This link includes the following documents:

1. Department of Human Services, Division of Youth Corrections: Concerns Related to FY 2010-11 Use of State-operated Capacity and Purchase of Contract Placements, February 11, 2011

2. Additional Information and Recommendations on Potential Cuts for FY 2010-11 in the Division of Child Welfare, Division of Youth Corrections, and Office of Self Sufficiency, February 2, 2011

3. Staff comebacks to supplemental presentation, January 24, 2011

4. Supplemental Requests for FY 2010-11, Department of Human Services, January 19, 2011. This document includes the following modifications/corrections added after the staff presentation on January 19, 2011:

- The table on page 15 has been modified to correct two formula errors. Figures now match those on p. 29.

- An appendix, showing the details of the Youth Corrections Purchase of Contract Placements calculation is attached to the document.

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Department of Human Services, Division of Youth Corrections: Concerns Related to FY 2010-11 Use of State-operated Capacity and Purchase of Contract Placements**

DATE: **February 11, 2011**

Summary

- The Division of Youth Corrections (DYC) has been operating state- operated facilities at 100 percent of capacity rather than 110 percent of capacity in FY 2010-11.

- This is not consistent with direction from the General Assembly. JBC staff figure setting recommendations, action by the JBC on those recommendations, and final General Assembly action outlined in the FY 2010-11 Appropriations Report reflected the expectation that the Division would operate facilities at 110 percent of capacity and that this would provide $2.3 million General Fund savings in FY 2010-11.

- To date, there has been no request or other formal communication from the Executive Branch regarding this.

- The JBC has approved a placeholder of $9.9 million General Fund for DYC Purchase of Contract Placements, based on the assumption that the Division is operating the entire year at 110 percent of capacity.[1] It has, in addition, approved a $500,000 General Fund reduction to Parole Program Services and the 1 percent General Fund personal services reductions requested by the Executive.

- Staff recommends that the Committee *continue* to require the Division to provide General Fund savings for FY 2010-11 that are, at a minimum, commensurate with operating state facilities at 110 percent of capacity+the additional reductions included in the Department's first supplemental bill to personal services and Parole Program Services. Staff further recommends that the Committee send a letter to the Department:
  - Outlining its concern about the failure to comply with direction from the General Assembly and lack of timely communication on this issue.
  - Clarifying its intent to take FY 2010-11 budget reductions that include savings that should have been generated by operating state facilities at 110 percent of capacity for the year plus the $500,000 General Fund reduction to Parole Program Services.
  - Noting that it expects policy changes that drive increased expenditures to be requested and approved by the General Assembly <u>before</u> implementation. Also, encouraging the Department to submit supplemental requests related to DYC population updates in January.

---

[1] Based on a recalculation, this figure should be $10.2 million General Fund (see below).

Calculations in FY 2010-11 Youth Corrections Figure Setting and Supplemental Placeholder
The FY 2010-11 figure setting recommendation for the Division of Youth Corrections Purchase of Contract Placements line item reflected an expectation that the Division would be operating its facilities at 110 percent of capacity. The following is an excerpt from the staff figure setting document:

> "***Staff FY 2010-11 Recommendation - Fund Facilities at 110 Percent of Capacity***
> The Division's facilities were for many years operated at 110 percent of capacity. The Division was scheduled to begin operating at 100 percent of capacity for the first time in July 2009. This transition was halted, and the Division instead remained at 110 percent of capacity for two months of FY 2009-10 before moving to 120 percent of capacity in September 2009. The move to 120 percent of capacity was identified as a 10-month policy instituted pursuant to the August 2009 budget reduction proposals and restrictions imposed by the Governor.
>
> The Executive Request for FY 2010-11 reflects a return to operating at 100 percent of capacity in July 2010. **Staff instead recommends 110 percent of capacity as a reasonable alternative.**"

As reviewed further in the FY 2010-11 figure setting packet and the FY 2010-11 Appropriations Report, **this adjustment provided savings of $2.4 million total funds and $2.3 million General Fund in the Youth Corrections Purchase of Contract Placements line item** by reducing the number of placements anticipated to be purchased by 43.5 average daily placements (ADP) and assuming that 478 ADP, rather than 434.4 ADP would be housed in state-operated facilities.

Supplemental Action on Division of Youth Corrections Purchase of Contract Placements: During the staff supplemental presentation for the Department of Human Services on January 19, 2011, staff recommended, and the JBC approved, a supplemental placeholder for the Division of Youth Corrections of $9.9 million "net" General Fund associated with the decline in the youth corrections commitment population for FY 2010-11. The placeholder was based on the difference between the Legislative Council Staff (LCS) December 2009 youth commitment forecast (used to set FY 2010-11 Long Bill figures) and the December 2010 LCS youth commitment forecast.

The staff supplemental recommendation document included the following discussion and recommendation:

> "The Department did not submit a January 1, 2011 supplemental to take into account the falling Youth Corrections population. Staff assumes that it intends to submit a related supplemental February 15. However, staff recommends that the Committee, at a minimum, apply a "placeholder" in the amount of savings anticipated for purchase of contract placements. It is possible that the Department will wish to take some savings in state-operated units, rather than in the purchase of contract placements line item. However, if so, staff would still recommend that the *$9.9 million General Fund savings outlined in the analysis below be used as the target for savings to be achieved--whether through partial*

closures of state-operated facilities or contract placements. "

The Committee voted to approve the staff recommendation. During discussion of this issue, it was further noted that this was expected to be the "minimum" FY 2010-11 savings to be achieved.

Apparent Department Practice To-Date

Based on a review of the Department's monthly ADP reports, **it has become clear to staff that the Division is not operating its facilities at 110 percent of capacity but is instead operating at less than 100 percent of capacity.** Based on the most recent monthly ADP report, as of December, the state operated facilities were operating at 96 percent of capacity (ADP of 418), rather than 110 percent (ADP of 478). Staff has serious concerns about this action:

- **Department action appears to be inconsistent with what staff considered to be explicit direction from the JBC and the General Assembly** as outlined in staff figure setting documents, JBC votes, and the FY 2010-11 Appropriations Report which outlines the anticipated budget savings associated with the 110 percent of capacity policy.

- **The Executive failed to bring a proposed change in policy to the Committee's attention in a timely fashion**. First, it failed to approach the Committee about a change prior to implementing a change (as staff believes it should have). It then failed to raise the issue prior to staff budget briefing or during Department's budget hearing. Finally, it failed to submit a January 1, 2011 supplemental request to address the issue. Even if the issue is raised in a February 15, 2011 supplemental request, this is far too late for the JBC or General Assembly to have a meaningful role in the policy decision with respect to most of the year.

  Staff recognizes that there may be a legitimate basis for not operating at 110 percent of capacity, to the extent that the Division no longer has sufficient youth appropriate for secure state-operated placements. ***Staff does <u>not</u> believe there is a legitimate basis for failing to submit a timely request for a policy change from the General Assembly.***

  Staff contacted the Office of State Planning and Budgeting to see if, given that staff expected to speak with the JBC about this issue, OSPB wished to provide additional information prior to February 15. OSPB staff indicated that it did not.

- From the staff perspective, **it would be reasonable for the Department to achieve the required level of FY 2010-11 savings via reductions to staff in state-operated facilities and/or closure of state-operated units in lieu of savings in contract beds**. The Committee has already requested that the Department develop a plan related to closure of state-operated beds, which could provide for some savings in FY 2010-11. However, *staff is concerned that the Division may now seek to reach the target savings through mechanisms which have little if any relationship to residential placement levels, such as reductions to S.B. 91-94 funding*, given the number of months already passed at which the Department has operated at 100 percent of capacity in state facilities.

Revised Calculation of Anticipated Savings from the Division of Youth Corrections

The original staff-initiated supplemental placeholder for the Division of Youth Corrections failed to incorporate the impact of H.B. 10-1413. The calculation below incorporates this adjustment and also includes a small adjustment to the Medicaid General Fund share of the reduction, based on the federal Medicaid match rate (FMAP) provided for under the American Recovery and Reinvestment Act (ARRA).

Revised - Purchase of Contract Placements Placeholder Calculation				
	General Fund	**Reappropriated Funds**	**Federal Funds**	**Total**
H.B. 10-1376 (Long Bill)	$39,467,727	$1,618,662	$1,344,012	$42,430,401
H.B. 10-1413	371,880	0	0	371,880
Current Appropriation	39,839,607	1,618,662	1,344,012	42,802,281
Contract Placement Need based on LCS Dec 2010 Forecast and state operations at 110% capacity	29,725,000	1,334,294	1,344,012)	32,403,306
Difference	**($10,114,607)**	**($284,368)**	**$0**	**($10,398,975)**

Placeholders and Reductions Taken - Total Minimum Division of Youth Corrections General Fund FY 2010-11 Supplemental Reductions Anticipated	
Purchase of Contract Placements Placeholder (updated)	**General Fund**
Direct General Fund	(10,114,607)
General Fund portion of Medicaid RF @40.29%	(114,572)
Subtotal - Supplemental Placeholder (updated)	**(10,229,179)**
Additional Reductions in First Supplemental Bill	
Parole Program Services Reduction	(500,000)
Personal Services 1% GF Reduction, including GF portion of Medicaid RF	(182,259)
Subtotal - Reductions in First Supplemental Bill	(682,259)
Total Supplemental Placeholders + Reductions Taken	**(10,911,438)**

Timing of Supplemental Requests

Pursuant to Section 24-37-304 (1) (b.5), C.R.S. (regarding the Office of State Planning and Budgeting), OSPB is to:

> "Ensure submission, to the joint budget committee of the general assembly by January 1 of each year, of all agency requests for supplemental appropriations for the current fiscal year; however, nothing contained in this paragraph (b.5) shall be construed to prohibit an agency from later submitting a request for a supplemental appropriation based upon circumstances unknown to, and not reasonably foreseeable by, the requesting agency at the time of submission of the agency's original request for supplemental appropriations."

