

Schedule 13
Funding Request for the 2014-15 Budget Cycle

Department: Department of Human Services
 Request Title: Fully Fund County Tax Base Relief
 Priority Number: R-13

Dept. Approval by: *Will Bl* 10-17-13
 Date
 OSPB Approval by: *Erin N. Roberts* 10/22/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	2,697,803	0	2,697,803	1,181,953	1,181,953
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	2,697,803	0	2,697,803	1,181,953	1,181,953
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	0	0	0	0	0
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	2,697,803	0	2,697,803	1,181,953	1,181,953
(4) County Administration, County Tax Base Relief	Total	2,697,803	0	2,697,803	1,181,953	1,181,953
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	2,697,803	0	2,697,803	1,181,953	1,181,953
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	0	0	0	0	0
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	2,697,803	0	2,697,803	1,181,953	1,181,953

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: N/A
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: Not Required:
 Schedule 13s from Affected Departments: N/A
 Other Information: N/A

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Cost and FTE

- This request is for \$1,181,953 General Fund and 0.0 FTE in FY 2014-15 and beyond to fully fund County Tax Base Relief. This represents a 44% increase to the County Tax Base Relief line item.

Current Program

- County Tax Base Relief (CTBR) funding exists to assist counties with the highest costs and lowest property tax values in meeting the obligation of the local match required by the State for certain public assistance programs (Temporary Assistance for Needy Families, Food Assistance, Medicaid, Child Welfare Services, and Adult Assistance programs).
- A formula based on three fixed mill levy thresholds (tiers) is used to calculate CTBR eligibility. A county may qualify for a distribution from one or more tiers. Statute directs how funds for CTBR are to be distributed to qualifying counties when appropriations are insufficient to fully fund a CTBR funding tier.

Problem or Opportunity

- Counties that qualify for CTBR continue to face difficulties in raising adequate funding for local match requirements for the human services programs previously referenced.
- In recent years, funding for CTBR has been limited due to the availability of funding. Legislation (S.B. 10-149) was enacted to limit available CTBR funding to Tier I counties through FY 2011-12.
- For FY 2012-13, the Joint Budget Committee increased the funding in the line item in order to fully fund Tier I in the estimated amount of \$1,762,511 based upon the Department's totals for public assistance programs that have a county share and assessed valuation.
- For FY 2013-14, the JBC increased the appropriation to a total of \$2,697,803 in order to fully fund the estimated need for Tiers I and II. The estimated need for Tier III currently remains unfunded.

Consequences of Problem

- In the absence of increased funding for CTBR, counties have been faced with exhausting their fund balances available to Social/Human Services which may result in reduced services to public assistance applicants/cases.
- Due to a lack of CTBR funding for all three tiers, counties that are extremely poor and/or have low property values may be unable to offer an equitable level of public assistance compared to other regions of the State that may have less poverty and/or higher property values.

Proposed Solution

- The Department requests \$1,181,953 to fully fund the estimated amount of \$3,879,756 needed for County Tax Base Relief in FY 2014-15, including Tier III. The additional funding would be ongoing. The proposed solution does not require a statutory change.

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State of Colorado
Department of Human Services
FY 2014-15 Funding Request
November 1, 2013

John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

Department Priority: R-13

Request Detail: Fully Fund County Tax Base Relief

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
State Funding for County Tax Base Relief	\$1,181,953	\$1,181,953

Request Summary:

The Department requests \$1,181,953 in General Fund spending authority in FY 2014-15 and beyond to fully fund the estimated need in the County Tax Base Relief line item.

Problem or Opportunity:

The County Tax Base Relief (CTBR) appropriation exists to assist counties with the highest costs and lowest property tax values in meeting the obligation of the local match required by the State for certain public assistance programs. Those obligations include: county responsibility for maintenance of effort expenditures for the Temporary Assistance for Needy Families (TANF) Block Grant, the county 20 percent share for food assistance and Medicaid reimbursements, the county share for child welfare services expenditures (20 percent for most services), and the county share for adult assistance programs (20 percent). Although funding for CTBR has increased in the two prior fiscal years, funding is still not sufficient to cover the entire need as specified in the statutory formula. Qualifying counties are not getting all of the assistance they need with the county share of public assistance.

