

**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: Reduction to the Purchase of Contract Placements Appropriation  
 Department: Human Services Dept. Approval by: *Will Hoegel by Kiddle*  
 Priority Number: BRI-2 OSPB Approval: *Full* Date: *10-28-09*

		1	2	3	4	5	6		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	42,774,182	42,463,536	0	42,463,536	51,613,528	(9,150,000)	42,463,528	0	42,463,528	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	41,274,243	40,928,081	0	40,928,081	48,090,723	(9,150,000)	38,940,723	0	38,940,723	0
	CF	0	0	0	0	0	0	0	0	0	0
	RF	1,499,939	1,535,455	0	1,535,455	2,524,455	0	2,524,455	0	2,524,455	0
	FF	0	0	0	0	998,350	0	998,350	0	998,350	0
	MCF	1,499,939	0	0	0	2,524,455	0	2,524,455	0	2,524,455	0
	MGF	650,138	0	0	0	1,262,229	0	1,262,229	0	1,262,229	0
NGF	41,924,381	40,928,081	0	40,928,081	49,352,952	(9,150,000)	40,202,952	0	40,202,952	0	
(11 ) Division of Youth Corrections (C) Community Programs - Purchase of Contract Placements	Total	42,774,182	42,463,536	0	42,463,536	51,613,528	(9,150,000)	42,463,528	0	42,463,528	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	41,274,243	40,928,081	0	40,928,081	48,090,723	(9,150,000)	38,940,723	0	38,940,723	0
	CF	0	0	0	0	0	0	0	0	0	0
	RF	1,499,939	1,535,455	0	1,535,455	2,524,455	0	2,524,455	0	2,524,455	0
	FF	0	0	0	0	998,350	0	998,350	0	998,350	0
	MCF	1,499,939	0	0	0	2,524,455	0	2,524,455	0	2,524,455	0
	MGF	650,138	0	0	0	1,262,229	0	1,262,229	0	1,262,229	0
	NGF	41,924,381	40,928,081	0	40,928,081	49,352,952	(9,150,000)	40,202,952	0	40,202,952	0

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

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**CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE**

Department:	Department of Human Services
Priority Number:	BRI-2
Change Request Title:	Reduction to the Purchase of Contract Placements Appropriation

**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 Department is requesting a reduction of \$9,150,000 for FY 2010-11 for the Purchase of Contract Placements appropriation. Included in the FY 2010-11 November 2, 2009 Executive Budget Request is a restoration of \$9,149,992 General Fund for a one-time reduction in funding in FY 2009-10 implemented in the FY 2009-11 Long Bill SB 09-259. The Division had planned to make continued investments in the Continuum of Care initiative in accordance with the 20% flexibility accorded by the General Assembly Footnote 30 in SB 09-259. The Department is proposing to delay the investment plans of \$9,150,000 another year, until FY 2011-12, in order to accommodate the forecasted budget shortfall for FY 2010-11.

Background and Appropriation History:

Funding is provided for the Division to contract with private for-profit and non-profit organizations to house and treat youth in (11) Division of Youth Corrections, Community Programs – Purchase of Contract Placements. All of the contracts funded through this line item are for residential services. Non-residential services are paid for through other line items. The appropriation history follows:

<b>Description / Source of Appropriation</b>	<b>Amount</b>
SB 07-239 Long Bill	\$54,786,665
HB 08-1375 Add-on for S-11 – Purchase of Contract Placements	(\$9,297,189)
Final Appropriation for FY 2007-08 (non-add)	\$45,297,189
Reversal of Leap Year Adjustment for FY 2007-08 (FY 2008-09, Staff Figure Setting 2/18/09, Pages 21-25)	(\$148,229)
Funding level forecast by the LCS December 2007 population projections reversed (S-11) (FY 2008-09, Staff Figure Setting 2/28/09, Pages 21-25)	\$9,297,189
Joint Budget Committee Action for Net Provider Increase for Cost of Living Adjustment of 1.5% (FY 2008-09, Staff Figure Setting 2/28/09, Pages 21-25)	\$793,083
Joint Budget Committee Action for Joint Budget Committee Action for Continuum of Care (FY 2008-09, Staff Figure Setting 2/28/09, Pages 21-25)	(\$1,766,266)
HB 08-1375 Long Bill FY 2008-09 Appropriation	\$53,665,253
FY 2008-09 S-28 - Reduction to Youth Corrections based on Flexibility Allowed in Footnote 41 of HB 08-1375 (FY 2008-09: Staff Late Supplemental Recommendations for the Division of Youth Corrections, 2/28/09)	(\$9,149,992)
SB 09-189 Supplemental Appropriation FY 2008-09 Appropriation	\$44,515,261
FY 2008-09 S-7: Reduce Contract Placement Continuum of Care to fund Parole Program Services (FY 2008-09: Staff Late Supplemental Recommendations for the Division of Youth Corrections, 2/28/09)	(\$1,413,698)
Add on to FY 2008-09 Appropriation in FY 2009-10 Long Bill (SB 09-259)	\$43,101,563
Reverse FY 2008-09 S-28 - Reduction to Youth Corrections based on Flexibility Allowed in Footnote 41 of HB 08-1375	\$9,149,992
Reverse FY 2008-09 S-7: Reduce Contract Placement Continuum of Care to fund Parole Program Services (FY 2008-09: Staff Late Supplemental Recommendations for the Division of Youth Corrections, 2/28/09)	\$1,413,698
FY 2009-10 BA-28 Reduction to Youth Corrections based on Flexibility Allowed in Footnote 41 of HB 08-1375 (FY 2009-10 Staff Figure Setting 2/18/09, Pages 20-22)	(\$9,149,992)
FY 2009-10 BA-7: Purchase Contract Placement - Continuum of Care (FY 2009-10 Staff Figure Setting 2/18/09, Pages 21-22) adjusted by JBC	(\$2,051,725)
SB 09-259 Long Bill FY 2009-10 Appropriation	\$42,463,536

