

# STATE OF COLORADO

## OFFICE OF STATE PLANNING AND BUDGETING

111 State Capitol Building  
Denver, Colorado 80203  
(303) 866-3317



Bill Ritter, Jr.  
Governor  
Todd Saliman  
Director

April 13, 2009

The Honorable Moe Keller  
Chairman, Joint Budget Committee  
Colorado General Assembly  
200 E. 14<sup>th</sup> Avenue, Third Floor  
Legislative Services Building  
Denver, CO 80203

Dear Senator Keller:

Thank you for the opportunity to submit Governor Ritter's FY 2008-09 and FY 2009-10 change requests associated with the American Recovery and Reinvestment Act of 2009 (ARRA). The Governor's ARRA change requests provided today only reflect initiatives that seek legislative authorization (appropriations). The FY 2008-09 ARRA requests total \$10,663,199 total funds, including a savings of \$2,933,354 General Fund and an increase of \$13,596,553 ARRA federal funds. The FY 2009-10 ARRA requests total \$25,485,169 total funds, including a savings of \$3,911,138 General Fund and an increase of \$29,396,307 ARRA federal funds. These change requests submitted are subsequent to the Governor's balanced budget package for FY 2008-09 and FY 2009-10 that was submitted to you on February 23<sup>rd</sup>, before the ARRA information was available.

### *Summary of Governor Ritter's ARRA Change Requests*

- Department of Human Services: Request to increase Child Care and Development Block Grant Federal Funds. The request provides an increase of \$10,663,199 federal funds in FY 2008-09 for the Child Care Assistance Program and an increase of \$13,782,268 federal funds in FY 2009-10, including \$10,663,198 for the Child Care Assistance Program and \$3,119,070 targeted to improve the quality of infant and toddler programs. *This request is intended to replace and complement the action that the JBC took in this area in S.B. 09-259 (Long Bill).*
- Department of Human Services: Request to refinance Child Welfare Services with enhanced IV-E Federal Funds. This request provides a General Fund savings of \$2,933,354 and a corresponding increase in federal IV-E of \$2,933,354 in FY 2008-09. The request also provides a savings of \$3,911,138 General Fund and an increase of federal IV-E of the same in FY 2009-10. *This request is intended to replace and complement the action that the JBC took in this area in S.B. 09-259 (Long Bill).*
- Department of Human Services: Request for TANF Emergency Contingency Fund. The request provides an increase of \$11,702,901 federal funds for Emergency Contingency Funds for the State Temporary Assistance for Needy Families Program in FY 2009-10.

April 13, 2009

Governor Ritter's FY 2008-09 and 2009-10 ARRA Change Requests

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April 13, 2009 Change Requests Associated with ARRA Federal Stimulus Funds

| <b>FY 2008-09 ARRA Request</b>          | <b>Total Funds</b>  | <b>General Fund</b>  | <b>Federal<br/>ARRA Funds</b> |
|---|---------------------|----------------------|-------------------------------|
| DHS - Child Care Division               | \$10,663,199        | \$0                  | \$10,663,199                  |
| DHS - Child Welfare Services Title IV-E | \$0                 | (\$2,933,354)        | \$2,933,354                   |
| <b>Total ARRA Request FY 2008-09</b>    | <b>\$10,663,199</b> | <b>(\$2,933,354)</b> | <b>\$13,596,553</b>           |

  

| <b>FY 2009-10 ARRA Request</b>          | <b>Total Funds</b>  | <b>General Fund</b>  | <b>Federal<br/>ARRA Funds</b> |
|---|---------------------|----------------------|-------------------------------|
| DHS - Child Care Division               | \$13,782,268        | \$0                  | \$13,782,268                  |
| DHS - TANF Emergency Contingency Fund   | \$11,702,901        | \$0                  | \$11,702,901                  |
| DHS - Child Welfare Services Title IV-E | \$0                 | (\$3,911,138)        | \$3,911,138                   |
| <b>Total ARRA Request FY 2009-10</b>    | <b>\$25,485,169</b> | <b>(\$3,911,138)</b> | <b>\$29,396,307</b>           |

The Office of State Planning and Budgeting is preparing additional information that will summarize many other sources of ARRA funds coming into Colorado. Appropriations will not be requested for these funds, but they will be provided in hopes of educating the General Assembly about ARRA and providing budget transparency. We hope to submit this information early this week.

Should you have any questions about any of these ARRA change requests, please do not hesitate to contact me or my staff.

Sincerely,



Todd Saliman  
Director, Office of State Planning and Budgeting

cc: The Honorable Representative Jack Pommer, Vice-Chairman  
The Honorable Senator Abel Tapia, Member of the Joint Budget Committee  
The Honorable Senator Al White, Member of the Joint Budget Committee  
The Honorable Representative Mark Ferrandino, Member of the Joint Budget Committee  
The Honorable Representative Don Marostica, Member of the Joint Budget Committee  
Mr. John Ziegler, Staff Director of the Joint Budget Committee  
Mr. Jim Carpenter, Chief of Staff, Governor Bill Ritter, Jr.

**Schedule 13  
Change Request for FY 2009-10 Budget Request Cycle**

| Decision Item FY 2009-10 |                                   | Base Reduction Item FY 2009-10                      |                                      | Supplemental FY 2008-09               |                              | Budget Amendment FY 2009-10              |                                    | Change from Base (Column 5) FY 2010-11 |                                       |  |
|--------------------------|-----------------------------------|---|--------------------------------------|---------------------------------------|------------------------------|--|------------------------------------|--|---------------------------------------|--|
| Request Title:           |                                   | Refinance Child Welfare Services with Federal Funds |                                      |                                       |                              |  |                                    |  |                                       |  |
| Department:              |                                   | Human Services                                      |                                      |                                       |                              |  |                                    |  |                                       |  |
| Priority Number:         |                                   | S-56, BA-56   |                                      |                                       |                              |  |                                    |  |                                       |  |
|                          |                                   | Dept. Approval by: <i>[Signature]</i>               |                                      | Date: 4-9-09                          |                              |  |                                    |  |                                       |  |
|                          |                                   | OSPB Approval: <i>[Signature]</i>                   |                                      | Date: 4-10-09                         |                              |  |                                    |  |                                       |  |
| Fund                     | 1<br>Prior-Year Actual FY 2007-08 | 2<br>Appropriation FY 2008-09                       | 3<br>Supplemental Request FY 2008-09 | 4<br>Total Revised Request FY 2008-09 | 5<br>Base Request FY 2009-10 | 6<br>Decision/ Base Reduction FY 2009-10 | 7<br>November 1 Request FY 2009-10 | 8<br>Budget Amendment FY 2009-10       | 9<br>Total Revised Request FY 2009-10 | 10<br>Change from Base (Column 5) FY 2010-11 |
| Total                    | 337,446,740                       | 351,124,654   | 0                                    | 351,124,654                           | 351,124,654                  | 0  | 351,124,654                        | 0                                      | 351,124,654                           | 0  |
| FTE                      | 0.0                               | 0.0   | 0.0                                  | 0.0                                   | 0.0                          | 0.0                                      | 0.0                                | 0.0                                    | 0.0                                   | 0.0  |
| GF                       | 168,846,941                       | 179,710,637   | (2,933,354)                          | 176,777,283                           | 179,710,637                  | 0  | 179,710,637                        | (3,911,138)                            | 175,799,499                           | (1,955,569)                                  |
| CF                       | 0                                 | 57,588,959  | 0                                    | 57,588,959                            | 57,588,959                   | 0  | 57,588,959                         | 0                                      | 57,588,959                            | 0  |
| CFE/RF                   | 75,949,417                        | 18,773,007  | 0                                    | 18,773,007                            | 18,773,007                   | 0  | 18,773,007                         | 0                                      | 18,773,007                            | 0  |
| FF                       | 92,650,382                        | 95,052,051  | 2,933,354                            | 97,985,405                            | 95,052,051                   | 0  | 95,052,051                         | 3,911,138                              | 98,963,189                            | 1,955,569                                    |
| MCF                      | 13,778,035                        | 18,773,007  | 0                                    | 18,773,007                            | 18,773,007                   | 0  | 18,773,007                         | 0                                      | 18,773,007                            | 0  |
| MGF                      | 6,889,018                         | 9,386,504   | 0                                    | 9,386,504                             | 9,386,504                    | 0  | 9,386,504                          | 0                                      | 9,386,504                             | 0  |
| NGF                      | 175,735,959                       | 189,097,141   | (2,933,354)                          | 186,163,787                           | 189,097,141                  | 0  | 189,097,141                        | (3,911,138)                            | 185,186,003                           | (1,955,569)                                  |
| Total                    | 337,446,740                       | 351,124,654   | 0                                    | 351,124,654                           | 351,124,654                  | 0  | 351,124,654                        | 0                                      | 351,124,654                           | 0  |
| FTE                      | 0.0                               | 0.0   | 0.0                                  | 0.0                                   | 0.0                          | 0.0                                      | 0.0                                | 0.0                                    | 0.0                                   | 0.0  |
| GF                       | 168,846,941                       | 179,710,637   | (2,933,354)                          | 176,777,283                           | 179,710,637                  | 0  | 179,710,637                        | (3,911,138)                            | 175,799,499                           | (1,955,569)                                  |
| CF                       | 0                                 | 57,588,959  | 0                                    | 57,588,959                            | 57,588,959                   | 0  | 57,588,959                         | 0                                      | 57,588,959                            | 0  |
| CFE/RF                   | 75,949,417                        | 18,773,007  | 0                                    | 18,773,007                            | 18,773,007                   | 0  | 18,773,007                         | 0                                      | 18,773,007                            | 0  |
| FF                       | 92,650,382                        | 95,052,051  | 2,933,354                            | 97,985,405                            | 95,052,051                   | 0  | 95,052,051                         | 3,911,138                              | 98,963,189                            | 1,955,569                                    |
| MCF                      | 13,778,035                        | 18,773,007  | 0                                    | 18,773,007                            | 18,773,007                   | 0  | 18,773,007                         | 0                                      | 18,773,007                            | 0  |
| MGF                      | 6,889,018                         | 9,386,504   | 0                                    | 9,386,504                             | 9,386,504                    | 0  | 9,386,504                          | 0                                      | 9,386,504                             | 0  |
| NGF                      | 175,735,959                       | 189,097,141   | (2,933,354)                          | 186,163,787                           | 189,097,141                  | 0  | 189,097,141                        | (3,911,138)                            | 185,186,003                           | (1,955,569)                                  |