Population updates for the Division of Youth Corrections are typically based on the December Legislative Council Staff and Division of Criminal Justice population projections. Given that these are released in December, and thus before the January 1 supplemental submission date, youth corrections population projections are unlikely to fall into the category of "circumstances unknown to, and not reasonably foreseeable by, the requesting agency at the time of submission of the agency's original request for supplemental appropriations." Staff recognizes that a slight delay may sometimes be necessary given the short time between the release of population projections (usually December 20) and January 1. Nonetheless, staff believes delaying submissions until February 15 is not reasonable.

Additional Background: Flexibility in the Division's Budget
The Committee has allowed for some flexibility in the Department's budget through Long Bill footnotes. The FY 2010-11 footnote reads as follows:

26 **Department of Human Services, Division of Youth Corrections, Institutional Programs; and Community Programs, Purchase of Contract Placements** -- It is the intent of the General Assembly that up to 5.0 percent of the total General Fund appropriation to line items in the Institutional Programs section and up to 5.0 percent of the General Fund appropriation to the Community Programs, Purchase of Contract Placements line item may be transferred to the Community Programs, Parole Program Services line item to provide treatment, transition, and wrap-around services to youth in the Division of Youth Correction's system in residential and non-residential settings and/or to the Community Programs, S.B.91-94 Programs line item to support community-based alternatives to secure detention placements.

As reflected in the footnote, the flexibility is to shift funding *from* institutional placements and *from* purchase of contract placement *to* parole program services or S.B. 91-94 programs. Flexibility has **not** been provided to shift funds in the other direction or between institutional placements and contract placements.

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Additional Information and Recommendations on Potential Cuts for FY 2010-11 in the Division of Child Welfare, Division of Youth Corrections, and Office of Self Sufficiency**

DATE: February 2, 2011

The Committee requested additional information on several items on the FY 2010-11 list of potential cuts. Below, staff has included some additional information on these items, as well as several other items staff wishes to draw to the Committee's attention.

Division of Youth Corrections Cuts Actions, Options, and Staff Recommendation

Staff Recommendation - Youth Corrections Detention Cap and Plan for Reducing Detention Beds and State-operated Commitment Beds

- As reflected in the cuts list description, staff believes savings could be achieved by reducing the cap on secure youth corrections detention beds from the current 479. As of December year-to-date, the detention population had fallen to 345 average daily placements (ADP), and the ADP for the month of December was 329.2 (68.7 percent of budgeted capacity). While full utilization of detention beds may occur at an ADP lower than 479 (due to the number of youth who are processed but do not spend the night), *staff believes the current gap between the average daily population and beds (which are paid for by the State whether or not they are occupied) reflects a poor use of state resources.*

- The cuts list included a "plug" figure of $2.0 million General Fund savings ($500,000 in FY 2010-11) associated with lowering the detention cap and closing 40 detention beds. These figures were based on the assumption that the Department would close some or all of the current contract detention beds ($49,009/bed and $1,519,265 total per year) and/or would close a state-operated detention facility and would thus be able to realize significant average savings per closed detention bed (the department's allocated cost spreadsheets reflect $60,513/detention bed). *Staff noted that additional work would be required with the Department to identify more specific numbers*.

- During budget briefings and hearings, the Committee also heard discussion about whether, as overall state commitment population figures fall, the balance between the number of state-operated and contracted commitment beds is appropriate.

- **Recommendation:** The Committee should vote to require the Department to provide a detailed plan and budget to:

  - Reduce the detention cap effective July 1, 2011. The plan should include 8 percent cut (38 bed), 10 percent (48 bed), and 12 percent (57 bed) options.

- Adjust the number of state-operated commitment beds consistent with the current size of the commitment population and the population's needs for secure versus staff-secure and community placement.
- Identify budget savings associated with beginning implementation of any changes that are adopted as quickly as possible. Staff anticipates that some savings could be achieved in FY 2010-11 (*e.g.*, through reductions in detention contract placements that occur in anticipation of a lower detention cap).
- Provide the plan by Friday, February 18, 2011.

If the Department does not provide a plan as requested, staff will develop more specific estimates for the Committee's consideration. However, staff believes the Department is in a better position than staff to take into consideration competing needs for regional detention and commitment beds, the most appropriate beds and facilities for closure, and the speed at which facilities can be closed.

Additional Information - S.B. 91-94 Funding: Senate Bill 91-94 provides judicial districts with funding to support alternatives to secure detention and commitment placements.

- The total appropriation is $13,031,528 for FY 2010-11. Funding for the program is entirely General Fund and discretionary. *Theoretically all funding (and the entire program) could be eliminated if desired, and unspent funds could be recaptured.*

- Funds are distributed to the judicial districts based on invoices they submit which are, in turn, based on contracts with each district. Half way through the year, about 46 percent of funding is spent, but some districts are slower to bill; thus, it is reasonable to assume that spending is distributed proportionately through the year. Typically, contract changes require 30 days notice. Thus, if action were taken immediately, four months of savings might be feasible. Three months of savings may, however, be more realistic, given the timing on supplemental bills ($3.32 million will remain for the last quarter of the year). *Staff recommends that the Committee determine the size of full-year cut it wishes to take in FY 2011-12 and then reduces the FY 2010-11 appropriation by 1/4 of this amount.*

- The argument for retaining this funding is that it was designed for, and has likely resulted in, reduced demand for more secure detention and commitment placements. Secure placements are far more expensive. Senate Bill 91-94 works in tandem with statewide detention bed caps to assist judicial districts in avoiding use of secure placements.

- Reduction options:

  - *A reduction of $4.0 million for a full year (about 30 percent) would reduce funding to the level in place after the FY 2002-03 recession* (funding fell to a low of $8.0 million in FY 2004-05=$8.8 million in 2010 dollars). Staff is somewhat concerned that a cut of this magnitude might push more youth into secure detention placements. Given the recommendation described above to reduce the detention cap based on the decline in the secure detention population, staff would recommend against action that might drive an increase in secure detention placements.

- *A reduction of $2.0 million for a full year represents a cut of about 15 percent.* A cut of this magnitude would return the level of funding per juvenile filing to around $750/filing. Currently, funding is estimated at $877/filing; in FY 2004-05, it was as low as $581/filing (inflation-adjusted). Program funding has historically been fixed and has not varied based on juvenile filings. Nonetheless, an overall decline in charges against juveniles should correspond to a decline in some program costs, as the majority of the S.B. 91-94 program funding goes to activities such as assessing whether a juvenile who has been arrested needs a secure detention placement and supervision of youth placed outside secure detention.

- *A reduction of $1.6 million represents a cut of about 12 percent. The Committee wish to think about cutting S.B. 91-94 funding in relation to cuts to detention beds, i.e, to the extent that S.B. 91-94 provides an alternative to state-operated detention placements, the Committee may not want to cut this program substantially* more *than the cuts to detention beds*. Thus, if the Committee is considering a 12 percent cut to detention beds (for example), it may not want to cut S.B. 91-94 substantially more than this.

	S.B. 91-94 Appropriations v. Juvenile Filings			
Fiscal Year	**Appropriation**	**Appropriation in 2010 dollars**	**Juvenile Filings[1]**	**S.B. 91-94 inflation-adjusted appropriation per Juvenile Filing**
FY 1999-2000	$11,343,915	$13,833,813	17,769	$779
FY 2000-01	$11,601,410	$13,515,739	16,986	$796
FY 2001-02	$12,134,538	$13,869,094	17,675	$785
FY 2002-03	$11,406,466	$12,897,367	17,179	$751
FY 2003-04	$8,966,324	$10,127,439	15,981	$634
FY 2004-05	$7,966,350	$8,814,147	15,156	$582
FY 2005-06	$9,125,650	$9,749,536	14,926	$653
FY 2006-07	$10,407,695	$10,880,998	14,389	$756
FY 2007-08	$12,463,139	$12,541,279	14,078	$891
FY 2008-09	$13,297,406	$13,467,523	13,658	$986
FY 2009-10	$13,297,559	$13,297,559	14,558	$913
FY 2010-11	$13,031,493	$13,031,493	14,858	$877

[1]Data provided by the Department of Public Safety, Division of Criminal Justice

Parole Program Services: The Committee voted to take a $750,000 reduction from funding for Parole Program Services.

- This cut represents a reduction of over 50 percent to funding for this line item for the last quarter of the year (total appropriation is $5,863,847; annualized impact in FY 2011-12 is $3.0 million).

- As reflected in the cuts list, *staff does believe a cut of this magnitude is feasible*. This would return funding to the approximate level in place per-parolee in FY 2006-07 and would still be a significantly higher figure than the funding level established in 2003 in response to the last economic downturn.

- Nonetheless, staff believes the *Committee may wish to consider a somewhat smaller reduction*. For figure setting, staff expected to recommend that the Committee fund parole program services at $10,000 per ADP, or just below the inflation-adjusted level of funding in place in FY 2007-08 (rather than the level in place in FY 2006-07). Applied to the current parole forecast for FY 2010-11, this would set funding at $4,270,000 or about $1.6 million below the current funding level (a reduction of 27 percent, rather than 51 percent from the current base). *Assuming that the Department could obtain four months of savings, this would provide for a reduction of $531,282, rather than $750,000.*

- As detailed in staff's briefing document, the evidence that Continuum of Care funding has had an impact on DYC's average daily placements is far from conclusive: declining placements appear to be driven by reduced new commitments, rather than any change to length of stay or reduced recidivism. Nonetheless:
  (1) there is evidence that the treatment needs of youth served have increased;
  (2) research in the field suggests that the kinds of strategies being employed by the Division *should* have an impact;
  (3) it is *possible* that lengths of stay would have become longer or recidivism even worse in the absence of increased treatment.

- Department staff have noted that youth have been released to parole by the Parole Board on the understanding that certain services would be provided. It's been noted that if services are not available, the Parole Board might reconsider some Parole decisions.

