Colorado Department of Human Services
people who help people

Colorado Department of Human Services

FINANCIAL WEBINAR

STATE BUDGET, TANF AND BUDGET CONTROL ACT

APRIL 11, 2012

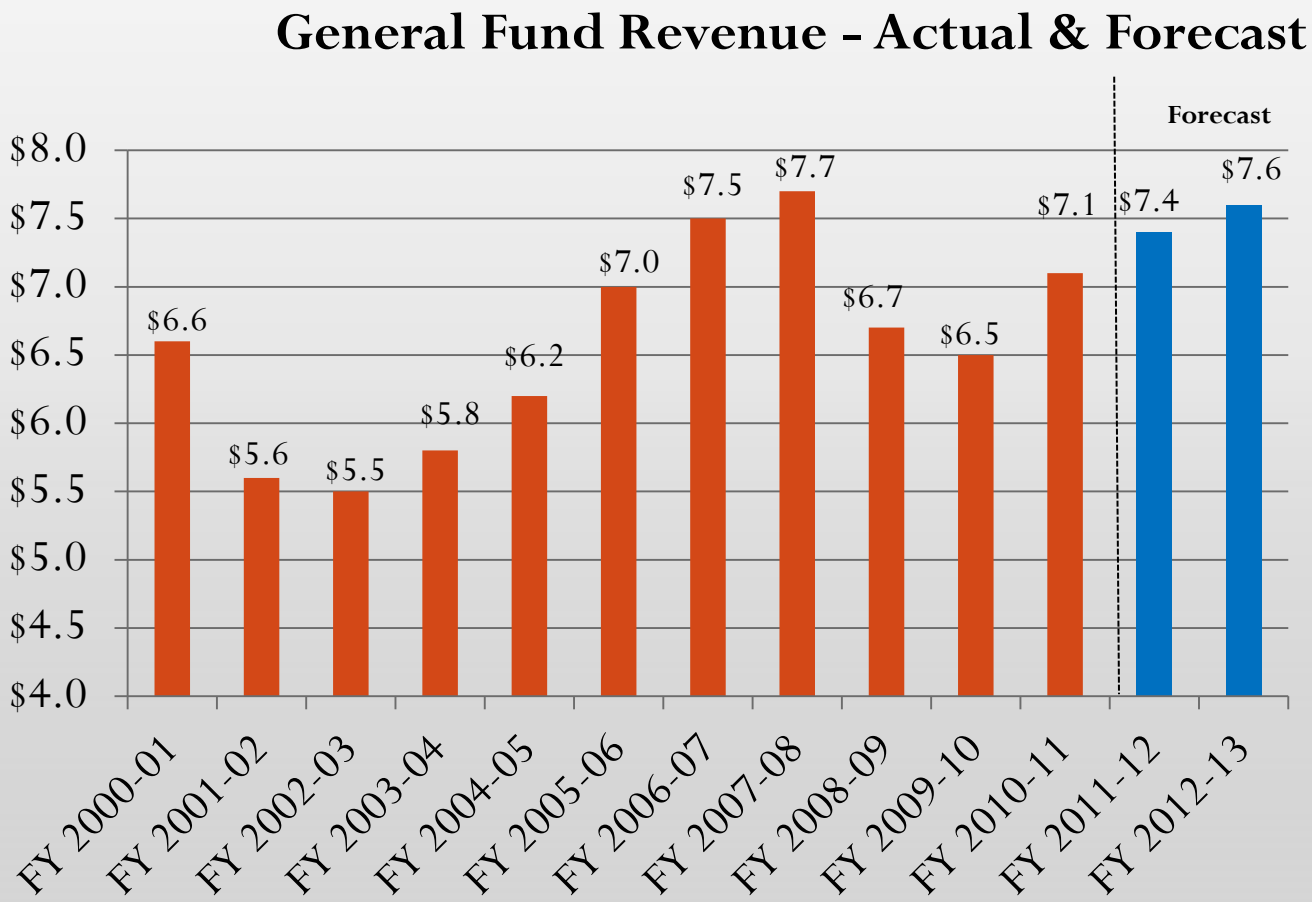
STATE BUDGET

Budget Update – Revenue March 2012

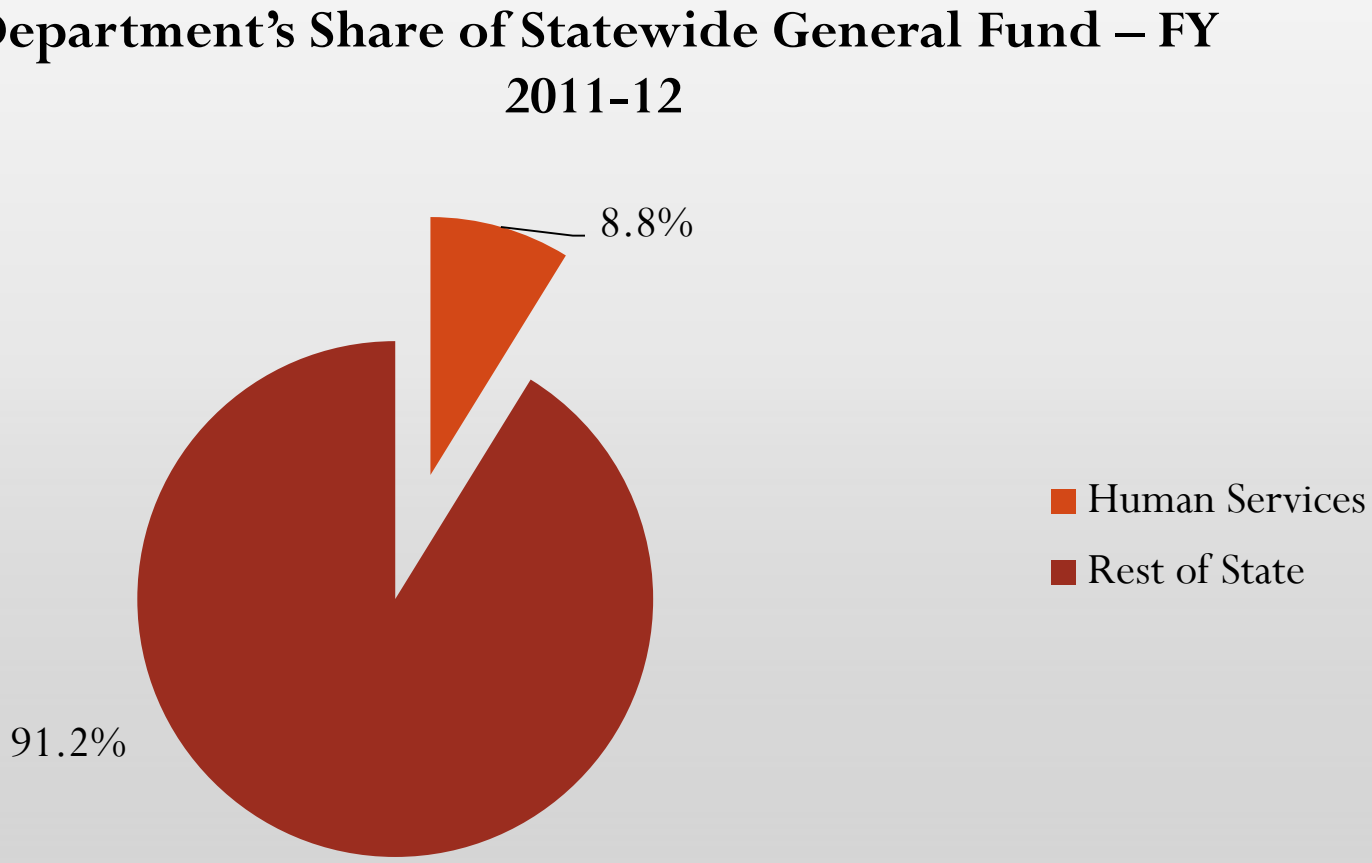
Colorado Department of Human Services
people who help people

- General Fund revenue for the next budget year (FY 2012-13) is projected to grow at rate higher than projected in December (3.0 percent compared with 1.1 percent).
- The 3.0 percent rate translates to $220.7 million in revenue growth in FY 2012-13. With the upgrade to the forecast, General Fund revenue is now projected to be $164.5 million or 2.2 percent higher next year than was forecast in December 2011.
- The increase is mainly attributable to a projected higher rate of revenue growth from individual income tax collected from estimated payments.

