

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: Colorado Works County Oversight
 Department: Human Services
 Priority Number: DI-5
 Dept. Approval by: *W. [Signature]*
 OSPB Approval: *[Signature]*
 Date: 10-1-09
 Date: 10-15-09

	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	1,606,807	1,552,298	0	1,552,298	1,552,204	47,267	1,599,471	0	1,599,471	47,267
	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	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	1,606,807	1,552,298	0	1,552,298	1,552,204	47,267	1,599,471	0	1,599,471	47,267
	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
(7) Office of Self Sufficiency, (B) Colorado Works Program, Administration	Total	1,606,807	1,552,298	0	1,552,298	1,552,204	47,267	1,599,471	0	1,599,471	47,267
	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	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	1,606,807	1,552,298	0	1,552,298	1,552,204	47,267	1,599,471	0	1,599,471	47,267
	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: Temporary Assistance for Needy Families
 Reappropriated Funds Source, by Department and Line Item Name: None
 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:	Colorado Department of Human Services
Priority Number:	DI-5
Change Request Title:	Colorado Works County Oversight

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:

For FY 2010-11, the Division of Colorado Works in the Department of Human Services requests \$47,267 in federal Temporary Assistance for Needy Families (TANF) funds spending authority to fund travel, training, and tools needed to manage increased oversight of county performance. The Department is requesting this funding be added to the Colorado Works Administration line.

Background and Appropriation History: The federal TANF program was reauthorized in 2005. The reauthorization set higher performance standards for states, both in terms of work participation and work verification. The interim final rule issued by the federal government regarding the reauthorization of the TANF program (45 CFR, Parts 261 - 265) requires that states develop a work verification plan that details the states' plans to verify that the work participation being reported is well-documented and accurate. Colorado's Work Verification Plan was approved on September 19, 2008. For Colorado's devolved TANF program, the implications of the plan include a need for increased State supervision of county administration of the program. In addition,

TANF reauthorization requires that states meet a 50% work participation rate. As of April 30, 2009, the year to date average all-family work participation rate for Colorado was about 38 percent. If the State fails to meet federal work participation and work verification requirements, the State could incur significant financial penalties.

In recent years, the Colorado Works Division has experienced a drastic increase in demand from the General Assembly, auditors, advocates, and other stakeholders to provide information on program performance.

Section 26-2-712 (5) C.R.S., requires that the Department oversee county implementation of the Colorado Works program. Implementation of that responsibility has evolved over the years.

Four new FTE's were appropriated in FY 2008-09. That appropriation included only the personnel costs and some standard operating costs associated with the staff. Now that the unit is fully staffed and an exhaustive monitoring and oversight plan is operational, additional operating funds are necessary to most fully and effectively implement the plan. Specifically, Colorado Works is requesting funding associated with in-state travel; postage, printing and courier costs; ongoing training in the areas of fraud prevention and detection and effective auditing techniques; and equipment, software, and database access for recordkeeping, detection, and correspondence.

General Description of Request:

This request seeks an additional \$47,267 in federal spending authority for the Colorado Works program to fund various operating expenses associated with the increased oversight of county performance. The Colorado Works program is responsible to effectively supervise counties and to provide data on program performance. The program must review county case files to fulfill its supervisory obligations; as the program has become more complex under federal reauthorization (Deficit Reduction Omnibus Reconciliation Act of 2005, P.L. 109-171), ongoing case file review has become more complex as well. The interim final rule issued by the federal government regarding the reauthorization of the TANF program (45

CFR, Parts 261 - 265) requires additional oversight of county work verification through case file review.

Funds requested would pay for travel associated with county site visits. The approved plan requires in-person site visits to each county once in the next two calendar years (between July 2009 – June 2011) and then once every three years after that. This request covers the second year of the two-year start-up period. About one third of the scheduled visits will be in FY 2009-10; these will mostly be metro-area day trips. The remaining two-thirds will be in FY 2010-11. Equipment and operations costs are those associated with sending hard copies of case files between the State and County using secure methods; ongoing costs associated with the Data Pen system reviewers use to collect and manage data; and the maintenance costs for access to a national fraud prevention/detection database and information management tool (Accurint).

The federal government has approved Colorado's Work Verification Plan, a three-tiered approach to its supervisory responsibilities. The funding authority requested here would allow the Division to carry out all of the Plan's required elements.

In the first tier, Department staff performs monthly analysis of program data to ensure data consistency. In addition, staff reviews a monthly sample of cases for data inconsistencies and potential errors.

