

**DEPARTMENT OF HUMAN SERVICES**  
**(Executive Director's Office, County Administration,**  
**Self Sufficiency, Adult Assistance)**  
**FY 2010-11 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Monday, November 30, 2009**  
**1:30 pm – 5:00 pm**

**1:30-2:15**     **INTRODUCTIONS AND OPENING COMMENTS**

**2:15-2:45**     **EXECUTIVE DIRECTOR'S OFFICE**

Overview of Department of Human Services Budget Request

1. Why is FTE use in actual years FY 2007-08 and FY 2008-09 so much lower than the FY 2009-10 appropriation? Why is the FY 2010-11 FTE request so much lower than the FY 2009-10 appropriation? What are the components of the reduction?

**Response:**

**The FY 2007-08 and FY 2008-09 FTE use is lower than the FY 2009-10 appropriation due to the fact the “actual years” capture utilized FTE while FY 2009-10 appropriation captures authorized FTE. The Department typically utilizes FTE below the authorized FTE cap. The Department utilizes FTE below the authorized cap for several reasons including; staff turn-over and the resulting vacancy, holding positions vacant to cover overtime, shift costs, and retirement payouts, and lastly in FY 2008-09 a hiring freeze was in place for a portion of the year resulting in the Department not filling some vacant positions.**

**The FY 2010-11 FTE request is lower than the FY 2009-10 appropriation related to two primary factors 1) FTE transferred to the Office of Information Technology and 2) the closure of direct care units across the Department. The bullets below outline the large FTE reductions in the Department's FY 2010-11 request;**

- **197.1 FTE are requested to be removed from the Department's FTE count in FY 2010-11 related to the transfer of IT staff to the Governor's Office of Information Technology.**
- **A reduction of 96.8 FTE are requested to be removed as a result of the closure of the 39-beds at the Colorado Mental Health Institute at Ft. Logan.**
- **57 FTE are requested to be removed for the closure of the 32-bed skilled nursing facility at the Grand Junction Regional Center.**

2. Which Fort Logan units do you now expect to close and when? Does the FY 2010-11 Department request include modifications to the August 2009 proposed closure of units at Fort Logan?

**Response:** The Adolescent, Children's and Geriatric units at Fort Logan are scheduled to close on January 1, 2010. As announced by the Governor on October 28, 2009, the Therapeutic Residential Child Care Facility at Fort Logan will remain open.

3. Why are cuts to the County Administration section so high proportionally, when compared to the rest of the cuts in Human Services?

**Response:**

The exercise of cutting budget involves many difficult choices. Proposed reductions were not done across the board throughout the Department, but rather by a conscious effort to reduce the projected State General Fund shortfall. The reduction to the County Administration line is not disproportionately high compared to the rest of the DHS budget. The Department has not proposed cuts to the County Administration line in any of the previous budget reductions. The proposed reduction in this line for provider rates is consistent with the reduction proposed for all other providers.

The largest proposed reduction (BR 3) in County Administration is the \$5,652,654 general fund reduction to the County Tax Base Relief (CTBR) line. The funding from the CTBR line is not allocated to all sixty-four counties, but only to those determined eligible by a statutory formula calculation. In FY 2008-09, twenty counties received distributions of funding. The reduction was not taken in the main County Administration line because that general leverages a large amount of federal funds.

4. How do current funding levels for County Administration compare to the funding levels indicated by the Colorado Workload Study conducted by Deloitte in 2007?

**Response:**

The Colorado Workload Study Final Report calculated the total County Administration Cost was \$85,246,142. The current year, FY 2009-10, County Administration allocation is \$79,691,319, per the Long Bill, SB09-259. This amount is the combined County Administration appropriations for both Health Care Policy and Financing (HCPF) and Department of Human Service (DHS).

5. Why aren't Department indirect and support program costs (e.g., Office of Operations and Executive Director's Office staff) declining at a level proportionate to reductions in direct service programs and staff?

**Response:** The department believes a proportionate reduction in administration has been taken against program cuts. While the department has reduced administrative staff related to a reduction in direct service programs, there is not direct correlation to reduction in administrative staff. Some of the direct support functions benefit the entire Department and a good portion of these costs are fixed in nature. During the last budget downturn Executive Director's Office (EDO), Information Technology Services (ITS), and the Office of Operations began with 865.0 FTE. The FTE total for these areas FY 2009-10 is 778.2 or a 10% reduction from the prior downturn.

In the August 2009 Budget Reductions presented by Governor Ritter, the Department proposed the elimination of 129.6 FTE (a 2% FTE reduction department-wide) for the current year. Of the 129.6 FTE being reduced, 15.4 of these positions were in administrative areas (a 2% FTE reduction to the administrative FTE department-wide). Certain administrative areas do not allow for further reductions.