**Non-Line Item Request:** None  
**Letternote Revised Text:** (FY 2008-09) Of these amounts, \$79,434,645 \$73,367,969 shall be from Title IV-E of the Social Security Act, \$22,690,313 shall be from the Title XX Social Services Block Grant, and \$4,019,549 shall be from Title IV-B, Subpart 1, of the Social Security Act.  
 (FY 2009-10) Of these amounts, \$73,367,969 \$74,345,753 shall be from Title IV-E of the Social Security Act, \$22,690,313 shall be from the Title XX Social Services Block Grant, and \$4,019,549 shall be from Title IV-B, Subpart 1, of the Social Security Act.

**Cash or Federal Fund Name and COFRS Fund Number:** Federal Title IV-E  
**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 2009-10 BUDGET REQUEST CYCLE**

|                       |   |
|-----------------------|---|
| Department:           | Colorado Department of Human Services               |
| Priority Number:      | S-56, BA-56   |
| Change Request Title: | Refinance Child Welfare Services with Federal Funds |

**SELECT ONE (click on box):**

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

**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 to refinance General Fund with Federal Funds (federal Title IV-E) in the amount of \$2,933,354 in FY 2008-09 and \$3,911,138 in FY 2009-10 under the Child Welfare Services line in the Division of Child Welfare. This request replaces the JBC action, which was taken on March 20, 2009.

Federal Title IV-E funds are earned on a matching basis, and the match ratio varies by activity. In general, Title IV-E funds are provided on a 50/50 basis and are appropriated directly throughout the Division of Child Welfare and the Department of Human Services to reflect anticipated federal reimbursements. The American Recovery and Reinvestment Act of 2009 will be temporarily increasing the Federal Medical Assistance Percentage (FMAP) rate for Title IV-E by approximately 6.2 percentage points. This increase does not apply to IV-E administration funding, only the foster care maintenance (Room and Board), Adoption and Guardianship subsidy payment cost and is effective October 1, 2008 through December 31, 2010.

Background and Appropriation History:

States are allowed to earn federal Title IV-E funds for a number of activities associated with providing services to certain children who are placed outside their own homes. Specifically, states may earn Title IV-E funds for the "room and board" costs of providing out-of-home care, for related administrative costs, and for costs associated with training staff and service providers.

Federal reimbursements under Title IV-E are allowable within the three categories: 1) maintenance costs, which support the physical needs of the child such as room and board; 2) administrative costs, which include staffing, legal and licensing costs, and other costs incurred while serving the child; and 3) training costs for staff and foster parents working with the child and family.

The Department of Human Services earns Federal Title IV-E under several Long Bill Line Items:

1. (1) Executive Director's Office (B) Special Purpose, Administrative Review Unit
2. (6) Division of Child Care, Child Care Licensing and Administration
3. (5) Division of Child Welfare, Administration
4. (5) Division of Child Welfare, Child Welfare Services
5. (5) Division of Child Welfare, Family and Children's Programs
6. (5) Division of Child Welfare, Foster and Adoptive Parent Recruitment, Training and Support
7. (3) Office of Operations, Leased Space
8. (2) Office of Information Technology Services, Colorado Trails
9. (3) Office of Operations, Vehicle Lease Payments
10. (5) Division of Child Welfare, Training
11. (7) Office of Self Sufficiency (C) Special Purpose Welfare Programs, (6) Electronic Benefit Transfer Services
12. (11) Division of Youth Correction (C) Community Programs, Personal Services

On March 16, 2009, ACF awarded states \$186,539,583 in additional funding through the second quarter of FY 2009 for the foster care and adoption assistance programs was awarded. Colorado was awarded \$2,223,898.

On March 20, 2009, the Joint Budget Committee took action to reduce the General Fund in the Child Welfare Services line and increase federal funds (federal Title IV-E) of \$3,335,847 in FY 2008-09 and \$3,911,138 in FY 2009-10. The Department's estimates that the state will actually receive \$2,933,354 for FY 2008-09, rather than the \$3,335,847 estimate from the JBC.

Based on the department's calculations, Colorado should receive \$2,933,354 in additional federal Title IV-E funds related to the increased FMAP rate of 6.2 percentage points. This estimate is based on actual expenditures during October 2008 through January 2009, annualized for the remaining two quarters for FY 2009-10.

General Description of Request:

The American Recovery and Reinvestment Act of 2009 enhances the match rate for Title IV-E foster care payments. This is similar to the adjustment provided for the Medicaid program for room and board costs only, resulting in an increase to 56.2 federal funds/43.8 non-federal funds for the same period as the increase for the Medicaid program (3 quarters in SFY 2008-09, 4 quarters in FY 2009- 10, 2 quarters in FY 2010-11). The FMAP increase of 6.2 percentage points applies to IV-E foster care, adoption, and guardianship assistance. This increase does not apply to IV-E administration funding. The department has received spending authority for increased IV-E in the amount of \$3,335,847.

The Federal Medical Assistance Percentages (FMAPs) are used in determining the amount of Federal matching funds for State expenditures for assistance payments for certain social services, and State medical and medical insurance expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the FMAPs each year.

The United States Department of Health and Human Services, Administration for Children and Families (ACF) will issue initial grants to increase the first and second quarter awards to eligible States for FY 2009 and then will apply the new FMAP rates to subsequent quarterly awards through the first quarter of FY 2011 as required by the statute if all Medicaid eligibility requirements in ARRA are met.

