.B. 07-211 (Hagedorn / McGihon):** Establishes the 15-member Advisory Committee on Covering All Children in Colorado to develop a plan to provide health coverage for all low-income children by 2010. Effective January 1, 2008, children whose family income does not exceed the applicable income level for Medicaid or the Children's Basic Health Plan (CBHP) are made presumptively eligible for coverage. These changes in eligibility required modifications to CBMS. \$59,953 was appropriated to the Department of Human Services for that purpose.
- ✓ **H.B. 07-1100 (Riesberg / Morse):** Increases funding to the Older Coloradans Cash Fund from receipts collected from the state sales and use tax for all fiscal years beginning in FY 2007-08. Such funding is increased from \$3.0 million to \$5.0 million annually. Appropriates the additions \$2.0 million for FY 2007-08.
- ✓ **H.B. 07-1324 (White / Keller):** Exempts accumulated interest in the Older Coloradans Fund from the statutory requirement that such funds be allocated to the Area Agencies on Aging "as a whole". This exemption allows accumulated interest to be appropriated to the Agencies under federal Older Americans Act guidelines, making such an appropriation eligible for federal matching dollars. Appropriated \$40,000 of such accumulated interest for FY 2006-07 in order draw down additional federal moneys that had become available.
- ✓ **H.B. 07-1349 (Kefalas / Ward):** Makes technical corrections and adds clarifying language to the child support enforcement statutes. In order to comply with a new federal statute, requires that a \$25 fee be collected in the case of certain child support settlements, said fee to be split between the federal government and local jurisdictions. Appropriates \$40,400 General Fund to the Department of Human Services to fund necessary modification of IT systems to meet that federal mandate.
- ✓ **H.B. 07-1359 (Buescher / Fitz-Gerald):** Provides tobacco settlement money for a newly-created account to address expected increased expenditures for the Children's Basic Health Plan Trust and the Colorado Benefits Management System. Allows a portion of the tobacco settlement money received by the state to be spent on programs during the year in which the money is received rather than the year after it is received.
- ✓ **S.B. 06-219 (Keller / Jahn):** Provides for the reorganization of statutes and modification of the allocation of responsibilities between the Department of Human Services and the

Department of Health Care Policy and Financing. The appropriations to the Department of Human Services were decreased by a total of \$19,996,252.

- ✓ **H.B. 06-1018 (Riesberg / Hagedorn):** Increases funding to the Older Coloradans Cash Fund from receipts collected from the state sales and use tax. The funding is increased from \$2.0 million to \$3.0 million annually.
- ✓ **H.B. 06-1200 (Buescher / Kester):** Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and to the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. The bill insures that there is an adequate reserve in the prior year with which to make each year's appropriations. Appropriations by destination and fiscal year are shown in the following table.

H.B. 06-1200 LEAP Spending		
Fiscal Year	Department of Human Services	Governor's Office
2005-06	\$17,000,000	\$7,000,000
2006-07	\$5,950,000	\$5,050,000
2007-08	\$5,950,000	\$6,050,000
2008-09	\$5,950,000	\$7,050,000

- ✓ **S.B. 05-201 (Kester / Frangas):** Appropriates \$7.6 million from the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for FY 2004-05 for the Low Income Energy Assistance Program.
- ✓ **S.B. 04-14 (Owen / Witwer):** Eliminates the statutory threshold associated with County Reserve Accounts, thereby allowing each county to retain, at the end of each fiscal year, the balance of Works Program county block grant funds remaining in its County Reserve Account.
- ✓ **H.B. 04-1414 (Witwer / Reeves):** Requires federal Title IV-E reimbursements earned in excess of amounts appropriated to be credited to a new fund, entitled "Excess Federal Title IV-E Reimbursements Cash Fund". Makes moneys in the new Fund subject to annual appropriation by the General Assembly to the Department for allocation to counties for two purposes: (1) To help defray the costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) for the provision of assistance (as defined for the Colorado Works Program), child care assistance, social services, and child welfare services. Specifies that for FY 2004-05 (and in subsequent fiscal years if so specified by the General Assembly through the annual Long Bill) counties shall spend excess

federal Title IV-E funds received for the provision of assistance, child care assistance, social services, and child welfare services on the types of expenditures that can be counted toward the federal maintenance of effort requirement for Temporary Assistance for Needy Families (TANF) programs.

Replaces a \$4,100,000 federal funds appropriation in the FY 2004-05 Long Bill that was intended to reflect excess Title IV-E funds anticipated to be paid to counties with two cash funds exempt appropriations from the new fund: (1) \$1,600,000 for counties' costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) \$2,500,000 for county expenditures for that can be counted toward the federal TANF maintenance of effort requirement.

- ✓ **H.B. 04-1418 (Plant / Teck):** Changes the state's property tax / heating cost rebate from a yearly payment to a quarterly payment. The increased frequency of payments allows the state to count all money distributed by the program to SSI recipients as contributions toward the SSI maintenance of effort (MOE). This legislation addressed shortfalls in the MOE for calendar year 2003.
- ✓ **H.B. 04-1451 (Clapp / Reeves):** Authorizes each county department of social services and local representatives of the judicial districts, health departments, school districts, community mental health centers, and mental health assessment and service agencies to enter into a memorandum of understanding ("MOU") to promote a collaborative system of treatment and services for children and families. Authorizes parties to an MOU to reinvest any state General Fund savings that result from such collaboration and creates the Performance-based Collaborative Management Incentive Cash Fund to provide incentives to parties to an MOU. On and after July 1, 2005, transfers moneys in the Performance Incentive Cash Fund, the Family Stabilization Services Fund, and moneys received through civil docket fees to the new fund. Repeals the Integrated Care Management Program.
- ✓ **S.B. 03-22 (Johnson / Sinclair):** Transfers the administration and associated funding for the Old Age Pension Health and Medical Care Fund and the Supplemental Old Age Pension Health and Medical Care Fund from the Department of Human Services to the Department of Health Care Policy and Financing.
- ✓ **S.B. 97-120 (Coffman / C. Berry):** Made multiple changes to public assistance programs in response to 1996 federal welfare reform legislation. Provided a block grant of state and federal funds to each county and required each county to maintain a certain level of spending. Provided an appropriation to modify existing accounting systems to meet the new federal reporting requirements under welfare reform. This changed the data gathering needs of the department.

Major Funding Changes FY 2006-07 to FY 2007-08

Action	General Fund	Other Funds	Total Funds	Total FTE
Executive Director's Office				
Salary and benefits adjustments	5,541,800	3,504,589	9,046,389	0.0
Salary survey adjustment	1,283,078	450,200	1,733,278	0.0
Common policy adjustments	613,042	831,960	1,445,002	0.0
Annualize FY 2006-07 supplemental funding	694,703	292,933	987,636	0.0
Transfer of line item from DD	131,164	644,724	775,888	2.3
Office of Information Technology Services				
CBMS county-oriented one-time funding	248,910	1,337,013	1,585,923	0.0
CBMS change request base increase	242,241	1,301,185	1,543,426	0.0
Payments to other agencies	389,842	423,515	813,357	0.0
CBMS disaster recovery hardware	88,272	474,146	562,418	0.0
Eliminate one-time funding	(307,347)	(1,659,420)	(1,966,767)	0.0
County Administration				
Increased funding for county administration	1,740,164	2,610,246	4,350,410	0.0
Provider rate increase	214,088	326,606	540,694	0.0
Eliminate one-time funding (emergency property tax relief)	(1,193,877)	0	(1,193,877)	0.0
Self-Sufficiency				
Additional Food Stamp FTE	81,697	81,698	163,395	0.0
CBMS changes due to federal TANF reauthorization	0	150,000	150,000	0.0
Personal services adjustment	63,787	82,957	146,744	0.0
Eliminate one-time Works funding	0	(5,118,325)	(5,118,325)	0.0
Adult Assistance Programs				
OAP Program caseload and benefit increases	0	2,978,897	2,978,897	0.0
Older Coloradans Program funding increase (H.B. 06-1018)	0	2,000,000	2,000,000	0.0
TOTAL	\$9,831,564	\$10,712,924	\$20,544,488	2.3

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
1A	Office of Behavioral Health and Housing, Mental Health Institute- Pueblo Provide staff and operating funds for new High Security Forensics Institute <i>[Sections 16-8-105 through 16-8-106 and 16-8-112, C.R.S.]</i>	\$638,190	\$0	\$0	\$0	\$638,190	\$638,190	5.1
1B	Office of Operations Provide facility operating funds for new high security forensic institute and heat plant expansion at the Colorado Mental Health Institute at Pueblo <i>[Section 27-1-104, C.R.S.]</i>	\$764,363	\$0	\$0	\$0	\$764,363	\$764,363	6.5
2	Division of Youth Corrections, Community Programs Increase funding due to population impacts on contract bed placements. <i>[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]</i>	1,718,738	0	41,208 <i>[Medicaid]</i>	0	1,759,946	1,739,342	0.0

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3	Division of Child Welfare, Child Welfare Services Increase funding by 3.4 percent to cover the projected cost increases due to the anticipated growth in the state child / adolescent population. <i>[Sections 26-5-101 and 104, C.R.S.]</i>	6,449,386	0	2,350,210 <i>[Local funds]</i>	2,504,857 <i>[Title IV-E Social Security Act]</i>	11,304,453	6,449,386	0.0
3A	Division of Youth Corrections, Community Programs Increase funding for S.B. 91-94 programs in order to increase capacity. <i>[Sections 19-2-310, 1201, and 1203-1204, C.R.S.]</i>	666,308	0	0	0	666,308	666,308	0.0

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3B	Division of Child Welfare and Division of Youth Corrections Increase support for the Collaborative Management Program, which promotes interagency collaboration in services to children and families. Increase incentive funds for counties and provide 2.0 FTE for DYC program coordination. The impact of the request for areas covered in this briefing packet is shown in italics at right.	122,372	0	500,000	0	622,372	122,372	1.8
		<i>0</i>	<i>0</i>	<i>500,000</i>	<i>0</i>	<i>500,000</i>	<i>0</i>	<i>0.0</i>
	<i>[Section 24-1.9-104, C.R.S.]</i>			<i>[Performance-based Collaborative Management Incentive Cash Fund]</i>				
3C	Division of Youth Corrections, Community Programs Increase funding for the statewide expansion of the Functional Family Parole (FFP) program, which is currently being run as a pilot program.	359,062	0	0	0	359,062	359,062	1.8
	<i>[Section 19-2-1003, C.R.S.]</i>							

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4	<p>Services for People with Disabilities, Developmental Disability Services, Community Services</p> <p>Provide comprehensive community-based residential services for an additional 151 adults for six months, including 45 individuals transitioning from foster care, 62 needing emergency placement, and 44 from the waiting list; provide adult supported living services (SLS) for an additional 28 youth aging out of the Children's Extensive Support (CES) waiver program. Request annualizes to \$16.6 million (\$7.4 million NGF) in FY 2009-10.</p> <p><i>[Sections 27-10.5-101 through 106 and 25.5-6-401 through 411 C.R.S.]</i></p>	0	0	8,265,672	0	8,265,672	3,670,651	0.0
				<i>[Medicaid]</i>				
5	<p>Executive Director's Office</p> <p>Increase funding to add five human resources staff to restore portions of staffing cuts made in FY 2003-04 and deal with increased departmental staffing size.</p> <p><i>[Section 24-50-101, C.R.S.]</i></p>	91,371	7,817	37,618	107,622	244,428	107,828	5.0
			<i>[Various Sources]</i>	<i>[Various Sources]</i>	<i>[Various Sources]</i>			

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6	<p>Services for People with Disabilities, Developmental Disability Services, Regional Centers</p> <p>Convert Wheatridge regional center beds from the Medicaid waiver program to ICF/MR institutional placements for purposes of management and Medicaid billing. Also continue to increase staffing at regional centers as second year of multi-year plan to increase staffing intensity. Amount shown is annualized to \$4.0 million (\$1.9 million net General Fund) and 72.7 FTE in FY 2009-10)</p> <p><i>[Sections 27-10.5-301 through 304 and 25.5-6-204 C.R.S.]</i></p>	\$150,667	\$0	\$2,111,227	\$0	\$2,261,894	\$1,206,281	40.4
				<i>[Medicaid]</i>				
7	<p>Office of Behavioral Health and Housing, Mental Health Institutes</p> <p>Compression pay for nursing positions at the Colorado Mental Health Institutes, Pueblo and Fort Logan, to improve retention.</p> <p><i>[Sections 27-13-103 and 27-15-103,</i></p>	1,006,095	0	0	0	1,006,095	1,006,095	0.0

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Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
8	Division of Child Welfare, Administration Add 5.5 FTE to improve state oversight of the county-administered foster care program. Request annualizes to 6.0 FTE in FY 2009-10. <i>[Sections 26-1-108 (2); 26-1-111 (1) and (2) (b), (d), (h) and (q); 26-1-118 (1) and (2); 26-6-106.5; 19-3-406; and 26-6-</i>	373,729	0	0	105,411 <i>[Title IV-E Social Security Act]</i>	479,140	373,729	5.5
9	Office of Operations and Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes Transfer linen contract from Office of Operations to Mental Health Institutes. <i>[Section 24-102-202 and 27-1-104, C.R.S.]</i>	0	0	0	0	0	0	0.0
10	Office of Behavioral Health and Housing, Mental Health Provide community mental health services to 966 additional clients <i>[Sections 27-1-203 and 27-1-204, C.R.S.]</i>	2,998,464	0	0	0	2,998,464	2,998,464	0.0

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)

Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
11	Office of Information Technology Services Increase funding to increase OIT staff that provide support to department and county clients. <i>[Section 26-1-105, C.R.S.]</i>	126,550	733 <i>[Old Age Pension]</i>	16,410 <i>[Medicaid (from HCP&F) and various sources]</i>	24,432 <i>[Food Stamps and TANF]</i>	168,125	129,826	2.4
12	Office of Operations Increase FTE and spending authority for Buildings and Grounds Fund, which supports maintenace and repair of Human Services facilities and grounds rented by other state agencies and non-profit organizations. Request annualizes to \$115,410 and 3.5 FTE in FY 2009-10] <i>[Section 25-1-118, C.R.S.]</i>	0	102,888 <i>[Building and Grounds Cash Fund]</i>	308,665 <i>[Building and Grounds Cash Fund reserves]</i>	0	411,553	0	3.5
13	Office of Self Sufficiency Increase funding to add 4.0 FTE to create a quality control unit that will provide oversight of county TANF programs. <i>[Section 26-2-712, C.R.S.]</i>	0	0	0	235,542 <i>[TANF long-term reserves]</i>	235,542	0	4.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
14	Executive Director's Office, Special Purpose, Colorado Commission for the Deaf and Hard of Hearing Add 0.5 FTE and associated funding transferred from the Disabled Telephone Users Fund for a Telecommunications Equipment Distribution Program coordinator. <i>[Section 26-21-102 through 108, C.R.S.]</i>	0	0	31,116 <i>[Disabled Telephone Users Fund]</i>	0	31,116	0	0.5
15	Office of Information Technology Services Fund TANF-related changes to CBMS to support increased supervision of county operations. <i>[Section 26-2-712, C.R.S.]</i>	0	0	0	2,838,755 <i>[TANF long-term reserves]</i>	2,838,755	0	0.0
16	Office of Self Sufficiency Creates a new Promoting Responsible Fatherhood Grant line item with \$222,222 GF. Offsets this with a corresponding GF reduction in County Block Grants, in turn offset by a corresponding increase in TANF funding for County Block Grants. <i>[Section 26-1-109, C.R.S., and 42 U.S.C. 603 (a) (2)]</i>	0	0	0	222,222 <i>[TANF long-term reserves]</i>	222,222	0	0.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
17	Adult Assistance Programs Increase in cash funds for the Old Age Pension program related to COLA increase. This request is informational, as OAP funding is continuously appropriated by the Colorado Constitution. <i>[Article XXIV, Constitution of the State of Colorado, Sections 26-2-111 (2) and 26-2-114, C.R.S.]</i>	0	3,420,600 <i>[Old Age Pension Fund]</i>	0	0	3,420,600	0	0.0
18	Adult Assistance Programs Increases the federal funds shown in the Community Services for the Elderly line item to reflect available federal funds. Requests an increase of \$210,743 cash funds exempt funding needed to draw down the matching federal funds. <i>[Section 26-11-207 (6), C.R.S.]</i>	0	0	210,743 <i>[Local Funds]</i>	1,004,271 <i>[Older Americans Act fund]</i>	1,215,014	0	0.0
19	Office of Self Sufficiency Allocates an additional \$358,718 to the Colorado Refugee Services Program from the federal TANF block grant, bringing the total TANF funding in CRSP to \$815,850. <i>[Section 26-2-703 (17.7), C.R.S.]</i>	0	0	0	358,718 <i>[TANF]</i>	358,718	0	0.0

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Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
20	Division of Child Care Add 1.0 FTE and associated funding to provide support for the Division of Child Care website. <i>[Sections 26-6-105, 26-6-106, and 26-6-108.5, C.R.S.]</i>	0	66,349 <i>[Child Care Licensing Cash Fund]</i>	0	0	66,349	0	1.0
NP-1	Various Provide a 1.35 percent cost of living adjustment (COLA) for all community providers. The impact of the request for areas covered in this briefing packet is shown in italics at right. <i>[Sections 26-1-105 and 108, C.R.S.]</i>	5,101,845	939	6,029,442	2,550,772	13,682,998	7,449,528	0.0
		<i>\$219,077</i>	<i>\$0</i>	<i>\$105,045</i> <i>[Local Funds]</i>	<i>\$228,553</i> <i>[Various Sources]</i>	<i>\$552,675</i>	<i>\$219,077</i>	<i>0.0</i>
NP-2	County Administration Requests the Long Bill Division "County Administration" and the line item of the same name within the Division be renamed <i>[Sections 26-1-105 and 108, C.R.S.]</i>	0	0	0	0	0	0	0.0
DPA-1	Office of Information Technology Services Multiuse Network Payments <i>[Section 24-30-1104 (2), and 24-37.5-202,203, C.R.S.]</i>	161,324	2,645 <i>[Various Sources]</i>	21,157 <i>[Various Sources]</i>	79,340 <i>[Various Sources]</i>	264,466	167,513	0.0

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DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
DPA-2	Office of Operations Vehicle lease reconciliation and vehicle replacements <i>[Section 24-30-1104 (2), C.R.S.]</i>	(47,747)	1,626 <i>[Various sources]</i>	(34,568) <i>[Medicaid (transfers from HCP&F) and Various sources]</i>	6,146 <i>[Various sources]</i>	(74,543)	(65,605)	0.0
DPA-3	Executive Director's Office Workers' Compensation <i>[Section 24-50-101, C.R.S.]</i>	47,889	214 <i>[Various Sources]</i>	38,758 <i>[Various Sources]</i>	3,927 <i>[Various Sources]</i>	90,788	61,478	0.0
	Total Department Request	\$20,728,606	\$3,603,811	\$19,927,658	\$10,042,015	\$54,302,090	\$27,844,811	77.5
	Total for Shaded Items	\$646,211	\$3,432,009	\$429,731	\$5,103,382	\$9,611,333	\$685,722	11.4

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing, where about 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 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)
Base Reduction Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
1	Office of Self Sufficiency Requests appropriation of two FTE to replace current contract resources that support the Child Support Enforcement web site. <i>[Section 26-13-102 and 103, C.R.S.]</i>	(38,142)	0	0	(74,041) <i>[Title IV-D of the Social Security Act]</i>	(112,183)	(38,142)	2.0
NP	Division of Child Welfare Reduce appropriation for Family and Children's Programs associated with reassignment of responsibilities to HCPF for administrative case management <i>[Sections 25.5-1-120 (1) and 24.75-106 (1), C.R.S.]</i>	(\$650,000)	\$0	\$0	\$0	(650,000)	(\$650,000)	0.0
	Total Department Request	(\$688,142)	\$0	\$0	(\$74,041)	(\$762,183)	(\$688,142)	2.0
	Total for Shaded Items	(\$38,142)	\$0	\$0	(\$74,041)	(\$112,183)	(\$38,142)	2.0

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing, where about 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 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Executive Director's Office, Office of Information Technology Services,
County Administration, Self-Sufficiency, and Adult Assistance Programs
Overview of Numbers Pages

The following table highlights the major changes contained in the Department's FY 2008-09 budget request for the divisions covered in this briefing packet.