Budget Update – Revenue March 2012



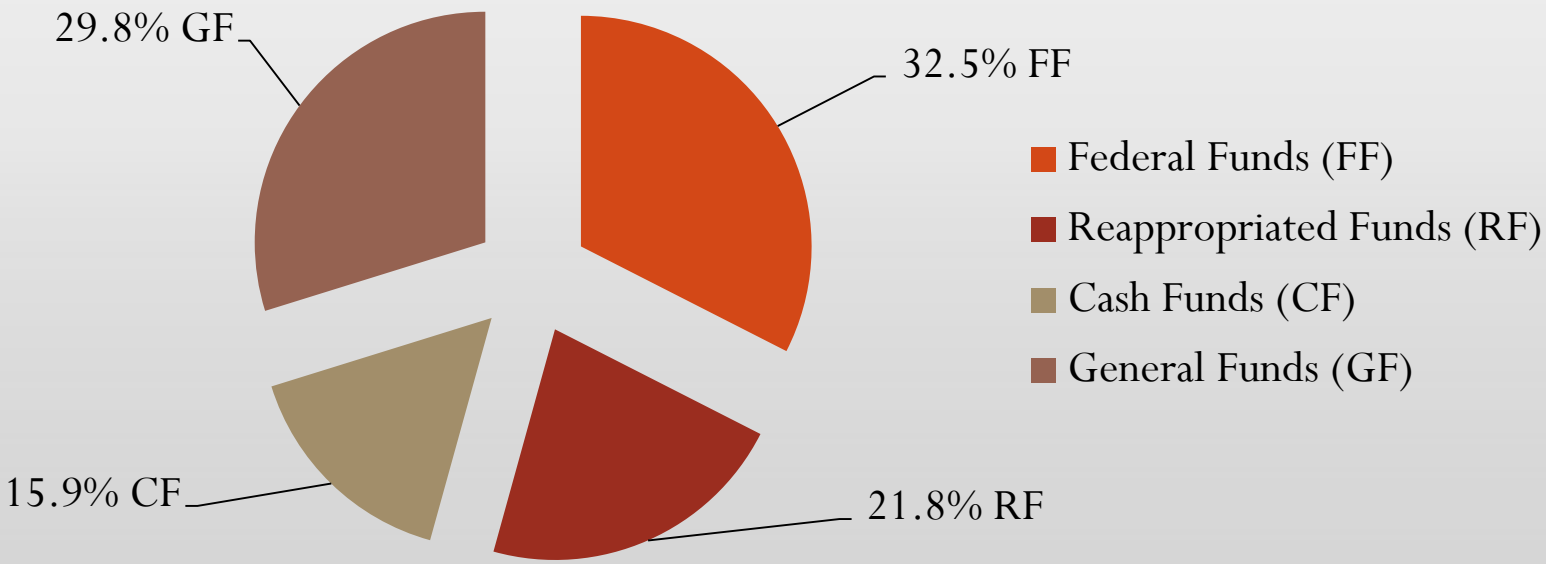
Budget Update – Human Services



Budget Update – Human Services

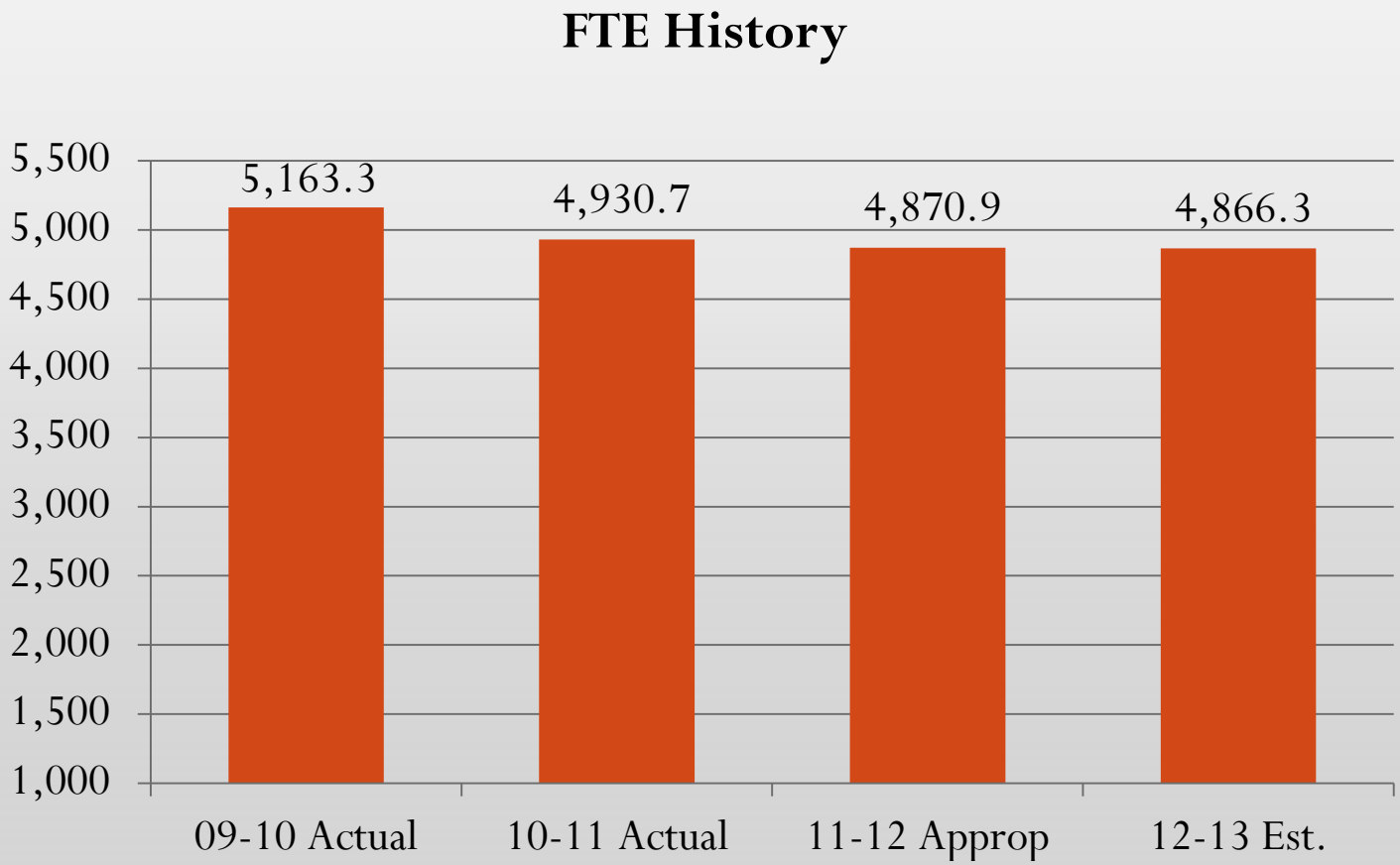
Colorado Department of Human Services
people who help people

Department Funding Sources – FY 2011-12



Budget Update – Human Services

Dept. of Human Services– Overview



Note: 12-13 FTE amounts are estimates currently in HB 12-1335.