The Department is requesting to use this increased federal Title IV-E funding to reduce the General Fund and increase federal funds in the amount of \$2,933,354 in FY 2008-09 and \$3,911,138 in FY 2009-10 under the Child Welfare Services line in the Division of Child Welfare. This will allow the Department to maintain the current Child Welfare services programs as General Fund is being used to balance the State budget.

Consequences if Not Funded:

If this recommendation is not approved, the Federal Title IV-E funds will flow into the Title IV-E Excess Cash Fund and be distributed to counties the following year.

Per statutory requirements, these additional funds in the Title IV-E Excess Cash Fund would be distributed to county departments of social services at the beginning of FY 2009-10 for 1) county administrative activities related to Title IV-E and 2) Temporary Assistance to Needy Families (TANF) related purposes, child care assistance, and child welfare services.

Calculations for Request:

|   | Summary of Request FY 2008-09 | Total Funds | General Fund  | Federal Fund |
|---|-------------------------------|-------------|---------------|--------------|
| Total Request   |                               | \$0         | (\$2,933,354) | \$2,933,354  |
| (5) Division of Child Welfare, Child Welfare Services |                               | \$0         | (\$2,933,354) | \$2,933,354  |

|   | Summary of Request FY 2009-10 | Total Funds | General Fund  | Federal Fund |
|---|-------------------------------|-------------|---------------|--------------|
| Total Request   |                               | \$0         | (\$3,911,138) | \$3,911,138  |
| (5) Division of Child Welfare, Child Welfare Services |                               | \$0         | (\$3,911,138) | \$3,911,138  |



STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES

| Summary of Request FY 2010-11                         |             |               |              |
|---|-------------|---------------|--------------|
| Total Request   | Total Funds | General Fund  | Federal Fund |
| (5) Division of Child Welfare, Child Welfare Services | \$0         | (\$1,955,569) | \$1,955,569  |
|   | \$0         | (\$1,955,569) | \$1,955,569  |

| Program  | Year Dollars Received | Federal Funds to be Received |
|--|-----------------------|------------------------------|
| Child Welfare Services – (October 2008 – March 2009) | FFY 2009              | \$2,223,898 (a)              |
| Child Welfare Services – (April 2009 – June 2009)    | FFY 2009              | \$709,456 (b)                |
| Child Welfare Services – (July 2009 – June 2010)     | FFY 2009-10           | \$3,911,138 (c)              |
| Child Welfare Services – (July 2010 – December 2010) | FFY 2010              | \$1,955,569 (d)              |

(a) Administration for Children and Families (ACF) awarded Colorado \$2,223,898

(b) Estimated one quarter FMAP award based on actual expenditures between October 2008 through December 2008 annualized for the remaining two quarters calculated with the new FMAP percentage increase (\$2,933,354 - \$2,223,898)

(c) One quarter = \$977,781 (\$2,933,354 / 3). \$977,781 x 4 quarters

(d) One quarter = \$977,781 (\$2,933,354 / 3). \$977,781 x 2 quarters

|  |                    |
|--|--------------------|
| Estimated Title IV-E expenditures for foster care, adoptions, and guardianship assistance during October 2008 through January 2009 annualized for the remaining two quarter in FY 2008-09.                                 | \$52,306,731       |
| 56.2 % new FMAP reimbursement (\$52,306,731 x 56.2%)   | \$29,396,383       |
| Estimated Title IV-E earning for foster care, adoptions, and guardianship assistance during October 2008 through December 2008 annualized for the remaining two quarters in FY 2008-09 at the current 50/50 reimbursement. | \$26,463,029       |
| Estimated increase FMAP Title IV-E earning (October 2008 through June 2009)  | <b>\$2,933,354</b> |

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES

|  |                 |
|--|-----------------|
| One quarter Title IV-E (\$2,933,354 / 3)   | \$977,784       |
| Estimated increase FMAP Title IV-E earning (April 2009 – June 2009)                  |                 |
| \$2,933,354 - \$2,223,898  | \$709,456 (b)   |
| Estimated increase FMAP Title IV-E earning (July 2009 – June 2010)                   |                 |
| \$977,784 x 4  | \$3,911,138 (c) |
| Estimated increase FMAP Title IV-E earning (July 2010 – December 2010) \$977,784 x 2 | \$1,955,569 (d) |

Cash Funds Projections:

Not applicable.

Assumptions for Calculations:

The 6.2 percentage point increase in each state's FMAP would apply to Title IV-E foster care, adoption, and guardianship assistance payments.

Based on the department's calculations, Colorado is anticipated to receive \$2,933,354 in additional federal Title IV-E related to the increased FMAP rate of 6.2 percentage points. This estimate is based on actual expenditures during October 2008 through January 2009, annualized for the remaining two quarters for FY 2009-10.

On March 16, 2009, ACF awarded states \$186,539,583 in additional funding through the second quarter of FY 2009 for the foster care and adoption assistance programs were awarded. Colorado was awarded \$2,223,898. JBC Staff divided \$2,223,898 by 2, then multiplied it by 3 in order to get FY 2008-09 three quarter federal Title IV-E estimated funds of \$3,335,847.

Impact on Other Government Agencies:

Not applicable.

Cost Benefit Analysis:

Not applicable.

Implementation Schedule:

| Task   | Month/Year   |
|--|--------------|
| Federal Title IV-E award from the Administration for Children and Families | March / 2009 |
| Ongoing Federal Title IV-E award   | Quarterly    |

Statutory and Federal Authority:

Section 26-1-109, C.R.S. (2008) Cooperation with Federal Government – grant-in-aid  
 (4.5) In addition to the powers granted the state department in subsection (4) of this section, the state department shall take necessary measures to obtain increased federal reimbursement moneys available under the Title IV-E program created under the federal "Social Security Act", as amended, based on the out-of-home placements and alternative care treatment by county departments of children eligible for Title IV-E federal assistance, which moneys shall be allocated to county departments in proportion to each county's eligible placements, to help defray program costs. Nothing in this subsection (4.5) shall be construed to allow counties to continue to receive an amount equal to the increased funding in the event the said funding is no longer available from the federal government.

CFR TITLE 45 - PUBLIC WELFARE - SUBTITLE B - REGULATIONS RELATING TO PUBLIC WELFARE - CHAPTER XIII - OFFICE OF HUMAN DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES - SUBCHAPTER G - THE ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES, FOSTER CARE MAINTENANCE PAYMENTS, ADOPTION ASSISTANCE, AND CHILD AND FAMILY SERVICES - PART 1356 - REQUIREMENTS APPLICABLE TO TITLE IV - E 1356.60 - Fiscal requirements (title IV - E). (a) Federal matching funds for foster care maintenance and adoption assistance payments. (1) Effective October 1, 1980, Federal financial participation (FFP) is available to States under an approved title IV-E State plan for allowable costs in expenditures for: (i) Foster care maintenance payments as defined in section 475(4) of the Act, made in accordance with 45 CFR 1356.20 through 1356.30 of this part, section 472 of the Act and section 102(d) of Pub. L. 96272, the Adoption Assistance and Child Welfare Act of 1980; (ii) Adoption assistance payments made in accordance with 45

CFR 1356.20 and 1356.40 and sections 473 and 475(3) of the Act. (2) Federal financial participation is available at the rate of the Federal medical assistance percentage as defined in section 1905(b) of the Act, Definitions, and pertinent regulations as promulgated by the Secretary, or his designee. (b) Federal matching funds for State and local training for foster care and adoption assistance under title IV-E. (1) Federal financial participation is available at the rate of seventy-five percent (75%) in the costs of: (i) Training personnel employed or preparing for employment by the State or local agency administering the plan, and; (ii) Providing short-term training (including travel and per diem expenses) to current or prospective foster or adoptive parents and the members of the state licensed or approved child care institutions providing care to foster and adopted children receiving title IV-E assistance.