The Office of Operations has taken reductions directly related to program reductions as well as the overall elimination of positions due to budget constraints, including accounting staff, housekeeping, maintenance, and facilities staff. However, as noted in the JBC briefing, there are certain core positions and functions that are required independent of other staffing reductions. Additionally, it should be noted that budget reductions and the resulting layoffs actually generate increased workload for many support areas, such as payroll, human resources, and the budget office. Furloughs have also created additional workload in these areas.

6. Should departments share some overhead costs? For example, should we have just one group of accountants and budget staff statewide, instead of individual groups in each department?

**Response:**

The Department of Human Services is not in a position to respond to this question on a statewide basis. The Department suggests this question be addressed to the Office of State Planning and Budgeting (OSPB).

7. How will the reductions in the Division of Youth Corrections affect the Department's Continuum of Care plan?

**Response:**

The reductions in the Division of Youth Corrections (DYC) will impact the Department's Continuum of Care plan in that all budget flexibility granted by the JBC has been eliminated. Thus, the systems improvement re-investment plan that the

Department had planned to implement will not move forward. For example, the Department had hoped to impact well beyond the DYC system, and invest in system improvements that are designed to ensure that youth do not penetrate further into the juvenile justice system, and perhaps prevent some commitments to DYC; e.g., investment in HB 04-1451 collaboratives; investment in restoring the Community Accountability Program; as well as investment in improving the conditions for youth who are in the DYC system. A mitigating factor is that Parole Program Services have not been reduced, which allows the Division to prepare appropriate parole plans that provide the necessary services to maintain safety for both the youth and the community when youth do transition back into the community.

8. How do the General Fund reductions proposed affect the amount of federal funds that we are receiving?

**Response:**

In developing an approach to the budget reductions the Department did everything possible to meet the following criteria;

- Minimize the loss of federal funds
- Not reduce programs receiving federal stimulus (ARRA) dollars, per federal requirement of receiving the stimulus funding.
- Look at eliminating new programs not fully implemented or just beginning.

General Fund reductions have various impacts based on what program is being reduced. A general fund reduction in can include a loss of up to 78.7% in federal funds (e.g., DVR). A general fund reduction may also have maintenance of effort repercussions in that State fiscal support is required in order to receive certain federal funding. (e.g., TANF) Falling below the maintenance of effort requirement could create federal sanctions. Of the general fund reductions the department as taken this fiscal year, federal funds have been reduced by 2%.

9. What Department funding streams are “off the top” General Fund, *i.e.*, are comprised of tax revenue that is diverted to a cash fund instead of being deposited into the General Fund?

**Response: Old Age Pension is the only fund that utilizes this funding mechanism.**

**2:45-3:30 COUNTY ADMINISTRATION**

Base Reduction #3: Eliminate County Tax Base Relief Appropriation

10. To what extent are county dollars matched by the federal government? If we cut state funding for counties, does it affect the federal match? Are there ways to expand or maximize the match?

**Response:**

**While there are matching funds for the main County Administration line, there are no matching federal funds associated with County Tax Base Relief appropriation. Since there are no federal funds in this appropriation, a reduction in this funding will only indirectly affect the federal match by changing the County Administration spending behavior of some counties. It is not possible to expand or maximize federal match by adjusting this appropriation.**

11. If the funds currently appropriated as county tax base relief went through the regular County Administration line item, how much would it generate in match?

**Response:**

**The original purpose of the CTBR line was to provide assistance to counties with insufficient mil levy to support social service program expenditures. As noted above, additional General Fund would not leverage additional federal match except to the extent that individual counties changed their current behavior and increased overall County Administration spending.**

12. How do the proposed cuts interact with the caseload increases experienced by counties? How will these reductions impact services to the people who need the services the most in this economic downturn? How will the impacted counties handle these reductions?

**Response:**

**Counties are currently experiencing caseload increases. The counties experiencing increase caseload will continue to be able to drawdown federal match for eligible expenditures. Counties with insufficient local match will need to take remedial actions, including accessing their social service fund balance and reducing administrative expenditures.**

Colorado's State-supervised County-administered Social Services System

13. Of states that have changed administrative systems recently, how many have moved to county administered? To state administered? Is there a trend?

**Response:**

**Currently, there are 33 state-supervised, state-administered systems; 13 state-supervised, county-administered systems; 2 privatized systems; and, 2 hybrid systems. The Department is only aware of one state that has recently changed from a county-administered system to a state-administered system in 2009 and that is Indiana. Minnesota recently contracted with Deloitte to conduct a study that recommended that its Child Support should be administered by the State.**

14. Has there been an official suggestion that we move to a centralized state system? What is the official Governor's position regarding this issue?