Requested Changes FY 2007-08 to FY 2008-09

Category	GF	CF	CFE	FF	Total	Net GF	FTE
Base Adjustments	1,694,727	(51,515)	1,291,788	(483,749)	2,451,251	1,984,780	12.0
Benefits	2,536,017	21,619	2,071,359	70,590	4,699,585	3,236,893	0.0
Apply Prior Year Salary Adjustments	551,689	72,610	127,357	840,777	1,592,433	598,484	0.0
Workers' Compensation	386,569	7,294	299,044	36,468	729,375	491,234	0.0
1331 Eliminate OCBMS	19,884	10,166	43,972	52,653	126,675	40,483	12.0
Communications Services	11,878	0	2,096	0	13,974	11,878	0.0
Risk Management	9,564	114	1,138	570	11,386	9,928	0.0
Annualization (includes removing one-time funding)	(387,300)	(176,353)	(766,081)	(1,246,955)	(2,576,689)	(741,934)	0.0
Salary Survey and Performance-Based Pay	(949,869)	18,414	(310,920)	73,741	(1,168,634)	(1,098,798)	0.0
Purchase of Services from Computer Center	(231,334)	(719)	(362)	(297,690)	(530,105)	(231,499)	0.0
Shift Differential	(222,170)	(1,639)	(175,815)	3,211	(396,413)	(301,688)	0.0
Administrative Law Judge Services	(30,201)	(3,021)	0	(17,114)	(50,336)	(30,201)	0.0
Decision Items	608,069	3,432,009	429,731	5,029,341	9,499,150	647,580	13.4
Old Age Pension COLA	0	3,420,600	0	0	3,420,600	0	0.0
CBMS TANF changes	0	0	0	2,838,755	2,838,755	0	0.0
Community Services for the Elderly	0	0	210,743	1,004,271	1,215,014	0	0.0
1.35% Local Provider Rate Increase	219,077	0	105,045	228,553	552,675	219,077	0.0
Additional TANF Funds for Refugees	0	0	0	358,718	358,718	0	0.0
Multi-use Network adjustment	161,324	2,645	21,157	79,340	264,466	167,513	0.0

Requested Changes FY 2007-08 to FY 2008-09

Human Resources Staffing	91,371	7,817	37,618	107,622	244,428	107,828	5.0
Colorado Works County Oversight	0	0	0	235,542	235,542	0	4.0
Fatherhood Grant Match	0	0	0	222,222	222,222	0	0.0
OITS Infrastructure Support	126,550	733	16,410	24,432	168,125	129,826	2.4
Workers' Compensation (C-SEAP)	47,889	214	38,758	3,927	90,788	61,478	0.0
ACSES Web FTE	(38,142)	0	0	(74,041)	(112,183)	(38,142)	2.0
Total Change	2,302,796	3,380,494	1,721,519	4,545,592	11,950,401	2,632,360	25.4

The Department of Human Services is requesting, for these five divisions, an increase of \$12.0 million, including \$2.6 million *net* General Fund and 25.4 FTE. The total request is an increase of 2.0 percent from the current fiscal year, the *net* General Fund portion of the request is an increase of 2.3 percent over the current fiscal year, and the FTE requested are an increase of 4.5 percent over the current fiscal year. The largest single component of the FTE increase is the Department's absorbing 12.0 FTE from the elimination of the Office of CBMS within the Governor's Office. This change was included in a 1331 emergency supplemental request that has been previously approved by the Committee. Each of the decision items are described briefly below.

Old Age Pension COLA. The State Board of Human Services increased the maximum Old Age Pension grant award to \$648. This increase of \$3.4 million reflects the Department's estimate of the effect of that grant increase on total expenditures. Funds for the Old Age Pension program are continuously appropriated by the Colorado Constitution; this amount is shown for informational purposes. An accurate forecast is important since the program expenditures affect the amount of sales tax revenue eventually transferred to the General fund.

CBMS TANF changes. The 2006 federal reauthorization of the TANF program required higher performance standards for the states in terms of work participation activities and verification of those activities. In order to meet the new federal requirements, improved collection and reporting of work activities for verification purposes must be implemented. This request, if granted, will fund 41 pending change requests for CBMS that will allow the system to support the needed collection and reporting functions. This increase of \$2.8 million would be in addition to a \$100,000 supplemental request for FY 2006-07 and a \$250,000 budget amendment in FY 2007-08, for funds associated with the TANF reauthorization.

Community Services for the Elderly. The Department requests an increase in the federal funds in the Community Services for the Elderly line items in the Long Bill to reflect increased availability of federal funds. The Department also requests an increase in the local funds for those lines to reflect the local funds requirement for drawing down the federal funds. Both amounts are included in the Long Bill for informational purposes only. However, the Department believes that putting the

increased amounts in the Long Bill will allow the State's contracts with the Area Agencies on Aging to be processed more efficiently both within the Department and at the State Controller's office.

1.35% local provider rate increase. To ensure that community provider arrangements are viable over the long term, the General Assembly has regularly awarded annual inflationary increases for community provider programs. The Department has requested a 1.35 percent increase for the programs covered in this briefing packet for FY 2008-09. The rate increases actually awarded to providers each year are determined by the Joint Budget Committee in a common policy decision. This common policy is then applied to each community provider program. Of the programs covered in this briefing, only the County Administration division has historically been affected by the provider rate increase.

Additional TANF funds for refugees. The primary short-term purpose of the Colorado Refugee Services Program is to promote effective resettlement and rapid self-sufficiency for the average 1,100 refugees who arrive in Colorado each year. Despite successful outcomes for most refugees, those who do not achieve self-sufficiency eventually transition to county TANF programs. In general, the counties do not have the resources to provide culturally- and linguistically-appropriate employability services to benefit this group. The State provides such services on a centralized basis. These services were originally funded by the federal Refugee Assistance Act of 1980; federal funding has decreased in recent years, and the State has used TANF dollars to offset the decreases. This request, if granted, would increase the use of TANF funds for this purpose.

Multi-use Network adjustment. The Department makes extensive use of the State's broadband digital communications network (the MNT), which is provided through the Department of Personnel and Administration. This request reflects the increase in the Department's share of the costs for the MNT as estimated by DPA.

Human Resources staffing. The Human Resources group in the Administration Division provides centralized support for employee hiring and retention. In FY 2003-04, this group was reduced in size from 40 positions to 33. Total authorized FTE for the Department have increased from 4,526.7 in FY 2003-04 to 5,431.5 in FY 2006-07, but there have been no corresponding increases in the Human Resources group. The Department reports that increased workloads are a contributing factor to the 40% turnover in the Human Resources group over the last two years. The requested increase of 5.0 FTE for the group is intended to reduce workloads to a level more consistent with other State agencies.

Colorado Works county oversight. The 2006 federal reauthorization of the TANF program required higher performance standards for the states in terms of work participation activities and verification of those activities. In Colorado's highly distributed state-supervised county-administered system, increases in state performance are dependent on increases in county performance. This request, if granted, will fund 4.0 FTE to staff a new quality control unit. This unit will be responsible for conducting the increased case review activities required by the federal program, and will provide additional training and technical assistance to county departments.

Fatherhood Grant match. In September 2006, the Department was awarded a Promoting Responsible Fatherhood Grant from the federal government. Colorado will receive, if it provides a state match amounting to 10% of the total funding, \$2.0 million in federal funds in federal fiscal years 2007 through 2011. The Department intends to allocate about \$1.1 million to counties and community/faith-based organizations, and retain about \$1.1 million to use for a statewide public awareness program, technical assistance to grantees, and administration. The Department request reduces the General Fund portion of the Colorado Works (TANF) county block grants to use as the match, and to back fill that decrease with federal TANF funds. Federal dollars cannot be used directly as matching funds for the new federal grant.

OITS infrastructure support. The Office of Information Technology Services provides centralized support for a large client base in the Department and the counties. Since FY 2003-04, the authorized OITS FTE has been reduced from 145.1 to 134.3; at the same time, the supported client base is estimated to have increased from 7,751 to 8,700, about 12 percent. In addition, the complexity of the support job has increased due to CBMS deployment and increased security requirements such as those required by HIPAA. This request, if granted, would allow OITS to increase the support staff by 2.4 FTE in FY 2008-09 and by an additional 5.0 FTE in FY 2009-10.

Workers' compensation (C-SEAP). The Colorado State Employees Assistance Program (C-SEAP) is a professional assessment, referral, and short-term counseling service offered to State employees with work-related or personal concerns, as well as a resource for supervisors and managers. C-SEAP is provided by the Department of Personnel and Administration, and is funded by contributions from participating agencies, including the Department of Human Services. For the past several years, the C-SEAP assessment has been included by DPA in the workers' compensation assessment. All workers' compensation expenses are included in the Executive Director's Office. The requested increase reflects the assessment made by DPA.

ACSES Web FTE. The Child Support Enforcement interactive web site provides a variety of services to parents, employers, and CSE workers in Colorado and other states. To date, this web site has been developed and supported largely by contract resources. In light of the success of the site, the Department requests the addition of 2.0 FTE to provide in-house resources to perform these functions. Based on current hourly billing rates for contract resources, the Department believes that state employees will be significantly less expensive, resulting in a decrease of \$112,183 in the Automated Child Support Enforcement System line item.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request
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DEPARTMENT OF HUMAN SERVICES
Executive Director: Karen L. Beye

(1) EXECUTIVE DIRECTOR'S OFFICE

The primary function of this division is general department administration, which includes human resources, budgeting, and quality assurance. The division also administers special purpose functions such as the Juvenile Parole Board, the Developmental Disabilities Council, and the quality assurance activities related to child welfare.

(A) General Administration

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

Personal Services	1,926,194	1,958,275	1,990,213	2,098,090	
FTE	<u>20.1</u>	<u>19.3</u>	<u>22.4</u>	<u>22.4</u>	
General Fund	(709,866)	(486,221)	583,844	631,696	
Cash Funds	100,946	388,420	95,012	99,300	
Cash Funds Exempt	2,486,619	939,482	436,429	455,297	
Federal Funds	48,495	1,116,594	874,928	911,797	
*Medicaid Cash Funds	314,413	699,186	335,553	350,079	
*Net General Fund	(552,659)	(136,629)	744,649	799,762	
Health, Life, and Dental	<u>11,943,502</u>	<u>14,200,144</u>	<u>18,671,175</u>	<u>21,613,113</u>	
General Fund	7,134,820	8,486,004	11,277,917	12,554,011	
Cash Funds	132,888	151,878	200,805	244,469	
Cash Funds Exempt	3,033,210	3,572,668	4,676,741	6,415,725	
Federal Funds	1,642,584	1,989,594	2,515,712	2,398,908	
*Medicaid Cash Funds	2,670,405	1,462,932	4,142,444	5,256,616	
*Net General Fund	8,470,023	9,218,024	13,354,271	15,181,557	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Short-term Disability	<u>358,717</u>	<u>221,746</u>	<u>282,774</u>	<u>318,825</u>	
General Fund	207,851	130,709	176,893	194,069	
Cash Funds	13,497	5,879	6,665	4,219	
Cash Funds Exempt	66,731	46,649	53,153	73,468	
Federal Funds	70,638	38,509	46,063	47,069	
*Medicaid Cash Funds	56,456	43,886	44,686	65,169	
*Net General Fund	236,079	152,675	199,137	226,593	
S.B. 04-257 Amortization Equalization Disbursement	<u>638,967</u>	<u>1,498,493</u>	<u>2,631,937</u>	<u>3,944,611</u>	
General Fund	414,874	896,173	1,592,902	2,407,494	
Cash Funds	19,694	38,052	65,360	52,552	
Cash Funds Exempt	94,678	315,321	531,031	903,242	
Federal Funds	109,721	248,947	442,644	581,323	
*Medicaid Cash Funds	81,273	298,480	450,698	799,345	
*Net General Fund	455,510	1,045,256	1,817,821	2,806,524	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>0</u>	<u>482,075</u>	<u>1,267,510</u>	
General Fund	0	0	284,220	776,982	
Cash Funds	0	0	13,616	16,527	
Cash Funds Exempt	0	0	96,050	289,557	
Federal Funds	0	0	88,189	184,444	
*Medicaid Cash Funds	0	0	81,454	256,105	
*Net General Fund	0	0	322,345	904,898	
Salary Survey and Senior Executive Service	<u>6,559,320</u>	<u>6,253,819</u>	<u>8,846,176</u>	<u>7,478,766</u>	
General Fund	4,016,514	4,095,089	5,526,852	4,454,873	
Cash Funds	86,651	62,620	91,634	108,847	
Cash Funds Exempt	1,461,479	1,508,376	2,041,933	1,675,601	
Federal Funds	994,676	587,734	1,185,757	1,239,445	
*Medicaid Cash Funds	1,263,672	1,502,475	1,835,604	1,493,376	
*Net General Fund	4,648,350	4,846,896	6,447,964	5,200,022	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Performance-based Pay Awards	<u>0</u>	<u>0</u>	<u>3,405,333</u>	<u>3,682,125</u>	
General Fund	0	0	2,115,337	2,249,694	
Cash Funds	0	0	42,098	49,561	
Cash Funds Exempt	0	0	744,966	827,460	
Federal Funds	0	0	502,932	555,410	
*Medicaid Cash Funds	0	0	647,848	729,160	
*Net General Fund	0	0	2,439,539	2,613,618	
Shift Differential	<u>2,869,556</u>	<u>4,145,074</u>	<u>4,304,380</u>	<u>3,990,612</u>	
General Fund	1,775,448	2,666,651	2,837,484	2,635,087	
Cash Funds	1,551	2,297	2,005	366	
Cash Funds Exempt	1,087,476	1,467,594	1,457,549	1,344,606	
Federal Funds	5,081	8,532	7,342	10,553	
*Medicaid Cash Funds	924,893	1,442,508	1,435,870	1,339,703	
*Net General Fund	2,237,895	3,387,905	3,555,418	3,304,939	
Workers' Compensation	<u>5,134,805</u>	<u>6,389,052</u>	<u>7,992,867</u>	<u>8,813,030</u>	DI #DPA-3
General Fund	2,664,077	3,657,451	4,216,064	4,650,522	
Cash Funds	16,699	21,624	18,842	26,350	
Cash Funds Exempt	2,159,837	2,369,935	3,412,255	3,750,057	
Federal Funds	294,192	340,042	345,706	386,101	
*Medicaid Cash Funds	1,432,488	1,866,281	2,392,701	2,629,209	
*Net General Fund	3,380,321	4,591,041	5,412,415	5,965,127	
Operating Expenses	<u>480,613</u>	<u>479,937</u>	<u>494,827</u>	<u>494,827</u>	
General Fund	383,386	285,017	138,806	138,806	
Cash Funds	0	99,512	119,393	119,393	
Cash Funds Exempt	97,227	93,992	160,504	160,504	
Federal Funds	0	1,416	76,124	76,124	
*Medicaid Cash Funds	97,227	93,992	149,989	149,989	
*Net General Fund	432,000	332,013	213,801	213,801	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Legal Services	1,190,549	1,249,611	1,328,161	1,328,161	
Hours	<u>18,439.0</u>	<u>18,439.0</u>	<u>18,439.0</u>	<u>18,439.0</u>	
General Fund	1,069,847	1,249,596	876,587	876,587	
Cash Funds	120,702	15	159,379	159,379	
Cash Funds Exempt	0	0	13,281	13,281	
Federal Funds	0	0	278,914	278,914	
Administrative Law Judge Services	<u>771,975</u>	<u>852,141</u>	<u>911,394</u>	<u>861,058</u>	
General Fund	738,482	772,025	546,836	516,635	
Cash Funds	33,493	80,116	54,684	51,663	
Federal Funds	0	0	309,874	292,760	
Payment to Risk Management and Property Funds	<u>758,537</u>	<u>2,138,482</u>	<u>1,841,868</u>	<u>1,853,254</u>	
General Fund	579,155	1,757,345	1,535,193	1,544,757	
Cash Funds	38,731	4,301	4,062	4,176	
Cash Funds Exempt	115,237	240,813	226,054	227,192	
Federal Funds	25,414	136,023	76,559	77,129	
*Medicaid Cash Funds	84,868	174,044	143,118	143,846	
*Net General Fund	621,589	1,844,367	1,606,752	1,616,680	
Staff Training	<u>8,537</u>	<u>15,762</u>	<u>31,870</u>	<u>31,870</u>	
General Fund	1,418	1,628	0	0	
Cash Funds	270	175	0	0	
Cash Funds Exempt	6,849	13,959	31,870	31,870	
Injury Prevention Program	<u>89,913</u>	<u>105,211</u>	<u>105,970</u>	<u>105,970</u>	
General Fund	89,913	105,211	0	0	
Cash Funds Exempt	0	0	105,970	105,970	
*Medicaid Cash Funds	0	0	105,970	105,970	
*Net General Fund	89,913	105,211	52,985	52,985	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
CBMS Emergency Processing Unit	0	0	213,822	213,822	
FTE	<u>0.0</u>	<u>0.0</u>	<u>4.0</u>	<u>4.0</u>	
General Fund	0	0	73,768	73,768	
Cash Funds	0	0	17,106	17,106	
Federal Funds	0	0	122,948	122,948	
CBMS Eligibility Audit - Cash Funds Exempt	<u>102,375</u>	<u>198,844</u>	<u>0</u>	<u>0</u>	
General fund	0	81,715	0	0	
Cash Funds	0	7,781	0	0	
Federal Funds	102,375	109,348	0	0	
					Request vs. Appropriation
(1) EXECUTIVE DIRECTOR'S OFFICE					
Subtotal - (A) General Administration	32,833,560	39,706,591	53,534,842	58,095,644	8.5%
FTE	<u>20.1</u>	<u>19.3</u>	<u>26.4</u>	<u>26.4</u>	
General Fund	18,365,919	23,698,393	31,782,703	33,704,981	6.0%
Cash Funds	565,122	862,670	890,661	953,908	7.1%
Cash Funds Exempt	10,609,343	10,568,789	13,987,786	16,273,830	16.3%
Federal Funds	3,293,176	4,576,739	6,873,692	7,162,925	4.2%
*Medicaid Cash Funds	6,925,695	7,583,784	11,765,935	13,318,567	13.2%
*Net General Fund	21,828,768	27,491,723	37,664,288	40,353,496	7.1%