Performance Measures:

| Program                | Performance Measure   | Outcome            |        | FY 2005-06 | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 |
|------------------------|---|--------------------|--------|------------|------------|------------|------------|------------|
|                        |   | National Benchmark | Actual | Actual     | Actual     | Estimate   | Request    |            |
| Child Welfare Services | Children have permanency and stability in their living situations. The percentage of children that are reunified with their parents or caretakers when discharged from foster care within 12 months will exceed the national standard of 76.2%. | National Benchmark | 76.2%  | 76.2%      | 76.2%      | 76.2%      | 76.2%      | 76.2%      |
|                        |   | Actual             | 80.00% | 77.2%      | 76.8%      | -          | -          |            |

**Schedule 13  
Change Request for FY 2009-10 Budget Request Cycle**

| Decision Item FY 2009-10   |  | Base Reduction Item FY 2009-10                          |     | Supplemental FY 2008-09             |            | Budget Amendment FY 2009-10      |            | Change from Base (Column 5) FY 2010-11 |     |
|--|--|---|-----|-------------------------------------|------------|----------------------------------|------------|--|-----|
| Request Title:   |  | Child Care and Development Block Grant - Stimulus Funds |     | Total Revised Request FY 2008-09    |            | Total Revised Request FY 2009-10 |            | Total Revised Request FY 2009-10       |     |
| Department:  |  | Human Services  |     | Total Revised Request FY 2008-09    |            | Total Revised Request FY 2009-10 |            | Total Revised Request FY 2009-10       |     |
| Priority Number:   |  | S-57, BA-57   |     | Total Revised Request FY 2008-09    |            | Total Revised Request FY 2009-10 |            | Total Revised Request FY 2009-10       |     |
| Dept. Approval by:   |  | OSP Approval:   |     | Decision/ Base Reduction FY 2009-10 |            | Budget Amendment FY 2009-10      |            | Change from Base (Column 5) FY 2010-11 |     |
| Date:  |  | Date:   |     | Decision/ Base Reduction FY 2009-10 |            | Budget Amendment FY 2009-10      |            | Change from Base (Column 5) FY 2010-11 |     |
| Fund   |  | Prior-Year Actual FY 2007-08                            |     | Appropriation FY 2008-09            |            | Supplemental Request FY 2008-09  |            | Total Revised Request FY 2008-09       |     |
| Fund   |  | Prior-Year Actual FY 2007-08                            |     | Appropriation FY 2008-09            |            | Supplemental Request FY 2008-09  |            | Total Revised Request FY 2008-09       |     |
| Fund   |  | Prior-Year Actual FY 2007-08                            |     | Appropriation FY 2008-09            |            | Supplemental Request FY 2008-09  |            | Total Revised Request FY 2008-09       |     |
| Total of All Line Items  |  | Total   | 0   | 0                                   | 10,663,199 | 0                                | 0          | 13,782,268                             | 0   |
|  |  | FTE   | 0.0 | 0.0                                 | 0.0        | 0.0                              | 0.0        | 0.0                                    | 0.0 |
|  |  | GF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | CF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | CFE/RF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | FF  | 0   | 0                                   | 10,663,199 | 0                                | 13,782,268 | 13,782,268                             | 0   |
|  |  | MCF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | MGF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | NGF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
| (6 ) Division of Child Care, Child Care Assistance Program Stimulus Funding (New Line) |  | Total   | 0   | 0                                   | 10,663,199 | 0                                | 0          | 10,663,198                             | 0   |
|  |  | FTE   | 0.0 | 0.0                                 | 0.0        | 0.0                              | 0.0        | 0.0                                    | 0.0 |
|  |  | GF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | CF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | CFE/RF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | FF  | 0   | 0                                   | 10,663,199 | 0                                | 10,663,198 | 10,663,198                             | 0   |
|  |  | MCF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | MGF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | NGF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
| (6 ) Division of Child Care, Child Care Assistance Program Stimulus Funding (New Line) |  | Total   | 0   | 0                                   | 0          | 0                                | 3,119,070  | 3,119,070                              | 0   |
|  |  | FTE   | 0.0 | 0.0                                 | 0.0        | 0.0                              | 0.0        | 0.0                                    | 0.0 |
|  |  | GF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | CF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | CFE/RF  | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | FF  | 0   | 0                                   | 0          | 0                                | 3,119,070  | 3,119,070                              | 0   |
|  |  | MCF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | MGF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |
|  |  | NGF   | 0   | 0                                   | 0          | 0                                | 0          | 0                                      | 0   |

Date: 4-7-09  
Date: 4-10-09

Dept. Approval by: *Will Zell*  
OSP Approval: *MMD*

**Schedule 13  
Change Request for FY 2009-10 Budget Request Cycle**

|                                 |   |                                       |                          |                                |                                     |                                    |                                     |
|---------------------------------|---|---------------------------------------|--------------------------|--------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| <b>Decision Item FY 2009-10</b> | <input type="checkbox"/>                                | <b>Base Reduction Item FY 2009-10</b> | <input type="checkbox"/> | <b>Supplemental FY 2008-09</b> | <input checked="" type="checkbox"/> | <b>Budget Amendment FY 2009-10</b> | <input checked="" type="checkbox"/> |
| <b>Request Title:</b>           | Child Care and Development Block Grant – Stimulus Funds |                                       |                          |                                |                                     |                                    |                                     |
| <b>Department:</b>              | Human Services  |                                       |                          |                                |                                     |                                    |                                     |
| <b>Priority Number:</b>         | S-57, BA-57   |                                       |                          |                                |                                     |                                    |                                     |
|                                 | <b>Dept. Approval by:</b><br><b>OSPB Approval:</b>      |                                       |                          |                                |                                     |                                    |                                     |
|                                 | <b>Date:</b><br><b>Date:</b>                            |                                       |                          |                                |                                     |                                    |                                     |

|   | 1   | 2                        | 3                               | 4                                | 5                       | 6                                  | 7                             | 8                           | 9                                | 10                                     |
|---|---|--------------------------|---------------------------------|----------------------------------|-------------------------|------------------------------------|-------------------------------|-----------------------------|----------------------------------|--|
|   | Prior-Year Actual FY 2007-08  | Appropriation FY 2008-09 | Supplemental Request FY 2008-09 | Total Revised Request FY 2008-09 | Base Request FY 2009-10 | Decision/Base Reduction FY 2009-10 | November 1 Request FY 2009-10 | Budget Amendment FY 2009-10 | Total Revised Request FY 2009-10 | Change from Base (Column 5) FY 2010-11 |
| <b>Fund</b>   |   |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |
| <b>Non-Line Item Request:</b>   | None  |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |
| <b>Letternote Revised Text:</b>                                       | These amounts shall be from the Child Care Development Fund ARRA 2009 Stimulus Funds.               |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |
| <b>Cash or Federal Fund Name and COFRS Fund Number:</b>               | Child Care Development Fund   |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |
| <b>Reappropriated Funds Source, by Department and Line Item Name:</b> | Not applicable.   |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |
| <b>Approval by OIT?</b>   | Yes: <input type="checkbox"/> No: <input type="checkbox"/> N/A: <input checked="" type="checkbox"/> |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |
| <b>Schedule 13s from Affected Departments:</b>                        | None  |                          |                                 |                                  |                         |                                    |                               |                             |                                  |  |

**CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE**

|                       |   |
|-----------------------|---|
| Department:           | Colorado Department of Human Services                   |
| Priority Number:      | S-57, BA-57   |
| Change Request Title: | Child Care and Development Block Grant – Stimulus Funds |

**SELECT ONE (click on box):**

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

**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 proposes out of the \$24,445,467 in total Child Care and Development Block Grant from American Recovery and Reinvestment Act (ARRA), \$10,663,199 to be appropriated in FY 2008-09 and \$10,663,198 in FY 2009-10 to be spent on the Child Care Assistance Program targeting funding to counties that show an increased demand for child care services and counties with a wait list for child care assistance. The remaining \$3,119,070 is requested to be appropriated and spent in FY 2009-10 to meet the federal mandate for spending on targeted funds, which will be used to improve the quality of infant and toddler. The department believes it is important to create two new lines that will identify the stimulus funding separate from ongoing child care appropriations in order to comply with tracking and reporting requirements as outlined in the ARRA. This request replaces the JBC action, which was taken on March 20, 2009.