Division of Child Welfare Cuts Options

Child Welfare Training Academy: Increased funding for child welfare training enabled the State to create a formal "academy" and require child welfare staff and supervisors to complete training prior to employment pursuant to S.B. 09-164. In response to a staff question about the impact of a $165,000 total funds cut ($93,390 General Fund) the Department reported as follows:

- The training academy has started or completed 14 new worker pre-service series and 1 supervisor pre-service series. For the new worker and new supervisor series that have been completed 113 students have been fully trained. The average cost for the new worker pre-service series is $39,169 and the average cost for the new supervisor pre-service series is $24,112.
- The 15th new worker pre-service series and the 3rd new-supervisor pre-service series both begin on January 31. There are 13 new workers and 13 new supervisors currently registered for these series. For the remainder of the fiscal year there would be 9 additional new worker pre-service series and 1 new supervisor pre-service series that

would be conducted.

- To accomplish the reduction of $165,000 the department would cancel 4 of the remaining new worker pre-service series and the 1 remaining new supervisor pre-service series.
- Reducing the number of worker pre-service series to one a month from February through June and not conducting a new supervisor pre-service series from March through June would result in significant delays in county departments ability to fill vacant positions thus leaving cases with minimal coverage for longer periods of time.

Require counties to cover 20 percent of child welfare administrative costs that are currently 100 percent General Fund: As noted in the cuts list, some child welfare funding is 100 percent General Fund, dating back to the child welfare settlement agreement of the early 1990s. At that time, the State agreed to add funds for additional child welfare staff at the county level to ensure that higher staff-to-client ratios were available throughout the State. The Settlement Agreement has now been completed, and the State is no longer bound by its requirements (although it could, of course, be subject to a subsequent lawsuit). In light of this, the State could begin to require counties to cover a full 20 percent share of the costs of additional child welfare staff.

In response to this option on the list, the Department provided the following additional information:

> "Currently, there are counties unable to meet the requirement of providing 20% of funding for their entire Child Welfare allocation. Therefore, they do not spend all of their allocation, and this proposal would further decrease the amount of funds available to them to administer the foster care program within their counties. Additional cuts to their programs would impact the children and families they are required to serve."

Staff requested additional information on the scale of this problem and how many counties might not be fully accessing child welfare funding now due to insufficient local share. The Department has indicated that it will research this, but it does not currently have the information available.

Office of Self Sufficiency

Domestic Abuse Program Fund: The Committee voted on February 1, 2011 to transfer $200,000 cash funds from the Domestic Abuse Program Fund to the General Fund. On January 19, 2011, it had also approved an increase of $184,000 cash funds spending authority for the Domestic Violence Program to spend down the Domestic Abuse Program Fund. **In light of the action on February 1, staff would recommend that the Committee reverse its previous motion to increase the spending authority for the Domestic Abuse Program in FY 2010-11.**

M E M O R A N D U M

TO: **Joint Budget Committee**

FROM: **Amanda Bickel, JBC Staff**

SUBJECT: **Staff comebacks to supplemental presentations**

DATE: **January 24, 2011**

Staff requests permission to make the following minor adjustments to figures and text previously presented:

- The Department of Human Services requested a technical adjustment between various cash funds and reappropriated funds for the EDO, Special Purpose, Employment and Regulatory Affairs line item of $54,004. As this is more than the "various" amount of cash funds available, staff requests permission to reflect $47,347 instead.

- Staff requests permission to make small adjustments to the fund splits (GF/FF) in the Department of Health Care Policy and Financing associated with the 1% personal services reductions and the mental health institutes revenue changes. These changes will more accurately reflect the federal Medicaid match ratios (FMAP) currently anticipated.

- Staff requests permission to slightly modify the language in a new, previously approved footnote. The new language would read as follows:

  25a DEPARTMENT OF HUMAN SERVICES, ADULT ASSISTANCE PROGRAMS, COMMUNITY SERVICES FOR THE ELDERLY, OLDER AMERICANS ACT PROGRAMS AND STATE FUNDING FOR SENIOR SERVICES--AMOUNTS IN THE OLDER AMERICANS ACT PROGRAMS LINE ITEM ARE CALCULATED BASED ON A REQUIREMENT FOR A NON-FEDERAL MATCH OF AT LEAST 15 PERCENT, INCLUDING A 5.0 PERCENT STATE MATCH, PURSUANT TO TITLE III OF THE FEDERAL OLDER AMERICANS ACT. THE DEPARTMENT IS AUTHORIZED TO TRANSFER GENERAL FUND AND CASH FUNDS BETWEEN THE STATE FUNDING FOR SENIOR SERVICES LINE ITEM AND THE OLDER AMERICANS ACT PROGRAMS LINE ITEM TO COMPLY WITH THE 5.0 PERCENT STATE MATCH REQUIREMENT FOR THE OLDER AMERICANS ACT PROGRAMS. THIS APPROPRIATION IS BASED ON THE ASSUMPTION THAT ALL FEDERAL TITLE III FUNDS REQUIRING A STATE MATCH THAT ARE NOT FOR PURPOSES OF ADMINISTRATION OR INCLUDED IN THE APPROPRIATIONS FOR OTHER LINE ITEMS WILL BE EXPENDED FROM THE OLDER AMERICANS ACT PROGRAMS LINE ITEM.

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

SUPPLEMENTAL REQUESTS FOR FY 2010-11

DEPARTMENT OF HUMAN SERVICES

(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)

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

Prepared By:
Amanda Bickel, JBC Staff
January 19, 2011

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

TABLE OF CONTENTS

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Prioritized Supplementals

Supplemental Request, Department Priority #1
Additional Funding for Electronic Benefits Transfer Service

	Request	Recommendation
Total	$403,503	$358,796
FTE	0.0	0.0
General Fund	116,613	103,692
Cash Funds	116,612	103,692
Federal Funds	170,278	151,412

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

Department Request: The Department requests $403,503 total funds ($116,613 Net General Fund) for FY 2010-11 to address the projected shortfall for the cost of the Electronics Benefit Transfer Service (EBTS). The request will be used to pay the monthly transaction fees charged by the Department's EBTS vendor, JP Morgan, to operate the system.

The EBTS is the mechanism through which public assistance benefits are distributed to clients and providers. The system distributes public assistance benefits and cash payments for services electronically by using the Colorado QUEST Card or Automated Clearing House direct deposit options for eligible clients and providers. This includes benefits for the Food Stamp, Supplemental Nutrition Assistance Program (SNAP/food stamps), Temporary Assistance for Needy Families (TANF), Old Age Pension, Aid to the Needy Disabled (AND), Aid to the Blind, Low-Income Energy Assistance Program (LEAP), child care, and child welfare and subsidized adoption programs. The SNAP/food stamp program comprises the largest percentage of transactions.

Due to the downturn in the economy, public assistance caseloads have risen, hitting unprecedented numbers over the past 24 months. This has resulted in an increase in the monthly EBTS costs of approximately 2.0 percent over the prior month. This pattern is expected to continue through at least December 2011. As a result, a shortfall of approximately $1.6 million was projected for EBTS services for FY 2010-11. In attempt to address this shortfall, the Department entered into negotiations with JP Morgan requesting a reduction in monthly fees. An amended contract is in the final stages of negotiation and will reduce the projected shortfall by 62 percent to $604,635 for FY 2010-11. This amount is further offset through application of $202,132 in federal funds remaining from food stamp administrative awards provided under the American Recovery and Reinvestment Act and a Department of Defense authorization bill. Funds from these sources were used to fully address the Department's FY 2009-10 EBTS shortfall.

The Department's calculations are based on actual expenditures through September 2010, 2.0 percent monthly growth in each case category for each subsequent month, and reduced rates (per the renegotiated contracted with JP Morgan) effective December 1, 2010. Fund-splits are based on current fund-splits in the line item. Additional funding is to be used solely for contractual JP Morgan costs.

Staff Analysis: As reflected in the Department's request, increases in costs for the Electronic Benefits Management System are driven by the rapid increase in the caseload for assistance programs due to the recession. As is also reflected in the request, the Department has engaged in negotiation with JP Morgan Chase, the contractor for the EBTS system, to dramatically reduce the per-unit cost for caseload, in light of the increase in the number of cases. As of the writing of this packet, the final version of the revised contract had not yet been signed by JP Morgan Chase. However, the Department and staff are currently operating under the assumption that revised rates will be retroactive to December 1. In the event that this changes, it is possible that the Department will need to again approach the General Assembly for a further adjustment.

Staff's calculations differ slightly from the Department's for the following reasons:

- Staff was able to incorporate data from two additional months of actual payments (October and November) as well as caseload data for December into the calculation.
- The Department provided a slightly revised estimate of funds remaining from custodial federal funds food assistance administrative allocations (funds included in a Department of Defense bill) that are used to offset the request.
- Overall caseload growth has slowed in recent months. As a result, staff used an estimated growth rate of 1.7 percent (translates to a cost growth rate of 1.6 percent), rather than the 2.0 percent included in the request, for the months of January through June. This represents the average caseload growth rate for the first six months of the year.

Staff Recommendation: Staff recommends that the Committee approve $358,796 total funds, including $103,692 General Fund for FY 2010-11. A comparison of the monthly EBTS contract system costs used in the request and the staff calculation are reflected in the table below. Staff applied the same fund splits as those in the Department's request (based on the existing funding splits in the line item).