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 11-12 Approp.	$614.7	$328.0	$449.8	$669.0	$2,061.5	$827.5	4,870.9
FY 12-13 (HB 12-1335)	$637.6	$330.7	$465.7	$614.9	$2,048.9	$858.0	4,866.3
Increase/Decrease	$23.2	$2.7	$15.9	($54.1)	($12.6)	$30.5	(4.6)
Percent Change	3.8%	0.8%	3.5%	(8.0%)	(0.6%)	3.7%	(0.09%)

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes – FY 2011-12 (Current Year)

- Child Care Assistance Program - Joint Budget Committee (JBC) staff initiated action to reduce of $0.6 million General Fund to the Child Care Assistance Program due to projected underutilization of the Child Care appropriation.
  - This action will result in an adjustment to the CCAP allocation in the current fiscal year.

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes in HB 12-1335 – FY 2012-13

General Department Wide Impacts

- A 1% personal services reduction was applied to all appropriations containing more than 20.0 FTE. The reduction was NOT applied to 24/7 direct care facilities such as the Regional Centers, Mental Health Institutes, and the Youth Corrections facilities.
- Per the Executive budget request, the 2.5% employee PERA contribution was eliminated, and the 5% operating reduction taken in FY 2010-11 was reversed.

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes in HB 12-1335 – FY 2012-13