In the second tier, Department staff will provide direction, training, and technical assistance to county departments in an effort to provide guidance for conducting secondary stage supervisory reviews of case files. This process mirrors the federal process for the Food Stamp program. County supervisors conduct these reviews and a subset of reviewed cases will also be reviewed by the State. The State reviews actual hardcopy case files as well as the electronic records in the Colorado Benefits Management System (CBMS) using a standardized county monitoring tool.

The third tier consists of comprehensive site visits. As part of the initial implementation of the new review process, Department staff will conduct initial visits with all 64 counties

within the first two years (FY 2009-10 and FY 2010-11). Following this initial phase, each county will be reviewed once every three years. These comprehensive, on-site reviews are meant to provide counties with direct feedback on the implementation of their program, and include a summary of the findings from the ongoing case file reviews described in tiers one and two. In addition, State staff will analyze and review county policies, procedures, contracts, and other relevant documents and administrative data that describe and inform the county's program implementation, strengths, and opportunities for improvement.

Information derived through quality control efforts will assist the State in complying with new federal work verification requirements, will assist the program in its efforts to monitor and provide technical assistance to the counties, and will provide necessary information regarding program performance to all Colorado Works stakeholders.

Consequences if Not Funded:

If this request is not funded, the Work Verification Plan cannot be fully implemented. The program will continue to address county oversight and program performance in an ad hoc manner with current resources.

If the State fails to meet federal requirements for work verification, the State could be penalized in the first year for up to one percent, or \$1.5 million, of the State's \$149 million block grant. The State is required to make up for this reduction in its block grant with State or local funds. This means an additional \$1.5 million in State or local funds, for a total penalty in the first year of \$3 million. In subsequent years of noncompliance, the penalty goes up to two percent in the second year, three percent in the third, and so forth.

While there are provisions for entering into corrective action plans before imposing fines, any corrective action plan would likely require the Department to ask for adequate resources to come into compliance with the plan. This request is to ask for adequate resources to avoid possible sanctions upfront.

Additional implications include non-compliance with recommendations from a 2002 state audit report (State /Audit Report, Recommendations 1 and 2, p. 29-30).

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request (7)Office of Self Sufficiency, (B)Colorado Works Program, Administration	\$47,267	\$0	\$0	\$0	\$47,267	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request (7)Office of Self Sufficiency, (B)Colorado Works Program, Administration	\$47,267	\$0	\$0	\$0	\$47,267	0.0

The table below provides the detail for the operating expenses that make up this request.

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES

Expense	Description	Estimated Cost - Each	Estimated Number	Total Estimated Cost
Equipment and Operations				
Accurint	Fraud prevention/detection system access costs: \$50 per month for all users of the system.	\$50	12 months	\$600
Certified Mail	County correspondence: 25 certified mail packages per month (\$4.60 minimum charge for certified mail + \$17.40 average charge for weight = \$22.00 per package)	\$22	25 packages per month, x 12 months = 300	\$6,600
Courier Costs	Costs for metro area services: \$20 per courier trip, 2 trips per month.	\$20	2 trips per month x 12 months = 24	\$480
Pen Data Solutions				
	Form Design (per page): \$100 per page for a 20 page form.	\$100	20	\$2,000
	Paper: \$0.8 per page, 10 pages per review, 25 reviews per month, 12 months per year.	\$0.8	250 pages per month, x 12 months, = 3000	\$2,400
	<i>Total Equipment and Operational Costs</i>			<i>\$12,080</i>
Travel				
Lodging	\$140 average lodging costs per person x 1 person per trip, x 3 average nights per trip, 18 trips per year.	\$140 per night, x 3 nights = \$420	Trips per year = 18	\$7,560
Car Rental	Car Rental at \$49 per day + \$36 gas= \$85 x 4 days per trip, 18 trips per year.	\$85 per day, x 4 days per trip = \$340	Trips per year = 18	\$6,120
Meals	\$60 x 4 days, 18 trips per year	\$60 per day, x 4 days per trip = \$240	Trips per year = 18	\$4,320

STATE OF COLORADO FY 2010-11 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES

Incidentals	\$3 per day x 4 days, 18 trips per year	\$3 per day, x 4 days per trip = \$12	Trips per year = 18	\$216
Mileage	Mileage for metro county visits. 65 mile RT average with \$0.50 mileage reimbursement, 8 trips per year	\$32.5	Trips per year = 8	\$260
Regional Technical Support Trainings (for Tier II)	Hotel night for 2 people (2 x \$140), three days car rental (3 x \$49), gas for car rental (\$36), three days of meals & incidentals (1 for 1 person, 2 for the other) (\$63x3).	Total cost for each Regional Technical Support Training = \$652	Trips per year = 8	\$5,216
<i>Total Travel Costs</i>				\$23,692
Training				
Additional Personnel Training		\$1,000	8	\$8,000
Fraud Prevention Training		\$699	5	\$3,495
<i>Total Training and Memberships Costs</i>				\$11,495
Total Costs				\$47,267

Assumptions for Calculations:

Funds requested for equipment and operations include costs associated with sending hard copies of case files between the State and County using secure methods; ongoing costs associated with the Pen Data system reviewers use to collect and manage data; and the maintenance costs for access to a national fraud prevention/detection database and information management tool (Accurint).