(B) Special Purpose

This section provides funding to support 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 and to assess whether each child has been placed appropriately. Funding is also provided to support staff who conduct background/employment screenings using records and reports of child abuse or neglect, and staff who represent the Department at administrative hearings related to individuals who appeal a county's finding related to a report of abuse or neglect. Cash funds are from fees paid by those requesting background/employment checks.

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Office of Performance Improvement	4,224,980	4,419,592	4,613,062	5,039,428	DI #5
FTE	<u>62.1</u>	<u>63.7</u>	<u>69.1</u>	<u>74.1</u>	DI #5
General Fund	1,636,351	1,422,341	1,682,777	1,846,981	
Cash Funds	68,912	169,041	171,124	182,528	
Cash Funds Exempt	631,722	757,434	730,765	797,502	
Federal Funds	1,887,995	2,070,776	2,028,396	2,212,417	
*Medicaid Cash Funds	571,664	670,136	642,044	701,178	
*Net General Fund	1,922,181	1,757,409	2,003,799	2,197,570	
HIPAA Security Remediation	242,644	289,590	514,021	522,314	
FTE	<u>1.0</u>	<u>1.5</u>	<u>2.0</u>	<u>2.0</u>	
General Fund	214,482	214,376	382,224	388,444	
Cash Funds	(380)	0	377	377	
Cash Funds Exempt	9,466	56,462	101,068	102,726	
Federal Funds	19,076	18,752	30,352	30,767	
*Medicaid Cash Funds	(1,950)	56,462	101,068	102,726	
*Net General Fund	213,560	242,607	432,758	439,807	
					Request vs. Appropriation
(1) EXECUTIVE DIRECTOR'S OFFICE					
Subtotal - (B) Special Purpose	4,467,624	4,709,182	5,127,083 /a	5,561,742	8.5%
FTE	<u>63.1</u>	<u>65.2</u>	<u>71.1</u>	<u>76.1</u>	
General Fund	1,850,833	1,636,717	2,065,001	2,235,425	8.3%
Cash Funds	68,532	169,041	171,501	182,905	6.6%
Cash Funds Exempt	641,188	813,896	831,833	900,228	8.2%
Federal Funds	1,907,071	2,089,528	2,058,748	2,243,184	9.0%
*Medicaid Cash Funds	569,714	726,598	743,112	803,904	8.2%
*Net General Fund	2,135,741	2,000,016	2,436,557	2,637,377	8.2%

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request Request vs. Appropriation
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	37,301,184	44,415,773	58,661,925 /a	63,657,386	8.5%
FTE	<u>83.2</u>	<u>84.5</u>	<u>97.5</u>	<u>102.5</u>	
General Fund	20,216,752	25,335,110	33,847,704	35,940,406	6.2%
Cash Funds	633,654	1,031,711	1,062,162	1,136,813	7.0%
Cash Funds Exempt	11,250,531	11,382,685	14,819,619	17,174,058	15.9%
Federal Funds	5,200,247	6,666,267	8,932,440	9,406,109	5.3%
*Medicaid Cash Funds	7,495,409	8,310,382	12,509,047	14,122,471	12.9%
*Net General Fund	23,964,509	29,491,739	40,100,845	42,990,873	7.2%

a/ Excludes line items covered in other briefing packets.

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. 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.

(2) OFFICE OF INFORMATION TECHNOLOGY SERVICES

The primary function of this division is to develop and maintain the Department's information technology systems, including Colorado Trails and the Colorado Benefits Management System. It also contains appropriations for the department's use of certain centralized programs (e.g. Communications Services Payments and Purchase of Services from Computer Center) that are operated in the Department of Personnel and Administration. The cash funds, cash funds exempt, and federal funds are related to the programs supported by each system. A number of programs are supported by Medicaid funding as indicated below.

Personal Services	5,740,794	5,881,730	5,617,053	6,023,302	DI #11
FTE	<u>69.4</u>	<u>68.4</u>	<u>76.2</u>	<u>78.6</u>	DI #11
General Fund	4,158,632	4,269,113	4,348,432	4,644,705	
Cash Funds	21,436	23,620	24,062	25,826	
Cash Funds Exempt	500,445	503,321	548,258	587,227	
Federal Funds	1,060,281	1,085,676	696,301	765,544	
*Medicaid Cash Funds	206,668	210,748	224,909	239,951	
*Net General Fund	4,261,966	4,374,488	4,460,886	4,764,822	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Operating Expenses	<u>336,173</u>	<u>345,772</u>	<u>386,576</u>	<u>406,226</u>	DI #11
General Fund	264,503	307,488	307,488	323,118	
Cash Funds	0	0	0	0	
Cash Funds Exempt	16,040	15,288	16,040	16,855	
Federal Funds	55,630	22,996	63,048	66,253	
*Medicaid Cash Funds	<i>16,040</i>	<i>15,288</i>	<i>16,040</i>	<i>16,855</i>	
*Net General Fund	<i>272,523</i>	<i>315,132</i>	<i>315,508</i>	<i>331,546</i>	
Purchase of Services from Computer Center	<u>4,954,518</u>	<u>4,095,419</u>	<u>4,687,376</u>	<u>4,157,271</u>	
General Fund	2,168,451	1,797,175	2,045,534	1,814,200	
Cash Funds	28,358	17,603	6,354	5,635	
Cash Funds Exempt	3,565	61,799	3,203	2,841	
Federal Funds	2,754,144	2,218,842	2,632,285	2,334,595	
*Medicaid Cash Funds	<i>3,086</i>	<i>57,974</i>	<i>2,912</i>	<i>2,583</i>	
*Net General Fund	<i>2,169,994</i>	<i>1,826,162</i>	<i>2,046,991</i>	<i>1,815,491</i>	
Microcomputer Lease Payments	<u>714,321</u>	<u>525,174</u>	<u>539,344</u>	<u>539,344</u>	
General Fund	406,397	301,832	301,832	301,832	
Cash Funds	9,953	15,466	15,466	15,466	
Cash Funds Exempt	173,215	125,663	128,647	128,647	
Federal Funds	124,756	82,213	93,399	93,399	
*Medicaid Cash Funds	<i>85,584</i>	<i>60,579</i>	<i>63,563</i>	<i>63,563</i>	
*Net General Fund	<i>449,189</i>	<i>332,122</i>	<i>333,613</i>	<i>333,613</i>	
Colorado Trails	9,128,010	9,231,413	9,276,217	9,409,157	
FTE	<u>41.9</u>	<u>41.7</u>	<u>48.0</u>	<u>48.0</u>	
General Fund	4,928,194	4,974,287	5,008,216	5,079,990	
Cash Funds Exempt	0	28,003	0	0	
Federal Funds	4,199,816	4,229,123	4,268,001	4,329,167	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
County Financial Management System (CFMS)	1,511,751	1,498,846	1,515,836	1,515,836	
General Fund	781,835	476,670	781,835	781,835	
Cash Funds Exempt	0	305,166	0	0	
Federal Funds	729,916	717,010	734,001	734,001	
Health Information Management System	334,492	305,608	339,168	339,168	
General Fund	206,614	209,891	211,290	211,290	
Cash Funds Exempt	127,878	95,717	127,878	127,878	
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	206,614	209,891	211,290	211,290	
Client Index Project	155,912	153,045	156,116	156,506	
FTE	0.0	0.0	3.0	3.0	
General Fund	89,634	89,634	89,634	89,858	
Federal Funds	66,278	63,411	66,482	66,648	
National Aging Program Information System	62,102	78,420	93,114	93,114	
General Fund	15,526	13,791	15,526	15,526	
Cash Funds	0	0	0	0	
Cash Funds Exempt	0	0	7,752	7,752	
Federal Funds	46,576	64,629	69,836	69,836	
Colorado Benefits Management System (CBMS)	22,906,890	21,517,388	25,024,815	25,729,652	DI #15
FTE	39.6	33.3	35.1	47.1	
General Fund	3,573,984	3,457,574	3,881,864	3,549,492	
Cash Funds	1,814,249	1,705,153	1,985,945	1,814,833	
Cash Funds Exempt	8,092,080	7,411,617	8,718,855	7,975,468	
Federal Funds	9,426,577	8,943,044	10,438,151	12,389,859	
*Medicaid Cash Funds	8,099,439	7,412,103	8,716,030	7,975,468	
*Net General Fund	7,908,821	7,787,338	7,903,196	7,228,921	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
CBMS SAS-70 Audit	<u>119,341</u>	<u>111,900</u>	<u>149,000</u>	<u>149,000</u>	
General Fund	0	21,986	23,386	23,386	
Cash Funds	0	8,980	11,957	11,957	
Cash Funds Exempt	54,305	34,571	51,718	51,718	
Federal Funds	65,036	46,363	61,939	61,939	
*Medicaid Cash Funds	<i>54,305</i>	<i>34,571</i>	<i>51,718</i>	<i>51,718</i>	
*Net General Fund	0	38,183	47,614	47,614	
Multiuse Network Payments	<u>2,116,534</u>	<u>1,809,954</u>	<u>2,041,936</u>	<u>2,306,402</u>	DI #DPA-1
General Fund	1,291,086	1,104,071	1,245,581	1,406,905	
Cash Funds	21,165	18,100	20,419	23,064	
Cash Funds Exempt	169,322	140,187	163,355	184,512	
Federal Funds	634,961	547,596	612,581	691,921	
*Medicaid Cash Funds	<i>99,899</i>	<i>93,507</i>	<i>95,485</i>	<i>107,862</i>	
*Net General Fund	<i>1,341,036</i>	<i>1,150,825</i>	<i>1,293,323</i>	<i>1,460,838</i>	
Communications Services Payments	<u>74,502</u>	<u>140,720</u>	<u>140,422</u>	<u>154,396</u>	
General Fund	54,386	119,612	119,359	131,237	
Cash Funds	0	0	0	0	
Cash Funds Exempt	20,116	21,108	21,063	23,159	
Federal Funds	0	0	0	0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request
TOTAL - (2) OFFICE OF INFORMATION TECHNOLOGY SERVICES	48,155,340	45,695,389	49,966,973	50,979,374	Request vs. Appropriation 2.0%
FTE	<u>150.9</u>	<u>143.4</u>	<u>162.3</u>	<u>176.7</u>	8.9%
General Fund	17,939,242	17,143,124	18,379,977	18,373,374	0.0%
Cash Funds	1,895,161	1,788,922	2,064,203	1,896,781	-8.1%
Cash Funds Exempt	9,156,966	8,742,440	9,786,769	9,106,057	-7.0%
Federal Funds	19,163,971	18,020,903	19,736,024	21,603,162	9.5%
*Medicaid Cash Funds	8,565,021	7,884,770	9,170,657	8,458,000	-7.8%
*Net General Fund	22,479,718	21,708,135	22,626,991	22,292,581	-1.5%

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(4) COUNTY ADMINISTRATION

This division provides counties with resources for duties related to their social services functions. Funding includes a county's 20.0 percent share or a maintenance of effort and other funding for the administrative costs of medical and cash assistance programs. Such programs include Medicaid, Adult Protection, and Food Stamps.

County Administration	<u>51,083,943</u>	<u>40,204,044</u>	<u>40,938,883</u>	<u>41,491,558</u>	DI #NP-1
General Fund	11,138,800	13,359,022	16,227,939	16,447,016	
Cash Funds Exempt	26,772,955	11,922,659	7,781,078	7,886,123	
Federal Funds	13,172,188	14,922,363	16,929,866	17,158,419	
*Medicaid Cash Funds	17,188,911	0	0	0	
*Net General Fund	16,701,994	13,359,022	16,227,939	16,447,016	
Administration Related to CBMS Implementation	<u>4,154,926</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	1,199,372	0	0	0	
Cash Funds Exempt	1,946,773	0	0	0	
Federal Funds	1,008,781	0	0	0	
*Medicaid Cash Funds	1,946,773	0	0	0	
*Net General Fund	2,172,759	0	0	0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request
County Contingency Payments pursuant to Section 26-1-126, C.R.S. - General Fund	11,069,321	11,069,321	11,069,321	11,069,321	
County Share of Offsetting Revenues - Cash Funds Exempt	4,306,120	3,728,422	3,789,313	3,789,313	
County Incentive Payments - Cash Funds Exempt	3,038,382	2,848,504	3,084,361	3,084,361	
Emergency Property Tax Relief - General Fund	0	1,193,897	0	0	
					Request vs. Appropriation
TOTAL - (4) COUNTY ADMINISTRATION	<u>73,652,692</u>	<u>59,044,188</u>	<u>58,881,878</u>	<u>59,434,553</u>	0.9%
General Fund	23,407,493	25,622,240	27,297,260	27,516,337	0.8%
Cash Funds Exempt	36,064,230	18,499,585	14,654,752	14,759,797	0.7%
Federal Funds	14,180,969	14,922,363	16,929,866	17,158,419	1.3%
*Medicaid Cash Funds	19,135,684	0	0	0	
*Net General Fund	29,944,074	25,622,240	27,297,260	27,516,337	0.8%

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. 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.