**Response:**

**The Child Welfare Action Committee (CWAC), which was established by Governor Ritter's Executive Order, was provided an independent study on the Organizational Structure of the Child Welfare System. The study was conducted by Policy Studies Inc. (PSI) in partnership with American Humane. The PSI study recommended that the state change its organizational structure to a state-supervised/state-administered or a privatized service-delivery model. The CWAC Sub-committee on Administrative Structure presented an alternative option to the state-administered system, which was a hybrid system. The CWAC recommended the organizational system be changed to a hybrid system. The CWAC provided the Governor with 29 recommendations of which the County Commissioners and County Directors support 27 recommendations. The two exceptions are the administrative structure and the centralized call center. Governor Ritter has accepted the 27 recommendations and has requested that the administrative structure and the centralized call center be vetted over the next year.**

15. Does the Colorado Child Welfare Organizational Structure and Capacity Analysis Report by PSI and American Humane (September 2009) say what a state run system would look like and how it would work for child welfare? For other social services programs?

**Response:**

**The report does outline three broad areas that should be followed in principle:**

- **Regionalize the functions of the Division and focus its resources to embrace best practices, engage in continuous quality improvement and provide superior child welfare services to local children and families in need.**
- **Integrate the administrative functions by regions.**
- **Regionalize the functions of all social service delivery using the practice model.**

**It should be noted that the report states that these are three broad areas and the state would need to develop a detailed implementation plan that included broad stakeholder input. The report does state that if the State chooses to change the child welfare structure that the other public assistance programs change to a state-administered system to avoid further bifurcation. The PSI study, as well as several independent studies (Child Maltreatment 2007, Children’s Bureau, U.S. Dept. of Health and Human Services and Race Matters: Unequal Opportunity within the CHILD WELFARE SYSTEM, Annie E. Casey Foundation, 2006) indicates strong correlation of child abuse/neglect with poverty factors (public assistance programs). The study also stated that multiple social service modalities are needed to meet the needs of its clients, i.e. the child welfare system cannot “go it alone”, and that in order to achieve success joint efforts of public assistance and housing are required.**

16. Are there ways to help counties that need help do better without centralizing administration?

**Response:**

**The Department does take the position that the counties can improve under the current structure by implementing the other 27 CWAC recommendations. The legislature has already authorized the Child Welfare Training Academy, which will begin in January 2010. Other recommendations may be implemented by rule, i.e. corrective action plans and sanctions; some may require legislative authority, such as implementation of the Differential Response Pilot if Colorado is awarded this competitive grant; and, others will require delayed request for implementation due to budgetary constraints; and, TRAILS modification that would provide mandatory reporters with feedback as to the status of the referral.**

17. Is there a way to administer the social services system more efficiently?

**Response:**

**Yes, by standardizing administrative functions, policy, practice, technology and using data for decision making across the state.**

18. Silos at the state level often create barriers and inefficiencies for locals. What steps is the State taking to address problems at the state level?

**Response:**

**The Department has created several initiatives to reduce or eliminate barriers, including the following.**

- **Policy Advisory Committee. This committee has all the areas that the Department serves represented. If a county, stakeholder, commissioner identifies a barrier or a policy that is hampering our clients from having successful outcomes; they may use the PAC to initiate the change. This has been very successful in changing a rule, policy or a practice.**

- **Behavioral Health Cabinet.** The Department is the lead agency in the Governor's Behavioral Health Cabinet, which is designed to discuss the cross-system impacts of mental health and substance abuse (i.e. behavioral health) in Colorado. The Behavioral Health Cabinet includes the Executive Directors of the Departments of Corrections, Health Care Policy and Financing, Human Services, Labor and Employment, Local Affairs, Public Health and Environment and Public Safety; other members included the State's Chief Medical Officer, and the Directors of the Governor's Offices of Policy and Initiatives and State Planning and Budgeting. Specifically, the Behavioral Health Cabinet was charged with working with consumers, families and stakeholders to integrate behavioral health services, funding and administrative processes in Colorado, using the HJR 07-1050 Task Force report on behavioral health transformation as a blueprint.

In 2007, House Bill 07-1358 created the Colorado Commission on Criminal and Juvenile Justice. The Commission was tasked with enhancing public safety, ensuring justice, and ensuring protection of the rights of victims through the cost-effective use of public resources by studying evidence-based, recidivism reduction initiatives that ensure the cost-effective expenditure of limited criminal justice funds. The Department's Executive Director sits on this Commission and provides key leadership in the integration of the services needed (e.g. behavioral health, housing, child care and other support services) to reduce the recidivism rates of offenders.