Electronic Benefits Management System FY 2010-11 Contract Costs Estimate

	Request	Notes	% growth	Recommend	Notes	% growth
Current Contract Budget	$2,450,472	per req.		$2,450,472		
Actual and Estimated Costs						
Jul-10	(309,159)	Actual		(309,159)	Actual	
Aug-10	(310,860)	Actual	0.6%	(310,860)	Actual	0.6%
Sep-10	(312,066)	Actual	0.4%	(312,066)	Actual	0.4%
Oct-10	(317,877)	Estimate	1.9%	(315,004)	Actual	0.9%
Nov-10	(323,936)	Estimate	1.9%	(319,777)	Actual	1.5%
Dec-10	(196,737)	Estimate	-39.3%	(196,942)	Estimate*	-38.4%
Jan-11	(204,720)	Estimate	4.1%	(200,032)	Estimate	1.6%
Feb-11	(208,430)	Estimate	1.8%	(203,175)	Estimate	1.6%
Mar-11	(212,214)	Estimate	1.8%	(206,371)	Estimate	1.6%
Apr-11	(216,073)	Estimate	1.8%	(209,621)	Estimate	1.6%
May-11	(220,010)	Estimate	1.8%	(212,927)	Estimate	1.6%
Jun-11	(224,025)	Estimate	1.8%	(216,289)	Estimate	1.6%
Less federal funds available	202,132			202,955	Revised	
Balance needed	($403,503)			($358,796)		

*Uses actual billed caseload growth, but assumes revised December rates.

Supplemental Request, Department Priority #3
Additional Cash Fund Spending Authority for the Domestic Violence Program

	Request	Recommendation
Total	$184,000	$184,000
Cash Funds	184,000	184,000
Federal Funds	0	0

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

Department Request: The Department requests one-time additional cash funds spending authority of $184,000 for FY 2010-11 in order to spend down reserves in the Domestic Abuse Program Fund which are currently above statutory guidelines outlined in Section 24-75-402, C.R.S. (16.5 percent of expenditures). The request is to provide one-time additional grants of $5,000 each to domestic violence centers for new equipment and furnishings, based on center applications (assumes 80 percent of currently-funded programs will apply). The Domestic Violence Program supports domestic violence centers through grants of state and federal funds and income-tax checkoff moneys. Pursuant to S.B. 09-68, as codified at Section 26-7.5-105 (1) (b), C.R.S., the Domestic Violence Program now receives a portion of the fees from marriage license and divorce filings. Due to the rapid increase in available funds that resulted from this new revenue stream, the program is in violation of restrictions on amounts of uncommitted reserves.

Staff Analysis:

Domestic Abuse Program Fund: The Domestic Abuse Program was first created in statute in 1983 and was initially funded solely with income tax checkoffs. Its primary role, pursuant to Section 26-7.5-101, C.R.S., et. seq., is to encourage the development of domestic abuse programs by units of local government and non-governmental agencies. With the passage of S.B. 09-68 (Morse/McCann), the Domestic Abuse Program Fund began, in FY 2009-10, to receive an ongoing revenue stream of $5 per docket fee paid on divorce filings and responses and $20 per marriage license. As reflected in the table below, appropriations for the Program already exceed projected revenue ($930,000 projected revenue versus $1.2 million in appropriations/estimated expenditures); however, a fund balance of over $800,000 exists, as the Department did not spend any of the new cash fund revenue from S.B. 09-68 during FY 2009-10. *If the current request is approved, the balance will be just over $100,000 by the end of FY 2011-12, and overall funding will need to be reduced by almost $300,000 in FY 2012-13 to align with revenue.*

Domestic Abuse Program Fund (Dept. of Human Services - excludes supplemental request)					
	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2012-13 Estimate
Cash Balance	$152,266	$154,796	$882,235	$595,806	$121,044
Revenue	180,001	930,745	930,745	930,745	930,745
Expenditure/Approp*	177,471	203,306	1,217,174	1,220,507	1,220,507
Balance	154,796	882,235	595,806	121,044	(168,718)

*Current appropriation amounts include indirect costs. The direct appropriation for the Domestic Abuse Program Fund for FY 2010-11 is $1,170,933.

Other Domestic Abuse Program funding sources: Virtually since inception, the program has had access to a substantial federal grant (off-Long Bill). Further, beginning in 2004, the General Assembly began to appropriate Temporary Assistance to Needy Families (TANF) federal block grant funds for the program. Total estimated FY 2010-11 funding (including on- and off-budget amounts and some funds that may be used for indirect costs) is reflected below.

		FY 2010-11
Domestic Abuse Program Fund (tax return checkoff donations and marriage and divorce fees)		$1,170,933
Temporary Assistance to Needy Families (state-appropriated federal funds)		659,824
Family Violence Prevention and Services Act (custodial federal funds estimate)		1,551,649
	Total	$3,382,406
	FTE	2.7

Program administration. The majority of the program's budget is distributed to local-area domestic violence programs. However, all income tax checkoff funds deposited to the Domestic Abuse Program Fund that were spent in FY 2009-10 (about $126,000), as well as 5 percent of federal funds received ($77,582 from federal grant funds), was directed to state administration.

Community Grants. Currently, the Department funds 46 community-based domestic violence crisis centers, 27 of which offer residential emergency shelter services. These centers are located throughout the State and represent the majority of such centers in the state. They range in size from six with annual budgets of $1 million or more to five with budgets of under $100,000. Of the centers funded, the majority (27) are in rural or remote rural locations.

The table below reflects funding allocated to domestic violence centers by the State for FY 2010-11using both state appropriations and federal custodial funds. This funding comprises from as little as 6.3 percent to as much as 41 percent of individual shelter budgets and represents 12.7 percent of funded domestic violence program budgets, on average. In general, funding provided by the State plays a more significant role for smaller rural shelters than for large urban shelters.

The table below summarizes the source of recent-year revenue for the program distributed to Domestic Violence programs.

Grants to Community Domestic Violence Programs						
	FY 05-06	**FY 06-07**	**FY 07-08**	**FY 08-09**	**FY 09-10**	**FY 10-11**
Domestic Abuse Program Fund (CF)*	$57,629	$53,293	$43,413	$0	$0	$1,123,008
Checkoff revenue	*57,629*	*53,293*	*43,413*	*0*	*0*	*168,451*
Marriage License Fees	*0*	*0*	*0*	*0*	*0*	*786,106*
Divorce Petition Fees	*0*	*0*	*0*	*0*	*0*	*168,451*
TANF (state appropriated FF)	607,545	650,000	650,000	652,906	659,824	659,824
Family Violence Prevention and Services Act (custodial FF-off-budget)	1,613,717	1,334,807	1,412,734	1,382,492	1,349,171	1,191,469
TOTAL	$2,278,891	$2,038,100	$2,106,147	$2,035,398	$2,008,995	$2,974,301

*Prior to the passage of S.B. 09-68, most or all funds from the checkoff were directed to state administration, rather than community program grants.

Staff Recommendation: Staff recommends that the Committee approve the request for $184,000 to spend down excess reserves in the Domestic Abuse Fund, given that this reflects the purpose of these cash funds and the expressed intent of the General Assembly for the use of the funds, consistent with the provisions of S.B. 09-68. *However, please note two additional options:*

- *Staff has included budget balancing option below which would take all reserves in the Domestic Abuse Program Fund* (about $800,000) and either transfer these to the General Fund via bill or, through a series of budget adjustments, effectively use these additional cash funds to offset General Fund otherwise required. *If the JBC wishes to use this budget balancing option, it should not approve the current request.*

- Rather than authorizing the Department to make additional expenditures in FY 2010-11, the JBC could choose to sponsor a bill that would exempt this program from cash reserve restrictions. Since marriage and divorce fees imposed by S.B. 09-68 are statutory and not subject to change based on appropriations or Department action, the benefits of limiting cash reserves in this case are not clear. If the Department were allowed to keep reserves, adjustments required in FY 2012-13 to address the current over-appropriation of funds could be phased-in more gradually.

Supplemental Request, Department Priority #4
Colorado Works - Adjustment to County TANF Reserves

	Request	Recommendation
Total	($37,053,636)	($37,053,636)
Federal Funds	(37,053,636)	(37,053,636)

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

Department Request: The Department requests a decrease of $37.1 in federal funds spending authority for FY 2010-11 and FY 2011-12 for the Colorado Works Program, County TANF reserves for Colorado Works, Child Welfare, and Child Care Programs line item. This adjustment is to reflect the actual county reserve balance of $55,618,851 in Temporary Assistance for Needy Families (TANF) funding that is available to counties as of September 30, 2010.

Staff Analysis: A technical adjustment is made annually to reflect the status of county-held reserves. Amounts shown reflect funds previously appropriated for county TANF block grants that have not yet been expended. Note that *declines in these figures are the result of increases in county spending from reserves in the prior year*. County reserve balances have fallen from SFY 2007-08 levels because most counties have been spending more than their annual block grant appropriations and also because some counties have had to revert funds to the State based on reserve caps imposed by S.B. 08-177.

Staff Recommendation: Staff recommends that the Committee approve the requested reduction of $37.1 million to county TANF reserves reflected in the Long Bill.

Supplemental Request, Department Priority #5
Funding for Community Services for the Elderly

	Request	Recommendation
Total	$2,270,742	$2,270,742
General Fund	0	0
Cash Funds	0	0
Federal Funds	2,270,742	2,270,742

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

Department Request: The Department requests spending authorization for federal funds of $2,270,742 in FY 2010-11 and $2,670,622 in FY 2011-12. The Department proposes to use existing General Fund within the State Funding for Senior Services appropriation to meet associated matching requirements, resulting in a net zero General Fund impact. The Department also requests elimination of the (M) headnote for the Older American Act Program Long Bill line item to allow more efficient management of the federal funds received.

Staff Analysis:

Background

Older Americans Act: Older Americans Act programs provide grants for community-based programs to foster the development and implementation of systems to serve older individuals in their communities. Under Title III of the Older Americans Act, the State receives funding for programs include supportive services such as senior services, transportation, shopping assistance, nutrition services such as congregate meals and meals on wheels, in-home services, and disease prevention and promotion. Most of these funds are then distributed out to 16 area agencies on aging for service provision. Most sections of Title III require a 15 percent non-federal match, with one-third (5 percent) required to be from state sources.

<u>(M) Notation</u>: The (M) notation is typically included in the Long Bill in situations in which a state match is required as a condition for the receipt of the federal funds. The headnote for the (M) notation reads in part as follows:

> "...In the event that additional federal funds are available for the program, the combined general fund or general fund exempt amount noted as "(M)" shall be reduced by the amount of federal funds earned or received in excess of the figure shown in the "federal funds" column for that program. In the even the federal funds earned or received are less than the amount shown in the "federal funds" column, the combined general fund or general fund exempt amount noted as "(M)" shall be reduced proportionately..."