(7) OFFICE OF SELF SUFFICIENCY

(A) Administration

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

Personal Services	2,042,393	1,379,197	1,605,384	1,664,967
FTE	<u>23.8</u>	<u>16.0</u>	<u>22.0</u>	<u>22.0</u>
General Fund	473,087	639,286	611,889	671,472
Federal Funds	1,569,306	739,911	993,495	993,495

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Operating Expenses	106,131	69,735	85,601	77,156	
General Fund	29,174	35,433	58,106	53,884	
Federal Funds	76,957	34,302	27,495	23,272	
					Request vs. Appropriation
(7) SELF SUFFICIENCY					
Subtotal - (A) Administration	2,148,524	1,448,932	1,690,985	1,742,123	3.0%
FTE	23.8	16.0	22.0	22.0	0.0%
General Fund	502,261	674,719	669,995	725,356	8.3%
Federal Funds	1,646,263	774,213	1,020,990	1,016,767	-0.4%

(7) OFFICE OF SELF SUFFICIENCY

(B) Colorado Works Program

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

Colorado Works Administration	0	1,025,858	1,157,773	1,432,394	DI #13
FTE	0.0	11.6	14.0	18.0	DI #13
General Fund	0	0	0	0	
Cash Funds Exempt	0	0	0	0	
Federal Funds	0	1,025,858	1,157,773	1,432,394	
County Block Grants	124,284,391	119,321,019	154,441,672	154,441,672	
General Fund	627,726	627,726	627,726	405,504	DI #16
Cash Funds Exempt	25,786,567	25,092,840	25,323,033	25,323,033	
Federal Funds	97,870,098	93,600,453	128,490,913	128,713,135	DI #16
Reimbursement to Counties for Prior Year Expenditures Due to Reduction in Federal Maintenance of Effort Requirement - Federal Funds	5,524,726	0	5,524,726	5,524,726	
Funds to Help Katrina Victims - Federal Funds	265,006	11,381	0	0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Change Request
Short-term Works Emergency Fund - Federal Funds	8,566	0	1,000,000	1,000,000	
County Reserve Accounts - Federal Funds	0	0	51,539,912	51,539,912	
County Training - Federal Funds	337,411	332,272	444,917	445,140	
FTE	0.0	0.0	2.0	2.0	
Domestic Violence Training - Federal Funds	108,737	105,142	0	0	
FTE	0.6	0.7	0.0	0.0	
Domestic Abuse Program	837,352	839,090	975,000	983,919	
FTE	<u>0.9</u>	<u>1.7</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds Exempt	187,352	189,090	325,000	331,013	
Federal Funds	650,000	650,000	650,000	652,906	
Works Program Evaluation - Federal Funds	491,360	497,114	500,000	500,000	
Workforce Development Council - Federal Funds	64,007	76,813	76,813	76,813	
TANF Federal Reporting CBMS Maintenance - Federal Funds	0	36,240	0	0	
Federal TANF Reauthorization CBMS Changes - Federal Funds	0	0	250,000	0	
Fatherhood Grant Match - General Fund	0	0	0	222,222	DI #16 Request vs. Appropriation
(7) SELF SUFFICIENCY					
Subtotal - (B) Colorado Works Program	131,921,556	122,244,929	215,910,813	216,166,798	0.1%
FTE	<u>1.5</u>	<u>14.0</u>	<u>18.0</u>	<u>22.0</u>	22.2%
General Fund	627,726	627,726	627,726	627,726	0.0%
Cash Funds Exempt	25,973,919	25,281,930	25,648,033	25,654,046	0.0%
Federal Funds	105,319,911	96,335,273	189,635,054	189,885,026	0.1%

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	FY 2008-09 Change Request
(7) OFFICE OF SELF SUFFICIENCY					
(C) Special Purpose Welfare Programs					
This program provides administrative oversight to counties for food, energy, and other cash assistance to low-income households.					
(1) Low Income Energy Assistance	69,947,472	46,426,404	39,674,338	39,693,262	
FTE	<u>5.2</u>	<u>4.8</u>	<u>6.6</u>	<u>6.6</u>	
Cash Funds	0	0	5,950,000	5,950,000	
Cash Funds Exempt	19,147,670	7,100,000	2,149,832	2,149,832	
Federal Funds	50,799,802	39,326,404	31,574,506	31,593,430	
(2) Food Stamp Job Search Units					
Program Costs	2,004,535	2,017,047	2,027,218	2,045,018	
FTE	<u>5.4</u>	<u>6.1</u>	<u>6.2</u>	<u>6.2</u>	
General Fund	150,861	157,243	162,638	171,538	
Cash Funds Exempt	409,382	409,382	409,382	409,382	
Federal Funds	1,444,292	1,450,422	1,455,198	1,464,098	
Supportive Services	<u>259,195</u>	<u>261,438</u>	<u>261,452</u>	<u>261,452</u>	
General Fund	77,124	78,430	78,435	78,435	
Cash Funds Exempt	52,291	52,291	52,291	52,291	
Federal Funds	129,780	130,717	130,726	130,726	
					Request vs. Appropriation
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (C) (2) Food Stamp Job Search Units	2,263,730	2,278,485	2,288,670	2,306,470	0.8%
FTE	<u>5.4</u>	<u>6.1</u>	<u>6.2</u>	<u>6.2</u>	0.0%
General Fund	227,985	235,673	241,073	249,973	3.7%
Cash Funds Exempt	461,673	461,673	461,673	461,673	0.0%
Federal Funds	1,574,072	1,581,139	1,585,924	1,594,824	0.6%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
(3) Food Distribution Program	444,988	526,283	532,834	552,489	
FTE	<u>6.3</u>	<u>6.4</u>	<u>6.5</u>	<u>6.5</u>	
General Fund	24,300	42,367	42,788	44,654	
Cash Funds	187,962	215,577	228,850	237,341	
Cash Funds Exempt	17,000	0	316	316	
Federal Funds	215,726	268,339	260,880	270,178	
(4) Low-Income Telephone Assistance Program	45,287	47,220	60,811	62,311	
FTE	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	
Cash Funds	0	47,220	60,811	62,311	
Cash Funds Exempt	45,287	0	0	0	
(5) Income Tax Offset	<u>4,801</u>	<u>447</u>	<u>4,128</u>	<u>4,128</u>	
General Fund	2,401	224	2,064	2,064	
Federal Funds	2,400	223	2,064	2,064	
(6) Electronic Benefits Transfer Service	3,110,773	3,173,108	3,188,582	3,202,421	
FTE	<u>4.7</u>	<u>4.7</u>	<u>5.0</u>	<u>5.0</u>	
General Fund	712,820	771,200	825,881	831,557	
Cash Funds	286,922	244,959	253,696	253,696	
Cash Funds Exempt	634,993	634,993	634,746	637,131	
Federal Funds	1,476,038	1,521,956	1,474,259	1,480,037	
(7) Refugee Assistance - Federal Funds	1,744,623	2,478,608	3,658,034	4,018,924	DI #19
FTE	1.9	0.4	10.0	10.0	
(8) Systematic Alien Verification for Eligibility	42,952	39,015	49,912	53,154	
FTE	<u>1.1</u>	<u>0.4</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	8,683	5,482	10,646	11,327	
Cash Funds	0	1,074	0	0	
Cash Funds Exempt	28,612	26,981	28,620	30,500	
Federal Funds	5,657	5,478	10,646	11,327	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request
					Request vs. Appropriation
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (C) Special Purpose Welfare Programs					
FTE	<u>25.5</u>	<u>23.7</u>	<u>36.2</u>	<u>36.2</u>	0.0%
General Fund	976,189	1,054,946	1,122,452	1,139,575	1.5%
Cash Funds	474,884	508,830	6,493,357	6,503,348	0.2%
Cash Funds Exempt	20,335,235	8,223,647	3,275,187	3,279,452	0.1%
Federal Funds	55,818,318	45,182,147	38,566,313	38,970,784	1.0%
(7) OFFICE OF SELF SUFFICIENCY					
(D) Child Support Enforcement					
Automated Child Support Enforcement System	11,127,635	11,157,269	11,613,279	11,490,192	BRI #1
FTE	<u>36.1</u>	<u>34.4</u>	<u>37.9</u>	<u>39.9</u>	BRI #1
General Fund	3,724,933	3,738,016	3,803,547	3,761,698	
Cash Funds	59,285	67,470	145,010	145,010	
Cash Funds Exempt	107,969	106,052	281,489	281,489	
Federal Funds	7,235,448	7,245,731	7,383,233	7,301,995	
Child Support Enforcement	1,790,253	1,712,326	2,027,077	2,091,993	
FTE	<u>21.5</u>	<u>21.6</u>	<u>24.5</u>	<u>24.5</u>	
General Fund	616,031	584,243	689,206	711,278	
Federal Funds	1,174,222	1,128,083	1,337,871	1,380,715	
					Request vs. Appropriation
(7) OFFICE OF SELF SUFFICIENCY					
Subtotal - (D) Child Support Enforcement					
FTE	<u>57.6</u>	<u>56.0</u>	<u>62.4</u>	<u>64.4</u>	3.2%
General Fund	4,340,964	4,322,259	4,492,753	4,472,976	-0.4%
Cash Funds	59,285	67,470	145,010	145,010	0.0%
Cash Funds Exempt	107,969	106,052	281,489	281,489	0.0%
Federal Funds	8,409,670	8,373,814	8,721,104	8,682,710	-0.4%

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
(7) OFFICE OF SELF SUFFICIENCY					
(E) Disability Determination Services	14,187,062	14,768,552	16,962,577	17,294,355	
FTE	<u>124.9</u>	<u>122.0</u>	<u>140.5</u>	<u>140.5</u>	
Cash Funds Exempt	0	0	0	0	
Federal Funds	14,187,062	14,768,552	16,962,577	17,294,355	
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	0	0	0	0	
					Request vs. Appropriation
TOTAL - (7) OFFICE OF SELF SUFFICIENCY	238,779,656	206,301,578	297,662,040	298,678,620	0.3%
FTE	<u>233.3</u>	<u>231.7</u>	<u>279.1</u>	<u>285.1</u>	2.1%
General Fund	6,447,140	6,679,650	6,912,926	6,965,633	0.8%
Cash Funds	534,169	576,300	6,638,367	6,648,358	0.2%
Cash Funds Exempt	46,417,123	33,611,629	29,204,709	29,214,987	0.0%
Federal Funds	185,381,224	165,433,999	254,906,038	255,849,642	0.4%
*Medicaid Cash Funds	0	0	0	0	
*Net General Fund	6,447,140	6,679,650	6,912,926	6,965,633	0.8%

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. 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.

(10) ADULT ASSISTANCE PROGRAMS

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

(10) ADULT ASSISTANCE PROGRAMS

(A) Administration	422,635	481,518	545,909	566,707	
FTE	<u>4.3</u>	<u>5.4</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	36,572	94,645	95,936	99,876	
Cash Funds Exempt	91,318	88,552	96,550	100,458	
Federal Funds	294,745	298,321	353,423	366,373	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request
(10) ADULT ASSISTANCE PROGRAMS					
(B) Old Age Pension Program					
Cash Assistance Program - Cash Funds	69,951,930	72,932,800	77,451,318	80,871,918	DI #17
Refunds - Cash Funds Exempt	588,362	588,362	588,362	588,362	
Burial Reimbursements - Cash Funds	941,164	953,409	918,364	918,364	
State Administration - Cash Funds	1,113,481	1,139,579	1,072,357	1,116,885	
FTE	11.6	12.0	14.0	14.0	
County Administration - Cash Funds	2,520,039	2,356,916	2,450,785	2,450,785	
					Request vs. Appropriation
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (B) Old Age Pension Program	75,114,976	77,971,066	82,481,186	85,946,314	4.2%
FTE	11.6	12.0	14.0	14.0	0.0%
Cash Funds	74,526,614	77,382,704	81,892,824	85,357,952	4.2%
Cash Funds Exempt	588,362	588,362	588,362	588,362	0.0%
(10) ADULT ASSISTANCE PROGRAMS					
(C) Other Grant Programs					
Aid to the Needy Disabled Programs	<u>0</u>	<u>0</u>	<u>17,428,495</u>	<u>17,428,495</u>	
General Fund	0	0	11,421,471	11,421,471	
Cash Funds Exempt	0	0	6,007,024	6,007,024	
Aid to the Needy Disabled State Supplemental Grant Program	<u>4,861,492</u>	<u>1,821,308</u>	<u>0</u>	<u>0</u>	
General Fund	4,331,824	1,223,268	0	0	
Cash Funds Exempt	529,668	598,040	0	0	
Aid to the Blind State Supplemental Grant Program	<u>6,803</u>	<u>4,844</u>	<u>0</u>	<u>0</u>	
General Fund	5,356	1,789	0	0	
Cash Funds Exempt	1,447	3,055	0	0	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Aid to the Needy Disabled State-only Grant Program	<u>13,540,055</u>	<u>15,500,190</u>	<u>0</u>	<u>0</u>	
General Fund	8,456,742	10,094,834	0	0	
Cash Funds Exempt	5,083,313	5,405,356	0	0	
Burial Reimburesments	<u>449,966</u>	<u>466,693</u>	<u>508,000</u>	<u>508,000</u>	
General Fund	349,222	365,949	402,985	402,985	
Cash Funds Exempt	100,744	100,744	105,015	105,015	
Home Care Allowance	<u>9,492,664</u>	<u>10,767,160</u>	<u>10,880,411</u>	<u>10,880,411</u>	
General Fund	0	10,223,139	10,336,390	10,336,390	
Cash Funds Exempt	9,492,664	544,021	544,021	544,021	
Adult Foster Care	<u>78,123</u>	<u>37,340</u>	<u>157,469</u>	<u>157,469</u>	
General Fund	0	29,467	149,596	149,596	
Cash Funds Exempt	78,123	7,873	7,873	7,873	
					Request vs. Appropriation
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (C) Other Grant Programs	<u>28,429,103</u>	<u>28,597,535</u>	<u>28,974,375</u>	<u>28,974,375</u>	0.0%
General Fund	13,143,144	21,938,446	22,310,442	22,310,442	0.0%
Cash Funds Exempt	15,285,959	6,659,089	6,663,933	6,663,933	0.0%
(10) ADULT ASSISTANCE PROGRAMS					
(D) Community Services for the Elderly					
Administration	502,870	417,781	639,997	659,182	
FTE	<u>6.2</u>	<u>5.0</u>	<u>7.0</u>	<u>7.0</u>	
General Fund	133,055	48,240	170,232	175,335	
Federal Funds	369,815	369,541	469,765	483,847	
Colorado Commission on Aging	69,695	75,721	77,005	79,428	
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	17,359	18,769	19,808	20,431	
Federal Funds	52,336	56,952	57,197	58,997	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
Senior Community Services Employment - Federal Funds	869,452	869,187	861,146	862,446	
FTE	0.0	0.0	0.5	0.5	
Older Americans Act Programs	9,800,886	13,343,175	14,141,987	14,141,987	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	544,537	572,463	576,747	576,747	
Cash Funds Exempt	0	3,039,710	3,079,710	3,079,710	
Federal Funds	9,256,349	9,731,002	10,485,530	10,485,530	
National Family Caregiver Support Program	<u>1,984,507</u>	<u>2,157,124</u>	<u>1,420,414</u>	<u>2,263,386</u>	DI #18
General Fund	140,792	142,041	142,041	142,041	
Cash Funds Exempt	213,062	213,062	213,062	423,805	
Federal Funds	1,630,653	1,802,021	1,065,311	1,697,540	
State Ombudsman Program	<u>222,031</u>	<u>222,031</u>	<u>222,031</u>	<u>222,031</u>	
General Fund	61,898	61,898	61,898	61,898	
Cash Funds Exempt	1,800	1,800	1,800	1,800	
Federal Funds	158,333	158,333	158,333	158,333	
*Medicaid Cash Funds	1,800	1,800	1,800	1,800	
*Net General Fund	62,798	62,798	62,798	62,798	
State Funding for Senior Services	<u>3,250,000</u>	<u>5,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	
General Fund	1,250,000	1,925,961	2,000,000	2,000,000	
Cash Funds	2,000,000	3,074,039	5,000,000	5,000,000	
Area Agencies on Aging Administration - Federal Funds	1,018,194	1,264,409	981,915	1,353,957	DI #18

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Request
					Request vs. Appropriation
(10) ADULT ASSISTANCE PROGRAMS					
Subtotal - (D) Community Services for the Elderly	17,717,635	23,349,428	25,344,495	26,582,417	4.9%
FTE	<u>7.2</u>	<u>6.0</u>	<u>8.5</u>	<u>8.5</u>	0.0%
General Fund	2,147,641	2,769,372	2,970,726	2,976,452	0.2%
Cash Funds	2,000,000	3,074,039	5,000,000	5,000,000	0.0%
Cash Funds Exempt	214,862	3,254,572	3,294,572	3,505,315	6.4%
Federal Funds	13,355,132	14,251,445	14,079,197	15,100,650	7.3%
*Medicaid Cash Funds	1,800	1,800	1,800	1,800	0.0%
*Net General Fund	2,148,541	2,770,272	2,971,626	2,977,352	0.2%
					Request vs. Appropriation
TOTAL - (10) ADULT ASSISTANCE PROGRAMS	121,684,349	130,399,547	137,345,965	142,069,813	3.4%
FTE	<u>23.1</u>	<u>23.4</u>	<u>28.5</u>	<u>28.5</u>	0.0%
General Fund	15,327,357	24,802,463	25,377,104	25,386,770	0.0%
Cash Funds	76,526,614	80,456,743	86,892,824	90,357,952	4.0%
Cash Funds Exempt	16,180,501	10,590,575	10,643,417	10,858,068	2.0%
Federal Funds	13,649,877	14,549,766	14,432,620	15,467,023	7.2%
*Medicaid Cash Funds	1,800	1,800	1,800	1,800	0.0%
*Net General Fund	15,328,257	24,803,363	25,378,004	25,387,670	0.0%

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	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Appropriation	Request	Change Request
					Request vs. Appropriation
TOTAL - HUMAN SERVICES - EDO/OITS/CA/SS/AA	519,573,221	485,856,475	602,518,781 /a	614,819,746	2.0%
FTE	<u>490.5</u>	<u>483.0</u>	<u>567.4</u>	<u>592.8</u>	4.5%
General Fund	83,337,984	99,582,587	111,814,971	114,182,520	2.1%
Cash Funds	79,589,598	83,853,676	96,657,556	100,039,904	3.5%
Cash Funds Exempt	119,069,351	82,826,914	79,109,266	81,112,967	2.5%
Federal Funds	237,576,288	219,593,298	314,936,988	319,484,355	1.4%
* <i>Medicaid Cash Funds</i>	<i>35,197,914</i>	<i>16,196,952</i>	<i>21,681,504</i>	<i>22,582,271</i>	4.2%
* <i>Net General Fund</i>	<i>98,163,698</i>	<i>108,305,127</i>	<i>122,316,026</i>	<i>125,153,094</i>	2.3%

a/ Excludes line items covered in other briefing packets.

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. 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 2007-08 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Office of Information Technology Services,
County Administration, Self-Sufficiency, and Adult Assistance Programs
Footnote Update**

5 All Departments, Totals – Every Department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds exempt FTE associated with any federal grants or private donations that are applied for or received during FY 2007-08. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds, the duration of the grant, and a brief description of the program and its goals and objectives.