The travel outlined here includes day trips to metro-area counties and overnight trips to those further away. About one third of the scheduled visits will be in FY 2009-10; these will mostly be metro-area day trips. The remaining two-thirds will be in FY 2010-11.

Metro counties will be conducted as day trips; larger metro counties will require 2-4 trips to complete a review and smaller ones can be completed in just one day. Several "as needed" day trips are included to allow for follow-up. The bulk of the initial metro-area

trips will occur in FY 2009-10, so only 8 are accounted for in FY 2010-11. The Division anticipates conducting about 20 review visits in FY 2009-10.

The non-metro-area county visits will require overnight visits and, whenever possible, 2-4 counties will be visited per trip. Trips will be concentrated in warm-weather months to avoid weather-related delays and costs. Several "as needed" overnight trips are included. Most of these visits will be made in FY 2010-11, so 18 trips are included in this request, covering approximately 44 counties. A total of twenty-three day trips and twenty-four overnight trips are needed cover all 64 counties adequately.

As required in the Work Verification Plan, Colorado Works staff will provide technical assistance and training to provide guidance for conducting secondary stage supervisory reviews of case files. Funds are requested for 8 regional technical assistance trainings to assist counties with implementation of their own review process (Tier 2 reviews). These will be tacked onto nearby site visits when possible to minimize costs.

Training funds will ensure collaboration with colleagues in other states, build knowledge of the latest tools and trends in fraud prevention and detection, and develop staff interview and other technical skills.

Impact on Other Government Agencies: None

Cost Benefit Analysis:

Cost	Benefit
<p>Federal funds impact: \$47,267</p> <p>The \$47,267 in appropriations will be funded with dollars held in the Colorado Works Long-Term Reserve.</p>	<p>The State can avoid possible penalties as much as \$18 million in the first year for failure to meet the work participation rate and to provide proper verification of the rate.</p> <p>Additional QC capacity will provide the State with the proper tools it needs to fulfill its supervisory obligation under the Colorado Works program. The Department, the General Assembly, auditors, advocates, and other stakeholders will benefit from additional information regarding the program's performance.</p>

Implementation Schedule:

Task	Month/Year
Ongoing Planning and Piloting of Oversight Program	Present – June 2010
Additional Resources Available For Oversight Program	July 1, 2010

Statutory and Federal Authority:

Colorado Works Program Act (1997), Section 26-2-712, C.R.S. (2009)

(4) Performance measurements. (a) The state department shall develop performance goals and a formula for measuring a county's progress toward meeting such performance

goals in administering and implementing the works program with county block grants. The state department shall provide data gathered on behalf of each county to the general assembly on a quarterly basis regarding employment- and training-related performance measures for the works program. Such data shall include wages earned by works program participants upon leaving the program, job retention rates, and other related information. Such data shall be provided through the state department's computerized systems, if available. Counties shall not be required to provide additional manual or computerized systems to gather such data. The state department shall work with the state work force development council to gather data on works program participants who participate in training and job placement programs offered by work force development boards and the result of such participation. Such data shall be provided to the state auditor's office on at least an annual basis as a part of the works program audit pursuant to section 26-2-723.

(5) Oversight. In connection with overseeing the works program, the state department shall have the specific duties to:

(a) Oversee the implementation of the works program statewide and, in connection with such oversight, develop standardized forms for the counties' use in streamlining the application process, delivery of services, and tracking of participants;

(b) Monitor the state's progress in meeting the work participation requirements set forth in federal law;

(d) Establish statewide goals and monitor the state's progress toward meeting such goals for the reduction in the incidence of out-of-wedlock pregnancies;

(e) Monitor the counties' provision of basic cash assistance grants pursuant to section 26-2-706.6

Performance Measures:

Program	Performance Measure	Outcome	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Request
Colorado Works Program	Increase actual work participation rates for each federal fiscal year in order to meet mandated federal rates and improve client and family independence and self sufficiency.	Benchmark	40.00%	45.00%	50.00%	50.00%
		Actual	35.00%	45.00%	N/A	N/A