Pursuant to Section 26-1-126(1.5), C.R.S., a formula based on three fixed mill levy thresholds (tiers) is used to calculate CTBR eligibility. A county may qualify for a distribution from one or more tiers. H.B. 08-1250, established the current CTBR formula, and modified the prior statutory authority to ensure that the program targeted the neediest counties. The appropriation for FY 2007-08 (then titled County Contingency) was \$11,069,321. After HB 08-1250 was passed, the adjusted appropriation for FY 2008-09 was \$5,652,654 and the title of the appropriation was changed to County Tax Base Relief. It is also important to note that \$4M of the \$11M was moved to the County Administration appropriation. As a result of the downturn in the economy and the need to reduce spending, the appropriation was reduced to \$2,700,688 in FY 2009-10, and then reduced to \$1,000,000 in FY 2011-12, which was continued into FY 2012-13.

The estimated need to fully fund all three tiers for FY 2012-13 was \$4,445,756: \$1,762,511 for Tier I; \$935,292 for Tier II; and \$1,747,954 for Tier III. The estimated need was based on figures that were available at the time of JBC Figure Setting for FY 2013-14 on the Department's totals for public assistance programs that had a county share and assessed valuation, using the most current assessment information available the Colorado Department of Local Affairs. JBC staff recommended increasing the FY 2012-13 appropriation from \$1,000,000 to \$1,762,511 to fully fund the estimated need for Tier I. The Committee and the General Assembly approved of this increase. For FY 2013-14, JBC staff recommended that CTBR funding be increased by an additional \$935,292, for a total appropriation of \$2,697,803, to fund the estimated needs for Tiers I and II. The Committee and General Assembly also approved this increase. Following these actions, the estimated need for Tier III CTBR remains unfunded.

The lack of CTBR funding for those counties qualifying for an allocation out of Tier III has differing impacts, depending on the county. Counties have reported depleting their social/human services fund balance reserves as a means of subsidizing the local match requirement for public assistance benefits. As such balances are depleted, and if CTBR funding is not made available, these counties may be forced to reduce services to public assistance applicants/cases. Other counties have reported that they are not fully spending their allocated resources - whether for County Administration, Core Services, Child Welfare, etc., or any combination - because of a lack of funds/revenues to support the associated county share. The impact of not being able to spend their program allocations is a reduction in services to citizens. Counties have also reported that county funds intended for other county services are being redirected to public assistance.

Proposed Solution:

The Department proposes that the County Tax Base Relief appropriation for FY 2014-15 be increased by \$1,181,953 in General Fund, the estimated amount needed to fully fund the line item, bringing the total appropriation to \$3,879,756. The additional funding would fully fund the estimated need for CTBR based on county expenditure information available from the close out of FY 2012-13 and assessed property valuations for Calendar Year 2012. The additional funding would be on-going and would not require a statutory change. As previously referenced, the appropriation was increased for FY 2013-14 to cover the estimated need for Tiers I and II. Having funding available to cover Tier III would help to ensure that the counties for which CTBR was intended to assist, the neediest counties, would have sufficient funding available to cover the county obligations for the public assistance programs they administer and not have to compromise the level of service offered.

The consequences of not being able to fund the projected amount needed for Tier III could be a decreased level of service. The smaller rural counties may be put in a position having to increase mill levies with increased reliance on them due to their limited commercial and residential real estate base. Counties are constrained in their total mill levy revenue operating under TABOR, but they have the ability to redirect a larger portion of their mill levy revenue to social services. Thereby, funds can be directed away from other community services, such as public safety, which has an impact on citizens.