Comment: The Governor vetoed this footnote on May 2, 2007 on the grounds that it violates the separation of powers by attempting to administer the appropriation, that by placing information requirements on the appropriations it constitutes substantive legislation, and that it requires substantial resources and constitutes an unfunded mandate. The General Assembly overrode this veto.

The Department is in partial compliance with this request. In response to staff inquiry, the Department provided information on FTE and annual salaries paid for with special federal grants or private gifts, grants, and donations. This information is summarized in the following table.

Division	FTE	Annual Salary
Child Welfare	4.7	339,040
Self Sufficiency	7.6	539,887
Total	12.3	\$878,927

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

Comment: The Governor vetoed this footnote on May 2, 2007 on the grounds that it violates

the separation of powers by attempting to administer the appropriation and that it constitutes substantive legislation. In his veto letter, the Governor also indicated that he would direct the Department to comply with this footnote to the extent feasible. The General Assembly overrode this veto.

The Department submitted a report on October 15, 2007 and is in partial compliance with this footnote request. The Department's response does not break out claims and costs by program, but does identify the relatively high-risk facilities and the most common types of injuries. For FY 2006-07, the Department reports an increase in the total number of reported injuries to 766.

The following table shows the nine Department facilities with the highest number of injuries for FY 2006-07. It also compares, for each of those facilities, the number of injuries that occurred during the previous fiscal year.

Agency	Number of Injuries	
	FY 2005-06	FY 2006-07
CMHI - Pueblo	136	160
Wheat Ridge Regional Center	83	89
Grand Junction Regional Center	69	80
Pueblo Regional Center	62	70
Office of Operations	61	63
CMHI - Fort Logan	60	41
Fitzsimons Veterans Nursing Home	30	25
Trinidad Veterans Nursing Home	26	22
Lookout Mountain Youth Services Center	17	21
TOTAL	544	571

The next table summarizes the major causes of injuries as reported by the Department. The Department notes that many of the strain injuries are a result of patient contact, most commonly from lifting immobile clients.

Cause	Percentage of Injuries
Strain	31.0%
Patient Contact	23.0%
Fall	18.0%
Cut	2.0%
Repetitive Motion	2.0%

Cause	Percentage of Injuries
All Others	24.0%

The next table provides a history of the number of workers' compensation claims over time. The Department identified two principle causes for the increase in FY 2006-07:

- The Sol Vista Youth Services Center in Pueblo was opened. This facility added 52 FTE positions to the Department's total. Since its opening in August 2006, 18 staff at the Sol Vista Center have reported work-related injuries.
- As a result of the blizzards and colder temperatures during the winter of 2006-07, snow and ice covered the ground for several weeks in some parts of the state. From December 1, 2006, through January 15, 2007, employees reported 23 injuries due to falls on snow or ice. In each of the five previous fiscal years, the highest number of reported falls due to snow and ice was five.

Summary of Total Number of Workers' Compensation Claims FY 1998-99 through FY 2006-07			
Fiscal Year	Number of Injuries	Difference	Percentage Change
FY 1998-99	1,085	n/a	n/a
FY 1999-00	972	(113)	-10.4%
FY 2000-01	888	(84)	-8.6%
FY 2001-02	710	(178)	-20.0%
FY 2002-03	725	15	2.1%
FY 2003-04	744	19	2.6%
FY 2004-05	756	12	1.6%
FY 2005-06	713	(43)	-5.7%
FY 2006-07	766	53	7.4%

The following table summarizes total workers' compensation costs for the last several fiscal years. Cost figures for fiscal years 2002-03 through 2005-06 were revised from previous reports. Claim costs for any given fiscal year continue to rise as long as claims filed in that year remain open.

Summary of Total Workers' Compensation Costs FY 1999-00 through FY 2006-07			
Fiscal Year	Total Cost	Difference	Percentage Change
FY 1999-00	\$4,100,000	n/a	n/a
FY 2000-01	4,000,000	(\$100,000)	-2.4%
FY 2001-02	3,100,000	(900,000)	-22.5%
FY 2002-03	4,700,000	1,600,000	51.6%
FY 2003-04	7,100,000	2,400,000	51.1%
FY 2004-05	6,800,000	(300,000)	-4.2%
FY 2005-06	6,700,000	(100,000)	-1.5%
FY 2006-07	6,700,000	0	0.0%

The Department is in the process of implementing a Behavior-Based Safety process. The following activities will be undertaken in FY 2007-08 (some are already underway).

- Refine the strategic plan for BBS implementation.
- Three-day BBS Steering Team workshop at new proving grounds – Trinidad State Veterans' Nursing Home.
- Train-the-trainer BBS modules at CMHIP and MVYSC.
- Increased number of observation checklists and observation and feedback sessions at the proving ground agencies.
- Develop and debut new safety performance measures at proving ground agencies including number of observations, number of interventions, and overall percent safe.
- Planning, including exercises to test written plans, for pandemic influenza.

Expenditures for the line item include:

Comparison of Injury Prevention Program Expenditures and Estimates FY 2005-06 to FY 2007-08				
Category	FY 2005-06 Expenditures	FY 2006-07 Expenditures	FY 2007-08 Estimate	% Change from FY06 to FY08
Safety Programs - Membership renewals to Colorado Safety Association and National FPA.	\$780	\$780	\$780	0.0%
New Directions Program - Agency program support, behavior-based safety initiatives, and travel expenses.	70,871	58,840	27,690	-60.9%

Comparison of Injury Prevention Program Expenditures and Estimates FY 2005-06 to FY 2007-08				
Category	FY 2005-06 Expenditures	FY 2006-07 Expenditures	FY 2007-08 Estimate	% Change from FY06 to FY08
Behavior-Based Safety Awareness and Team Building - Safety coordinator/committee education, train-the trainer, and promotional efforts to raise BBS awareness..	10,896	38,000	72,000	560.8%
Office Management - General office supplies.	620	1,200	1,500	141.9%
Other - Workplace violence incident consultation, internal risk management workshops, and ergonomic equipment.	6,746	6,400	4,000	-40.7%
Return to General Fund	0	750	0	n/a
TOTAL	\$89,913	\$105,970	\$105,970	17.9%

51 Department of Human Services, Office of Information Technology Services, Colorado Benefits Management System (CBMS) – The General Assembly requests that the Department submit to the Joint Budget Committee, on or before June 1, 2007, and again on or before November 1, 2007, a summary of change request activity related to the Colorado Benefits Management System. This summary should include the number of requests completed, the number in progress, and the number that have been submitted but not yet started. Change requests requiring the expenditure of more than fifty thousand dollars (\$50,000) should be described in detail.

Comment: The Department is in compliance with this footnote request. The November 1, 2007 report covers the period from May 1, 2007 to October 18, 2007. For this period there were a total of 310 active change requests, including 50 that were completed. The summary of change request activity is shown in the following table.

Category	Number
Total Active Change Requests	<u>310</u>
Change Requests Completed	50
Change Requests In Progress	44
Change Requests Submitted but not yet started	<u>216</u>
Draft	74
On Hold	25
Research	48

Category	Number
Open	11
Detail Design Assessment Requested	14
Final	44

Of the 310 change requests, nine were valued at \$50,000 or more. Three of those were closed during the reporting period, five were in progress but not yet completed, and one was submitted but not yet started. These nine change requests, their status, and their price, are shown in the next table.

Name	Status	Price
Change to display verification checklist	In progress	\$386,544
SB 07-211 presumptive eligibility	In progress	304,204
Restore protected time spans for medical service clients	In progress	172,811
Modify alert generation process	In progress	71,455
Medical verification button	Closed	68,906
Changes to FSLA	In progress	67,902
PARIS project	Closed	65,000
PARIS screens	Closed	65,000
New fields for Medicare Part D expenses	Submitted	57,894
Total		\$1,259,716

The Department's report includes extensive detail on the change requests that cost \$50,000 or more. The following list describes, *very* briefly, each of the three most expensive changes.

- "Change to display verification checklist" will convert hard-coded rules regarding individual income verification to rules contained in reference tables. In addition, it will allow different screens to accommodate different verification requirements for different programs.
- "SB 07-211 presumptive eligibility" implements changes in eligibility determination rules for the Children's Basic Health Plan in order to comply with the statutory changes made by S.B. 07-211. When applied to CBMS, the required changes were very extensive, leading to the large expense.
- "Restore protected time spans" corrects an error in which a benefits eligibility date is not properly protected when certain other changes occur. Staff notes that in reading the vendor's analysis of the problem and requested change, the change is

described as "very high risk" and the vendor identifies a number of potential difficulties in attempting to fix the problem using the approach requested by the State.

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

Comment: This footnote does not request the Department to file a report. In response to staff inquiry, the Department reported that in both FY 2005-6 and FY 2006-07, additional recoveries were made and distributed.

- 54 Department of Human Services, County Administration, County Incentive Payments; Office of Self Sufficiency, Colorado Works Program, County Block Grants** – It is the intent of the General Assembly that, pursuant to sections 26-13-108 and 26-13-112.5 (2), C.R.S., the Department distribute child support incentive payments to counties. This appropriation represents an estimate of one-half of the State share of recoveries of amounts of support for public assistance recipients, as described in section 26-13-108, C.R.S. If the amount of one-half of the State share of such recoveries is greater than the amount reflected in this appropriation, the Department is authorized to distribute an amount in excess of this appropriation to reflect one-half of the actual State share of such recoveries.

Comment: This footnote does not request the Department to file a report. In response to staff inquiry, the Department reported that in both FY 2005-6 and FY 2006-07, additional recoveries were made and distributed.

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

Comment: *The Governor vetoed this footnote on May 2, 2007 on the grounds that it violates the separation of powers by attempting to administer the appropriation and that it constitutes substantive legislation. In his veto letter, the Governor also indicated that he would direct the Department to comply with this footnote to the extent feasible. The General Assembly overrode this veto.*

This footnote does not request the Department to file a report. Full information about county transfers from TANF to the federal Child Care Development Fund and to Title XX programs was provided by the Department in a report in response to footnote number 88. In response to staff inquiry, the Department also provided the per-county TANF allocation information necessary to calculate the transfer percentages. The county-by-county information is provided in one of the tables in the comment on footnote number 88. The percentages transferred by counties range from a high of 41.5% to a low of zero, indicating that the Department has conformed to the footnote instruction. For the state as a whole, 4.0% of the funds were transferred.

- 65 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 \$100,000 to reduce one or more small counties' fiscal year 2007-08 targeted or actual spending level, pursuant to section 26-2-714 (8), C.R.S.

Comment: The Works Allocation Committee is authorized to mitigate (reduce) a small county's targeted and/or actual spending level, up to a maximum amount identified in the Long Bill [Section 26-2-714 (8), C.R.S.]. A small county is one with less than 0.38% of the total statewide Works caseload, as determined by the Department of Human Services. This footnote authorizes the Works Allocation Committee to approve a maximum of \$100,000 in mitigation. The purpose of the current statute appears to be to provide the General Assembly the flexibility to determine, each year, through this footnote, whether more, less or no mitigation expenditures are to be allowed. This flexibility has not been exercised: no figure other than \$100,000 has ever been used.

For FY 2006-07, the Works Allocation Committee approved maintenance of effort mitigation in the amounts of \$10,580 for Sedgewick County and \$10,000 for Lincoln County. These were the first mitigation amounts approved since FY 1999-00.

- 88 Department of Human Services, Totals** – The General Assembly requests that the Executive Director of the Department submit annually, on or before November 1, a report to the Joint Budget Committee concerning the amount of federal Temporary Assistance for Needy Families (TANF) funds available in the Long-term Works Reserve Fund. The requested report should include the following: (a) The amount of TANF funds expended, by Long Bill line item, for FY 2006-07, and the amount of TANF funds requested, by Long Bill line item, for FY 2007-08; (b) the amount of federal TANF funds transferred by each

individual county, for FY 2006-07, including details regarding the program area to which each county transferred such funds; (c) the amount of any prior year appropriations of federal TANF funds that have been rolled forward to the current state fiscal year; (d) estimated expenditures of federal TANF funds for the current year and immediately following state fiscal year; (e) the total amount of TANF funds available to Colorado for state fiscal years FY 2006-07, FY 2007-08 and FY 2008-09, including funds rolled forward from previous state fiscal years; (f) the amount of federal TANF funds that remain available in each county's Works Program Reserve Account as of July 1 of the current state fiscal year; (g) a demonstration that the total amount of federal TANF funds requested in its annual budget request for state fiscal year 2008-09 does not exceed an amount anticipated to be available to the State; and (h) a demonstration that the information provided in the report is consistent with related financial information reported to the federal government.

Comment: *The Governor vetoed this footnote on May 2, 2007 on the grounds that it violates the separation of powers by attempting to administer the appropriation and that it constitutes substantive legislation. In his veto letter, the Governor also indicated that he would direct the Department to comply with this footnote to the extent feasible. The General Assembly overrode this veto.*

The Department is in compliance with this footnote request. The information provided by the Department is summarized in the following several tables. The first table is in response to item (a), TANF expenditures by Long Bill line item for FY 2006-07.

TANF Funds Expended in FY 2006-07	
Long Bill Line Item	Amount Expended
EDO - Admin - Personal Services	\$840,629
EDO - Workman's Compensation	17,737
EDO - Risk Management	7,210
ITS - Admin-Purch.Svcs.-GGCC	54,471
ITS - Colorado Trails	1,066,931
ITS - SAS-70 Audit	31,639
ITS - Colorado Benefits Management System	5,626,746
ITS - CBMS Program Costs	574,629
ITS - CBMS Emergency Processing Unit	32,017
ITS - CBMS Roll Forward	85,650
OSS - Admin - Operating	(58)
OSS - Administration	1,113,778
OSS - Domestic Violence Training	110,215

TANF Funds Expended in FY 2006-07	
Long Bill Line Item	Amount Expended
OSS - County Block Grant	93,600,453
OSS - Workforce Development Council	76,813
OSS - Short-term Works Emergency Fund	0
OSS - Reimbursement to counties for prior year expenditures due to reduction in federal maintenance of effort requirement	0
OSS - County Training	332,272
OSS - Works program Evaluation	497,114
OSS - TANF Federal Reporting CBMS Maintenance	36,240
OSS - Low Income Energy Assistance Program	1,500,000
OSS - Refuge Assistance	317,273
OSS - Systematic Alien Verification for Eligibility	745
OSS - Domestic Abuse Program	650,000
OSS - Electronic Benefits Transfer service	144,354
OSS - Funds to Help Hurricane Katrina Victims (roll forward)	11,381
CFMS audit adjustments	(354,652)
Total TANF Funds	\$106,373,587

The next table summarizes the county-specific information requested in items (b) and (f). Item (b) requested the transfers of TANF funds to Child Care and Child Welfare and item (f) requested the counties' reserve fund balances. Such TANF transfers are also the subject of footnote 64, which relaxes the limits on how much of its TANF funds a county may transfer. Total county TANF allocations were not included in the report, but were provided by the Department in response to staff inquiry in order to allow calculation of transfer percentages.

County	Transfer to CCDF	Transfer to Title XX	Total Transfer	TANF Allocation	Percent Transfer	Reserve Balance 6/30/2007
Adams	\$0	\$500,000	\$500,000	11,684,240	4.28%	\$3,631,866
Alamosa	0	0	0	1,274,055	0.00%	1,240,478
Arapahoe	0	0	0	16,008,896	0.00%	5,857,909
Archuleta	0	0	0	321,267	0.00%	117,670
Baca	0	0	0	227,194	0.00%	426,800

County	Transfer to CCDF	Transfer to Title XX	Total Transfer	TANF Allocation	Percent Transfer	Reserve Balance 6/30/2007
Bent	30,000	0	30,000	581,822	5.16%	740,907
Boulder	0	0	0	6,589,279	0.00%	7,101,133
Chaffee	30,000	34,230	64,230	408,499	15.72%	243,775
Cheyenne	17,677	4,436	22,113	53,222	41.55%	39,626
Clear Creek	0	0	0	191,198	0.00%	146,340
Conejos	0	0	0	815,752	0.00%	1,694,509
Costilla	0	0	0	354,217	0.00%	291,865
Crowley	15,000	46,006	61,006	552,034	11.05%	671,177
Custer	0	0	0	89,548	0.00%	202,883
Delta	10,000	100,949	110,949	1,211,291	9.16%	1,333,563
Denver	0	0	0	39,809,458	0.00%	13,533,504
Dolores	0	0	0	43,282	0.00%	18,965
Douglas	0	0	0	466,707	0.00%	366,818
Eagle	25,000	0	25,000	429,365	5.82%	264,488
Elbert	0	0	0	321,971	0.00%	214,774
El Paso	0	1,839,581	1,839,581	22,030,064	8.35%	8,002,266
Fremont	0	100,000	100,000	2,740,075	3.65%	1,140,872
Garfield	400,000	122,700	522,700	1,455,436	35.91%	286,096
Gilpin	10,000	0	10,000	83,154	12.03%	24,641
Grand	0	0	0	120,346	0.00%	117,786
Gunnison	37,320	0	37,320	188,112	19.84%	60,117
Hinsdale	6,223	2,100	8,323	26,407	31.52%	3,347
Huerfano	0	0	0	593,171	0.00%	407,637
Jackson	0	0	0	34,391	0.00%	50,190
Jefferson	0	864,795	864,795	10,347,659	8.36%	4,516,388
Kiowa	0	0	0	62,806	0.00%	15,428
Kit Carson	21,574	10,787	32,361	129,435	25.00%	119,950
Lake	0	0	0	181,276	0.00%	32,461
La Plata	50,000	50,000	100,000	1,107,168	9.03%	468,720
Larimer	0	800,164	800,164	9,424,602	8.49%	7,178,997
Las Animas	0	0	0	955,700	0.00%	932,867

County	Transfer to CCDF	Transfer to Title XX	Total Transfer	TANF Allocation	Percent Transfer	Reserve Balance 6/30/2007
Lincoln	0	0	0	368,809	0.00%	214,117
Logan	0	72,944	72,944	875,256	8.33%	558,968
Mesa	0	0	0	5,980,419	0.00%	3,850,787
Mineral	0	0	0	14,056	0.00%	39,723
Moffat	53,453	37,189	90,642	446,238	20.31%	321,805
Montezuma	0	0	0	842,956	0.00%	1,286,384
Montrose	178,000	117,410	295,410	1,403,936	21.04%	812,339
Morgan	0	0	0	1,146,965	0.00%	785,734
Otero	0	0	0	1,216,903	0.00%	1,315,936
Ouray	0	0	0	38,001	0.00%	100,190
Park	5,000	8,000	13,000	120,597	10.78%	47,593
Phillips	0	0	0	83,601	0.00%	24,684
Pitkin	13,088	0	13,088	53,096	24.65%	41,555
Prowers	251,350	125,675	377,025	1,486,578	25.36%	331,553
Pueblo	0	0	0	6,719,943	0.00%	2,530,169
Rio Blanco	20,000	12,562	32,562	150,729	21.60%	387,290
Rio Grande	0	0	0	799,763	0.00%	1,049,062
Routt	85,000	0	85,000	240,104	35.40%	152,303
Saguache	10,000	41,079	51,079	492,907	10.36%	627,921
San Juan	13,066	0	13,066	46,636	28.02%	69,463
San Miguel	0	0	0	37,115	0.00%	71,341
Sedgwick	18,528	0	18,528	63,525	29.17%	29,395
Summit	0	0	0	177,292	0.00%	252,361
Teller	95,000	49,604	144,604	637,239	22.69%	298,685
Washington	15,000	0	15,000	126,188	11.89%	83,318
Weld	0	0	0	4,027,354	0.00%	1,889,596
Yuma	10,000	10,000	20,000	253,780	7.88%	189,021
Broomfield	0	50,000	50,000	667,613	7.49%	1,126,217
Total	\$1,420,279	\$5,000,211	\$6,420,490	\$159,430,698	4.03%	\$79,984,325

Section 26-2-174 (5) (a), C.R.S., authorizes the counties to maintain a reserve account, and allows them to retain the balance in their accounts at the end of each fiscal year. Section

26-2-174 (3) specifically forbids the Department from reducing any county's block grant based on the size of their reserve account balance. The total available for county block grants, including federal TANF funds, is subject to appropriation by the General Assembly. At the end of FY 2006-07, the counties had collectively accumulated reserves equal to 50.1% of their TANF allocation for that fiscal year. Staff will consider the issue of county TANF reserves in greater detail in one of the briefing issues.