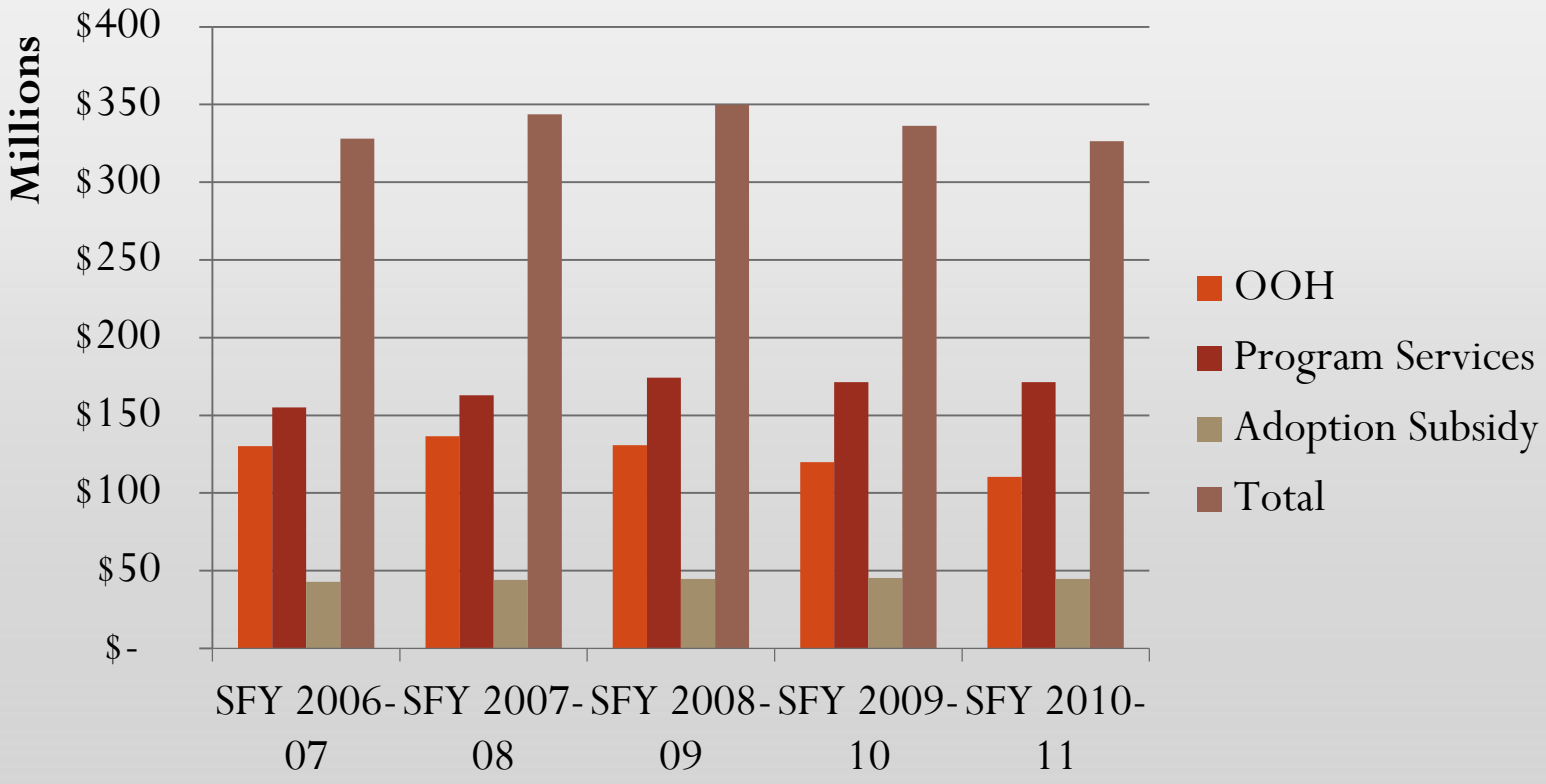
Child Welfare

- $12.5 million in General Fund was restored to Child Welfare. This action reduced the prior year General Fund refinance of TANF dollars from the $23.5 million level.
- An additional $5 million in TANF dollars was removed from Child Welfare and replaced (one-time) with federal Social Services Block Grant (Title XX) funding. This action further reduced the remaining TANF in Child Welfare to $6.0 million for FY 2012-13.

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services