The negative supplementals for fiscal year 2007-08 and 2008-09 were essentially a reduction of investment savings the Division had achieved for reinvestment in Contract Placement & Facility related initiatives. These supplementals were necessary in order to

meet overall State budgetary requirements. A reduction of (\$9,149,992) was included in the appropriation for fiscal year 2009-2010. This base reduction request will continue delaying the following reinvestments until FY 2010-2011.

The Division of Youth Corrections had planned a reactivation of the Community Accountability Program, 19-2-309.5 C.R.S. (2008). This program (CAP) would have provided a structured program combining residential and community reintegration components “under which certain adjudicated juveniles are subject to an ordered environment affirming the dignity of self and others: promoting the value of education, work and accountability; adhering to the principles of restorative justice; and developing useful skills that can be applied when the juvenile is reintegrated into the community.” This program was eliminated during budget reductions in FY 2002-03. As part of the 2008-09 reductions, this program was placed on hold until FY 2009-10. As a further reduction to achieve budget targets in FY2009-10, the program was delayed until FY2010-11. This action will delay the implementation of this program until fiscal year FY2011-12. The cost of the full program on an annual basis for 80 beds is \$6.0M.

Next, the Division of Youth Corrections (DYC) will forgo the Department’s plan to invest \$2 million into the local HB 1451 Collaborative Management Programs across the State. In the last Legislative Session, HB 08-1005 included the DYC as a mandatory participant in the local HB 1451 Collaboratives. The Department’s plan was to invest dollars into the local collaborative efforts to further the goals and objectives of the State’s juvenile justice system.

A third initiative, which will be postponed, is the creation of a medical reserve. The Division believes the establishment of a catastrophic medical reserve to address the impact of escalating medical costs for youth, as the ability of the Division to absorb catastrophic medical occurrences of those youth needs to be established. This targeted funding shortage has a significant impact on the ability of DYC to provide necessary medical care to non-Medicaid eligible youth. Several drivers are contributing to the Division’s request for establishing a separate medical reserve for catastrophic occurrences. Medical expenses for committed youth cover routine medical expenses,

non-routine expenses, and mental health care. Costs for routine medical expenses have been escalating not only in price, but also in volume as more youth enter they DYC system having had little to no preventative care. As the Division incurs higher expense for routine medical care- the amount of funds available for non-routine care or for mental health needs has been reduced. The projected increase for routine medical care will render the Division unable to provide appropriate health care if it continues to be impacted by non-routine catastrophic medical episodes.

The last initiative to be delayed is the expenditure on physical plant improvements. Capital Outlay for Division of Youth Corrections secure facilities are needed to maintain required safety, security, and operational integrity. The reduction in this investment will defer addressing failing safety and security equipment in the residential housing units, secured perimeter areas, law enforcement entrance gates, required video surveillance and recording, and carpeting issues within the residential units. Typically there is very little funding appropriated for this type of expenditure. For FY 2008-2009, the Division's allocation from CDHS Capital Outlay of \$42,049 was reduced to zero in budget reductions. In addition the Division makes an effort to utilize operating expenses to cover some of the less costly efforts. This funding is generally completely consumed with normal operating expenses for the 11 facilities with a minimal amount, if any, able to be directed toward physical plant upgrades.

General Description of Request:

The FY 2010-11 continuation budget request moves to restore \$9,150,000, which was reduced in FY 2008-09 and subsequently in FY 2009-10 in the Purchase of Contract Placements line item. This budget action is for a reduction in the Purchase of Contract Placements line base request – delaying a request for funds to be restored until FY 2011-12. Those investment plans included:

Community Accountability Program (CAP) services for an additional 80 youth. .  
Increases in spending for House Bill 1451 Collaboratives in approximately 24 participating counties.

A reserve would be established for major injuries or illnesses. These costs have been escalating over the past few years with no increases in the medical services appropriation.

Physical plant improvements to State owned facilities that had been delayed would be implemented.

Consequences if Not Funded:

As this request is to reduce the amount of investment, there are no consequences if the request is not granted. The Division would move forward with the identified investment initiatives.