<u>Line-item Layout</u>: The Community Services for the Elderly Long Bill section includes several different line items that reflect the funding provided under the Older Americans Act, along with required state and local match amounts. In addition, this section includes the State Funding for Senior Services line item ($8.6 million) which is comprised entirely of General Fund and amounts from the Older Coloradans Cash Fund, a cash fund which is derived from general tax revenues that are diverted to this cash fund pursuant to statute.

Analysis
Staff believes the Department's request to access additional federal funds using existing state appropriations to provide the required match is reasonable. However, staff is concerned that, as requested, the changes would reduce transparency and information available to the General Assembly about available federal funding levels. Eliminating an (M) notation is a significant step. Were the (M) notation not present, the Department would not have been required to approach the General assembly about the current request. Further, it appears the Department may have operated contrary to legislative intent and circumvented the (M) notation in FY 2009-10 when it used moneys in the State Funding for Senior Services line item to draw down additional federal funds for Older American Act programs without informing the General Assembly.

Nonetheless:

- Staff feels that the (M) notation is not appropriate for the line-items in question, insofar as it requires that any federal funds increase be matched with a General Fund decrease. This (M) notation provision is largely designed to address changes in the match rate for federal programs (as for the Medicaid program) which might reduce the General Fund required for a program. In the case of Older American Act programs, there have not been changes to the federal/non-federal match rate; there has simply been an increase in total federal funds available, with a 15 percent non-federal match, including a 5 percent state match, required.

- The State Funding for Senior Services line item, from which match amounts were drawn, is specifically intended, per statute, to fund the same activities as the Older Americans Act line item and to be distributed to Area Agencies on Aging in the same manner. Thus, use of these funds as match to enable the State to draw down additional federal Older American Act funds seems reasonable.

Staff Recommendation: To both ensure access to the federal funds and improve transparency, staff recommends:

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

	FY 2010-11 Current Approp.	Recommended Change	Recommended Revised Approp.
Older Americans Act Programs	$14,748,811	$2,404,315	$15,681,573
General Fund	610,506	133,573	744,079
Cash Funds - Local	3,039,710	0	3,039,710
Cash Funds - Older Coloradans CF	40,000	0	40,000
Federal Funds	11,058,595	2,270,742	13,329,337
State Funding for Senior Services	8,966,241	(133,573)	8,832,668
General Fund	658,489	(133,573)	524,916
Cash Funds - Older Coloradans CF	8,307,752	0	8,307,752
Total	$23,715,052	$2,270,742	$24,514,241
General Fund	1,268,995	0	1,268,995
Cash Funds - Local	3,039,710	0	3,039,710
Cash Funds - Older Coloradans CF	8,347,752	0	8,347,752
Federal Funds	11,058,595	2,270,742	13,329,337

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

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

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

Budget Reduction Option: In light of the increase in federal funds available for Older Americans Act Programs, the General Assembly may wish to consider a reduction to State Funding for Senior Services. The table below reflects recent year federal awards for Older Americans Act programs, including both on- and off-budget amounts expended in recent years. As noted above, the Title III awards, in particular, require a 5 percent share of state funds, with the exception of the one-time ARRA award.

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Federal Grant Award

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

As reflected in the table above, Older American Act Funding has been growing each year, even excluding the one-time impact of ARRA funding. In FY 2009-10, a $1.0 million General fund reduction was taken, in light of federal ARRA funding, and this cut was not restored in FY 2010-11. However, since FY 2007-08, total Older American Act Funding has grown by $2.1 million, i.e., there has been net growth of $1.1 million even after taking into consideration the FY 2009-10 $1.0 million cut. *In light of this, the General Assembly may wish to consider a further cut of up to $1.0 million to these programs.* After the supplemental actions recommended in this packet, a reduction of $524,916 General Fund could be taken without statutory change. A reduction beyond this level would require statutory change to reduce funding for the Older Coloradans Cash Fund.

Additional Background: Overall funding for State Funding for Senior Services has increased very substantially since 2003. Section 26-11-205.5, C.R.S. directs the distribution of state funds to Area Agencies on Aging consistent with federal allocation patterns. The diversion of sales and excise tax revenue to the Older Coloradans Cash Fund is governed by statute at 39-26-123 (a) (III) (D), C.R.S.. This diversion has been statutorily set at $8.0 million since FY 2008-09. In FY 2003-04, after reductions associated with the 2003 economic downturn, funding from the Older Coloradans Cash Fund was at $1.6 million. Funding for Community Services for the Elderly has grown by 28 percent over the last ten years. Much of the growth since FY 2004-05 has been based on increases in state funding. Nonetheless, current funding levels are believed to be less than funding required.

Supplemental Request, Department Priority #6
Department-wide Technical Supplemental

	Request	Recommendation
Total	$0	$0
Cash Funds	1,414,835	1,414,835
Reappropriated Funds	(1,414,835)	(1,414,835)

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

Department Request: The Department is requesting a department wide technical supplemental to address alignment of funding in various administrative areas of the department as a result of 24-75-107.5, C.R.S., being repealed. This statute provided flexibility for departments to make adjustments between cash funds and reappropriated funds as a result of the reclassification of the cash funds exempt category in the annual appropriations bill. The Department is now requesting technical changes to adjust cash and reappropriated funds amounts in a number of line items to reflect the correct fund classifications. The table below reflects the proposed changes, all of which would be applied to "various" cash and reappropriated funds sources in letter notes.

	Cash Funds	Reappropriated Funds
Executive Director's Office, General Administration, Workers' Compensation	$843,268	($843,268)
Executive Director's Office, Special Purpose, Employment and Regulatory Affairs	54,004	(54,004)
Office of Information Technology Services, Purchase of Services from Computer Center	41,236	(41,236)
Office of Operations, Administration, Personal Services	455,000	(455,000)
Office of Operations, Administration, Vehicle Lease Payments	21,327	(21,327)
Total	$1,414,835	($1,414,835)

The Department also requests an adjustment to letter notes in the Office of Information Technology. One is a technical correction related to H.B. 09-1293 (Hospital Provider Fee bill) and the other is a true-up of federal earnings between Title IV-E, Temporary Assistance to Needy Families (TANF), and Child Care Development Funds (CCDF) funding for Colorado Trails. These have a net $0 impact. Specifically, the requested changes:

- Adjust funding for the Trails program by increasing federal funding from Title IV-E by $135,386, while reducing federal funding from TANF by $85,531 and from CCDF by $49,855.

- Insert a missing portion of a letter note for the Colorado Benefits Management System to specify that $387,849 shall be from the Hospital Provider Fee Cash Fund.

Staff Recommendation: Staff recommends the requested technical corrections. These adjustments are necessary to ensure the Department can fully access funds at appropriated levels.

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Non-Prioritized Supplementals

JBC Staff Initiated Supplemental
Youth Corrections Purchase of Contract Placements

	Request	Recommendation
Total	$0	($10,027,095)
FTE	0.0	0.0
General Fund	0	(9,742,727)
Reappropriated Funds (Medicaid)	0	(284,368)
Net General Fund	0	(9,884,911)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforseen contingency.]	**YES**
This recommendation is a result of *data that was not available when the original appropriation was made.*	

Department Request: The Department has not requested this supplemental.

Staff Recommendation: The General Assembly receives commitment population projections from the Division of Criminal Justice (DCJ) in the Department of Public Safety and from the Legislative Council Staff (LCS). These population projections are taken into consideration by the General Assembly when determining the appropriations for the Division of Youth Corrections. Typically, initial funding decisions are based on population projection developed in December of the prior year (i.e., FY 2010-11 figures were based on December 2009 projections). These figures are then revised through supplemental action based on updated data available during the funding year..

After peaking in FY 2004-05 and FY 2005-06, the DYC commitment population began to decline in FY 2006-07 and proceeded to drop sharply in FY 2007-08. Current projections are for further declines in FY 2010-11. For FY 2010-11, the LCS December 2009 forecast was used to set funding levels. New December 2010 LCS and DCJ projections both indicate that the December 2009 forecast substantially over-estimated the population. December 2010 figure reflect even greater declines than the September 2010 interim forecasts discussed during the staff budget briefing. As a result, estimated savings are greater.

The Department did not submit a January 1, 2011 supplemental to take into account the falling Youth Corrections population. Staff assumes that it intends to submit a related supplemental February 15. However, staff recommends that the Committee, at a minimum, apply a "placeholder" in the amount of savings anticipated for purchase of contract placements. It is possible that the Department will wish to take some savings in state-operated units, rather than in the purchase of contract placements line item. However, if so, staff would still recommend that the $9.9 million *General Fund savings outlined in the analysis below be used as the target for savings to be achieved--whether through partial closures of state-operated facilities or contract placements.* Notably, unlike last year, when there was a large gap between DCJ and LCS projections and the average daily placements data available even a few months later, it currently appears that both LCS and DCJ projections are very close to each other and current actuals. Staff therefore believes these projections should provide a stable basis for final supplemental budget action. As shown, LCS and DCJ estimates are only 3 ADP apart for FY 2010-11. Actual data for the month of November 2010 (the latest available) is 1,045, with ADP following a downward trend.