Child Welfare Expenditure Data



Source: 2011 Data Book – Colorado Department of Human Services, Division of Child Welfare Services

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes in HB 12-1335 – FY 2012-13

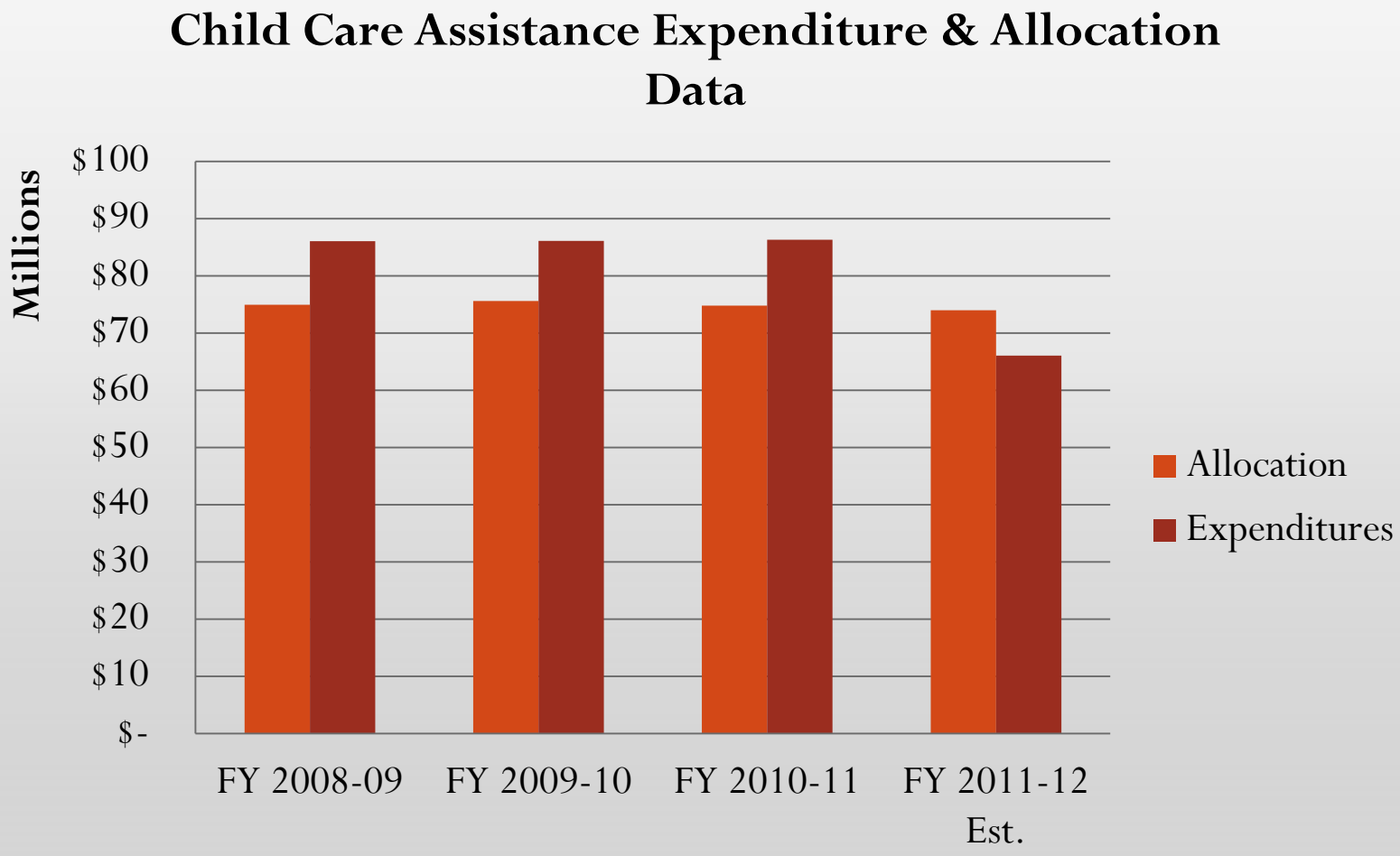
Child Care

- Child Care Assistance Program - Refinancing of $0.5 million General Fund with federal Child Care Development Fund (CCDF) moneys. Federal grant amounts have increased beyond current appropriations.
  - NO CHANGE IN THE FUNDING LEVEL FROM FY2011-12 TO FY 2012-13. Static at $73.9 million level.