19. What are the formulas that determine allocation of state funding provided to counties? Is funding allocated based on population served or population of county?

**Response:**

The Department has a variety of formulas that determine counties allocations. The allocation letter (<http://stateboard.cdhs.state.co.us/agency/ABA0903L.pdf>) outlines the majority of the formulas that are used to allocate funds to the county departments. (The Department can provide specific formulas not included in the allocation letter at the Committee's request.)

Decision Item #8: Enhanced Medical Support, Paternity Establishment and Education Initiatives for Child Support Enforcement

20. Explain counties' role in child support enforcement. How would this change affect the counties and their ability to administer child support enforcement programs?

**Response:**

The county child support enforcement offices are responsible for administering all aspects of the child support program, including the establishment of paternity, establishment and enforcement of orders for financial and medical support, and the allocation of payments.

**This Decision Item will: 1) enhance efforts to provide medical coverage for more children; 2) improve paternity establishment performance; and 3) better educate the public about the services of the program. These subject areas are all program requirements for the county offices. The request will assist counties in the administration of their programs by utilizing outside resources to conduct several one-time, labor-intensive projects. These projects would otherwise require a significant amount of time and effort for county staff that would take them away from their primary responsibility to establish and enforce child support orders. These projects will also better position the counties to receive federal incentives when a medical support performance measure is implemented by the federal government and help insure they continue to receive incentives, and avoid any penalties, related to the establishment of paternity. Counties receive 100% of all federal incentives.**

21. Describe the history of state incentives to counties for child support enforcement. Did we previously give the counties more money for these child support enforcement services? Is the proposal now to give them less and use the funds for state purposes?

**Response:**

**For at least twenty-five years, counties have received one-half of the state's share of child support collections that reimburse public assistance. The other half was retained by the state and used in the TANF Block Grant. In 2008, legislation was passed giving the state the option to send the counties the entire state's share. The Department implemented this to help offset the loss of federal revenue to the counties stemming from the elimination of the 66% match on federal incentives that took effect FFY08. The ARRA restored the 66% match for FFY09 and FFY10. The state is proposing to return to the prior practice of providing the counties one-half of the state's share of collections and to use the other half for state purposes related to the child support enforcement program for the next two years, although those purposes will also directly benefit the counties.**

Miscellaneous

22. Wasn't there a plan to change the name of County Administration? What is that status of that?

**Response:**

**The Department submitted a Change Request (DI #NP-2) for the FY 2008-09 Budget Cycle to change the County Administration division name and the County Administration line item in that division in the Long Bill to "Family and Adult Services". The Joint Budget Committee denied the request over concerns that at the division level, the new name would be confused with existing names.**

**The Department supports a proposal to change the name in the interest of clarity and transparency, and is willing to work with JBC staff on a new title for the line.**

**3:30-3:40      BREAK**

**3:40-4:10      ADULT ASSISTANCE**

August Base Reduction #18: Old Age Pension

23. Explain the relationship between a federal adjustment to Supplemental Security Income (SSI) and the expectation of no Old Age Pension (OAP) cost of living increase for January 2010. Why is no increase planned?

**Response:**

**The State Board has historically used the COLA that the Social Security Administration passes on to the Supplemental Security Income program as the basis for the OAP COLA. While the State Board is not required by the Constitution to use this method for determining the COLA, the Department does not expect the State Board to deviate from this historical practice. The Social Security Administration announced that no COLA will be passed on to SSI recipients for calendar year 2010, therefore, it is not anticipated that the State Board will pass on a COLA to OAP.**

24. Is the cost of living increase for the Old Age Pension in the Constitution? How is the decision made?

**Response:**

**The Colorado Constitution under Article XXIV, Section 6., (c) authorizes the State Board of Human Services to “adjust the basic minimum award ... if, in its discretion, living costs have change sufficiently to justify that action.” The Constitution does not specify the methodology to be used to determine such an adjustment. The State Board has historically passed on a COLA to the OAP grant standard comparable to the COLA provided by the Social Security Administration to the Supplemental Security Income grant standard.**

Base Reduction #1: Proposed Changes to Old Age Pension Program

25. Please clarify who is currently eligible for the OAP program and who would be affected by the proposed eligibility change. In particular:

(a) How are sponsored legal immigrants treated now versus under the proposed change? Don't people who immigrate have to show that they are financially self-sufficient or that their sponsor can support them? Why would they seek support if they have agreed that they can support themselves?