The next table shows the Department's response to item (c), the amount of TANF funds rolled forward from FY 2006-07 to FY 2007-08.

Appropriation	Amount Rolled Forward
Reauthorization CBMS Changes	\$100,000
Total	\$100,000

The next table summarizes the information for item (d), the estimated expenditures of TANF funds for the current fiscal year and the immediately following fiscal year. The Department provided the information by Long Bill line item, with some of the smaller line items rolled up. The Department's estimates for FY 2008-09 are, with one exception, the same as the current FY 2007-08 estimate.

The FY 2007-08 estimated total of \$202.0 million in this table is much higher than the \$106.4 million expenditures for FY 2006-07 given in a previous table. Almost all of that difference is from three sources: (1) this estimated table includes \$51.5 million for the county reserve accounts that is not shown in the prior year expenditures, (2) the county block grant line increases by \$34.9 million, and (3) reimbursement to counties for reduction in federal MOE requirements increases by \$5.5 million.

Long Bill Line Item	Estimated Expenditures	
	FY 2007-08	FY 2008-09
EDO - Various Lines	\$707,332	\$707,332
ITS - Various Lines	1,168,025	1,168,025
ITS - Colorado Trails	1,379,418	1,379,418
ITS - CBMS	7,185,191	7,185,191
OPS - Admin-Vehicle Lease	4,000	4,000
OSS - Colorado Works Administration	1,157,773	1,157,773
OSS - County Block Grant	128,490,913	128,490,913
OSS - Workforce Development Council	76,813	76,813
OSS - Short-Term Works Emergency Fund	1,000,000	1,000,000

Long Bill Line Item	Estimated Expenditures	
	FY 2007-08	FY 2008-09
OSS - Reimbursement to counties for prior year expenditures due to reduction in federal maintenance of effort requirement	5,524,726	5,524,726
OSS - County Training	444,917	444,917
OSS - County Reserve Accounts	51,539,912	51,539,912
OSS - Works Program Evaluation	500,000	500,000
OSS - Low Income Energy Assistance Program	1,500,000	1,500,000
OSS - Refugee Assistance	457,132	457,132
OSS - Domestic Abuse Program	650,000	650,000
OSS - Electronic Benefits Transfer Service	204,679	204,679
OSS - Reauthorization CBMS Changes	100,000	0
Total	\$202,090,831	\$201,990,831

The next table shows the information provided by the Department for item (e), the amount of TANF funds available to the state for fiscal years 2006-07, 2007-08, and 2008-09. The large reduction for FY 2008-09 compared to previous years is because the Department assumes, until the data show otherwise, that county reserve balances will be completely spent each year. As discussed previously, the counties have collectively been accumulating additional reserves rather than spending down their existing balances.

SFY 2006-07	
2005 TANF Grant Unspent Balance on July 1, 2006	\$34,855,849
2006 TANF Grant Unspent Balance on July 1, 2006	79,104,771
Amount Available on the FFY 2007 Grant through June 30, 2007	112,177,269
Total Funds Available to the State For SFY 2006-07	\$226,137,889
SFY 2007-08	
2005 TANF Grant Unspent Balance on July 1, 2007	\$17,963,316
2006 TANF Grant Unspent Balance on July 1, 2007	39,741,574
2007 TANF Grant Unspent Balance on July 1, 2007	58,589,932

Remaining Balance on FFY 2007 Award	37,449,112
<i>Estimated</i> Amount Available on the FFY 2008 Grant through June 30, 2008	112,219,786
Total Funds Available to the State For SFY 2007-08	\$265,963,720
SFY 2008-09	
<i>Estimated</i> Amount Remaining on FFY 2008 Grant July 1, 2008	\$63,830,372
<i>Estimated</i> Amount Available on FFY 2008 Grant through June 30, 2009	112,219,786
Total Funds Available to the State For SFY 2008-09	\$176,050,158

The last table contains the data provided by the Department in response to item (h), a demonstration that the information provided in the report is consistent with related financial information reported to the federal government. The Department provides the following explanation of the variance: "Please note the federal report submitted for the quarter ending 6/30/2007 is due to the DHHS Regional Office prior to the close of SFY 2007. As a result there are times when the TANF expenditures are adjusted in COFRS after the federal report is submitted. This will result in variances between the two sources." The Department also provided copies of the quarterly financial reports from the federal government, which are not reproduced in this document but are on file at the JBC office.

TANF Grants By Year	Amount Reported Expended on 6/30/06 Federal Report	Amount Reported Expended on 6/30/07 Federal Report	Amount Spent in SFY 2007 per the Federal Reports
FFY 2007 Grant	\$0	\$53,587,337	\$53,587,337
FFY 2006 Grant (Katrina)	\$265,006	\$276,387	\$11,381
FFY 2006 Grant	\$46,719,505	\$65,336,134	\$18,616,629
FFY 2005 Grant	\$69,882,618	\$97,080,496	\$27,197,878
FFY 2004 Grant	\$125,741,361	\$125,741,361	\$0
Total Amount Spent Based on the Federal Reports			\$99,413,225
Total Amount Reported Spent in COFRS for SFY 2006-07			\$106,373,587
Variance Between COFRS and Federal Reports			(\$6,960,362)
Adjustment for FFY 2004 Grant			\$7,477,157
Revised Variance - COFRS/Federal Reports			\$516,795

**FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
County Contingency Study Group**

ISSUE:

The County Contingency line item in the County Administration division funds state assistance to counties with high human services costs relative to their property tax base. The current statutory formula has resulted in a steady increase in the number of counties qualifying for such assistance and in the total calculated amounts for such assistance. Earlier in 2007, a County Contingency study group recommended an alternate formula for calculating which counties qualify and the amount of assistance each should receive. Changing these rules would require a statutory change.

DISCUSSION:

Background

County Contingency is intended to aid counties with high relative costs. The County Contingency line item is a part of the County Administration division of the Department of Human Services. This line item allows the appropriation of state dollars, typically General Fund, to the County Contingency Fund from which they will be distributed to a select group of counties whose local share of public assistance expenses is deemed to be disproportionately high in comparison to their assessed property tax valuations. High expenses may be the result of long-term trends involving relative wealth, or temporary conditions due to natural disasters or other causes. These moneys can be used in a variety of ways for the provision of public assistance by the counties receiving them. The County Contingency Fund was created in 1973 pursuant to Section 26-1-126, C.R.S. Which counties receive County Contingency moneys, and the amount of assistance for each county is eligible, is determined by a formula added to the statute in 1988.

The current statutory formula does not accomplish the intended goal. The current formula establishes a threshold mill levy; if the local share of the human services costs exceeds the amount that would be generated by applying the threshold levy to the total property valuation, the county is eligible for County Contingency funds. The statutory formula also adjusts the threshold levy each year in inverse proportion to changes in the total property tax valuation in the qualifying counties. All counties, whether they have previously qualified for County Contingency funds or not, use the new threshold levy in calculating their eligibility in succeeding years. In practice, this formula establishes a nearly-fixed dollar level for each county, and when the county exceeds that fixed level, the county will qualify for County Contingency funds. Rising costs and property tax values, due to rising caseloads and general inflation, essentially guarantee that more and more counties will exceed their fixed-dollar threshold. In FY 1999-00, the calculation qualified 33 counties with a total eligibility of \$16.9 million; by FY 2005-06, those figures had grown to 41 counties and \$21.2 million.

Additional problems appear when the appropriation is less than the calculated eligibility. In

recent years, the General Assembly has not appropriated the full amount for County Contingency that results from application of the formula. Statute provides that in such cases, the appropriated moneys are distributed across all qualifying counties in proportion to the size of their calculated shortfall. This arrangement may disadvantage counties with smaller populations: a \$20,000 shortfall in a small county may be a much larger fraction of the total public assistance budget than a \$200,000 shortfall in a large county, but the formula considers only the size of the shortfall and not the size of the base. At least in part because of this dilution of County Contingency funding, the Department requested, and the General Assembly appropriated, \$1.2 million of emergency property tax relief for 15 counties in FY 2006-07.

A working group has studied the problem, and proposed an alternative. As a result of concerns raised by the Joint Budget Committee and the General Assembly during the 2007 session, the Department convened a workgroup to consider the problems inherent in the current County Contingency statute and to make recommendations for changes. The workgroup included representatives from the Department of Human Services, from the Department of Health Care Policy and Financing, and from several counties, both large and small. The workgroup issued its final report in June 2007. This briefing packet provides a summary of the proposed changes and staff analysis of the recommendations in the report. Both paper and electronic copies of the workgroup's final report are on file with the Joint Budget Committee staff.

Summary of the Proposal

The proposal recommends replacing the County Contingency Fund and current formulas for distribution with a County Tax Base Relief (CTBR) Fund and a different formula. A variety of other options for providing assistance to select counties were considered and rejected by the working group. Most were rejected on the grounds that they did not conform to the original legislative intents for County Contingency: to provide targeted assistance to a limited number of counties using objective measures to determine the amount of assistance. The main features of the proposal are described in the following list. The voting members of the workgroup approved these recommendations unanimously.

- The base for calculation of eligibility should be all mandated public assistance programs that have a county share and that appear in the Long Bill.
- Federal and/or state share of qualifying program expenditures that becomes county share due to limited funding are excluded from the calculation of county share (this is consistent with current County Contingency calculations).
- A formula based on three fixed mill levy thresholds – 3.0 mills, 2.5 mills, and 2.0 mills – is used to calculate eligibility. The choice of these three values is based on current statute [Section 26-1-125, C.R.S.] and the workgroup's analysis of the current mill levies that would be required in each county to meet their county share.

- Assessed valuation to be used in the calculation should be changed from the current calendar year basis to a state fiscal year basis.
- Moneys appropriated for the County Administration line item and the new CTBR line item that remain after the books are closed at the end of the fiscal year should be transferrable to the other line.
- In the first year that CTBR replaces County Contingency, any savings that result because the CTBR appropriation is smaller than the previous year's County Contingency appropriation should be permanently added to the base for the County Administration line item.

The following is an example of the eligibility calculation. Assume a county has a calculated county share of \$150,000, and that the property tax valuation generates \$30,000 per mill levied. The formula calculates three different shortfall values, which the report calls "tier" values:

$$\begin{array}{rcl}
 \$150,000 & \text{total calculated costs} & \\
 - & \underline{90,000} & \text{generated by 3.0 mills} \\
 = & 60,000 & \text{Tier I shortfall} \\
 \\
 \$90,000 & \text{lesser of amount generated by 3.0 mills and total calculated costs} & \\
 - & \underline{75,000} & \text{generated by 2.5 mills} \\
 = & 15,000 & \text{Tier II shortfall} \\
 \\
 \$75,000 & \text{lesser of amount generated by 2.5 mills and total calculated costs} & \\
 - & \underline{60,000} & \text{generated by 2.0 mills} \\
 = & 15,000 & \text{Tier III shortfall}
 \end{array}$$

Any tier shortfall values which are negative are replaced with zero. The total eligibility amount is then calculated by multiplying each of the shortfall values by a specified fraction and summing. In this example, the total eligibility for the county would be \$56,250.

Tier	Calculated Value	Fraction	Result
I	\$60,000	0.75	\$45,000
II	\$15,000	0.50	\$7,500
III	\$15,000	0.25	<u>\$3,750</u>
			\$56,250

The report includes a comparison of the County Contingency and County Tax Base Relief eligibilities using county data for FY 2005-06, as shown in the following table. Both the number of counties receiving state assistance, and the total amount of assistance calculated, are substantially

reduced. Note that for FY 2005-06, only \$11.1 million was actually appropriated for the County Contingency line item.

	County Contingency	County Tax Base Relief
Number of counties receiving	41	23
Total amount calculated	\$21,248,244	\$5,445,869

Staff Analysis of the Proposal

Proposed changes should slow the increase in the number of qualifying counties, and the calculated eligibility amounts. The current County Contingency formula, in the presence of inflation and increasing population and caseload, results in a steady increase in the number of counties that qualify for assistance and in the total amount of calculated assistance. This effect runs counter to the original legislative intent to aid a targeted group of counties. The proposed formula, based on fixed threshold mill levies, should not be subject to this problem, at least not to the same degree. A comparison of the outcomes of the two formulas, made by the Department, showing the number of qualifying counties and the total eligibility, for four recent fiscal years, is shown in the following table.

Fiscal Year	County Contingency		County Tax Base Relief	
	Counties	Eligibility	Counties	Eligibility
2002-03	39	\$18,269,650	23	\$6,061,714
2003-04	39	\$19,629,320	25	\$6,458,119
2004-05	41	\$20,215,766	25	\$6,091,340
2005-06	41	\$21,248,244	23	\$5,445,869

Multi-tier calculation focuses benefits on counties with greater problems. Under the County Contingency formula, the calculated benefit for any county is one-half of their shortfall. Under the CTBR formula, counties with more severe problems – that is, counties which would have to set relatively higher mill levies in order to meet their county share obligation – will have a calculated benefit that makes up a greater portion of the shortfall than counties whose problems are not so severe. The following table shows this effect for several values of the hypothetical mill levy required to produce the county share.

Hypothetical mill levy for county share	Calculated fraction of shortfall
1.1	0.0%
2.1	25.0%
3.1	40.9%
4.1	57.1%

Hypothetical mill levy for county share	Calculated fraction of shortfall
5.1	62.9%
6.1	65.9%
7.1	67.7%

Other options for handling appropriations that are less than the calculated eligibility are possible. In the final report, the proposed statutory changes retain the current County Contingency handling of the situation where the line item appropriation is less than the total calculated eligibility: each county benefit is reduced proportionately to the reduced appropriation. Other options are possible, particularly because of the multiple-tier structure of the calculation. For example, the state might pay all calculated Tier I benefits fully, then all Tier II benefits, then Tier III, with proration only applied to the first tier that is not fully funded. This particular alternative has strengths and weaknesses. Counties with more severe problems receive a large portion of their calculated benefits, while counties with small problems might receive nothing.

Transfers between line items are problematic. The proposal calls for the authority to transfer unused funds between the County Administration and CTBR line items at the end of the year. The report asserts that unexpended funds transferred from CTBR to County Administration could be used to draw down additional federal dollars. Staff believes that the Committee, and the General Assembly as a whole, should consider such transfers carefully, as the situation may be more complicated than it initially appears. For example, given that such transfers would occur after the State closes its books on a fiscal year, there are issues regarding the state fiscal year in which the funds would actually be expended; ongoing roll-forward spending authority might be needed to allow this.

The recommendation also includes transferring any savings that occurred in the first year that the CTBR formula was effective (note that the CTBR calculated eligibility shown above is several million dollars smaller than the County Contingency appropriation made in recent years) to the County Administration line item base. The reason given for this recommendation in the report is that it anticipated the results of a workload study (discussed as a separate briefing issue) of the counties that would show the County Administration line to be significantly underfunded. Staff believes that the workload study is a separate issue. However, it may be appropriate to make such a change on at least a one-time basis for the simple reason that it keeps the total payments to the counties "whole" in the first year, although allocation of that total between the counties would be affected.