- $0.5 million federal funds provided for upgrades to the provider portal in the Child Care Automated Tracking System (CHATS).

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services



Budget Update – Human Services

Colorado Department of Human Services
people who help people

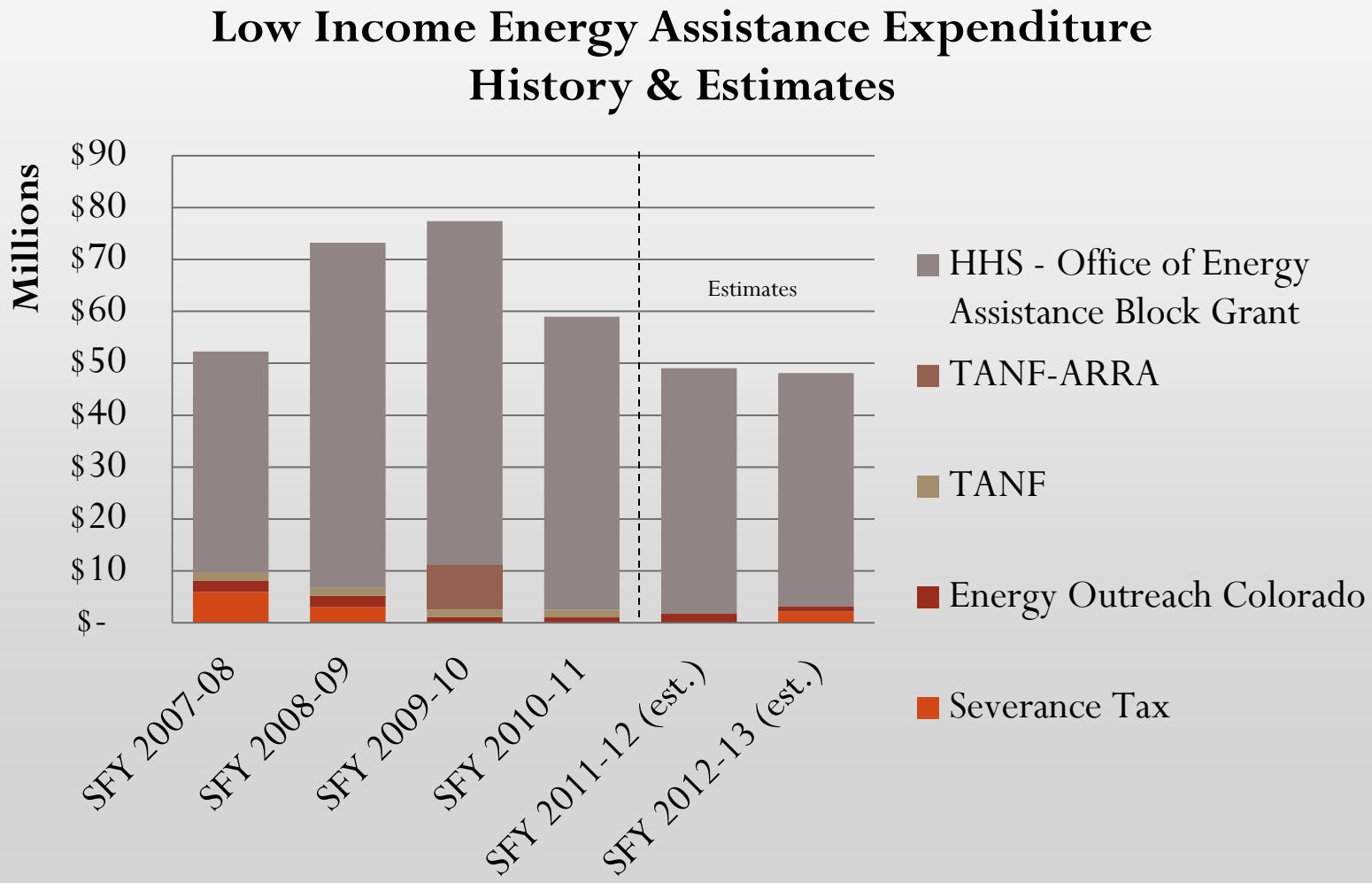
Proposed Budget Changes in HB 12-1335 – FY 2012-13

Low Income Energy Assistance

- Reduction of $13.3 million cash and federal funds for the Low Income Energy Assistance Program (LEAP), based on funds anticipated being available.
  - The reduction includes a reduction of $12.2 million in federal Low Income Home Energy Assistance block grant funds and a reduction of $1.1 million in cash funds to adjust for anticipated Severance Tax revenue.
  - This reduction is in addition to the TANF funding reduction to be discussed later in the presentation.

