

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: TANF-Specific CBMS Changes

Department: Human Services

Priority Number: DI-6

Dept. Approval by: *Will [Signature]*
OSPB Approval: *[Signature]*

Date: 10-1-09

Date: 10-14-09

		1	2	3	4	5	6	7	8	9	10
	Fund	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	0	0	0	0	0	1,300,000	1,300,000	0	1,300,000	0
	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	0.0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	0	0	0	0	1,300,000	1,300,000	0	1,300,000	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0
(2) Office of Information Technology Services	Total	0	0	0	0	0	1,300,000	1,300,000	0	1,300,000	0
Services, TANF Specific	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBMS Changes [New Line]	GF	0	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	0	0	0	0	0	0	0	0	0	0
	MCF	0	0	0	0	0	1,300,000	1,300,000	0	1,300,000	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:	Human Services
Priority Number:	DI-6
Change Request Title:	TANF-Specific CBMS Changes

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:

The Division of Colorado Works in the Department of Human Services is requesting one-time spending authority for funding system changes in the Colorado Benefit Management System (CBMS). This request for FY 2010-11 of \$1,300,000 in federal Temporary Assistance for Needy Families (TANF) funds would be appropriated out of the Colorado Works Long-term Reserve. These funds will be used to serve a TANF purpose, that is, to build system changes that will better facilitate the statewide implementation of the Colorado Works program. If the funds go unspent, they revert to the Long-Term Reserve pursuant to section 26-2-721 C.R.S. (2009).

Background and Appropriation History:

Increased federal oversight of the State program requires increased State oversight of county programs. As a result, the Division will continue to need to make ongoing adjustments to CBMS to accommodate better data management that will facilitate more efficient county supervision and State compliance with federal regulations. Upcoming federal TANF reauthorization is likely to require additional system changes.

The General Assembly approved a FY 2006-07 supplemental request for \$100,000 and a FY 2007-08 budget amendment for \$250,000 in federal TANF spending authority to fund system changes in CBMS due to federal TANF reauthorization. In FY2008-09, a \$2.8 million decision item was approved for a long list of specific CBMS projects. Those are in progress and incomplete, and remaining funds will roll to FY 2009-10 to finish them.

The FY 2008-09 decision item did not include funds for significant future change requests mandated by legislative and programmatic changes proposed for FY 2008-09 and beyond; this request will address such system changes. This \$1.3 million request to address new needs would be the only source of TANF-only CBMS programming hours in FY 2010-11.

General Description of Request:

This request seeks \$1,300,000 federal spending authority for the Colorado Works program to fund system changes in CBMS that are specific to Colorado Works. The program contributes annually to an interdepartmental CBMS maintenance fund, however it is not sufficient to address major issues that affect all participants plus program-specific needs.

Funds would allow the Division to make Colorado-Works-specific adjustments and fixes to CBMS to enable effective program monitoring and timely and accurate case processing. These changes would ensure compliance with upcoming changes in federal and state statutes and emphases. Failure to comply may lead to financial penalties.

Colorado Works' CBMS changes anticipated for FY 2010-11:

- A. Implementation of a post-Basic Cash Assistance (BCA) employment tracking (job retention/wage progression) and payment system. A post-BCA program would monitor and support clients after they are no longer eligible for basic cash assistance. Implementation would require creation of new data entry fields for tracking employment-related outcomes and a new payment type in CBMS. These changes are necessary for compliance with the federally-mandated work verification plan. They

would also provide excellent data for augmenting our evaluation and program-improvement efforts. Estimated cost: \$250,000.