**Currently under the OAP program requirements if the legal immigrant's sponsor is a relative, the sponsor's income and resources are not considered in the determination of OAP eligibility. The changes proposed will allow OAP eligibility criteria to be aligned with the eligibility criteria of other State and Federal public benefit programs. Under the proposed change the sponsor's income and resources will be considered in the eligibility determination and are assumed to be at minimum 125% of the Federal Poverty Guidelines for the household, including the qualified alien.**

**While a qualified alien is required to have a sponsor as a condition of immigration into the United States, the sponsor is required to sign an Affidavit of Support (I-864 Form). The Affidavit of Support is a contract between the sponsor and the U.S. Government. The sponsor must show on the form that he or she has enough income and/or assets to maintain the intending immigrant and the rest of the sponsor's household at 125% of the Federal Poverty Guidelines. Except under limited conditions, the immigrant's sponsor, rather than the immigrant, is responsible for demonstrating that they have financial means to support the immigrant**

**The Federal laws allow states to have state only public assistance programs with criteria less restrictive than the Federal criteria. Colorado opted to retain the less restrictive criteria for OAP. Qualified aliens seek the support of the OAP benefits because the program eligibility currently allows them to be eligible for these benefits.**

(b) How does the OAP program benefit refugees and would they be affected by any change?

**Response:**

**Refugees are exempt from the proposed changes in eligibility.**

(c) How is eligibility assessed for people who are sponsored by an entity other than an individual (e.g., a church group) now and under the proposed change? Will church groups that sponsor an immigrant have the income of the congregation looked at ("deemed")?

**Response:**

**Organizations are not required to provide an affidavit of support, as organization sponsors would generally only be sponsoring Refugees or Asylees, who are excluded from the federal sponsorship provisions regarding financial support. Therefore, deeming of income and resources of the organization would not be applicable.**

(d) Does the program currently serve anyone who is not in the country legally?

**Response:**

**No. All recipients must be legal immigrants to be eligible for OAP benefits.**

26. What are the options for ensuring that any changes do not present problems under the American Recovery and Reinvestment Act Medicaid provisions (particularly if it is extended beyond January 2011)?

**CDHS Response:**

**The Department, along with the Department of Health Care Policy and Finance, intends to ensure that changes proposed by aligning the OAP program requirements with Federal requirements for public benefits do not jeopardize ARRA funding for Medicaid. If the ARRA provisions were extended, then implementation of proposed changes negatively impacting ARRA funding would be delayed until such time the ARRA provisions expire.**

- (a) Can the General Assembly run a bill to separate OAP from Medicaid eligibility, and what would be the impact?

**Response:**

**The Department has submitted this question to the Department of Health Care Policy and Financing and will provide a written response to the committee when available.**

- (b) Could the OAP cash benefit be set to \$0 for sponsored legal immigrants, without modifying OAP (and thus Medicaid) eligibility?

**Response:**

**The Department has submitted this question to the Department of Health Care Policy and Financing and will provide a written response to the committee when available.**

- (c) Could the 5 year bar for OAP be implemented in FY 2010-11 without affecting Medicaid eligibility?

**Response:**

**If ARRA were extended, the Department will certainly consider the possibility of implementing the five-year bar criteria from receiving OAP benefits in FY 2010-11. In addition, the Department has submitted this question to the Department of Health Care Policy and Financing and will provide additional written information to the committee when available.**

**4:10-4:30 ADULT ASSISTANCE AND SELF SUFFICIENCY (DISABILITY DETERMINATION SERVICES)**

SSI Federal Maintenance of Effort and Adult Assistance Budget Options

27. Please clarify what kinds of expenditures count toward the Supplemental Security Income maintenance of effort (SSI MOE) target.

**Response:**

**Program expenditures for cash payments made to SSI recipients at least on a quarterly basis, count toward the SSI MOE. Currently expenditures from the Old Age Pension, Aid to the Needy Disabled/SSI Colorado Supplement, Home Care Allowance, Adult Foster Care, and the Heat Rebate and Property Tax Rebate programs count toward the MOE.**

- (a) Do these have to be cash payments?

**Response:**

**Yes, according to Code of Federal Regulations 416.2001 Section (3) the payment must be "in cash" or an instrument convertible into cash upon demand.**

- (b) Which property tax rebates are included? Would Homestead Exemption fit?

**Response:**

**The Colorado Property Tax/Rent/Heat Rebates are counted toward the MOE as they are made to individuals that are SSI recipients. The Homestead Exemption cannot be counted toward the MOE.**

- (c) If you use a program as maintenance of effort, can you never take it out? Can't you replace it with something else?