Background and Appropriation History:

It is estimated Colorado will receive an increase of \$24,445,467 total in the Child Care and Development Block Grant from the American Recovery and Reinvestment Act (ARRA) in FY 2008-09. This funding must be fully obligated by September 30, 2010 and fully spent by September 30, 2011. These additional funds will supplement, not

supplant state general revenue child care funds, and a portion must be used to improve the quality of infant and toddler care.

On March 20, 2009, the Joint Budget Committee took action to Child Care Development Funds (\$24,934,000 total funds):

- \$22,128,924 of Child Care Development Funds was appropriated to the Child Care Assistance Program line over two years (\$11,064,462 in FY 2008-09 and FY 2009-10).
- \$2,805,076 of Child Care Development Funds was appropriated to the Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirement line item for FY 2009-10.

The Department's estimates the state will actually receive \$24,445,467, which differs from the JBC Staff by \$488,533. This variance may have occurred as the department removed Tribes and Territories amount from the total estimated award amount.

Division of Child Care, Colorado Child Care Assistance Program (CCCAP):

In FY 2007-08, the Colorado Child Care Assistance Program (CCCAP) annual caseload was 23,014. Based on six-month actual data (July – December, 2008) there has been a 12% increase in the child care assistance caseload. Annualized, the Department projects the FY 2008-09 caseload to be 25,776. The use of stimulus funding will help to meet a portion of this increased demand and reduce the likelihood that counties will have to freeze program enrollment, impose a wait list or rely on county-only funds. It is estimated an increase of approximately 1,376 cases will be served through the use of stimulus funds, based on the average cost of \$7,749.08/case, in both FY 2008-09 and 2009-10.

The Child Care Assistance Program provides direct child care assistance to three groups of low-income families: (1) families receiving cash and other assistance through the Colorado Works Program; (2) families transitioning off of cash assistance; and (3) low income families. Low-income families have always comprised the largest group receiving child care subsidies (about 85 percent in FY 2007-08). Children in families earning 130



percent or less of the federal poverty level make up about 70 percent of cases (includes those who qualify based on family enrollment in Colorado Works and those who qualify based on income).

Division of Child Care, Quality and Infant/Toddler Targeted.

The quality line items (grants to improve the quality and availability of child care and to comply with federal targeted funds requirements, Early Childhood Councils, and School Readiness Quality Improvement Program) were created for use to expend the federally mandated portion of the Child Care and Development Fund that must be spent on quality activities.

*"Quality" requirement:* The federal government requires that 4.0 percent of expenditures for Child Care and Development Fund-supported activities be used to improve service quality. The 4.0 percent calculation is based on total CCDF expenditures, including state expenditures required to match a portion of the federal CCDF grant and county transfers of TANF funds to CCDF.

*"Targeted Funds" requirements:* Federal law concerning Child Care Development Funds also requires specific dollar amounts of the "discretionary grant" funding under CCDF be "targeted" (formerly known as "earmarked") for specific purposes. These targeted amounts are for: (1) infant/toddler programs; (2) school age and/or resource and referral programs; and (3) quality expansion activities such as professional development, mentoring, provider retention, equipment supply, facility start-up and minor facility renovation. Funding used to meet the "target" requirement may not also be used to meet the "quality" requirement (although many expenditures could be assigned to either category).

4% quality and targeted funds initiatives are mandated and defined under the federal Child Care and Development Fund Grant (CCDF). Several budget lines (Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements, Early Childhood Councils, School-Readiness Child Care Quality Improvement Program) are dedicated to meet the federal requirements. The Division of Child Care contracts with multiple local entities to increase the availability of affordable

quality early care and education and school age programs for low-income families. Grants and/or loans to providers to assist them in meeting state and local standards are a part of these grants. Under these grants, activities to create new child care capacity and/or to expand existing capacity to accommodate more children would be allowed. These projects are closely coordinated with low-income and child care assistance programs serving low-income families or families where parents are involved in work training and preparation. The intent of these grants is to position the state to meet the work participation requirements under TANF as well as the 4% quality requirement for CCDF. All local grantees are expected to work in partnership with others in the grant service area, including but not limited to local child care resource and referral agencies; local Head Start programs; local early childhood learning clusters; and the Colorado Preschool Programs funded through local school districts.

The Department seeks to target grant funds reflected in this line item to those areas determined to provide the greatest long-term gains. These areas include: increasing the efficiency and effectiveness of local child care services; raising the level of professional development in the field and providing early childhood training opportunities for child care providers; providing child care resource and referral services for families and child care providers; and, improving the ability of child care providers to prepare children for entering elementary school.

General Description of Request:

Division of Child Care, Child Care Assistance Program Stimulus Funding (New line):

The Department proposes to target the distribution of \$10,663,199 in FY 2008-09 and \$10,663,198 in FY 2009-10 (Child Care and Development Block Grant from the American Recovery and Reinvestment Act (ARRA)) to be allocated to counties based on increased demand for services. This funding will be targeted to counties that expect to over-expend the Child Care Assistance Program allocation based on increased demand for services and counties who are experiencing a wait list in FY 2008-09 and FY 2009-10.

Child care assistance is available to families who are engaged in employment, training, or job search activities. Increased child care is needed not only to allow parents to work, but

to also provide a safety net for children when their parent(s) are engaged in work, job search activities, and training.

In response to the increased unemployment rate and the time it takes people to find employment, the Department will put forth an emergency rule to change the length of time that families can receive child care assistance while in job search from 30 days to 180 days. The Department will also strongly encourage counties to work with local workforce centers to target child care to families who are involved in workforce training and development or educational programs as well as to expand the time frames for these eligible activities to build the workforce. These changes in the program will provide accessibility to child care assistance in order to meet the changing needs of families.

In FY 2007-08, the CCCAP annual caseload was 23,014. Based on six-month actual data (July - December, 2008) there has been a 12% increase in the child care assistance caseload. Annualized, the Department projects the FY 2008-09 caseload to be 25,776. The use of stimulus funding will help to meet a portion of this increased demand and reduce the likelihood that counties will have to freeze program enrollment, impose a wait list or rely on county-only funds. It is estimated an increase of approximately 1,376 cases will be served through the use of stimulus funds, based on the average cost of \$7,749.08/case, in both FY 2008-09 and 2009-10.

The Child Care Assistance Program provides direct child care assistance to three groups of low-income families: (1) families receiving cash and other assistance through the Colorado Works Program; (2) families transitioning off of cash assistance; and (3) low income families. Low-income families have always comprised the largest group receiving child care subsidies (about 85 percent in FY 2007-08). Children in families earning 130 percent or less of the federal poverty level make up about 70 percent of cases (includes those who qualify based on family enrollment in Colorado Works and those who qualify based on income).

Division of Child Care, Quality and Infant/Toddler Targeted Stimulus Funding (New line):

\$24,445,467 total in the Child Care and Development Block Grant from the American Recovery and Reinvestment Act (ARRA) in FY 2008-09. \$21,236,397 will be spent on Child Care Assistance, and the remaining \$3,119,070 is to be appropriated and spent in FY 2009-10 to meet the federal mandate for spending on targeted funds.

Child Care Quality Activities currently encompass a broad range of activities. These activities are ultimately aimed at creating and implementing long-term improvements in the quality of child care; thereby making demonstrable gains in a child's developmental readiness for school and life. Due to the one-time nature of the federal stimulus funds the Department proposes increases that are used to supplement existing programs. The following are examples of how the department may potentially use the American Recovery and Reinvestment Act (ARRA) funds:

- Qualistar Early Learning contract - Child Care Resource and Referral (CCR&R) activities: Increase the amount of funding currently made available to Colorado child care resource and referral network agencies. Qualistar Early Learning provides resource and referral services through 17 local, community based network agencies providing referrals to child care facilities and educational resources to parents; training and technical assistance to child care facilities and providers and increasing capacity of child care through recruitment of facilities. In particular there is need for increased infant/toddler capacity. Due to the current economic situation, more parents will be increasing work hours or looking for work and thereby an increased demand in services are needed.
  