Calculations for Request:

<b>Summary of Request FY 2010-11</b>	<b>Total Funds</b>	<b>General Fund</b>
Total Request		
Deferred Continuum of Care Reinvestments	(\$9,150,000)	(\$9,150,000)

  

<b>Summary of Request FY 2011-12</b>	<b>Total Funds</b>	<b>General Fund</b>
Total Request		
Deferred Continuum of Care Reinvestments	\$0	\$0

Cash Funds Projections:

Not Applicable.

Assumptions for Calculations:

Total Requested Programs to be delayed until FY 2011-12:

Community Accountability Program (CAP)	\$6,000,000
House Bill 1451 Collaboratives	\$2,000,000
Catastrophic Medical Reserve	\$500,000
Physical Plant Improvements in state owned Facilities	<u>\$650,000</u>
Total Deferred Investments	\$9,150,000

Calculations for each individual investment follow:

<b>CAP Calculations</b>		
Residential Services	\$4,146,400	For 80 youth * 365 days a year * \$142.00 daily rate
Transition Services	\$1,670,400	For 80 youth * \$3,480/mo per youth annual transition cost* 1/2 for start up year
		Based on prior program
Research	\$65,850	expenses
		Based on prior program
Administration	\$68,750	expenses
		Based on prior program
Clinical Support	\$48,600	expenses
	<u>\$6,000,000</u>	

The number of Collaborative Management Programs created under HB 1451 has grown significantly over the last several years. As of July 2008, there are 24 counties participating in these programs. The Division of Youth Corrections acknowledges there are many benefits provided in improving the provision of services to children and families. However, while the number of HB 1451 programs has increased significantly over the last several years, the resources available in DYC to support these programs have remained constant. As a result, the Division’s four regional management offices are often unable to allocate “tangible dollars” to assist the local collaborative in meeting their goals and outcomes. No specific program listing is available at this time, which would illustrate the distribution of the \$2,000,000 of Collaborative funds available. The Division had, however, identified \$2M out of future savings, which it would make available for counties to submit for HB 1451 Programs.

<b><u>Physical Plant Improvements for Division of Youth Corrections</u></b>	
Control Center for Lookout Youth Services	\$28,414
Control Center for Gilliam Youth Services	\$28,414
Sally Port/Law Enforcement Drop Offs	
Grand Mesa Youth Services Center	
Expansion and redesign. Replace Original 9 foot Sally Port gate, expand law enforcement drop off	\$105,527
Other Plant Improvements	
Grand Mesa Youth Service Center - Parking Lot improvements	\$35,750



Platte Youth Services Center Firearm lock boxes, spirometer asthma testing, vent art room, wired glass in doors, recess lighting in gym, fence for vocational opportunities, medical area repair	\$76,475
Mountain View Youth Services Center - Replace unsafe vent covers buildings 73 and 74 (Everest), Card access system, barrier wall	\$68,000
Lookout Youth Services Center - Roundabout and parking lot lighting, washers and dryers, reforestation plan, culinary arts store	\$26,000
Spring Creek Youth Services Center – Hand-sink hardware replacement, data switch	\$8,500
Gilliam Youth Services Center - Security wall with remote gate for North parking lot, gate repair and replacement South Parking lot, shatterproof glass window replacements, redo courtyards	\$272,920
	\$650,000

Impact on Other Government Agencies: Not applicable.

Cost Benefit Analysis: Not applicable.

Implementation Schedule:

Task	Month/Year
Passage of FY 2010-11 Long Bill by General Assembly	April/May 2010
Contracts written with reductions	May/June 2010
Fiscal Year begins with Long Bill appropriation	July 1, 2010

Statutory and Federal Authority: *19-2-410 (1), C.R.S. (2009). The executive director of the department of human services shall, subject to available appropriations, enter into agreements or contracts deemed necessary and appropriate with any governmental unit or agency or private facility or provider cooperating or willing to cooperate in a program to carry out the purposes of this article. Such contracts or agreements may provide, among other things, for the type of work to be performed at a camp or other facility, for the rate of payment for such work, and for other matters relating to the care and treatment of juveniles.*

*19-2-402, C.R.S. (2009), b) Detention facilities operated by or under contract with the department of human services, subject to limitations on physical capacity and programs, shall receive and provide care for any juvenile arrested for or convicted of a violation of any provision of articles 1 to 15 of title 33, C.R.S., or any rule or regulation promulgated thereunder, or any article of title 42, C.R.S., or any municipal or county ordinance and for any juvenile found in contempt of court in connection with a violation or an alleged violation of any of those articles or any municipal or county ordinance.*

*19-2-403 (3), C.R.S. (2009) Juvenile Facilities - Once a juvenile is committed to the department of human services, the juvenile shall remain in a facility directly operated by the department of human services or in a secure facility contracted for by the department of human services until his or her commitment expires as provided by law, parole status is granted pursuant to part 10 of this article, or a community placement is approved by order of the juvenile court and by a juvenile community review board, if one exists in the county of proposed placement.*

Performance Measures:

Not Applicable.