Staff recommends using the December 2010 LCS population projection for FY 2010-11 purchase of contract placements. An appendix to this packet includes the detail on the revised population projection. The table below summarizes the fiscal impact of the change. *Note that this represents a 23.6 percent decline in total funding for contract placements.*

2010 Commitment ADP Projections						
	FY08 Actual	**FY 09 Actual**	**FY 10 Actual**	**FY 11 Proj.**	**FY 12 Proj.**	**FY 13 Proj.**
Legislative Council Staff						
Actual/Dec. 2010 Projection	1,287	1,228	1,171	1,037	1,020	1,025
ADP Growth From Prior Year	(138)	(59)	(58)	(134)	(17)	5
Percent Growth From Prior Year	(9.6)%	(4.6)%	(4.7)%	(11.4)%	(1.6)%	0.5%
Division of Criminal Justice						
Actual/Dec. 2010 Projection	1,287	1,228	1,171	1,034	947	875
ADP Growth From Prior Year	(138)	(59)	(58)	(137)	(87)	(72)
Percent Growth From Prior Year	(9.6)%	(4.6)%	(4.7)%	(11.7)%	(8.4)%	(7.6)%

2010 Commitment ADP Projections						
	FY08 Actual	**FY 09 Actual**	**FY 10 Actual**	**FY 11 Proj.**	**FY 12 Proj.**	**FY 13 Proj.**
Estimates Used for Appropriation/Current Request*	1,275	1,206	1,202	1,226	1,222	n/a

	Commit. Forecast (ADP	**General Fund**	**Reapprop. Funds (Medicaid)**	**Federal Funds**	**Total**	***Net GF****
FY 2010-11 Long Bill (LCS Dec 2009 Forecast)	1,226	$39,467,727	$1,618,662	$1,344,012	$42,430,401	$40,277,058
Revised Recommendation (LCS Dec 2010 Forecast)	1,037	29,725,000	1,334,294	1,344,012	32,403,306	30,392,147
Difference		**($9,742,727)**	**($284,368)**	**$0**	**($10,027,095)**	**($9,884,911)**

*Net General Fund amounts shown are based on a 50/50 General Fund/federal funds split for Medicaid and do not include adjustments for the American Recovery and Reinvestment Act enhanced match or Medicaid payment delays, which are addressed separately.

Statewide One Percent Across the Board General Fund Personal Services Reduction (ES-1)

	Request
Total	($894,537)
General Fund	(572,590)
Cash Funds	0
Reappropriated Funds	(156,500)
Federal Funds	(165,447)
Medicaid Reappropriated	*(156,053)*
Net General Fund	*(634,648)*

Department Request: The Department requests a one percent reduction to the General Fund and Medicaid portion of its personal services appropriations for FY 2010-11. The following tables detail the request as outlined in ES-1 and NP-1:

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

One Percent Across the Board General Fund Personal Services Reduction - ES-1						
Division, Line Item	**Total**	**General Fund**	**Cash Funds**	**Reapprop. Funds**	**Federal Funds**	**Net GF**
(1) (A) Executive Director's Office, General Administration						
Personal Services	(8,384)	(6,422)	0	(1,962)	0	(7,403)
(1) (B) Executive Director's Office, Special Purpose						
Employment and Regulatory Affairs	(24,901)	(17,767)	0	(7,134)	0	(21,110)
Administrative Review Unit	(12,985)	(12,985)	0	0	0	(12,985)
Juvenile Parole Board	(1,800)	(1,800)	0	0	0	(1,800)
Colorado Commission for the Deaf and Hard of Hearing	(1,278)	(1,278)	0	0	0	(1,278)
Health Insurance Portability and Accountability Act of 1996-Security Remediations	(856)	(677)	0	(179)	0	(766)
CBMS Emergency Processing Unit	(639)	(639)	0	0	0	(639)
(3) (A) Office of Operations, Administration						
Personal Services	(128,378)	(104,311)	0	(24,067)	0	(113,555)
(5) Division of Child Welfare						
Administration	(25,333)	(24,054)	0	(1,279)	0	(24,693)
Training	(1,657)	(1,657)	0	0		(1,657)
Foster and Adoptive Parent Recruitment, Training, and Support	(628)	(628)	0	0	0	(628)
Promoting Safe and Stable Families Program	(463)	(463)	0	0	0	(463)
(6) Division of Child Care						
Child Care Licensing and Administration	(19,438)	(19,438)	0	0	0	(19,438)
(7) (A) Office of Self Sufficiency, Administration						
Personal Services	(7,123)	(7,123)	0	0	0	(7,123)
(7) (C) Office of Self Sufficiency, Special Purpose Welfare Programs						
(2) Food Stamp Job Search Units, Program Costs	(1,784)	(1,784)	0	0	0	(1,784)
(3) Food Distribution Program	(458)	(458)	0	0	0	(458)
(6) Electronic Benefits Transfer Services	(1,864)	(1,864)	0	0	0	(1,864)

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Division, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	Net GF
(8) Systematic Alien Verifications for Eligibility	(393)	(67)		(326)		(230)
(7) (D) Office of Self Sufficiency, Child Support Enforcement						
Automated Child Support Enforcement System	(69,665)	(23,687)	0	0	(45,978)	(23,687)
Child Support Enforcement	(15,918)	(5,412)	0	0	(10,506)	(5,412)
(8) (A) Mental Health and Alcohol and Drug Abuse Services, Administration						
Personal Services	(12,603)	(9,343)	0	(3,260)	0	(10,973)
(8) (C) Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes						
Mental Health Institute - Fort Logan	(25,136)	(25,136)	0	0	0	(25,136)
Mental Health Institute - Pueblo	(89,938)	(85,609)	0	(4,329)	0	(87,272)
Educational Programs	(42)	(42)	0	0	0	(42)
(8) (D) Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division						
(1) Administration, Personal Services	(2,997)	(2,466)	0	(531)	0	(2,732)
(9) (A) Services for People with Disabilities, Community Services for People with Developmental Disabilities						
(1) Administration, Personal Services	(28,651)	(2,292)	0	(26,359)	0	(15,472)
(9) (B) Services for People with Disabilities, Regional Centers for People with Developmental Disabilities						
(1) Medicaid-funded Services, Personal Services	(84,657)	0	0	(84,657)	0	(29,652)
(2) Other Program Costs, General Fund Physician Services	(861)	(861)	0	0	0	(861)
(9) (D) Services for People with Disabilities, Division of Vocational Rehabilitation						
Rehabilitation Programs - General Fund Match	(138,454)	(29,491)	0	0	(108,963)	(29,491)
(10) Adult Assistance Programs						
(A) Administration	(1,034)	(1,034)	0	0	0	(1,034)
(D) Community Services for the Elderly, Administration	(1,592)	(1,592)	0	0	0	(1,592)
(D) Community Services for the Elderly, Colorado Commission on Aging	(137)	(137)	0	0	0	(137)
(11) (A) Division of Youth Corrections, Administration						
Personal Services	(13,518)	(13,518)	0	0	0	(13,518)

Division, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	Net GF
(11) (B) Division of Youth Corrections, Institutional Programs						
Personal Services	(86,855)	(86,855)	0	0	0	(86,855)
Medical Services	(5,976)	(5,976)	0	0	0	(5,976)
Educational Programs	(4,906)	(4,906)	0	0	0	(4,906)
(11) (C) Division of Youth Corrections, Community Programs						
Personal Services	(71,277)	(70,818)	0	(459)	0	(71,047)
Total	**($892,579)**	**($572,590)**	**$0**	**($154,542)**	**($165,447)**	**($633,669)**

One Percent Across the Board General Fund Personal Services Reduction - NP-1						
Division, Line Item	**Total**	**General Fund**	**Cash Funds**	**Reapprop. Funds**	**Federal Funds**	**Net GF**
(2) Office of Information Technology Services						
Colorado Benefits Management System	(1,958)	0	0	(1,958)	0	(979)

Staff Recommendation: The staff recommendation for this request is pending Committee approval of common policy supplementals. **Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee approves common policy supplementals.** If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Statewide Common Policy Supplemental Requests (NP-4, NP-5)

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Request (NP-4, NP-5)	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	Net GF
Annual Fleet Vehicle Replacement	$61,047	($81,044)	$46,770	$9,735	$85,586	(56,062)
Printing of Statewide Warrants and Mainframe Documents	19,317	10,115	188	407	8,607	10,261
Department's Total Statewide Supplemental Requests	80,364	(70,929)	46,958	10,142	94,193	(45,801)

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

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

HCPF - Decrease Amount for Extended Enhanced Federal Medicaid Assistance Percentage (NP-2)

	Request
Total	$0
Reappropriated Funds	0
Medicaid Reappropriated Funds	*0*
Medicaid/"Net" General Fund	*7,179,174*

This request addresses changes in Department of Health Care Policy and Financing (HCPF) appropriations for Department of Human Services programs. Due to final Congressional action on the enhanced Medicaid match rate (FMAP) for SFY 2010-11, the State is responsible for a larger share of the cost of Medicaid programs than was anticipated in the FY 2010-11 Long Bill. While there is no change to total reappropriated funds in the Department of Human Services, the change to the FMAP will change appropriations to HCPF for Human Services Medicaid programs. Changes to the FMAP for Human Services programs are expected to increase General Fund by $7,179,174 and to reduce the federal share for these programs by the same amount in HCPF.

This request is pending action anticipated during the supplemental presentation for the Department of Health Care Policy and Financing. Additional detail is included in the HCPF packet.

HCPF - Medicaid Fee-for-Service Payment Delay (NP-3)

	Request
Total	$0
Reappropriated Funds	(4,237,933)

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

	Request
Medicaid Reappropriated Funds	*(4,237,933)*
Medicaid/"Net" General Fund	*(2,143,847)*

This request addresses changes in Medicaid appropriations for Department of Human Services programs related to the FY 2009-10 delay of payments by two weeks and a further proposed delay for FY 2010-11 (which will require legislation). **This request is pending** action anticipated during the supplemental presentation for the Department of Health Care Policy and Financing, where further detail will be presented. Staff anticipates that final calculations will need to be included as add-ons to the FY 2011-12 Long Bill and in new legislation.

Other FY 2010-11 Balancing Options

These options are presented without staff recommendation in order to maximize the Committee's choices. The Committee may wish to consider these options now or in the future.

Numbering does not indicate priority.