County Tax Base Relief is an appropriate subject for a JBC bill. Neither the County Contingency Fund, nor the County Tax Base Relief Fund, incorporate any policy choices favoring some public assistance programs over others. Rather, the decisions involve the amount of state General Fund moneys which should be spent on assistance to strapped counties, compared to spending on other state priorities, and to the financial parameters which should be used to allocate

the total assistance across a subset of the counties. The Joint Budget Committee routinely makes recommendations of this type in its proposed annual budget for the State. Staff believes that the types of changes proposed in the workgroup report would be appropriate for a bill carried by the Committee.

RECOMMENDATION:

Staff recommends that the Joint Budget Committee carry a bill to make formulaic changes along the lines described in the group's final report. In anticipation of such a bill, staff recommends that the Committee request the Department respond to the following questions at their hearing:

1. Does the Department still favor modifying the County Contingency formulas? Would the Department favor having the JBC carry such a bill? Are there alternate sponsors that the Department would prefer?
2. While the study group included representatives from a variety of types of counties (small, large, etc.), not all counties were directly involved. Does the Department believe that the unanimous approval of the group's final report represents wide-spread support among Colorado's 64 counties? If not, can the Department identify any particular groups of counties that are opposed to the proposed change?
3. Based on any feedback that has occurred since the final report was published, does the Department believe that there are modifications that need to be made to the legislation proposed in the final report? If so, what modifications?

**FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
County Administration Workload Study**

ISSUE:

In FY 2006-07, the General Assembly funded a \$500,000 workload study of the costs incurred by counties in administering a variety of public assistance programs. The final report for this study has been released. The Departments of Human Services and Health Care Policy and Financing have requested continuation funding for their County Administration lines, without reference to the study results.

SUMMARY:

The County Administration budget lines in the County Administration division of the Department of Human Services (DHS) and the Executive Director's Office of the Department of Health Care Policy and Financing (HCPF) provide funding for the counties to administer several public assistance programs. In recent years, counties have complained that the appropriation was inadequate. Analysis in support of that position was sketchy, based on broad factors such as inflation, caseload, and anecdotes, rather than on any detailed information about actual county activities. For FY 2006-07, the General Assembly agreed to fund a comprehensive study of county administration workloads. The final report containing the study results was released on August 1, 2007.

Staff believes, based on analysis of the study results, that the study did not provide sufficient information to properly set the amount for the County Administration line items. The DHS request is for the current level of funding, plus the community provider rate increase; the HCPF request is for a continuation level of funding. This briefing issue explains staff's conclusions regarding the study results. Questions recommended at the end of this issue are concerned with determining if additional information can be gathered that would allow the study results to be used for the intended purpose of properly setting the County Administration lines.

DISCUSSION:

The proper level of funding for County Administration has been a topic of interest in recent years. In Colorado, public assistance is state-supervised but county-administered. The County Administration budget lines in the Executive Director's Office of the Department of Health Care Policy and Financing and the County Administration division of the Department of Human Services provide funding for the counties to administer several public assistance programs¹. For the past several years, Colorado counties have complained that the appropriation was inadequate. Analysis

¹Over time, administrative appropriations for some other programs have been moved to their own budget lines. For example, the Old Age Pension program includes its own "County Administration" line.

in support of that position was sketchy, based on factors such as which year should be assumed to represent a fully-funded base year, general rather than program-specific inflation, some but not all caseload fluctuations, and anecdotes. Staff has complained in the past that the analysis was not based on any actual studies of county activities.

The General Assembly funded a detailed study of county activities. For FY 2006-07, the General Assembly provided \$500,000 in funding for a comprehensive study of county administration workloads. The final report containing the study results was released on August 1, 2007. Staff believes that there are two important "take aways" from the final report:

1. The report projects that costs for county administration for the covered programs for the 12-month period from April 2006 through March 2007 were \$85.2 million. For FY 2006-07, which overlaps with this period to a large degree, the appropriation for the County Administration line items in the two departments was \$54.3 million. Because this difference is quite close to the previously suggest amount of County Administration underfunding, staff believes that many people will use this projection as evidence to support the position that County Administration funding should be increased by \$30 million per year.
2. The projection is based on a model and data developed by the consultants who performed the study. Staff believes that there remain a number of questions about the model results that need to be answered before the projection is accepted as the basis for determining the proper appropriation. In particular, one of the key parameters in the model is the "cost per minute" for county staff activities. For the 64 Colorado counties, and excluding three values which appear to be statistical outliers, this cost figure ranges from a low of \$0.19 per minute to a high of \$1.12 per minute. The report does not address whether a 6:1 range in county per-minutes costs is reasonable or not.

Variation in county costs can be attributed to many different factors. There are a number of possible reasons that different counties would have quite different costs per minute for their employees. Counties in which overall income is generally higher would be expected to have to pay more to attract and retain workers. Counties in which office space costs are higher would generally have to pay more for the space occupied by their workers. Counties which have a large area may need to provide offices in multiple locations in order to serve their client base. These are examples of expense factors which are largely out of the counties' control. One consideration which should be a part of the County Administration policy decision is to separate out the effect of factors that are outside of the counties' control. On the other hand, the State of Colorado allows the counties to establish and manage their own employment policies – subject to a relatively small set of requirements – for public assistance administration, so it is possible for counties to make a variety of policy choices that affect total costs. For example, different counties may choose to provide different ratios of supervisors to workers, a decision that will impact the overall per-minute costs.

Staff analysis suggests about 55% of variation is due to factors outside the counties' control. Staff has constructed a regression model to help identify the relative effect of different factors on the

per-minute cost. Details of the model are not included in this briefing packet, but can be made available upon request. The results of the regression are summarized in the following table. The included variables were chosen from a larger set of candidates, all of which represented factors that staff believed to be outside of the counties' control. These variables resulted in a model in which the regression as a whole, and all of the coefficients except the constant term, are statistically significant at the 0.025 level. These factors account for about 55% of the variation in per-minute costs.

Summary of Regression Results		
Variable	Coefficient	T-statistic
Constant	-0.5943	1.5519
Assessed valuation (log)	0.0618	3.4359
Median household income	0.1016	4.0119
GINI coefficient	1.8014	2.3279
$R^2 = 0.5569$		
Adjusted $R^2 = 0.5247$		
F-statistic = 17.2801		

Cost variations in the ten largest counties are important. Total public assistance costs in Colorado, including administration, are dominated by the ten counties with the largest caseloads. The following table shows, for those ten counties, the reported per-minute cost, the per-minute cost predicted by the regression model, and the difference between those two. Boulder County has the largest positive difference (that is, their costs are higher than the model predicts), and Jefferson County the largest negative difference. While the model predicts that these two should have per-minute costs within five cents of each other, the actual difference between the two is 54 cents, more than ten times as large.

Comparison of Reported and Predicted Costs, Ten Large Counties			
County	Cost per minute (reported)	Cost per minute (predicted)	Difference
Adams	\$0.53	\$0.64	-0.11
Arapahoe	0.98	0.78	0.20
Boulder	1.12	0.86	0.26
Denver	0.94	0.77	0.17
El Paso	0.72	0.71	0.01
Jefferson	0.58	0.81	-0.23
Larimer	0.69	0.72	-0.03
Mesa	0.52	0.55	-0.03
Pueblo	0.33	0.53	-0.20

Comparison of Reported and Predicted Costs, Ten Large Counties			
County	Cost per minute (reported)	Cost per minute (predicted)	Difference
Weld	0.61	0.73	-0.12

Boulder and Jefferson Counties are superficially similar. The next table compares the full set of candidate independent variables for Boulder and Jefferson counties. Jefferson has a somewhat higher median household income, but Boulder has a higher per-capita property valuation. As indicated by the GINI coefficient, household income is somewhat more evenly distributed in Jefferson than in Boulder. Boulder's social services expenses, as indicated by the county share variable, are somewhat higher per-capita than in Jefferson. Out of the total population of counties, Boulder and Jefferson are relatively similar to one another in terms of these variables. Given this similarity, it is not surprising that a model based on these variables (or a subset of them) would predict that they should have similar per-minute costs.

Comparison of Boulder and Jefferson Counties		
Variable	Boulder County	Jefferson County
Population	285,880	532,608
Area (square miles)	740.48	772.85
Population Density	386.1	689.1
Valuation (\$ per capita)	\$16,632	\$11,884
County Share (\$ per capita)	\$15.71	\$13.23
Median Household Income (\$)	\$55,861	\$57,339
GINI Coefficient	0.442	0.396

Understanding the missing factors is important in setting the appropriation level. Understanding why the reported per-minute costs are so dissimilar is an important step in determining how to apply the consultants' model of County Administration costs in setting fiscal policy. Assume, for the purposes of this discussion, that the remaining differences are due to choices made by the counties with respect to compensation. The State may receive poor value for its social service expenditures if the compensation is either too high or too low. If salaries and benefits are higher than necessary to attract and keep qualified workers, money is being "wasted" in the sense that the same level of service could be provided at lower cost. If salaries and benefits are too low, resulting in workers that are not properly qualified, or resulting in excessive turnover, both the State and public assistance clients may be receiving poor service and/or value.

There are a number of policy issues involved in this situation. Any attempt to objectively set the proper level of funding for the County Administration lines involves a number of policy issues. Some of the issues that the General Assembly might consider include:

- The State has given counties very wide latitude in staffing and compensation policies for administering public assistance programs. Attempts to enforce restrictions in these areas – which are implied by any sort of total funding formula – may conflict with this historical degree of local control.
- Cost data were based on the County Financial Management System (CFMS). While the costs determined in this fashion were believed to be generally accurate, there were some anomalies in the reported figures: two of the smaller counties reported costs of one cent per minute or less, and one small county reported costs over \$1.20 per minute.
- In other programs, the State has made efforts to control cost variations across counties. For Child Welfare programs, the Department performs calculations to "squeeze" costs that are too low or too high so they are closer to a mean value in determining the allocation of funds to counties. The State may wish to squeeze the portion of County Administration per-minute costs funded with State dollars in a similar fashion.

The workload study does not appear to provide sufficient information for setting funding levels. The County Administration workload study provides a wealth of potentially useful information, much of which was not discussed in this packet in order to focus on the per-minute cost issue. However, staff believes that some information that would be critical to setting of fiscal policy is still missing. To point out a particular example, until it is possible to explain the differences between the reported costs of Jefferson and Boulder Counties, staff believes that it is not reasonable to set fiscal policies based on the numbers reported in the study. Perhaps reflecting a similar opinion of the study results, DHS has requested a continuation level of funding plus the common-policy 1.35 percent local provider rate increase for its County Administration line, and HCPF has requested a continuation level of funding.

RECOMMENDATIONS:

Staff recommends the Committee request the Department respond to the following questions at their hearing.

1. Does the level of the Department's request for funding for the County Administration line item reflect the results of the workload study? If so, how were the study results applied? If not, why not?
2. If the study results are insufficient for objectively setting the funding level, does the Department anticipate any follow-on work to this study that would provide additional information that would allow the study results to serve as a basis for adjusting County Administration funding levels? Could the Department have managed the study differently in order to insure that the necessary information was collected?

**FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Potential CBMS-Related Expenses**

ISSUE:

The State faces three potential future expenses related to the Colorado Benefits Management System.

SUMMARY:

The State faces three potentially substantial future expenses related to the Colorado Benefits Management System.

- The first involves payment of an \$11.2 million federal food stamps fine based on payments issued in error during the period after CBMS first became operational. The federal Department of Agriculture decision has been appealed to federal district court.
- The second involves repayment of approximately \$9.0 million of the federal funding used for CBMS expenses after the system became operational. The Department is currently negotiating the exact repayment amounts with the involved federal agencies.
- The third involves delays in the schedule for the mandatory rebid of the maintenance and operations support contract for the system.

Money that could be used for these expenses was set aside by H.B. 07-1359, but that money is scheduled to be made available for other programs on April 15, 2008. If the actual CBMS-related expenses are incurred after that date, and the H.B. 07-1359 funds have been reallocated, other sources of state funds will need to be found.

DISCUSSION:

Food Stamp Sanction

Colorado has been billed for \$11.2 million for food stamp overpayments and interest. During the initial months of CBMS operation, there were some over and/or incorrect issuances of federal food stamp benefits. A federal audit of the system's operation conducted by Booz Allen Hamilton concluded that \$11.2 million in such payments were made. This was subsequently reduced upon appeal to \$10.9 million. Interest has been accruing at a rate of about \$200,000 per year, dated back to March 24, 2006, the date when the federal bill was first received. The audit attributed the overpayments to both programming errors within CBMS and data-entry errors by county workers.

Colorado has filed a complaint against the federal government in federal district court. The Department believes that the methodology used by Booz Allen Hamilton in conducting its data-mining audit overstates the amount of overpayments. The Department stated in its appeal to the

federal Department of Agriculture that the methodology incorrectly counted some overpayments multiple times, and failed to recognize that manual processes put in place by the State and the counties outside of CBMS prevented certain overpayments from being made. The State has filed a civil action against the federal State Food Stamp Appeals Board in the United States District Court for the District of Colorado.

No trial date has been set yet. A meeting involving the U.S. District Court Magistrate and legal counsel for both sides was held on November 29, 2007. There is disagreement between the two sides as to whether new evidence can be introduced in this case. The federal government will file arguments that no new evidence should be allowed and Colorado will file its counter arguments by January 10, 2008. Another scheduling conference will be held on January 29, 2008.

CBMS Federal Funding

CBMS received substantial federal funding during development. Over half of CBMS development was funded with federal dollars. Federal, as well as state funding, was determined by a precise formula that was negotiated in advance with the four federal agencies that were providing funding. This formula is often referred to as the "CBMS calculator". The formula embodied in the calculator has been applied to almost all CBMS funding to date. The only proper exceptions that staff are aware of are certain back-end functions that apply to only a single assistance program and do not affect any of the eligibility or other shared components of the system.

System funding formulas change when systems transition from development to normal operation. Certain federal agencies provide a larger portion of development costs than operations expenses. When a system becomes operational, the federal government requires that a new funding formula be established. By standard practice, the new formula is negotiated after the system becomes operational, then is applied retroactively from the point when the system status changed. Depending on the complexity of the negotiations, settling on a new formula can take from several months to a few years. The Department of Human Services and the Department of Health Care Policy and Financing are still in the process of refining the statistical measurements of system usage that are the basis for the new funding formula.

Excess federal funds are being used at a rate of about \$3 million per year. Using a formula that is likely a reasonable approximation of the final formula, the Department estimated the effects of the formula change for the period from September 1, 2004, through the end of FY 2006-07. The result showed that federal funding should have been decreased, and state funding increased, by a total of about \$8.8 million. Continued application of the old formula in FY 2007-08 will add about \$3 million to that total. An analysis by the Office of State Planning and Budgeting has suggested that most of the additional state funding will need to be General Fund dollars.

Negotiations are progressing, but slowly. The federal government reviews and approves each year affected by the refinancing separately. In the most recent information that staff has received from the Department, only the first 10 months of operation under a new formula have been approved. In

the meantime, the State continues to use the old formula and is probably incurring additional future expenses as a result.

CBMS Maintenance Rebid

CBMS requires ongoing maintenance and operations support. CBMS is a large, complex, *dynamic* IT system. It is a critical component in the distribution of over two billion dollars in annual benefits, maintains records for over 500,000 individual clients, and supports processing of some 40,000 re-determinations and 30,000 new applications each month. Over 80 separate benefits programs are affected in one way or another by the system. CBMS is required to interface with over 100 external IT systems. Any changes in eligibility requirements in any of those programs, in record-keeping required by state or federal statute or rules, or in the information that must be exchanged with external systems or the methods of exchange require modifications to code and/or data tables that make up CBMS. Responsibilities for CBMS are shared by the Departments of Human Services and Health Care Policy and Financing (hereafter, the departments).

Current support arrangements are coming to an end. Changes to CBMS may be made by either the State of Colorado or by EDS. Generally speaking, the State is responsible for changes to data tables and EDS is responsible for changes to code. EDS support is provided under terms of a multi-year contract. The contract with EDS will expire on July 15, 2008. Much of the development and ongoing operations costs for CBMS were/are paid with federal dollars. The federal government requires that projects to which they contribute be rebid from time to time. Exceptions to this rule are possible, but all of the involved federal agencies must concur. The limiting factor in this case was the Food and Nutrition Service (food stamps) of the federal Department of Agriculture, which allowed only a ten-month extension of the existing contract.

The new contract will include more responsibilities for the vendor. Based on their experience with the current support arrangement, the departments wish to include maintenance of decision tables – a task currently handled by the State – in the new contract. This will make the vendor's task somewhat larger, but will allow improved coordination of code and decision table changes. EDS, the developer of CBMS and the current support vendor, will receive \$8.7 million for their services in FY 2007-08 under the current contract. Staff anticipates that the larger vendor responsibilities planned for the new contract will result in at least somewhat higher annual costs.

The rebid process has already started. The departments have previously argued that they did not have the expertise and resources necessary to prepare a good Request for Proposals (RFP) for a new support contract on their own. During the 2007 session, the General Assembly approved a supplemental budget request of \$512,000 for FY 2006-07 (with roll-forward authority for FY 2007-08) to hire an outside consulting firm to prepare the RFP for the new maintenance and operations support contract. Primary responsibility for oversight of RFP preparation lies with the Governor's Office of Information Technology. That office has informed staff that they believe the current funding will be adequate.

The project schedule has slipped, which may result in higher costs. The project schedule submitted with the supplemental request called for a transition period during which a new vendor would learn the system internals from the old vendor. The schedule called for this period to run from January 1, 2008 through the end of the current contract with EDS. The most recent schedule provided to staff indicates that the transition period will not start until August 5, 2008 – after the current contract has expired – and will last for eight months. If EDS does not win the new contract, the State will have to negotiate the price for an extension of the current contract to cover the transition period.