**Response:**

**There is nothing in Federal regulation that prevents a program from being removed from the MOE agreement. However, the State's Maintenance of Effort funding obligation (currently \$26,882,089 for SSI) would not change if a program was removed. A program can be replaced with Federal approval.**

28. Do you see any potential for federal action to reduce the size of the penalty for missing the SSI MOE?

**Response:**

**The Department does not see any potential for federal action to reduce the size of the penalty.**

29. Why does it take so long to get someone on SSI? Is it possible to speed up this process? What would that involve?

**Response:**

- **DDS makes the initial medical decisions for SSI. Criteria is very stringent requiring nearly total disability - the individual must meet severe disability criteria for 12 months or expected to result in death.**
  - **If all of the requirements are met, it takes the state an average of 90 days to make a SSI decision; the national goal is 129 days.**
  - **The state SSI "allowance" rate is 42.7% - i.e. nearly 43% of applicants are determined eligible upon initial application.**
  - **DDS currently uses two processes to speed up the process: "triage" (critical cases, Wounded Warriors) and "presumptive disability" (temporary allowance while awaiting full documentation).**
  - **DDS has requested more staffing/funding from Social Security Administration; the request has been authorized.**
  - **DDS has requested that a second level of appeal ("reconsideration") at the DDS level be re-instituted resulting in a more expeditious process.**
30. If an individual on Aid to the Needy Disabled - State Only (AND-SO) is ultimately approved for federal SSI, does the federal government fully reimburse the State's AND-SO expenses? Does the federal government pay the amount from the time when the person applied for SSI or from the time when they were finally approved?

**Response:**

**In general, if a recipient of AND-SO benefits is approved for SSI the Department receives reimbursement for all benefits paid from the date the SSI application is made.**

31. What are the differences between the eligibility processes for SSI versus the Aid to the Needy Disabled Program?

**Response:**

**SSI requires a disability that is projected to last at least 12 months, maintains very restrictive medical criteria for eligibility, and has an income limit of \$674 per month. To be successful in being approved for SSI, the applicant generally must provide complete disclosure medical records and treatment history.**

**The AND-SO program requires a disability that is expected to last at least six months as determined by a licensed professional (physician, nurse, physician's assistant, or psychiatrist) and income of less than \$200 a month.**

32. Are Disability Determination Services and Adult Assistance located in the same office?

**Response:**

**Both divisions are within the Department of Human Services, however, the divisions are not co-located.**

**4:30-5:00 SELF SUFFICIENCY**

Temporary Assistance to Needy Families Long Term Reserve

33. Given the projected shortfall for the Temporary Assistance to Needy Families (TANF) Long Term Reserve in 2011-12, why increase funding in FY 2010-11, when it will have to be reduced in two years or less? Are there other TANF appropriations that can be reduced to cover the requested increases, if they are a priority?

**Response:**

**The Department's decisions to request increases in funding for certain priorities in SFY 2010-11 were based on the assessed need for stable and continued funding sources in these areas. The Department will make budget recommendations for SFY 2011-12 that could include decreases to various line items, elimination of future planned requests, and/or a combination of both of these options. One mitigating factor to the breadth and depth of any possible reductions will be the receipt of federal supplemental funding in the amount of \$13 million that Colorado has historically received. While these funds are correctly not included in the Human Services Briefing document presented on 11/18/09, it is possible and likely that Congress and the President will continue this funding in FFY 2011, positively affecting the budget outlook for SFY 2011-12 and beyond. Another mitigating factor is the possibility of additional remittances from county reserve accounts beyond SFY 2011-12 per the requirements of SB08-177. All of these factors will be evaluated by the Department in making its budget recommendations for SFY 2011-12 and beyond.**

34. Are there additional federal American Recovery and Reinvestment Act moneys that could help address the projected shortfall?

**Response:**

**No. All available ARRA funds are accounted for in the projections from the Human Services Briefing Document presented on November 18th. ARRA caps the amount of those funds available to each state – Colorado's cap is about \$68 million – and the Department anticipates qualifying for and receiving all \$68 million.**

35. Should the federal government take responsibility for refugees and the cost of refugee services?

**Response:**

The federal government does take responsibility for refugees and the cost of refugee services. Refugees are qualified aliens exempt from the five-year bar on receiving federally funded services. Consequently, refugees are eligible for and expected to access federally funded programs through the states. Colorado had been one of only a few states who had been receiving additional federal funding from the federal Office of Refugee Resettlement (ORR). However, because ORR is eliminating its historical funding sources for otherwise TANF-eligible refugees who are being resettled in Colorado, federal TANF funds are being requested to continue these services only to those TANF-eligible refugees.