- Colorado Department of Education contract - Colorado Early Childhood Councils: Increase the amount of funding currently made available to Colorado Early Childhood (EC) Councils. The work of the EC Councils was expanded through House Bill 07-1062, increasing the number of councils from 17 to 31. They are currently comprised of 56 of the 64 Colorado counties.

The EC Councils were established over 10 years ago through legislation with the express intent of creating local integrated early childhood systems that provide more access to high quality early childhood services for children and families in their communities. Many of the EC Councils have developed high impact strategic plans, which cross multiple years and multiple domains of services to children; e.g., health, mental health, early learning, and family support. More specifically, the activities that EC Councils fund through their strategic plans include professional development for providers, quality ratings for child care facilities, development of Council staff in early childhood systems building, coordination and facilitation designed to improve stakeholder awareness and engagement, training and capacity building in data collection, data analysis, community assessment and program evaluation. This is not an exhaustive list of all the activities where EC Councils potentially could engage. However, these significant portions of these strategic plans may not be implemented because of a lack of resources.

Stimulus funds can be used to fund portions of these strategic plans in a variety of EC Councils around the state. The EC Councils represent an existing mechanism by which the State can easily and effectively invest in long-term capacity building for local early childhood communities. Conversely, local EC Councils will be able to move forward with strategic plans in shorter timeframe (months vs. years) than would be possible without the infusion of stimulus funds. The Department will not be the funding source for these initiatives beyond the stimulus funding time frame.

- Colorado Department of Education contract - Infant/Toddler Outcomes and Training: The existing infant/toddler Expanding Quality program provides a variety of professional development opportunities to locally-based child care providers interested in infant/toddler quality care, including requirements related to group-leader and infant-nursery supervisor staff. The proposed complementary activities would further enhance the existing program and would connect directly with the Colorado Department of Education's Results Matter program; providing the State with program-specific, quantifiable child outcomes for children receiving services from providers trained in the Expanding Quality coursework.

All of the Child Care Quality Activities examples above are intended to increase the capacity of local communities and/or child care providers to make long-term increases in their collective ability to provide quality early childhood services. The funds will supplement existing programs and have an immediate impact to families, providers, and communities in a variety of ways; e.g., support local economic development, increase access to child care for working parents, and increase training and professional development for child care providers. The infusion of one-time funds will not require sustainability by the Department.

Consequences if Not Funded:

Should the Supplemental Request and Budget Request not be approved, 2,752 (1,376 cases/year) anticipated additional Child Care Assistance cases may be placed on waiting lists at the county level until the programs could absorb the level of demand. Additionally, the Quality activities proposed offer several systemic enhancements that will better accommodate the demand for quality early childhood services. In order to accept the Child Care and Development Block Grant from the American Recovery and Reinvestment Act (ARRA), Colorado must spend this amount on targeted quality activities. If not approved, the entire stimulus fund grant would not be available to the State.

Calculations for Request:

| Summary of Budget Increase Proposal for FY 2008-09                                | Total Funds         | General Fund | Cash Funds (Local) | Federal Funds       |
|---|---------------------|--------------|--------------------|---------------------|
| Division of Child Care, Child Care Assistance Program Stimulus Funding (New line) | \$10,663,199        | \$0          | \$0                | \$10,663,199        |
| <b>Adjusted FY 2008-09 Appropriation</b>  | <b>\$10,663,199</b> | <b>\$0</b>   | <b>\$0</b>         | <b>\$10,663,199</b> |

| Summary of Budget Increase Proposal for FY 2009-10                                      |                     |              |                    |                     |
|---|---------------------|--------------|--------------------|---------------------|
|   | Total Funds         | General Fund | Cash Funds (Local) | Federal Funds       |
| Division of Child Care, Child Care Assistance Program Stimulus Funding (New line)       | \$10,663,198        | \$0          | \$0                | \$10,663,198        |
| Division of Child Care, Quality and Infant/Toddler Targeted Stimulus Funding (New line) | \$3,119,070         | \$0          | \$0                | \$3,119,070         |
| <b>Adjusted FY 2009-10 Appropriation</b>  | <b>\$13,782,268</b> | <b>\$0</b>   | <b>\$0</b>         | <b>\$13,782,268</b> |

\*Department's Calculations of Colorado ARRA Stimulus funds:

| Total Federal Stimulus Award: |                           |  |
|-------------------------------|---------------------------|--|
| 2009 Stimulus Grant Award     | FFY 2009 CCDF Grant Award | Description  |
| 1,955,653,105                 | 97.8% 4,846,126,832       | 97.8% Total Federal-Only Funds for States                |
| 44,346,895                    | 2.2% 109,892,023          | 2.2% Total Federal-Only Funds for Territories and Tribes |
| 2,000,000,000                 | 4,956,018,855             | FFY 2009 CCDF Estimated Allocations                      |

| Colorado Discretionary Funds Calculations:  |   |  |
|---|---|--|
| 2009 Stimulus Grant Award   | FFY 2009 CCDF Grant Award   | Description  |
| 24,445,467  | 24,934,291  | Colorado Discretionary FFY 2009 CCDF Estimated (\$1,955,653,105 x 1.25%) |
| 1,955,653,105   | 1,994,759,332   | Total Discretionary FFY 2009 CCDF Estimated                              |
| 1.25%   | 1.25%   | % Discretionary to be applied on the FFY 2009 Stimulus                   |
| Colorado Sub-set of Total Discretionary Funds (Targeted Quality Activities Calculations): |   |  |
| 255,186,000   | Federal Subset of Total To be used for Targeted Quality Activities based on ARRA (Subset of total Stimulus Grant Award) |  |
| 12.76%  | Percent to be applied for FFY 2009 Stimulus Funds (\$255,186,000 / \$2,000,000,000)                                     |  |
| 3,119,070   | Total Colorado Targeted Quality Activities Stimulus Funds (\$24,445,467 x 12.76%)                                       |  |

**Division of Child Care, Child Care Assistance Program Stimulus Funding**

Increased caseload per year – 1,376 cases x \$7,749.08/case\* = \$10,663,198

\* Based on average case cost (FY 2007-08)

The \$10,663,199 will underwrite the cost associated with approximately 1,376 cases. The total unmet demand is projected to cost counties approximately \$21,326,397 in FY 2008-09. The caseload increase is expected to continue in FY 2009-10, thus the request for the balance of stimulus funds in that year. The distribution of the child care assistance dollars will be allocated to counties based on increased demand by families. Federal Restrictions or Guidance on Use of Funds:

The federal government has issued limited guidance on the use of the Child Care and Development Block Grant funds. However, according to CCDBG law, discretionary funds must be obligated (or legally committed) within two years and spent within three years. Seventy percent of all federal funding spent must be dedicated to child care assistance needs of families. These funds do not require a state match.

According to the American Recovery and Reinvestment Act, these funds will supplement, not supplant state General Fund.

Not applicable, these initiatives are 100% Federally funded.

Cash Funds Projections:

Assumptions for Calculations:

Based on calculation provided by the Department of Human Services, Colorado is expected to receive \$24,445,467\* of additional Child Care and Development Fund (CCDF) Funding Allocation, as a result of the American Recovery and Reinvestment Act (ARRA). Of this total amount, it is estimated that \$3,119,070 will be spent on child care quality improvement activities as required by the American Recovery and Reinvestment Act (ARRA) and the remaining \$21,326,397 is eligible to be spent on child care assistance for low income families.

Impact on Other Government Agencies:

Colorado Department of Education.



Cost Benefit Analysis:

The Stimulus funds are a 'one-time' Federal award that does not impact State level cash or general fund dollars. The influx of these funds will enhance local economies by allowing families to gain subsidy for necessary child care in order to obtain and retain employment opportunities.

Implementation Schedule:

Not applicable.

Statutory and Federal Authority:

Section 26-6-110, C.R.S. (2008) Acceptance of Federal Grants.