Specific budget impacts will depend on unknown contract results. Until actual bids are received, the departments do not have a firm idea of what the annual expenses are likely to be. The departments anticipate that EDS will submit a bid for the new contract. If EDS wins the contract, much of the transition period will be unnecessary. If EDS does not win the contract, the departments will have to conclude negotiations for an extension of the current contract for the duration of the transition. The current project schedule shows the vendor selection process – "Notice of Intent to Award" – concluding at the end of April. Staff believes that any substantial budget adjustments for FY 2008-09 will have to be handled on a supplemental basis.

H.B. 07-1359 Considerations

H.B. 07-1359 set aside money that could be used for these potential expenses. H.B. 07-1359 created a new account within the Tobacco Litigation Settlement Cash Fund and diverted \$24.4 million that would have otherwise been spent on certain tobacco settlement programs in FY 2007-08 into that account. Of this amount, \$6.2 million can be used for overexpenditures by the Children's Basic Health Plan (CHP+) Trust. Anything in the account not used for the CHP+ program (at least \$18.2 million) can be used for overexpenditures and fines incurred by the Colorado Benefits Management System. All three of the potential expenses described above could be considered to fit into one of those two categories.

The availability of the H.B. 07-1359 moneys is temporary. Spending the money will require passage of one or more supplemental budget bills for FY 2007-08. Any money not spent from the account by April 15, 2008, will be reallocated to the tobacco settlement programs that would have otherwise received the funds. At the present time, it does not appear that any of the three potential CBMS-related expenditures described above are likely to occur soon enough to take advantage of the H.B. 07-1359 funds.

RECOMMENDATION:

Staff recommends the Committee request the Department respond to the following questions during their hearing. As some of these questions involve an active lawsuit, the Department may wish the Committee to meet in executive session so that those issues can be discussed.

Questions regarding the food stamp fine:

1. Can the Department provide a probable time frame when the food stamp case will go to trial, and when such a trial might conclude? Is there any reasonable possibility of reaching a settlement involving a reduced fine with the federal Department of Agriculture before the trial starts, or prior to the court rendering its verdict?
2. Is the district court decision final, or are other appeals – by either the State or the federal government – possible? Is it possible to reasonably estimate when funding for the fine may be needed?
3. If the State prevails in court, to what degree is the food stamp fine likely to be reduced?

Questions regarding CBMS refinancing:

4. Can the Department provide a probable time frame when the new CBMS funding formula(s) will be approved?
5. Will it be possible to repay the federal CBMS funding over time, or must it be repaid in a single payment?
6. If the new formula is to be significantly delayed, is there any reason that funding splits for the current year cannot be adjusted using a better approximation of the new formula in order to reduce the future obligations? Is there any reason that such an approximation could not be used for funding splits for FY 2008-09?

**FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Colorado Works County Reserve Balances**

ISSUE:

At the end of FY 2006-07, Colorado counties had collectively accumulated TANF reserves equal to 50.1 percent of their total TANF allocation for that fiscal year.

SUMMARY:

Colorado Works – Colorado's implementation of the federal Temporary Assistance for Needy Families (TANF) program – is state-supervised and county-administered. The counties receive block grant funding from the State, which consists largely of federal TANF dollars. Section 26-2-714 (5) (a), C.R.S., authorizes the counties to maintain a reserve account for the funds that they receive, and allows the counties to retain the balance in their accounts at the end of each fiscal year. In the past few fiscal years, the counties have as a group accumulated reserves equal to 50.1 percent of their total TANF allocation for FY 2006-07. The rapid accumulation of these large reserve balances suggests a variety of policy questions.

DISCUSSION:

Federal TANF dollars are appropriated by the General Assembly. Unlike many federal programs, language in the TANF legislation adopted in 1996 – "The Brown Amendment" – gives state legislatures specific authority to appropriate TANF funds. This authority gives state legislatures a strong voice in policymaking with regard to the ways those funds are spent. The Colorado General Assembly appropriates the largest part of the federal dollars for county block grants. Allocation of the block grant total to individual counties is made by the Department of Human Services, with input from the Works Allocation Committee. This Committee has seven members, five appointed by a statewide association of counties and two by the Department.

The Joint Budget Committee is involved in the case of deadlocks. In the areas of county block grant allocations, county spending targets, and certain reductions in county spending levels, the Works Allocation Committee, or the Allocation Committee in conjunction with the Department of Human Services, are required to reach agreement. In cases where such agreement is not reached, the involved parties submit a list of alternatives to the Joint Budget Committee, which makes the final choice.

Counties are allowed to accumulate reserves. The counties receive block grant funding from the State, which consists largely of federal TANF dollars. Section 26-2-714 (5) (a), C.R.S., authorizes the counties to maintain a reserve account for the funds that they receive, subject to rules made by the Department. The statute also allows the counties to retain the balance in their accounts at the end of each fiscal year. In the last few years, county reserves have grown rapidly. At the end of

FY 2006-07, the collective county reserves amounted to \$79.8 million, equal to 50.1 percent of the total county allocations for that fiscal year. The rapid growth of the collective reserves is shown in the following table. The approximate average monthly TANF caseload for the entire state is also included in the table; reserve accumulation has proceeded through both increases and decreases in the average caseload. As a point of comparison, the Department itself maintains \$1.0 million in short-term TANF reserves and \$15.0 million in long-term TANF reserves.

Fiscal Year	County Reserves at end of Fiscal Year	As a Percentage of FY Allocation	Approx Average Monthly Caseload
FY 2002-03	\$14,666,828	8.7%	13,564
FY 2003-04	\$20,279,231	11.4%	14,568
FY 2004-05	\$35,471,635	22.3%	15,096
FY 2005-06	\$51,539,912	30.9%	15,131
FY 2006-07	\$79,820,105	50.1%	12,344

Reserve accumulation is not uniform across counties. As of June 30, 2007, the smallest county reserve, as a percentage of the county's allocation, was 12.7 percent; most counties had substantially larger percentage reserves. The following table shows the number of counties that have reserves exceeding increasing percentages of their FY 2006-07 allocation. Section 26-2-174 (3) specifically forbids the Department from reducing any county's block grant based on the size of their reserve account balance.

Number of Counties	With Reserves Exceeding Specified Percentage
59	Counties with reserves >25% of FY07 allocation
42	Counties with reserves >50% of FY07 allocation
28	Counties with reserves >75% of FY07 allocation
19	Counties with reserves >100% of FY07 allocation
9	Counties with reserves >150% of FY07 allocation
5	Counties with reserves >200% of FY07 allocation

TANF-funded reserves may be accumulating in other places as well. Transfers of TANF funds into other programs are allowed under current rules. For example, counties may transfer a portion of their TANF block grant into the Child Care and Development Fund (CCDF), or into Title XX child welfare programs. During the period from FY 2002-03 through FY 2006-07, the counties transferred a total of \$55.0 million in TANF funds to the CCDF, reverted \$9.2 million of that when it "aged out" in the CCDF, and increased their CCDF reserves from \$21.9 million to \$39.9 million. As with the TANF accounts themselves, county practices vary widely. In aggregate, however, it appears that a significant amount of the TANF transfers have accumulated in the county CCDF reserves.

Some allowed uses of TANF funds may be more appropriate for state-level implementation.

The federal government allows TANF funds to be used for a wide variety of programs. Some of these programs appear to be better suited for implementation at the state level rather than the county level. For example, a number of states fund a portion of their state earned income tax credit (EITC) with TANF dollars. Many experts regard the income support provided by an EITC as an effective method to support working families during the transition from public assistance to financial independence. At one time, Denver implemented a municipal EITC using TANF funds, but few Colorado counties have the resources to implement such a program.

RECOMMENDATION:

The rapid and non-uniform accumulation of large county TANF reserves suggest a variety of public policy issues. Staff recommends the Committee request the Department respond to the following questions at their hearing.

1. What factors have caused the large increases in county reserves in recent fiscal years? Does the Department anticipate that the counties will continue to grow their reserves rapidly?
2. What are the advantages and disadvantages of accumulating large TANF reserves? What are the advantages and disadvantages of accumulating large reserves at the county level rather than at the state level?
3. Does the Department believe that the State has an interest in considering county reserve balances in making block grant allocations?

FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Supplemental Security Income Federal Maintenance of Effort

ISSUE:

Colorado continues to struggle to meet its maintenance of effort requirement for state expenditures for recipients of the federal Supplemental Security Income program.

SUMMARY:

The State of Colorado must meet a federal maintenance of effort (MOE) requirement associated with state spending for recipients of federal Supplemental Security Income (SSI). SSI makes payments to the needy disabled. In three of the past four calendar years, the State failed to meet its maintenance of effort requirement, and it appears that the State is likely to miss the target again in CY 2007. The minimum federal sanction that can be imposed, if a sanction were to be applied, is the loss of all federal Medicaid matching dollars for a three-month period. For Colorado, this would amount to the loss of about \$300 million in federal funds. While such sanctions are extremely rare, the consequences would be very serious to the State.

DISCUSSION:

Colorado is subject to federal requirements on spending for the needy aged, blind and disabled. The federal Supplemental Security Income (SSI) program is administered by the Social Security Administration and provides assistance to the needy aged, blind, and disabled. States provide supplemental payments to SSI recipients who do not receive the maximum federal grant. As is the case for many federal programs, states are required to maintain spending of state funds at a specified level. Such requirements are called "maintenance of effort", or MOE. In this discussion, MOE will mean the SSI MOE requirement, rather than the MOE requirements for other programs, unless specifically noted.

Colorado is on pace to miss its MOE target for the fourth time in five years. Colorado is on a total expenditure test for MOE: the total state funds spent on SSI recipients each year must be at least as large as the highest amount spent in any previous year. The MOE test is applied on a calendar year basis. MOE targets and spending for the last five calendar years are shown in the following table (CY 2007 spending is estimated). These figures do not reflect prior year corrective actions, which result in adjustment payments being made to SSI recipients. Colorado failed to meet the target in three of the last four calendar years, and recent Department estimates show that the State is on a pace to miss the MOE target for CY 2007 by over a million dollars.

Recent SSI MOE Target and Spending History			
Calendar Year	MOE Target	MOE Spending	Over/(Under)
2002	\$26,669,766	\$26,678,719	\$8,953
2003	26,678,719	22,352,304	(4,326,415)
2004	26,678,719	21,717,428	(4,961,291)
2005	26,678,719	26,101,267	(577,452)
2006	26,678,719	27,459,541	780,822
2007	27,459,541	25,677,774	(1,781,767)

Source: Department figures. CY 2007 spending is estimated. Figures do not include corrective actions.

Failure to meet federal requirements may result in serious sanctions. Failure to meet MOE targets can result in federal sanctions in the form of withheld federal Medicaid funds. The potential consequences for failing to meet this MOE requirement are quite serious: the withholding of *all* Medicaid Federal Financial Participation (FFP) funds for a period of time. JBC staff estimate that Colorado receives FFP funds at a rate of about \$100 million per month. The shortest sanction period for failure to meet the MOE requirement is a calendar quarter. As a result, the *smallest* sanction that could be imposed would result in the loss of about \$300 million in federal Medicaid funding.

States are allowed to take corrective actions. When a state fails to meet its MOE target, it is allowed to take corrective action in the following year. The MOE target for the year following a shortfall is increased by the amount of the shortfall. The increase due to the shortfall is temporary, and the target is reduced once the shortfall is made up. Only when the shortfall is not made up in the following year is the state out of compliance and at risk for the serious sanctions. Colorado has taken necessary corrective actions, increasing its spending by making special adjustment payments to SSI recipients through the Aid to the Needy Disabled - Colorado Supplement (AND-CS) program. Staff's concerns regarding the SSI MOE are a result of consistent difficulties in meeting the expenditure target in recent fiscal years.

Colorado's MOE expenditures come from a variety of sources. State spending that is delivered to SSI recipients through a variety of other programs counts toward the MOE. For example, property tax rebates paid by the Department of Revenue count² towards the MOE target *if they are paid to an SSI recipient*. The programs that are used for MOE compliance, and their relative contributions to estimated total MOE spending for CY 2007, are shown in the table below. Once the State begins using a program for total expenditure MOE compliance, it must continue to use that program in the future.

²Counting the property tax rebate required federal approval, which in turn required that the program be modified so that payments were made at least quarterly, rather than annually.

SSI MOE Spending by Program		
Program	Contribution (Dollars)	Contribution (Percentage)
Old Age Pension	\$10,222,135	39.8%
Home Care Allowance	\$9,062,911	35.3%
Property/Rent Tax Rebate	\$3,833,771	14.9%
Aid to the Needy Disabled	\$1,668,711	6.5%
Heat Rebate	\$1,328,744	5.2%
Adult Foster Care	\$24,945	0.1%
Refunds/Expungements	(\$463,443)	-1.8%
Total	\$25,677,774	100.0%

Source: Department estimates for CY 2007.

Meeting the MOE is affected by a number of factors. As mentioned previously, the only thing that matters in achieving the target is the total amount of money spent. In recent years, the number of applications for the property/rent tax rebate have decreased; no one knows why the applications have decreased, but fewer applicants have resulted in reduced spending towards the MOE. In addition, information is not always available in a timely fashion. Tax rebates are not paid until the end of the quarter, and detailed information is not available until some point after that. Because of the delay built into the process, changes that occur in July or August may not be reflected in the data available to the Department until October or November. At that point, it is too late in the calendar year measurement period to make compensating adjustments in other areas.

Some programs target SSI recipients poorly. Property tax rebates or other benefits paid to non-SSI individuals do not count towards the MOE requirement. Programs in which only a small fraction of the recipients are in the SSI group have limited use in making short-term adjustments to spending in order to meet the MOE target. As an example of this problem, the Old Age Pension program Long Bill appropriation for the Cash Assistance Programs line item was \$77.5 million, but only \$10.2 million of that counted towards the MOE. To increase spending towards the MOE by a dollar would require increasing OAP spending by roughly seven dollars.

An alternate pass-through test could be used, with higher costs. The federal rules allow the State to switch to a different MOE test called the pass-through test. Under this test, the State would be in compliance if it "passes through" any increases in the SSI maximum grant amount by making a corresponding increase in the maximum grant for the AND-CS program. At last session's hearing, the Department estimated that converting to the pass-through would increase spending over current levels by about \$10 million per year to start, and increase by about \$2.0 million per year thereafter. The Department also indicated that they have been unable to identify other existing state programs which could be used to increase and stabilize spending towards the MOE.

RECOMMENDATION:

Staff recommends the Committee request the Department respond to the following questions at their hearing.

1. Are there steps that the Department can take within the existing programs that fund the MOE that would improve the chances for meeting the target? If so, would statutory changes be needed to take those steps?
2. Can the Department suggest new, rather than existing, programs that might be used to provide additional qualifying benefits to the target population that could be used to stabilize spending towards the MOE target?

FY 2008-09 JBC Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Aid to the Needy Disabled – State Only Overexpenditure

ISSUE:

For FY 2006-07, the Department overspent the Aid to the Needy Disabled – State Only line by \$657,711 General Fund. Staff is concerned that the overexpenditure may reflect underlying trends that may cause additional problems in the future.

SUMMARY:

Section 24-75-109 (1) (b), C.R.S., allows the Department of Human Services to overexpend its General Fund appropriation for non-Medicaid programs up to a total amount of \$1.0 million. In FY 2006-07, the Department overspent the Aid to the Needy Disabled – State Only (AND-SO) line item by \$657,711. During the 2007 session, the General Assembly approved a supplemental budget request for FY 2006-07 increasing the appropriation for this line by \$640,000, include \$223,953 General Fund. The Department's explanation for the overexpenditure is a combination of lower-than-estimated revenues from the cash funds exempt sources and an increase in processing times at county public assistance offices. Staff is concerned that these may be trends that require changes in funding not reflected in the Department's budget request.

DISCUSSION:

Staff believes the overexpenditure itself is a relatively routine matter. Statute [Section 24-75-109 (1) (b)] allows the Department to make such overexpenditures. Without further action by the General Assembly, the State Controller will impose a corresponding restriction on spending for that line item in the following fiscal year. Staff anticipates that the Department will submit a supplemental request for FY 2007-08 seeking to release that restriction. At the end of FY 2006-07, the Department reverted a net \$1.68 million General Fund. The General Assembly may, if it chooses to do so, retroactively adjust FY 2006-07 appropriations within the Department in order to enable such a release. Such adjustments do not affect the amount spent by the State nor the amount that was reverted.

Cash funds exempt revenue estimate may be a matter for concern. The majority of the cash funds exempt funding for the AND-SO program is recoveries from clients. The AND-SO program provides cash assistance while the recipients are waiting to be qualified for the federal Supplemental Security Income program. Once qualified, recipients receive a retroactive benefits check from the federal government dating back to the time of application; the State recovers its interim expenditures from that retroactive payment. In its FY 2006-07 supplemental request, the Department estimated an increase in the amount of such collections, none of which appears to have materialized. Staff is concerned about the inaccuracy of the estimate at that late point in time.

Delays in county processing may indicate underlying problems. Because the State does not recover its interim expenditures until the client is accepted for the SSI program, delays in processing affect the timing of recoveries. The Department indicates that a portion of the shortfall in recoveries can be attributed to an increase in processing times by the county offices. If the increase in processing time translates into fewer clients being accepted each month, the shortfall in recoveries will continue in the future. In that case, the AND-SO program may face both an increased caseload due to clients remaining in the program longer and an increased need for General Fund moneys in order to maintain the current level of benefits.

RECOMMENDATION:

Staff recommends the Committee request the Department respond to the following questions at their hearing.

1. Has the Department identified any problems with its methods for estimating future recoveries used to fund the AND-SO program? If so, does the Department believe those problems have been rectified?
2. Does the Department believe that delays in county processing are temporary, or are they part of a longer-term trend? Has the Department been able to identify the underlying causes that have led to county processing delays? If so, are those causes likely to affect programs other than AND-SO?