August Base Reduction #7: Reduce General Fund in Promoting Responsible Fatherhood Grant

36. Describe the Promoting Responsible Fatherhood program. What does it do and how are the funds distributed?

**Response:**

In October of 2006, the federal Administration for Children and Families (ACF), Office of Family Assistance (OFA) awarded the Department \$10,000,000 (\$2,000,000 per year for a period of five years) to Promote Responsible Fatherhood activities. Colorado was one of two entities to receive the funding (Washington, DC was the other). With these funds the Department sub-contracts with community and faith-based organizations to strengthen and increase the involvement and parenting skills of fathers of at-risk children through community based direct services.

Fathers of children who are at risk of negative outcomes due to limited father involvement and limited economic support are the target population for this grant. CDHS has reserved a portion of the overall award to administer the grant, offer programmatic technical assistance, a training academy for service providers and a statewide public awareness campaign and a web-based information clearinghouse of fatherhood programs and services throughout Colorado.

The total amount available for sub-awards through this grant is \$1,155,400.00. Applicants may request up to \$50,000.00 for a 12-month period. A statewide Request for Application (RFA) is issued in February. Applications are due May 15. Colorado Works staff and a Selection Committee comprised of members of the Colorado Fatherhood Council, and approved by the Colorado Works Division Director, review submitted applications.

There is a required State match of \$222,222 per year for these funds. In past years this has come from the General Fund. The program has agreed to a \$150,000 reduction of

**General Fund, as it is able to meet that portion of the match requirement through in-kind donations associated with the programs public awareness campaign. Web: <http://www.coloradodads.com>.**

### Miscellaneous

37. Is the Department looking at reducing childhood obesity, especially among the poor? What are they doing to decrease it?

**Response:**

**The Colorado Department of Education is responsible for the administration of school breakfast and lunch programs. The Colorado Department of Public Health and Environment is responsible for administration of the Women, Infants and Children (WIC) Program. The Colorado Department of Human Services does work in collaboration with other agencies in nutrition programs with includes the Integrated Nutrition Education Program (INEP) through the University Colorado Denver and twenty school districts in Colorado; and the Colorado State University which provides nutrition classes to low-income adults and youth.**

38. Does the school breakfast and lunch program/the Food Distribution Program in the Department promote obesity, given the nutritional content of the foods distributed? How can we have both a hunger problem and an obesity problem?

**Response:**

**The Colorado Department of Education, State Board of Education, Food and Nutrition Service administers the school breakfast and lunch programs for the state of Colorado.**

**The Food Distribution Program is the state Distributing Agency responsible for the distribution of USDA commodity foods to Recipient Agencies participating in the school and lunch programs. The Food Distribution Program does not make decisions regarding menus or meal planning for these programs.**

### Food Distribution Program

39. Why was the decision made not to continue with NOI (Net Off Invoice) for next year and does this benefit the distribution program or the recipient agency?

**Response:**

**The Net Off Invoice system was temporarily discontinued due recent experiences with distributors that suggested non-compliance with federal mandates and could, if**

**unaddressed, place the State in jeopardy of sanctions and financial penalties.**

**FDP recognizes the benefits and value of the NOI value pass through system to recipient agencies, and, to this end, has partnered with CCSTAR in Pueblo, a Food Cooperative representing over 12 school districts in the state, in a pilot to find an auditable method of guaranteeing accurate food inventory(ies) and withdrawal(s) under the NOI value pass through system.**

40. When was the last time a review of the State Food Distribution Program conducted? Are there audit/review criteria? If an audit/review was conducted, what were the results? Is there an opportunity for Food and Nutrition Services Directors to have input?

**Response:**

**The state Food Distribution Program was reviewed as follows:**

**USDA Fiscal Audit – September 2009**

**USDA Program Review – July 2009**

**Yes, there are audit/review criteria set by USDA based on fiscal and program mandates. The audits resulted in no findings under which the Department had to respond.**

**Food and Nutrition Services Directors i.e. school foodservice directors would have the opportunity for input should the audit findings result in a corrective action plan.**

41. Has a commodity acceptability report been completed as required and what are the results?

**Response:**

**The USDA does not require completion of Commodity Acceptability Reports.**

**The Program does, however, conduct ongoing assessment of product usage by Recipient Agencies based on historical ordering data, with the results becoming part of the commodity food choices offered during the yearly ordering process.**

42. The State Food Distribution Program charges schools \$0.45 for each case of commodity product, how much do the other recipients agencies (Indian Reservations, WIC, CACFP and etc.) have to pay for each case of commodity product that they receive? What expense does the \$0.45 cover? Are the revenues collected from the schools covering the cost for individual program or for other school programs and or non-school recipient agencies?

