

Schedule 13
Change Request for FY 2010-11 Budget Request Cycle

Decision Item FY 2010-11 Base Reduction Item FY 2010-11 Supplemental FY 2009-10 Budget Amendment FY 2010-11

Request Title: Increase County Administration in Old Age Pension
 Department: Human Services Dept. Approval by: *Will T. L.* Date: *9-30-09*
 Priority Number: DI-3 OSPB Approval: *John Z.* Date: *10-8-09*

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
Total of All Line Items	Total	2,608,838	2,450,785	0	2,450,785	2,450,785	116,189	2,566,974	0	2,566,974	116,189
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	2,608,838	2,450,785	0	2,450,785	2,450,785	116,189	2,566,974	0	2,566,974	116,189
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	0	0	0	0	0	0	0	0	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0
(10) Adult Assistance Programs (B) Old Age Pension Program - County Administration	Total	2,608,838	2,450,785	0	2,450,785	2,450,785	116,189	2,566,974	0	2,566,974	116,189
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	2,608,838	2,450,785	0	2,450,785	2,450,785	116,189	2,566,974	0	2,566,974	116,189
	RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	0	0	0	0	0	0	0	0	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
 Letternote Revised Text: None
 Cash or Federal Fund Name and COFRS Fund Number: Old Age Pension Cash Fund
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments: None

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CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Department of Human Services
Priority Number:	DI-3
Change Request Title:	Increase County Administration in Old Age Pension

SELECT ONE (click on box):

- Decision Item FY 2010-11
- Base Reduction Item FY 2010-11
- Supplemental Request FY 2009-10
- Budget Request Amendment FY 2010-11

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is to increase Old Age Pension Cash Funds for County Administration in the Old Age Pension Program by \$116,189 for FY 2010-11 and ongoing in FY 2011-12. The Old Age Pension (OAP) program is mandated by the Colorado Constitution and is continuously appropriated. The request is informational and is being proposed in order to align actual anticipated expenditures with the appropriation in the annual appropriations bill. Changes in the OAP cash funds either increase or decrease additional state revenues that flow into the General Fund. In this case, increasing the County Administration line will decrease the amount of State revenues that flow into the General Fund.

Background and Appropriation History:

The onset of the depression in 1930 created acute need for public assistance for the elderly. Voters approved the Old Age Pension program in 1937 to address this need. The OAP program provides cash assistance to eligible individuals who meet the income and resource requirements, and who are: (1) age 60 to 64 and are disabled, (2) age 65 and older (a disability is not required for this age group), or, (3) age 60 or older and in a State institution (excluding penal institutions) and receive no Medicaid. Each County Department of Human/Social Services based upon random moment sample accesses OAP

County Administration. The County Administration line records the payments counties receive for assisting the public.

The Random Moment Sample (RMS) methodology is the federally approved method to determine how county administration costs are split between State and Federal programs. The random nature of the sampling method makes it difficult to project increases in cost in OAP County Administration with accuracy. Increases cannot be specifically attributed to one or more counties. There appears to be a trend of increased reporting by county workers of participating in activities related to the Old Age Pension program, therefore increasing the share of administration costs attributed to OAP. The counties record cost to the cost pools that are distributed across programs based on RMS results.

Every Old Age Pension client must have a re-determination each year to verify that he/she is still eligible for the OAP program. Yearly, approximately 15,756 OAP client re-determinations are approved. An additional 7,897 cases must either be modified during that annual re-determination or the client's case may be changed due to an increase in the Cost of Living Adjustment (COLA), a change in address, or death. For these changes, there is county worker activity each year on each of the OAP cases (approximately 23,653 cases). OAP caseload has been steadily increasing, therefore increasing the likelihood that county staff are working on an OAP case when queried through the RMS.

In FY 2007-08 the OAP County Administration was approved in the Long Bill (SB07-239) at \$2,450,785, but the actual expenditure was \$2,782,102 exceeding the appropriation by \$331,317. In FY 2008-09 the OAP County Administration was approved in the Long Bill (HB08-1375) for \$2,450,785 and the actual expenditure was \$2,608,838 exceeding the appropriation by \$158,053. This trend is expected to continue.

General Description of Request:

This request is for \$116,189 of cash funds for Old Age Pension County Administration. The Old Age Pension program is mandated by the Colorado Constitution and is continuously appropriated. This request is informational.

Since FY 2005-06, the OAP County Administration line has been over-expended by an average of \$116,189 including \$158,053 in FY 2008-09. The average of these four years is \$116,189. It is projected that OAP County Administration will continue to over-spend the allocation of \$2,450,785.

