



**June 13, 2017**

**To:** Council Government and Finance Committee, City and County of Denver

**From:** Tanya Kelly-Bowry and Ernestine Mondragon, Policy Matters

**Subject:** 2017 State Budget Wins

### **Summary**

The Governor's budget request for FY 2017-18 anticipated a deep shortfall in the state budget and the proposed plan called for deep cuts that impacted programs across the board. Despite the budget shortfall, Policy Matters was successful in securing a multitude of resources on behalf of the City and County of Denver's Department of Human Services for FY 2017-18.

The state budget bill, SB17-254 Long Appropriations Bill, was introduced on March 27 and signed into law on May 26, 2017. Each year, the six member Joint Budget Committee (JBC) writes and introduces the Long Bill as a JBC bill. This year, the make up of the Committee was comprised of three Democrats and three Republicans. The split make up of the JBC proved challenging for our lobbying efforts but Policy Matters was able to work strategically with the JBC members to secure resources and our relationships were essential to reaching a compromise on Denver's top budget priorities.

The Legislature passed the bill during the final days of the legislative session, and rescinded their ability to override any vetoes by the Governor. However, the Governor did not veto any footnotes in SB17-254. The Long Bill establishes an operating budget of \$28.6 billion dollars, including \$10.6 billion in General Fund dollars for FY 2017-18. This represents an increase of 5.8 percent over FY 2016-17 total funds appropriations and an increase of 5.7 percent General Fund.

### **County Administration**

For FY 2017-18, the Governor's Office submitted a budget request for \$16.6 million total funds, including \$5 million General Fund for County Administration. The counties use these funds to administer the Supplemental Nutrition Assistance Program (SNAP) as well as other small programs. This request came before the Colorado Department of Human

Services has concluded the workload study we were successful in advocating for during the 2016 legislative session. Because that study has not yet concluded, there were concerns from JBC staff and members that this request was premature. After meeting with staff and making our case to the members, we are proud to report that our lobbying efforts paid off. The JBC staff made the recommendation to approve the funding request and the JBC members unanimously approved the staff recommendation.

### **County Child Welfare Staffing**

The Executive request for phase three of the county child welfare staffing was for \$4.07 million total funds, including \$3.6 million General Fund for counties to hire an additional 58 child welfare caseworkers. The funding request for phase III is in response to the Child Welfare Workload Study performed by the State Auditor in 2014. Last year, the City and County of Denver received 15 FTE and the year before Denver received 7 FTE.

Policy Matters was successful in securing this funding for the counties. The staff recommendation includes funding for \$4.08 million total funds, which will fund 67 FTE (as opposed to 58).

### **Long Bill Indirect Cost Plan**

The Colorado Department of Human Services (CDHS) put forth a budget request titled "Department Indirect Costs" which would've resulted in a cut to the county child welfare block grant and would've mitigated the funding for additional child welfare staffing.

The DHS proposal would've withheld \$5,643,322 in federal funds, from Child Welfare allocations, monies that would otherwise be used by counties to pay for Child Welfare staff and out of home placements. Under the CDHS proposal, the loss to counties' allocations of \$7,054,153 would've equated to 102 FTE statewide.

Policy Matters convened several meetings with JBC staff, Denver Human Services staff and JBC members to address issues with this request related to transparency and a reduction in county child welfare staffing.

As a result of our work with JBC staff and members, a new indirect cost plan was developed for the CDHS Long Bill appropriation. The new plan will result in greater transparency and now includes payments from Child Welfare and a General Fund increase of \$4.9 million to mitigate the impact to the Division of Child Welfare in 2017-18. As a result, the Department is now in compliance with Federal law and the counties will not see a cut to county block allocations.

## **Mitigation of Colorado Child Care Assistance Program (CCCAP) Waitlists**

Policy Matters was successful in advocating for a supplemental submitted by the Colorado Department of Human Services to mitigate the CCCAP waitlists. The Joint Budget Committee approved funding for FY 2016-17 in the amount of \$2,471,482 total funds and \$524,482 General Fund. The original Department request did not include the General Fund piece and we were successful in getting the Committee to approve both slices of funding.

In addition to the supplemental for 2016-17 that was approved by the Joint Budget Committee, an additional \$2.4 million total funds, including \$524,482 General Fund was secured for FY 2017-18 to mitigate county waitlists in the Colorado Child Care Assistance Program.