Anticipated Outcomes:

As the counties that qualify for tax base relief have experienced caseload growth since the start of the recession, the need to be able to cover the county portion has placed an additional burden on them. The anticipated outcome of having this request approved is providing the counties qualifying for CTBR with the necessary resources to cover the obligations needed for the county share of the public assistance services being provided.

Assumptions and Calculations:

\$1,181,953 is the amount estimated to fully fund CTBR, including Tier III, for FY 2014-15. Spending authority already exists to fund Tiers I and II assuming that the FY 2013-14 appropriation is continued into FY 2014-15. The total estimated amount of funding for all three tiers is \$3,879,756 based on the Department's totals for public assistance programs that have a county share and assessed valuation in FY 2012-13 (using assessed valuations from CY 2012). This amount differs from the amount that was used during Figure Setting for FY 2013-14 when the appropriations were increased for FY 2012-13 and FY 2013-14. It is important to note that the calculated share of the obligation required by counties is an estimate and can change throughout the fiscal year depending on the amount of county expenditures and the associated county share of those expenditures. The \$3.879 million estimated need to fully fund CTBR in FY 2014-15 is based on calculations following year-end close for FY 2012-13. The following table reflects the CTBR information as of the close of FY 2012-13, and is the basis for this request.

County	County Share for Final Distribution (Based on FY 2012-13)	Assessed Valuation Calendar Year 2012	Tier I	Tier II	Tier III	Total
Adams	\$11,257,785	\$4,622,808,830	\$0	\$0	\$503,042	\$503,042
Alamosa	\$842,133	\$150,635,429	\$292,670	\$37,659	\$18,829	\$349,158
Bent	\$247,482	\$74,468,657	\$18,057	\$18,617	\$9,309	\$45,983
Conejos	\$306,590	\$61,209,609	\$92,221	\$15,302	\$7,651	\$115,174
Crowley	\$160,122	\$36,623,420	\$37,689	\$9,156	\$4,578	\$51,423
Delta	\$719,335	\$320,253,880	\$0	\$0	\$19,707	\$19,707
Denver	\$22,198,591	\$10,805,819,670	\$0	\$0	\$146,738	\$146,738
El Paso	\$14,649,079	\$6,327,576,720	\$0	\$0	\$498,481	\$498,481
Fremont	\$1,404,654	\$452,866,150	\$34,542	\$113,217	\$56,608	\$204,366
Huerfano	\$310,876	\$114,497,939	\$0	\$12,315	\$14,312	\$26,628
Lincoln	\$264,542	\$107,622,624	\$0	\$	\$12,324	\$12,324
Logan	\$761,417	\$271,131,910	\$0	\$41,794	\$33,892	\$75,685
Morgan	\$1,078,827	\$429,691,960	\$0	\$2,298	\$53,712	\$56,010

County	County Share for Final Distribution (Based on FY 2012-13)	Assessed Valuation Calendar Year 2012	Tier I	Tier II	Tier III	Total
Otero	\$591,456	\$127,146,553	\$157,512	\$31,787	\$15,893	\$205,192
Phillips	\$131,332	\$60,309,630	\$0	\$0	\$2,678	\$2,678
Prowers	\$583,905	\$124,320,105	\$158,209	\$31,080	\$15,540	\$204,829
Pueblo	\$5,810,580	\$1,671,480,675	\$597,103	\$417,870	\$208,935	\$1,223,909
Rio Grande	\$536,908	\$176,215,157	\$6,197	\$44,054	\$22,027	\$72,277
Saguache	\$251,008	\$65,122,418	\$41,730	\$16,281	\$8,141	\$66,152
Total	\$62,106,622	\$25,999,801,336	\$1,435,930	\$791,430	\$1,652,397	\$3,879,756

Estimated amount needed to fully fund CTBR	\$3,879,756
CTBR Appropriation FY 2013-14	\$2,697,803
Difference – Amount of Request	\$1,181,953