The department is authorized to accept, on behalf of the state, any grants of federal funds made available for any purposes consistent with the provisions of this part 1. The executive director of the department, with the approval of the governor, has the power to direct the disposition of any such grants so accepted in conformity with the terms and conditions under which given.

Section 26-2-804 (3), C.R.S. (2008). Funding – Allocation – Maintenance of Effort.

The moneys in a county block grant allocated to a county pursuant to subsection (1) of this section may only be used for the provision of child care services under rules promulgated by the state department.

Section 26-2-805, C.R.S. (2008) Services – Assistance Provided – Rules.

(1) (a) Subject to available appropriations, and pursuant to rules promulgated by the state department, a county shall provide child care assistance to a participant or any person or family whose income is not more than one hundred thirty percent of the federal poverty level.

CCDF Regulations (45 CFR 98.52)

(a) Not more than five percent of the aggregate funds expended by the Lead Agency from each fiscal year's allotment, including the amounts expended in the State pursuant to Sec. 98.53(b), shall be expended for administrative activities.

Pursuant to 45 C.F.R. 98.51, no less than four percent of the aggregate Child Care and Development Fund funds expended by the Agency for a fiscal year, and including the amounts expended in the State pursuant to 45 C.F.R. 98.53(b), shall be expended for quality activities.

Social Security Act, Part A of Title IV - SEC. 418. FUNDING FOR CHILD CARE.

(b) Use of Funds-

- (1) In general-Amounts received by a State under this section shall only be used to provide child care assistance. Amounts received by a State under a grant under subsection (a)(1) shall be available for use by the State without fiscal year limitation.
- (2) Use for certain populations -A State shall ensure that not less than 70 percent of the total amount of funds received by the State in a fiscal year under this section are used to provide child care assistance to families who are receiving assistance under a State program under this part, families who are attempting through work activities to transition off of such assistance program, and families who are at risk of becoming dependent on such assistance program.

H.R. 1-64 PAYMENTS TO STATES FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT

For an additional amount for "Payments to States for the Child Care and Development Block Grant", \$2,000,000,000, which shall be used to supplement, not supplant State general revenue funds for child care assistance for low-income families: Provided, That, in addition to the amounts required to be reserved by the States under section 658G of the Child Care and Development Block Grant Act of 1990, \$255,186,000 shall be reserved by the States for activities authorized under section 658G, of which \$93,587,000 shall be for activities that improve the quality of infant and toddler care.

**Performance Measures:** Department Goal #4: *Promote stability, permanence and self-sufficiency.*

|  | FY 2005-06 | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 |
|--|------------|------------|------------|------------|------------|
| Additional Children Served Through the Child Care Assistance Program | 0          | 0          | 0          | 1376       | 1376       |



Schedule 13

Change Request for FY 09-10 Budget Request Cycle

|   |  | Decision Item FY 09-10                           |  | Base Reduction Item FY 09-10 |  | Supplemental FY 08-09         |  | Budget Amendment FY 09-10      |  | Change from Base (Column 5) FY 10-11 |  |                                   |  |                             |  |                           |  |                                |  |                                      |  |
|---|--|--|--|------------------------------|--|-------------------------------|--|--------------------------------|--|--------------------------------------|--|-----------------------------------|--|-----------------------------|--|---------------------------|--|--------------------------------|--|--------------------------------------|--|
|   |  | <input type="checkbox"/>                         |  | <input type="checkbox"/>     |  | <input type="checkbox"/>      |  | <input type="checkbox"/>       |  | <input checked="" type="checkbox"/>  |  |                                   |  |                             |  |                           |  |                                |  |                                      |  |
| Request Title:  |  | TANF Emergency Contingency Fund - Stimulus Funds |  |                              |  |                               |  |                                |  |                                      |  |                                   |  |                             |  |                           |  |                                |  |                                      |  |
| Department:   |  | Human Services                                   |  |                              |  |                               |  |                                |  |                                      |  |                                   |  |                             |  |                           |  |                                |  |                                      |  |
| Priority Number:  |  | BA-58  |  |                              |  |                               |  |                                |  |                                      |  |                                   |  |                             |  |                           |  |                                |  |                                      |  |
|   |  | Dept. Approval by: <i>Wright</i>                 |  | Date: <i>4-10-09</i>         |  | OSP Approval: <i>MMZ</i>      |  | Date: <i>4-10-09</i>           |  |                                      |  |                                   |  |                             |  |                           |  |                                |  |                                      |  |
|   |  | 1  |  | 2                            |  | 3                             |  | 4                              |  | 5                                    |  | 6                                 |  | 7                           |  | 8                         |  | 9                              |  | 10                                   |  |
| Fund  |  | Prior-Year Actual FY 07-08                       |  | Appropriation FY 08-09       |  | Supplemental Request FY 08-09 |  | Total Revised Request FY 08-09 |  | Base Request FY 09-10                |  | Decision/ Base Reduction FY 09-10 |  | November 1 Request FY 09-10 |  | Budget Amendment FY 09-10 |  | Total Revised Request FY 09-10 |  | Change from Base (Column 5) FY 10-11 |  |
| Total of All Line Items   |  | 0  |  | 0                            |  | 0                             |  | 0                              |  | 0                                    |  | 0                                 |  | 0                           |  | 11,702,901                |  | 11,702,901                     |  | 1,905,573                            |  |
| 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  |  | 0  |  | 0                            |  | 0                             |  | 0                              |  | 0                                    |  | 0                                 |  | 0                           |  | 0                         |  | 0                              |  | 0                                    |  |
| 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, TANF Emergency Contingency Funds From ARRA (New Line) |  | 0  |  | 0                            |  | 0                             |  | 0                              |  | 0                                    |  | 0                                 |  | 0                           |  | 11,702,901                |  | 11,702,901                     |  | 1,905,573                            |  |
| Total   |  | 0  |  | 0                            |  | 0                             |  | 0                              |  | 0                                    |  | 0                                 |  | 0                           |  | 11,702,901                |  | 11,702,901                     |  | 1,905,573                            |  |
| 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  |  | 0  |  | 0                            |  | 0                             |  | 0                              |  | 0                                    |  | 0                                 |  | 0                           |  | 0                         |  | 0                              |  | 0                                    |  |
| 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: Federal funds shall come from the Emergency Contingency Fund for State Temporary Assistance for Needy Families Programs established as part of the American Recovery and Reinvestment Act of 2009  
 Reappropriated Funds Source, by Department and Line Item Name:  
 Approval by OIT? Yes:  No:  N/A:   
 Schedule 13s from Affected Departments:

**CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE**

|                       |  |
|-----------------------|--|
| Department:           | Colorado Department of Human Services            |
| Priority Number:      | BA-58  |
| Change Request Title: | TANF Emergency Contingency Fund – Stimulus Funds |

**SELECT ONE (click on box):**

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

**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:

It is estimated Colorado will be eligible to receive a total increase of approximately \$13.6 million across state fiscal years FY 2009-10 (\$11.7 million), and FY 2010-11 (\$1.9 million) in Emergency Contingency Funds for State Temporary Assistance for Needy Families Programs from the TANF Emergency Fund provisions of the American Recovery and Reinvestment Act (ARRA) of 2009. The Department requests that a new line be created to identify these funds, and therefore abide with the State Controller's Office mandate that all ARRA funds be put into a separate appropriation.

Background and Appropriation History:

Temporary Assistance for Needy Families (TANF) is a federal block grant created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The TANF block grant replaced the Aid to Families with Dependent Children (AFDC) program, which had provided cash welfare to poor families with children since 1935. The federal government provides block grants to states who then operate programs that meet one or more of these four purposes: 1) assist needy families so that children may be cared for in

their own homes; 2) reduce the dependency of needy parents by promoting job preparation, work and marriage; 3) prevent out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

The American Recovery and Reinvestment Act of 2009 established the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund to help states serve more families seeking employment opportunities and other forms of assistance during the economic downturn. To that end, the Emergency Fund provides relief to states experiencing increased expenditures in any of three categories: (1) basic assistance; (2) non-recurrent short-term payments; and, (3) subsidized employment. The funds must be used only for the purposes of the TANF program and only on TANF-eligible populations. In order to access the TANF Emergency Contingency Fund, the state must: (1) qualify based on the three categories listed above; and, (2) request funding. The funding is not automatic, and the amount that a state may qualify for will ultimately be determined by the federal government.