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services



Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes in HB 12-1335 – FY 2012-13

Mental Health Institutes

- $3,224,551 General Fund and 10.5 FTE increase for the Colorado Mental Health Institutes to fund additional staffing to attain a 1.35 direct care staff to patient ratio and offset pharmaceutical price increases.

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes in HB 12-1335 – FY 2012-13

Services for People with Disabilities

- Increase in funding and slots for various Medicaid waiver programs:
  - Increase of $6.5 million for Adult Comprehensive Services for 46 new resources for children transitioning out of foster care, and 47 emergency resources.
  - Increase of $2.4 million for Adult Supported Living Services to cover 50 new resources for children aging out of Children's Extensive Support Services program.
  - Increase of $1.1 million for Case Management to support additional resources.

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

Budget Update – Human Services

Colorado Department of Human Services
people who help people

Proposed Budget Changes in HB 12-1335 – FY 2012-13

Youth Corrections

- Increase of $3.6 million total funds for the Division of Youth Corrections, budget changes including but not limited to the items below:
  - an increase due to capacity realignment resulting in more youth in community placements ($2.7 million),
  - an increase due to the forecasted number of committed youth ($0.8 million), and
  - an increase to reduce state facility use from 110 percent of capacity to 100 percent of capacity ($2.7 million).

Note: House Bill 12-1335 has been introduced, but is not final. As a result, all numbers cited for HB 12-1335 are subject to possible change.

TANF SOLVENCY

Where We Are and How We Got Here

TANF Proposed Budget

Colorado Department of Human Services
people who help people

	FY 2011-12	FY 11-12 Restriction /Reduction	FY 2012-13
Colorado Works Block Grant (Fed and State)	$129,297,496	($514,778)	$128,782,718
Colorado Works MOE Reimbursements (explained on subsequent slide)	5,524,726	(5,524,726)	-0-
Colorado Block Grant Support Fund	1,000,000	(1,000,000)	-0-
Colorado Works Program Admin (incl. 1% cut in FY 2012-13)	1,549,410	(70,000)	1,507,7454
Colorado Works County Training	586,297	(55,000)	472,297
Domestic Abuse Program	657,670	(30,000)	627,677
Workforce Development Council	105,007	-0-	85,000
Low Income Energy Assistance Program	1,500,000	(1,500,000)	-0-
Refugee Assistance	2,805,334	(100,000)	2,705,334
Child Welfare Programs (explained on subsequent slide)	$23,500,000	-0-	6,000,000

Colorado Works Block Grant

Colorado Department of Human Services
people who help people

- FY 2011-12
  - **$514,778 restriction**
  - Revised allocations are in monthly allocation status reports
  - Revised allocations include the commensurate reduction in County MOE ($91,279), retaining the 85:15 ratio of federal to county funding mix.
- FY 2012-13
  - No further reductions beyond the level of restrictions already in place in FY 2011-12.
  - Works Allocation Committee has not yet set the allocations for FY 2012-13.

Colorado Works MOE Reimbursement

- Triggered when the state meets the Work Participation Rate (WPR)
  - WPR is met through county efforts, as well as due to the caseload reduction credits "earned" through a reduction in caseload, and spending more countable Maintenance of Effort expenditures than required.
  - Historically, when the state met the WPR, the state issued payments to the counties, collectively equal to roughly $5.5 million, based on an allocation set by the Works Allocation Committee.
- Effective this fiscal year, rather than the state issuing a payment to the county in the year its notified of having met the WPR, the state will instead reduce the counties' MOE requirement in the following year. The effects of this will be two-fold:
  1. Counties' allocations will, collectively, appear to be lower by $5.5 million, represented by the reduction in required local spending, or MOE.
  2. The historical ratio of Federal to Local spending will change from a ratio 85:15 to 88:12, in those years following when the state meets the WPR.
- County departments will have more flexibility on where the funds will be expended within their county human services fund. "Targeted Allocation" statute (26-2-714(6) CRS) retains funds in the County Social Services fund.

TANF Funds In Child Welfare Programs

Colorado Department of Human Services
people who help people

- Federal TANF funds were appropriated to Child Welfare and Core Services to address state general fund revenue shortfalls. The total amounts appropriated were $12.5 million in Fiscal Year 2009-10; $19.5 million in Fiscal Year 2010-11, and $23.5 million in FY 2011-12.
- The Governor's FY 2012-13 budget included a partial reversal of these budget actions, reducing by $12 million the amount of TANF being appropriated to the Child Welfare Programs, and restoring an equal amount of General Fund to the programs, effectively keeping the Child Welfare Programs' overall appropriation levels intact.
- The Joint Budget Committee supported this backfilling of TANF with general fund.
- Additionally, the Joint Budget Committee appropriated $5 million in unobligated Title XX Social Services Block Grant Funds to Child Welfare Programs, and further reduced a like amount of TANF to be appropriated to Child Welfare Programs. The use of Title XX is a one-time "patch" that is not expected to be available in subsequent years.
- Finally, the Joint Budget Committee stated its intent to increase by $11 million the amount of General Fund to be appropriated to Child Welfare Programs in FY 2013-14, at which point there will no longer be any TANF funds directly appropriated to Child Welfare.