Options with *Appropriation* Impacts	**GF**	**CF**	**RF**	**FF**	**Total**	**FTE**
1	(524,916)	0	0	0	(524,916)	0.0
Eliminate General Fund for Senior Services The Department has requested a supplemental increase of $2.3 million due to increases in federal funding for senior services. The General Assembly could partially offset this increase with a General Fund reduction. The amount shown reflects General Fund remaining in State Funding for Senior Services after supplemental transfers recommended to draw down federal funds. Any addition reductions would require statutory change.						
2	(506,161)	0	0	0	(506,161)	
Eliminate General Fund for Early Childhood Councils						

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
Through H.B. 07-1062, the General Assembly expanded the previous Consolidated Child Care Pilots to additional locations throughout the State (estimated at 30). The bill added $1 million in federal funds and $1 million in General Fund transferred from the Child Care Assistance Program line item. The total line item appropriation is $3.0 million, so this would represent a cut of about 17 percent (concentrated in the latter half of the year).						
3	(1,000,000)	0	0	0	(1,000,000)	
Child Care Subsidy Reduction						
The Child Care Assistance Program is funded with a combination of General Fund, federal block grant funds, county funds, and county transfers of TANF dollars. Counties have significant discretion over who qualifies for subsidies and the level of provider reimbursement and, historically, the size of the General Fund subsidy has seemed to have little impact on the overall scope of the program, particularly given that the program can grow or shrink by $30 million, depending upon county TANF policies. $2.0 million per year is a rough estimate of a funding reduction that could be taken from child care subsidies without affecting federal match (assumes the State would be able to identify expenditures by non-profit partners or other state entities that would serve as match for federal funds). A $2.0 million cut would represent a 2.7 percent reduction to the total appropriation. Staff has reflected half of this amount for a potential mid-year reduction.						
4	(1,000,000)	0	0	0	(1,000,000)	
Eliminate Funding for Child Welfare County Title IV-E Administration						
This represents General Fund applied to a new line item to support county Title IV-E revenue collection.						
5	(1,000,000)	(330,000)		(300,000)	(1,630,000)	
Reduce Child Welfare Block Allocations						
This reflects a 0.5 percent reduction to the Child Welfare Services line item for FY 2010-11.						
6	(2,000,000)	0	0	2,000,000	0	0.0
Further Refinance Child Welfare with TANF.						

Options with *Appropriation* Impacts	**GF**	**CF**	**RF**	**FF**	**Total**	**FTE**

Up to an additional $5.0 million in Temporary Assistance to Needy Families (TANF) reserves could probably be spent-down from existing TANF reserves in FY 2010-11 and/or FY 2011-12. However, current TANF appropriations exceed revenue by approximately $12 million per year (excluding over-spending intended to be temporary). Based on current appropriations, reserves are anticipated to be exhausted-- and action required to bring expenditures and revenue in balance--by the middle of FY 2012-13. Additional spending from reserves (without cuts in TANF spending) will bring-forward the "cliff effect" that will be created when TANF reserves are exhausted to the beginning of FY 2012-13. Based on information currently available, staff anticipates that $2.0 million more in reserves could be used each year in FY 2010-11 and, if desired, FY 2011-12. However, if this action is taken, in FY 2012-13, the General Assembly will either: (1) have to treat the $2 million refinance as temporary and backfill the adjustment with General Fund (adding to the current $7 million temporary refinance in FY 2012-13) or (2) take a further reduction of $2.0 million to existing TANF-funded programs (adding to the $12 million cut in TANF programs that will need to be implemented no later than FY 2012-13 to address the present ongoing imbalance between revenue and appropriations).

	GF	CF	RF	FF	Total	FTE
7	(1,000,000)	0	0	0	(1,000,000)	

Reduce DYC Senate Bill 91-94 Funding

No cuts have been taken to this $13 million line item. Note that, during the last budget crises, cuts to this line item were much greater. This cut would return the level of funding per juvenile filing to the level in place inflation adjusted per juvenile filing around FY 2001-02 and FY 2006-07(about $800/juvenile filing) for half of the fiscal year.

	GF	CF	RF	FF	Total	FTE
8	(500,000)	0	0	0	(500,000)	

Reduce Funding for DYC Parole Services

Currently, all youth offenders committed to the Division are required to complete at least six months of mandatory parole under Section 19-2-1002, C.R.S.A total of $5,267,532 was added to the parole program services line, with increases occurring between FY 2005-06 and FY 2009-10 for "continuum of care" expenses which both support youth on parole (2/3) and youth in residential placement (1/3). The initial increase of $2.0 million restored parole services to the level in place before the 2003 recession cuts. Subsequent funding has expanded beyond that level. During the increase period from FY 06 to FY 10, the ADP for commitment fell by 19% and the ADP for parole fell 12%. For FY 2010-11, commitments are projected to fall over 11 percent more and the parole population is projected to drop over 3 percent. A $3.0 million per year cut would return Parole Program Services funding to about the inflation adjusted level per ADP for parole services that existed in FY 2001-02 and in FY 2006-07 before further increases under "continuum of care" (translates to $6,706/ADP based on Dec. 2010 LCS Parole projection). A cut of $1.5 million per year would return funding to FY 2007-08 inflation-adjusted levels of about $10,148 per person per year (a figure well above any historic funding levels but below the current $13,733 per parole ADP). The cut above is based on such a $1.5 million per year cut implemented for four months of the year.

	GF	CF	RF	FF	Total	FTE
9	(500,000)	0	0	0	(500,000)	

Reduce Funding for DYC Medical Services

Options with *Appropriation* Impacts	GF	CF	RF	FF	Total	FTE
Funding for medical services in the Division of Youth Corrections supports both medical costs for youth in Department-run facilities and medical costs for youth in state-owned but privately operated facilities. Due to the rapid decline in the Youth Corrections census, there should be a reduced need for medical services funding. The Department previously indicated that about $3.7 million of the $8.0 million in this line item is based on cost for externally purchased services. In FY 2008-09, this funding served a total of about 915 youth. Based on year-to-date population data, these funds are currently being used to serve 781 youth. The amount shown represents a corresponding 15 percent reduction to the portion of funding used for care in outside medical facilities.						
10	(500,000)	0	0	0	(500,000)	
Institute Lower Cap on Detention Placements effective March 1 or reduce funding in light of lower caseload						
The current detention cap is at 479. However, total detained youth as of November 2010 stood at 350. While Department contractors still saw detention beds under some strain in FY 2009-10, detention placements have continued to drop from the 363 ADP in FY 2009-10. The Department to-date has expressed reluctance at reducing funding without a cut to the detention cap, which would require statutory change; however, caseload has been so low that, for the current fiscal year, some savings could likely be taken for FY 2010-11 without statutory action. The amount of savings shown could be generated through: (1) 4 months of eliminating all detention contract placements (31 beds); or (2) closing of the current 29-bed Adams detention facility for approximately months. Another alternative would be to instruct the Department to close beds in existing facilities. However, the Department has estimated savings of just $554,427 for a full year for closing one 12-bed pod and one 20-bed pod (32 beds total). Such an alternative would cause less disruption to law-enforcement personnel but would generate 1/4 to 1/3 of the savings of the other alternatives based on the Department's current estimate.						

Options with *Revenue* Impacts	GF	CF	RF	FF	Total	FTE
1	3,250,000	(3,250,000)	0	0	0	0.0
Transfer LEAP Funds to the General Fund						
In years in which the Operational Account of the Severance Tax Trust Fund has sufficient revenue, up to $3.25 million is transferred to the Department of Human Services to provide state funding for the Low-income Energy Assistance Program. This transfer could be made to the General Fund instead. The program also receives federal moneys; in FY 2008-09, a total of approximately $70.0 million in federal funds were received. A statutory change would be required to implement this change.						
2	800,000	(800,000)			0	

DEPARTMENT OF HUMAN SERVICES
(Executive Director's Office, Office of Operations, County Administration, Child Welfare, Child Care, Self Sufficiency, Adult Assistance, Youth Corrections)
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Options with *Revenue* Impacts	GF	CF	RF	FF	Total	FTE
Transfer Balance in Domestic Abuse Program Fund Due to slow initial spending of new Domestic Abuse Program Fund revenues, the Department has developed a fund balance. This funding could be transferred to the General Fund or, through a series of adjustments to TANF funding for Domestic Abuse and Child Welfare funding, these moneys could effectively be used to substitute for General Fund appropriations without the passage of new legislation. The cash funds amount shown is based on total cash reserve transfers, rather than a change in spending. Staff assumes that the impact on spending would be a denial of the Department's supplemental request						
3	2,000,000	(2,000,000)	0	0	0	0.0
Reduce Cash Funding for Senior Services Section 39-26-123 (3) (a) (III) (D) diverts $8,000,000 of the transfer from the Old Age Pension Fund to the General Fund to the Older Coloradans Fund. Funds in the Older Coloradans cash fund are appropriated to the State Funding for Senior Services line item. This diversion is statutory and could be changed by bill. A reduced diversion would result in a corresponding increase in General Fund revenues.						