- B. Implementation of simplified reporting. Simplified reporting is intended to reduce the workload of county staff and streamline the application and redetermination process for TANF applicants, recipients, and county staff. It would reduce data entry and paperwork, would reduce applicant and staff confusion by allowing Colorado Works to align with components of other programs, and would reduce opportunity for error. The result would be more efficient use of county time, better service provision, and better outcomes. Implementation will require deleting data entry fields that are no longer needed and revising the remaining data entry fields to collect only the information that is needed. Estimated cost: \$250,000.
- C. Error prone profiling – Quality assurance and fraud prevention automation. The error prone profiling (EPP) process identifies, analyzes and tracks error prone cases using specific criteria and flagging certain cases for manual review. In other words, it would automate some fraud prevention strategies, easing the burden on counties while improving outcomes. Implementation requires adding new data fields within CBMS and designing new, automated reports. These efforts are necessary for compliance with the federally-mandated work verification plan. Estimated cost: \$450,000.
- D. Client correspondence clean up. Colorado Works is reevaluating mailed client correspondences in order to reduce confusion, provide more accurate information, and reduce the administrative costs (i.e. staff time and postage) associated with errant client correspondence. Estimated cost: \$350,000.

Consequences if Not Funded:

If the State is not able to more efficiently manage and report data, it is at risk for several federal sanctions. If the State fails to meet federal requirements for work participation, the State could be penalized in the first year for up to five percent, or \$7.5 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 \$7.5 million in State or local funds, for a total penalty in the first year of \$15 million. In subsequent years of noncompliance, the penalty can go up to as much as 21 percent of the State's block grant.

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 on.

If the State fails to meet both federal work participation and verification requirements, the State could be penalized for a total amount of up to \$18 million in the first year.

Calculations for Request:

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$1,300,000	\$0	\$0	\$0	\$1,300,000	0.0
(2)Office of Information Technology Services; TANF-Specific CBMS Changes	\$1,300,000	\$0	\$0	\$0	\$1,300,000	0.0

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	0.0
(2)Office of Information Technology Services; TANF-Specific CBMS Changes	\$0	\$0	\$0	\$0	\$0	0.0

	Hours	Cost (\$100/hr) ¹
Implementation of a post-TANF payment system and employment tracking.	2,500	\$250,000
Simplified reporting.	2,500	\$250,000
Error prone profiling/QA/QC automation.	4,500	\$450,000
Client correspondence clean up.	3,500	\$350,000
Total	13,000	\$1,300,000

Estimated hours for project completion provided by the CDHS Office of Information Technology Services in cooperation with Deloitte Consulting LLP.

Assumptions for Calculations:

Hour estimates are based on previous experience and the scope of each project, and take into account the contract with the new vendor, Deloitte Consulting LLP. The Deloitte contract requires Deloitte to take on more of the activities associated with a change than the previous vendor did, with less work done in-house by state employees. Therefore, more contractor hours will be needed per project than in the past, driving up the hours and cost per project. The Deloitte contract sets the hourly labor rate.

¹ The Deloitte Consulting LLP contract sets an aggregate labor rate that applies to all labor categories. In the current contract year, that rate is \$100/hour.

Impact on Other Government Agencies: Not Applicable

Cost Benefit Analysis: Approval would result in Federal funds impact of \$1,300,000 in appropriations funded with dollars held in the Colorado Works Long-term Reserve. This investment would prevent possible fines of up to \$18 million per year. Other benefits include timesavings at the county level, improved accuracy, fewer delays, and better overall service provision.

Implementation Schedule:

Task	Month/Year
Internal Research/Planning Period	June 2009 – June 2010
Start-Up Date	July 2010

Statutory and Federal Authority: *Colorado Works Program Act (1997), Section 26-2-712, C.R.S. (2009)*

26-2-712. State department duties - authority.

(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, in addition to the reporting form described in subsection (6) of this section, 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 the personal responsibility and work opportunity reconciliation act;

(e) Monitor the counties' provision of basic assistance grants pursuant to section 26-2-709 and, if necessary due to increased caseloads or economic downturns, do the following to assure that the basic assistance grant is provided in a consistent manner statewide:

(6) Reporting. (a) The state department shall develop a uniform reporting form for the counties to use in order to fulfill the reporting requirements set forth in section 26-2-717.

(e) Monitoring the progress of the family toward attaining self-sufficiency.

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