TANF Supplemental Grant Awards

Colorado Department of Human Services
people who help people

- The States' Basic TANF Block Grant and MOE levels were set in 1996, based on pre-1996 state spending, and are not adjusted for changes in state's economic or demographic circumstances.
- In the legislative debates, this "freeze" was thought to be particularly disadvantageous to two sets of states:
  1. Those with high rates of population growth; and
  2. Those that paid relatively low benefit amounts under pre-1996 welfare programs.
- To address this, Congress provided Colorado and sixteen other states with supplemental grants. Colorado has received $13.6 million per year in supplemental funding since FY 2001, which augmented the basic $136 million annual TANF Block Grant.
- TANF Supplemental Grants were suspended in July 2011.
- The President's FY 2013 Budget proposes reinstating the Supplemental Grants with an offsetting reduction in the TANF Contingency Fund.

TANF Contingency Awards

Colorado Department of Human Services
people who help people

- TANF Contingency Funds are made available to needy states, at their request, for periods when unfavorable economic conditions threaten their ability to operate their TANF programs.
  - A state is a "needy state" if it meets either the "unemployment trigger" or the "Food Stamp trigger" for an eligible month, as defined in federal statute.
  - For any eligible month, a state may receive up to one-twelfth of 20% of its annual TANF block grant.
  - States are required to provide match for any Contingency funds received.
  - Funds are awarded in chronological order to the receipt of the requests, until the available appropriated funds are exhausted.
- Colorado has received TANF Contingency funds at varying levels for a number of years, but is not guaranteed the receipt of any level of funding.
  - In setting the annual appropriation of TANF funds, the state's historical practice has been to exclude any Contingency funds in its calculation.
  - The SFY 2012-13 long bill assumes that the state will receive $6.8 million.

BUDGET CONTROL ACT

Background

Colorado Department of Human Services
people who help people

- The Budget Control Act was signed into law August 2, 2011
- The Act created the Joint Select Committee on Deficit Reduction, also known as the "Super Committee"
  - The Super Committee was tasked with developing a plan to draft a proposal to reduce the national debt by an additional $1.5 trillion over ten years.
  - Failing to reach agreement, provisions in the Act require that certain non-exempt mandated and discretionary programs be subject to sequestration, or automatic reductions.
    - For certain programs, the reductions are progressive in nature, meaning that the program funding will be reduced in the first year, and further reduced each year thereafter, through FFY 2021.
    - A number of Human Services programs are subject to the progressive sequestration.

Estimated Impacts to Major Programs

(assuming a 7.5% annual sequestration rate)

Colorado Department of Human Services
people who help people

(in $ millions)

	Child Care	Title XX	Voc Rehab	OOA Title III	Sub Abuse	LEAP
FFY '12	$27.5	$27.7	$40.2	$15.8	$26.2	$38.1
FFY '13	25.5	25.6	37.2	14.6	24.2	35.3
FFY '14	23.6	23.7	34.4	13.5	22.4	32.6
FFY '15	21.8	21.9	31.8	12.5	20.7	30.2
FFY '16	20.2	20.3	29.4	11.6	19.2	27.9
FFY '17	18.6	18.7	27.2	10.7	17.7	25.8
FFY '18	17.2	17.3	25.2	9.9	16.4	23.9
FFY '19	15.9	16.0	23.3	9.1	15.2	22.1
FFY '20	14.8	14.8	21.6	8.5	14.0	20.4
FFY '21	13.6	13.7	19.9	7.8	13.0	18.9

What We're Hearing – and from Whom

- U.S. Senate
  - Sen. Reid has indicated that the Budget Control Act establishes the budget for FFY 2013 and that the Senate doesn't need to adopt a separate budget resolution
- U.S. House of Representatives
  - Adopted a concurrent resolution that would relieve the defense budget from sequestration and shift the cost to non-defense items, including entitlements.
    - Proposes block grants for SNAP and Medicaid, with work requirements.
    - Simplifies tax code, creating two rates for individuals: 10% and 25%
  - Budget resolution carries no force of law; serves as platform
- American Public Human Services Association (APHSA)
  - Estimate 7.5 – 7.6% sequestration rate
  - Are of the opinion that attempts will be made to change sequestration during lame duck session
    - Changes to sequestration may not necessarily bode well for human services programs.
- Federal Agencies

How CDHS is Preparing

Colorado Department of Human Services
people who help people

BUDGET CONTROL ACT
GRANT REDUCTION IMPACT STATEMENT

GRANT NAME:	
FFY 2011-12 Actual Grant Amount:	
FFY 2012-13 Est. Reduction (per "Projected Impacts" Worksheet):	
SHORT GRANT DESCRIPTION:	
IMPACTS TO:	
1) Service Delivery (i.e. Client Impact) (Y/N):	If Yes, please describe:
2) FTE (Y/N):	If Yes, please describe:
3) Contractors/Partner Agencies (e.g. counties, Community Centered Boards, Mental Health Centers, etc.) (Y/N):	If Yes, please describe:

Will.Kugel@state.co.us

Jay.Morein@state.co.us