	FY 2009-10 Actual	FY 2010-11 Appropriation	Fiscal Year 2010-11 Supplemental Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF HUMAN SERVICES					
Executive Director - Reggie Bicha					
Supplemental #1 - Additional Funding for Electronic Benefits Transfer Services					
(7) Office of Self Sufficiency, (C) Special Purpose Welfare Programs					
(6) Electronic Benefits Transfer Service	3,200,646	3,322,180	403,503	358,796	3,680,976
FTE	6.1	7.0	0.0	0.0	7.0
General Fund	889,464	889,747	116,613	103,692	993,439
Cash Funds	843,299	890,707	116,612	103,692	994,399
Federal Funds	1,467,883	1,541,726	170,278	151,412	1,693,138
Supplemental #3 - Additional Cash Fund Spending Authority for the Domestic Violence Program					
(7) Office of Self Sufficiency, (B) Colorado Works					
Domestic Abuse Program	808,910	1,830,757	184,000	184,000	2,014,757
FTE	1.6	2.7	0.0	0.0	2.7
Cash Funds	149,086	1,170,933	184,000	184,000	1,354,933
Federal Funds	659,824	659,824	0	0	659,824
Supplemental #4 - Colorado Works - Adjustment to County TANF Reserves					
(7) Office of Self Sufficiency, (B) Colorado Works					
County TANF Reserves for Colorado Works, Child Welfare, and Child Care Programs - Federal Funds	57,393,455	92,672,487	(37,053,636)	(37,053,636)	55,618,851

	FY 2009-10 Actual	FY 2010-11 Appropriation	Fiscal Year 2010-11 Supplemental Requested Change	Recommended Change	New Total with Recommendation
Supplemental #5 - Community Services for the Elderly					
(10) Adult Assistance Programs, (D) Community Services for the Elderly					
Older Americans Act Programs	14,437,599	14,748,811	2,270,742	2,404,315	17,153,126
General Fund	576,747	610,506	0	133,573	744,079
Cash Funds	3,119,699	3,079,710	0	0	3,079,710
Federal Funds	10,741,153	11,058,595	2,270,742	2,270,742	13,329,337
State Funding for Senior Services	8,947,500	8,966,241	0	(133,573)	8,832,668
General Fund	1,000,000	658,489	0	(133,573)	524,916
Cash Funds	7,947,500	8,307,752	0	0	8,307,752
Total	23,385,099	23,715,052	2,270,742	2,270,742	25,985,794
General Fund	1,576,747	1,268,995	0	0	1,268,995
Cash Funds	11,067,199	11,387,462	0	0	11,387,462
Federal Funds	10,741,153	11,058,595	2,270,742	2,270,742	13,329,337
Supplemental #6 - Departmentwide Technical Supplemental					
(see narrative for more detail)					
Various line items	N.A	N.A	0	0	N.A
Cash Funds			1,414,835	1,414,835	
Reappropriated Funds			(1,414,835)	(1,414,835)	

	FY 2009-10 Actual	FY 2010-11 Appropriation	Fiscal Year 2010-11 Supplemental Requested Change	Recommended Change	New Total with Recommendation
Staff Recommended Supplemental - Youth Corrections Purchase of Contract Placements					
(11) Division of Youth Corrections, (C) Community Programs					
Purchase of Contract Placements	37,329,349	42,802,281	N.A.	(10,027,095)	32,775,186
General Fund	35,109,655	39,839,607		(9,742,727)	30,096,880
Reappropriated Funds	1,493,558	1,618,662		(284,368)	1,334,294
Federal Funds	726,136	1,344,012		0	1,344,012
For Information Only					
Medicaid Reappropriated Funds	*1,480,396*	*1,618,662*		(284,368)	1,334,294
*Medicaid Funds - General Fund therein**	*622,081*	*654,582*		*(142,184)*	512,398
Net General Fund	*35,731,736*	*40,494,189*		*(9,884,911)*	30,609,278
Totals *Excluding* Pending Items					
DEPARTMENT OF HUMAN SERVICES					
Totals for ALL Departmental line items	1,318,095,853	1,323,212,299	(34,195,391)	(44,267,193)	1,278,945,106
FTE	1,918.5	2,012.4	0.0	0.0	2,012.4
General Fund	454,134,849	446,699,852	116,613	(9,639,035)	437,060,817
Cash Funds	243,532,377	239,095,124	1,715,447	1,702,527	240,797,651
Reappropriated Funds	41,481,183	44,868,633	(1,414,835)	(1,699,203)	43,169,430
Federal Funds	578,947,444	592,548,690	(34,612,616)	(34,631,482)	557,917,208
Medicaid Reappropriated Funds	*32,038,659*	*34,305,152*	*0*	*(284,368)*	*34,020,784*
Medicaid General Fund	*13,699,586*	*13,978,129*	*0*	*(142,184)*	*13,835,945*
Net General Fund	*467,834,435*	*460,677,981*	*116,613*	*(9,781,219)*	*450,896,762*

*In this analysis, Medicaid General Fund is based on a 50/50 GF/FF split; figures do not incorporate FMAP or paydate changes.

	FY 2009-10 Actual	FY 2010-11 Appropriation	Fiscal Year 2010-11 Supplemental Requested Change	Recommended Change	New Total with Recommendation
Statewide One Percent Across the Board General Fund Personal Services Reduction (ES-1 and NP-1)					
(see narrative for more detail)					
Total - Various Line Items	N.A.	304,595,746	(894,537)	Pending	Pending
FTE		3,993.6	0.0		
General Fund		177,695,706	(572,590)		
Cash Funds		15,913,214	0		
Reappropriated Funds		62,492,353	(156,500)		
Federal Funds		48,494,473	(165,447)		
Medicaid Reappropriated Funds		*53,469,818*	*(156,053)*		
Medicaid General Fund		*19,531,534*	*(62,058)*		
Net General Fund		*197,227,240*	*(634,648)*		
Statewide Common Policy Supplementals (NP-4, NP-5)					
(see narrative for more detail)					
Total - Various Line Items	N.A.	N.A.	80,364	Pending	N.A.
FTE			0.0		
General Fund			(70,929)		
Cash Funds			46,958		
Reappropriated Funds			10,142		
Federal Funds			94,193		
Medicaid Reappropriated Funds			*(2,393)*		
Medicaid General Fund			*24,982*		
Net General Fund			*(45,801)*		

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
HCPF - Decrease Amount for Extended Enhanced Federal Medicaid Assistance Percentage (NP-2)					
(see narrative for more detail)					
Total - Various Line Items	N.A.	N.A.	0	Pending	N.A.
FTE			0		
General Fund			0		
Cash Funds			0		
Reappropriated Funds			0		
Federal Funds			0		
Medicaid Reappropriated Funds			*0*		
Medicaid General Fund			*7,179,174*		
Net General Fund			*7,179,174*		
Medicaid Fee-for-Service Payment Delay Companion to HCPF ES-2 (NP-3)					
(see narrative for more detail)					
Total - Various Line Items	N.A.	N.A.	(4,237,933)	Pending	N.A.
FTE			0		
General Fund			0		
Cash Funds			0		
Reappropriated Funds			(4,237,933)		
Federal Funds			0		
Medicaid Reappropriated Funds			*(4,237,933)*		
Medicaid General Fund			*(2,143,847)*		
Net General Fund			*(2,143,847)*		

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals *Including* Pending Items					
DEPARTMENT OF HUMAN SERVICES					
Totals for ALL Departmental line items	1,318,095,853	1,323,212,299	(39,247,497)	(44,267,193)	1,278,945,106
FTE	1,918.5	2,012.4		0.0	2,012.4
General Fund	454,134,849	446,699,852	(526,906)	(9,639,035)	437,060,817
Cash Funds	243,532,377	239,095,124	1,762,405	1,702,527	240,797,651
Reappropriated Funds	41,481,183	44,868,633	(5,799,126)	(1,699,203)	43,169,430
Federal Funds	578,947,444	592,548,690	(34,683,870)	(34,631,482)	557,917,208
Medicaid Reappropriated Funds	*32,038,659*	*34,305,152*	*(4,396,379)*	(284,368)	*34,020,784*
Medicaid General Fund	*13,699,586*	*13,978,129*	*4,998,251*	(142,184)	*13,835,945*
Net General Fund	*467,834,435*	*460,677,981*	*4,471,491*	(9,781,219)	*450,896,762*

Key: N.A. = Not Applicable or Not Available

Table 1 - Projection Based December 2010 LCS Forecast	Commitment	Detention	Total
Forecasted Beds	1,037.0	479.0	1,516.0
Minus Boulder Impact	(7.0)		(7.0)
Minus State Capacity use 110%	(478.0)	(448.0)	(926.0)
Contract Beds	**552.1**	**31.0**	**583.1**

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

Table 2 - Estimated Need Based on Averages To-date

	Contract Beds	Estimated Rate	General Fund	Medicaid CF	Federal Funds	Total	*Net GF*
PRTF (0.0%)	0.0	$385.00	0	0	0	0	*0*
TRCCF (35.8%) Treatment	197.6	$170.36	12,287,045	0	0	12,287,045	*12,287,045*
TRCCF (35.8%) Fee-for-Service		$18.50	0	1,334,294	0	1,334,294	*667,147*
CPA (1.78%)	9.8	$83.91	300,146	0	0	300,146	*300,146*
RCCF (62.42%)	344.6	$134.86	16,962,556	0	0	16,962,556	*16,962,556*
Total Commitment Beds	**552.0**		**29,549,747**	**1,334,294**	**0**	**30,884,041**	**30,216,894**
Detention Beds	31.0	$134.27	1,519,265	0	0	1,519,265	*1,519,265*
DYC Continuation Adjusted for Caseload			**31,069,012**	**1,334,294**	**0**	**32,403,306**	***31,736,159***
Ridge View Adjustment			(1,344,012)	0	1,344,012	0	*(1,344,012)*
Provider Rate Change in rates above			0	0	0	0	*0*
JBC Staff Recommendation			**29,725,000**	**1,334,294**	**1,344,012**	**32,403,306**	***30,392,147***

Assumptions:

1. Uses the LCS December 2010 forecast.
2. Estimated beds for Boulder Impact Project reflect February 2009 DYC estimated capacity for FY 2010-11.
3. Assumes 479 detention beds pursuant to Section 19-2-1201, C.R.S. Of these, 448 are in state-operated facilities.
4. Assumes contract rates provided by the Division of Youth Corrections.
5. The percentage of PRTF, TRCCF, and RCCF placements, as a percent of total commitment beds, is based on the estimated ratio provided by the Division of Youth Corrections.
6. Net General Fund is based on a 50/50 split. FMAP adjustments to be addressed separately.

	Commitment Forecast		General Fund	Medicaid CF	Federal Funds	Total	*Net GF*
FY 2010-11 Long Bill			39,467,727	1,618,662	1,344,012	42,430,401	40,277,058
Using Legislative Council Dec 201(	1,037		29,725,000	1,334,294	1,344,012	32,403,306	30,392,147
		Recommended change:	(9,742,727)	(284,368)	0	(10,027,095)	(9,884,911)