**Response:**

**By USDA regulation, The State Food Distribution Program can only collect \$0.45 for each case of commodity food product from the Child and Adult Care Food Program**

such as the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP). The \$0.45 charge is used to cover payroll and operating expenses not covered under State Administrative Expense (SAE) funds. All revenues collected from the schools benefit only the Schools and Child Nutrition Commodity Programs, such as the NSLP and the SFSP.

In addition, at the point the per-case delivery fee covers the cost of the Program, FDP stops further collection of the fee.

43. How much money does the Food Distribution Program receive from: a. Federal sources b. state sources to operate the program? How are these monies used? Are there other expenses that are not covered from these revenue sources?

**Response:**

Program	Fund	Amount
<b>Child and Adult Nutrition Program</b>		
National School Lunch Program	Federal Funds	\$223,242
Child and Adult Care Program	Cash Funds	\$237,050
Summer Food Service Program		= \$460,292
<b>HouseHold Program</b>		
The Emergency Food Assistance Program	Federal Funds/General Fund (50/50)	\$102,970
Colorado Supplemental Food Program	Federal Funds	\$112,000
<b>Program Total</b>		<b>\$ 675,262</b>

These monies are used to cover payroll and operating expenses and FDP is not aware of any other expenses that are not covered from these revenue sources at this time.

44. Are CDE and CDHS the right state agencies to administer the USDA meal program and the Food Distribution program? Perhaps the Department of Agriculture might be a better fit to oversee the USDA meal program and the Food Distribution Program.

**Response:**

**Under 7 CFR 250.10, The Governor, with approval of the Secretary of Agriculture, determines the state agency eligible to become the distributing agency for the Food Distribution Program.**

45. As a recipient agency in Colorado, I am only allowed to choose from 30 of each manufacturer's products, how and why was this decision made? How is this limitation better serving our customers, a diverse student body? How does this compare to best practices in other states (PA, TX)

**Response:**

**Problems dealing with logistics and controls necessary to ensure compliance with federal regulations, thereby reducing the risk of federal sanctions and penalties against the state, prompted the decision to limit the manufacturer's product offering to 30 items.**

**As far as best practices are concerned, USDA considers Colorado FDP having some of the best practices in the country.**

46. How is the State Commodity Distribution Program going to help the customer in the new era of "buying Local"?

**Response:**

**As FDP operates based upon USDA guidelines, FDP will continue to follow and enforce the USDA protocols or regulations as set forth. To date, no specific guidance has been received regarding "buying Local."**

47. Districts are now required to accept products ordered by the Food Distribution Program without the input from the districts and are not allowed to refuse unwanted products. How and why was this decision made and how does this practice best serve students?

**Response:**

**To clarify, the Food Distribution Program does not order products for the Districts. Districts are responsible for ordering USDA commodity foods based upon their respective menu plans for the upcoming year.**

**Refusal of product is possible up to the point in which the Food Distribution Program staff rolls the trucks and submits the final order to the USDA. As Districts are expected to order USDA commodity foods only in quantities that can be consumed (7 CFR 250.13(2)(ii)), planned and purposeful meal planning negates the need for districts to refuse product.**

48. What are the benefits to the recipient agencies of a virtual food show? Was any kind of analysis done to see if this would hinder competition and if the cost to the manufacturer/broker of a virtual food show would mean that end users would pay more?

**Response:**

**The Virtual Food Show provides 24/7, 365 days of access to end users to view and order end product from food manufacture. If necessary, food manufacturers can make available samples of product to taste, touch, and feel upon request. Previously, this type of access was limited to once a year during an annual food show.**

49. Is the State Food Distribution Program engaged in best practices? Do you know what are the most cost effective (to the recipient agency) practices used in other states? What measures/metrics are used to gauge the effectiveness of the program?

**Response:**

**The Food Distribution Program is under continual review by the USDA in the draw down of entitlement funding and poundage of food ordered by the districts and the level of customer service provided to RAs at the end of the program year. Colorado FDP has continuously received excellent review from USDA for best practices used and is constantly looking for other best practices available elsewhere to be incorporated into our program.**

50. Is the primary goal of the Food Distribution Program to provide commodities in the most efficient manner to the recipient agencies? If not, what are the goals?

**Response:**

**It is the primary goal of the Food Distribution Program to provide commodities foods in the most efficient manner to the recipient agencies statewide on a fair and equitable manner as required by USDA.**

51. Why can't Commodity Letters of Credit be used in all Colorado districts?

**Response:**

**The State does not have authority to decide use of Commodity Letters of Credit (CLOC). That authority resides at the federal level with the U.S. Department of Agriculture.**