The OAP County Administration appropriation has not increased in the last five fiscal years. The line has not received cost of living increases. To assure that the FY 2010-11 General Fund projection is as accurate as possible, the Old Age Pension County Administration line should be increase to more accurately reflect the increase trends of costs attributed to this line.

Consequences if Not Funded:

If the request is not funded, the Long Bill will not accurately reflect the funding needed for the OAP program expenditures and may impact the State’s General Fund estimate. The OAP program is funded prior to the General Fund appropriations.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	Cash Funds
Total Request	\$116,189	\$116,189
(10) (B) Old Age Pension- County Administration - Increase	\$116,189	\$116,189

Summary of Request FY 2011-12,	Total Funds	Cash Funds
Total Request	\$116,189	\$116,189
(10) (B) Old Age Pension- County Administration - Increase	\$116,189	\$116,189

Cash Funds Projections:

This projection is not applicable. The Old Age Pension Fund is not a traditional cash fund and does not have a cash balance as any funds not needed by the programs outlined in the Colorado Constitution for Old Age Pensions return to the General Fund. The expenditures for the programs are increased by the amount needed for eligible clients to receive cash assistance and for other OAP programs. The State Controller manages spending authority, as this is a continuous appropriation.

Assumptions for Calculations:

The past four fiscal years, the Department has overspent in this line three times, varying from a high of \$331,317 in FY 2007-08 to a low of \$69,254 in FY 2005-06 with an over

expenditure of \$158,053 in FY 2008-09. The average of the past four years is \$116,189. It is projected that OAP County Administration will continue to overspend the allocation of \$2,450,785. The counties bill the Department for county administration based upon Random Moment Sampling (RMS). The Department believes this trend is reducing and that \$116,189 will be a sufficient adjustment to County Administration in the OAP Program.

Fiscal Year	Appropriation	Actual	Difference as compared to the actual expenditure
2005-06	\$ 2,450,785	\$ 2,520,039	\$ 69,254
2006-07	\$ 2,450,785	\$ 2,356,916	(\$ 93,869)
2007-08	\$ 2,450,785	\$ 2,782,102	\$ 331,317
2008-09	\$ 2,450,785	\$ 2,608,838	\$ 158,053
Average	\$ 2,450,785	\$ 2,566,974	\$ 116,189

Impact on Other Government Agencies: None

Cost Benefit Analysis: Not Applicable as this decision item is for informational purposes only.

Implementation Schedule:

Task	Month/Year
Start – Up Date	July 1, 2010

Statutory and Federal Authority: *CONSTITUTION OF THE STATE OF COLORADO: ARTICLE XXIV OLD AGE PENSIONS : Section 7. Stabilization fund and health and medical care fund. All the moneys deposited in the old age pension fund shall be first available for payment of basic minimum awards to qualified recipients, and no part of said fund shall be transferred to any other fund until such basic minimum awards shall have been paid.*

26-2-113 (3), C.R.S. (2009) Funds for old age pensions.

3) Any and all of such funds collected by any state official or state department pursuant to subsection (2) of this section shall be paid over by such official or department to the state treasurer, who on the first day of each month shall divide and pay the same into each of the county old age pension accounts of the county social services funds in this state on the pro rata basis which the population of the respective county has to the population of the entire state according to the last official United States census

Performance Measures:

Program	Performance Measure	Outcome	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
			Actual	Actual	Current	Request
Aging and Adult Services	Improve the standard of living for individuals living in poverty. Recipient income (as a percentage of the federal poverty level) for Colorado's Old Age Pension and Aid to the Needy Disabled programs (Colorado Supplement and State Only).	Program Benchmark	OAP 76% AND-CS 73% AND-SO 27%	OAP 77.85% AND-CS 74.9% AND-SO 27%	OAP 77.45% AND-CS 70.58% AND-SO 22.2%	OAP 78.89% AND-CS 70% AND-SO 20%
		Actual	OAP 76% AND-CS 73% AND-SO 27%	OAP 77.85% AND-CS 74.9% AND-SO 27%		

The benchmarks and actuals for this measure compare a recipient's subsidized income level (after receiving financial assistance provided by one of these programs) to the federal poverty level. Actuals show that, even with financial assistance, individuals on these programs are still living well below the poverty level. Ideally, financial assistance would bring a recipient's subsidized income level to 100% of (or greater than) the federal poverty level.