

DRAFT

Bill H

Colorado Legislative Council Staff

STATE FISCAL IMPACT

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Prime Rep. Romanoff Bill Status: Welfare Reform Oversight Committee
Sponsor(s): Sen. Hagedorn Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING METHODS TO ADDRESS BARRIERS TO SELF-SUFFICIENCY IN COLORADO WORKS PARTICIPANTS, AND MAKING AN APPROPRIATION THEREFOR.

Table with 3 columns: Fiscal Impact Summary, FY 2002/2003, FY 2004/2005. Rows include State Revenues, State Expenditures, FTE Position Change, Other State Impact, Effective Date, Appropriation Summary for FY 2002/2003, and Local Government Impact.

Summary of Legislation

The bill requires the Department of Human Services (DHS) to develop and implement the Colorado Works Substance Abuse and Mental Health Pilot Program. To assist the DHS in this effort, the bill creates an 11-member Colorado Works Substance Abuse and Mental Health Pilot Program Advisory Committee. On or before January 1, 2003, the DHS, after consulting with the advisory committee, shall establish: (1) the criteria for the pilot program; (2) the process for selecting counties to participate in the program; (3) the outcome and performance measures to be used in evaluating the program's success and cost-effectiveness; and (4) a reporting time frame for participating counties.

Counties wishing to participate are required to apply to the DHS no later than February 1, 2003; the DHS is required to select two or more participating counties on or before March 1, 2003. The bill stipulates the requirements of those counties participating in the pilot program. The pilot program is repealed July 1, 2006. The bill includes a blank appropriations clause for FY 2002-03 and identifies federal Temporary Assistance for Needy Families (TANF) block grant moneys as the source of funding for the pilot program.

State Expenditures

Department of Human Services. The bill is assessed at having a fiscal impact of \$29,150 in FY 2002-03 and a minimum of \$27,861 in FY 2003-04 in the DHS. Costs currently identified will provide funding for 0.5 FTE General Professional IV to support both the DHS and the advisory committee in their development of the pilot program in year one. For FY 2003-04 through FY 2005-06, this position will be responsible for program implementation and data collection. The fiscal note assumes that members of the advisory committee will serve without any compensation (the bill is silent on the number of times the advisory committee will meet).

Costs Which Cannot Be Quantified. The following out-year costs cannot be quantified at this time:

- *Pilot Program Costs.* Although costs will be incurred beginning in FY 2003-04 through FY 2005-06 for grants to counties participating in the pilot program, they cannot currently be quantified because the funding criteria is yet to be determined. Additionally, the bill stipulates that the DHS shall select "two or more participating counties" for the pilot program. The number of counties wishing to participate and eventually selected is unknown. In the absence of an identified funding level upon which the pilot program is to be developed and implemented, the fiscal note assumes that pilot program costs will be identified and requested through the annual budget process.
- *Alcohol and Drug Abuse Services.* Section 26-2-724 (5) (e) of the bill states that the demonstration project developed by a participating county is expected to increase the frequency of screening and referral of Colorado Works participants to mental health centers or drug and alcohol treatment providers for identification, assessment, and treatment. To the extent that a significant number of TANF recipients voluntarily seek substance abuse and/or mental health treatment services, licensed treatment providers may require added funding to treat more clients. Both the number of counties and clients participating in the pilot program are currently unknown. Should increased funding be required, it is assumed that funding will be requested through the annual budget process. The fiscal note assumes that General Fund and federal funds would be required for these services.

Department of Health Care Policy and Financing. Colorado Works participants are routinely evaluated for Medicaid eligibility. As individuals become Medicaid eligible, they are eligible to receive mental health services through the Mental Health Capitation Program. The bill is not expected to result in any significant increase in Medicaid expenditures.

Local Government Impact

Counties participating in the pilot program will receive grants from the federal TANF block grant. Counties are not required to share in the pilot program's costs.

State Appropriations

The fiscal note indicates that the Department of Human Services should receive a federal funds appropriation of \$29,150 and 0.5 FTE for FY 2002-03. The source of the federal funds is the federal TANF block grant. The General Assembly has appropriation authority over this source of federal funds.

Departments Contacted

Health Care Policy and Financing Human Services