## **Community Provider Rates**

The Joint Budget Committee approved a 1.4 percent provider rate increase for FY 2017-18. The appropriation includes \$11.8 million total funds, including \$6.8 million General Fund for an across the board increase for community providers. The Administration did not propose an increase in this area.

## **SB17-267 Rural Sustainability Act**

This bill was an essential piece of the budget package this session. A key component was the Enterprise of the Hospital Provider Fee (HPF). The re-classification of the HPF will result in mitigating ongoing TABOR refunds, which have occurred over the past three years, resulting in required General Fund cuts to pay for the refunds. The bill passed on the final day of the legislative session and was signed into law by the Governor on May 30, 2017. SB17-267 was signed after the Long Bill so it could reverse the \$264 million in cuts to hospitals throughout the state. Without the passage of this bill, Denver Health would've taken a potential \$48 million cut.

Other key provisions of note to the City and County of Denver include: \$1.8 billion in bonds for transportation projects; lowering the TABOR cap by \$200 million; all state agencies except the Departments of Education and Transportation are required to propose a 2% reduction in funds; the allocation of \$30 million in one time funds to rural schools; an ongoing infusion of \$21 million per year into the State Education Fund; the increase of marijuana tax from 10%-15% (allowed with only a statutory change); creation of a business personal property tax credit valued at \$21 million annually; and increasing copayments for certain Medicaid services.

## **Miscellaneous Programs**

The Mayor's Office and Council Members have expressed interest in other areas of the state budget highlighted below.

*Film Incentives:* The Governor's Office requested \$3 million General Fund for film incentives. The Joint Budget Committee could not come to an agreement on this line item and did not fund the request in the long bill. The House and Senate made several attempts to amend the long bill to include the \$3 m for film incentives but in the end no General Fund was appropriated and the program will only receive \$1.25 million. This continues to be a contentious issue as the State Auditor recently found that the incentives were given to productions that did not fully qualify for the funds.

*Healthy Kids Colorado Survey:* The Joint Budget Committee deadlocked on the funding request for this line item and the funding was eliminated in the long bill. The House and Senate amended the bill to include the funding and the budget now includes \$745,124 from the marijuana tax cash fund to support this line item.

*Affordable Housing:* Governor Hickenlooper requested \$16.3 million in marijuana tax cash fund dollars to be used for three affordable housing proposals. During the deliberations on the long bill, the JBC was not able to reach agreement and therefore, these proposals went unfunded in the Long Bill. The House and Senate amended the budget and an appropriation of \$15.3 million will now support Affordable Housing Grants and Loans in the Department of Local Affairs. The funds will be used to provide permanent supportive housing and rapid re-housing assistance for individuals with behavioral health needs, and for individuals experiencing or at-risk of homelessness. By providing stable housing, which includes rental assistance and supportive services, the hope is to reduce incarceration, hospitalization, and homelessness for many of Colorado's most vulnerable citizens.

### **Legislation Impacting the City and County of Denver**

Policy Matters actively engaged on key JBC bill proposals. The providers brought forth a legislative request on child welfare out of home placement reimbursement. The bill would have negatively impacted Denver because it would have required that the county pass on provider rate increases directly to providers even if a separate MOU reimbursement rate agreement was in place and even if the state funding was less than the provider rate amount.

Because of our efforts with the JBC members and staff, we were able to amend the draft legislation and removed that detrimental section out of the bill. The City and County of Denver Human Services ended up supporting HB17-1292 Child Welfare Provider Rates which was run as a Joint Budget Committee bill and requires an actuarial study on the rates that might be underfunded. The child welfare bill was signed into law by Governor Hickenlooper.

The Department of Human Services proposed a bill to use TANF reserve dollars for a subsidized employment program. Unfortunately, the bill draft did not contain any of Denver's feedback or language. Policy Matters was successful in lobbying the JBC members to delay passage of the draft bill until the Department worked with Denver DHS on their requests. Don Mares subsequently provided feedback to Director Bicha

and Denver was able to support the legislation. SB17-292 Colorado Works Employment Opportunities with Wages was introduced as a Joint Budget Committee bill and was ultimately signed into law.