General Description of Request:

The Department is requesting a federal funds spending authority increase of an estimated \$13.6 million across state fiscal years 2009-2010 and 2010-2011 (estimated \$11.7 million in FY 2009-10, and \$1.9 million in FY 2010-11). This request is to accept the federal TANF Emergency Contingency Funds and spend them on any TANF-eligible activities and households supported through the Colorado Works Program. They will be used to support work and families, and to maintain the safety net as envisioned by the ARRA. The funds will support the increasing demand for programs designed to promote job preparation, work and marriage and to meet the basic ongoing needs of needy families. The funds would support activities such as, but not limited to, workforce development, poverty prevention initiatives, domestic violence prevention and treatment, substance abuse treatment, income assistance, child care, education, aid for children at risk for abuse and neglect, etc.

The Stimulus funds are a 'one-time' Federal award that does not impact State level cash or general fund dollars. These funds will allow the state to serve more families seeking employment opportunities and other forms of assistance.

Not funding this request will mean that counties and the state will have no additional funds to support TANF-eligible families find and maintain employment and achieve self-sufficiency.

Consequences if Not Funded:

Calculations for Request:

| Summary of Request FY 2009-10   | Total Funds  | Estimated Federal Funds |
|---|--------------|-------------------------|
| (7)Office of Self Sufficiency, (B) Colorado Works Program, Emergency Contingency Funds From ARRA [New Line] | \$11,702,901 | \$11,702,901            |
| Summary of Request FY 2010-11   | Total Funds  | Estimated Federal Funds |
| (7)Office of Self Sufficiency, (B) Colorado Works Program, Emergency Contingency Funds From ARRA [New Line] | \$1,905,573  | \$1,905,573             |



Department's Calculations of Colorado ARRA Stimulus funds:

| <b>Trigger 1 - BCA Caseload and Expenditures</b> |             |             |             |             |       |             |
|--|-------------|-------------|-------------|-------------|-------|-------------|
|  | FFY2009     |             | FFY2010     |             | Total |             |
|  | Qualify Y/N | Qualify \$* | Qualify Y/N | Qualify \$* |       |             |
| Q1: Oct - Dec                                    | No          | 0           | Yes         | \$1,196,938 | a     | \$1,196,938 |
| Q2: Jan - Mar                                    | No          | 0           | Yes         | \$1,196,938 | a     | \$1,196,938 |
| Q3: Apr - Jun                                    | Yes         | \$1,166,092 | Yes         | \$1,196,938 | a     | \$2,363,030 |
| Q4: Jul - Sep                                    | Yes         | \$1,196,938 | Yes         | \$1,196,938 | b     | \$2,393,876 |
| <b>Total</b>                                     |             | 2,363,030   |             | 4,787,752   |       | \$7,150,782 |

\*Estimated

| <b>Trigger 2 - Non-recurrent Short-term Benefits Expenditures</b> |             |             |             |             |       |             |
|---|-------------|-------------|-------------|-------------|-------|-------------|
|   | FFY2009     |             | FFY2010     |             | Total |             |
|   | Qualify Y/N | Qualify \$* | Qualify Y/N | Qualify \$* |       |             |
| Q1: Oct - Dec   | Yes         | \$906,624   | Yes         | \$906,624   | a     | \$1,813,248 |
| Q2: Jan - Mar   | Yes         | \$898,251   | Yes         | \$898,251   | a     | \$1,796,502 |
| Q3: Apr - Jun   | Yes         | \$715,336   | Yes         | \$715,336   | a     | \$1,430,672 |
| Q4: Jul - Sep   | Yes         | \$708,635   | Yes         | \$708,635   | b     | \$1,417,270 |
| <b>Total</b>  |             | \$3,228,846 |             | \$3,228,846 |       | \$6,457,692 |

\*Estimated

|                    |                     |
|--------------------|---------------------|
| <b>Grand Total</b> | <b>\$13,608,474</b> |
|--------------------|---------------------|

|   |              |
|---|--------------|
| Summary of above tables by State Fiscal Year: |              |
| (a) SFY 2009-10                               | \$11,702,901 |
| (b) SFY 2010-11                               | \$1,905,573  |
| Total   | \$13,608,474 |

Note: Since the Department is not anticipating receiving federal approval for the grant application until after the close of SFY 2008-09, the amounts that Colorado would have been eligible for in SFY 2008-09 are included with the amounts for SFY 2009-10.

Assumptions for Calculations:

Based on calculations provided by the Department of Human Services, Colorado is expected to receive \$13.6 million of additional Temporary Assistance for Needy Families funding as a result of the American Recovery and Reinvestment Act (ARRA).

The estimates shown above in the Calculations for Request section are based on the Department's interpretation of the statute and subsequent guidance issued by the federal government on April 3, 2009. Further guidance and rules from the federal government are still forthcoming, however, and these estimates may change. In any category for which a state qualifies, it can apply for 80% of the excess spending in FFY 2009 or FFY 2010 as compared to either FFY 2007 or FFY 2008.

The basic cash assistance trigger is a two-step trigger, the first of which is caseload size and the second is expenditures. If caseload increases in FFY 2009 or FFY 2010 from either FFY 2007 or FFY 2008, then the difference in expenditures for these two comparison years is calculated, and the state is eligible for 80% of the difference between the two. The Department estimates that Colorado will meet the threshold for the second half of FFY 2009 (Q3 and Q4) and for all of FFY 2010. If this were the case, 80% of the excess expenditures would be about \$2.4 million for FFY 2009, and \$4.8 million for FFY 2010.

The non-recurrent short-term payments trigger is not based on caseload, only expenditures, but is not yet clearly defined by the federal government. Again, a state can apply for 80% of the excess spending in FFY 2009 or FFY 2010, compared to the spending occurring in either FFY 2007 or FFY 2008, whichever is greater. A conservative reading of the language of the bill and the most recent guidance provided by the federal government, the Department estimates qualifying for about \$3.2 million in FFY 2009 and another \$3.2 in FFY 2010.

The subsidized employment trigger has not been calculated at this time, as the differences between the base and comparison years are too small.

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: COLORADO DEPARTMENT OF HUMAN SERVICES

Impact on Other Government Agencies:

This request impacts all TANF appropriations at the county and state level.

Cost Benefit Analysis:

Not applicable.

Implementation Schedule:

| Task  | Month/Year                            |
|---|---------------------------------------|
| Submit application to federal government for Emergency Contingency Funds              | June 1, 2009                          |
| Receive approval from federal government that Colorado is eligible to receive funding | July 1, 2009                          |
| Date that state anticipates to begin receiving funding                                | Quarterly upon receiving notification |

Statutory and Federal Authority:

Section 26-6-110, C.R.S. (2008) Acceptance of Federal Grants.

The department is authorized to accept, on behalf of the state, any grants of federal funds made available for any purposes consistent with the provisions of this part 1. The executive director of the department, with the approval of the governor, has the power to direct the disposition of any such grants so accepted in conformity with the terms and conditions under which given.

American Recovery and Reinvestment Act of 2009

Title II – Assistance For Unemployed Workers and Struggling Families  
H.R.1-332, Subtitle B – Assistance for Vulnerable Individuals

Section 2101. Emergency Fund For TANF Program.

(B)AVAILABILITY AND USE OF FUNDS-the amounts appropriated to the Emergency Contingency Fund shall remain available through fiscal year 2010 and shall be used to make grants to States in each of fiscal years 2009 and 2010 in accordance with the requirements of paragraph (3); (A)Grants related to caseload increases; (B)Grants related to increased expenditures for non-recurrent short term benefits; and (C) Grants related to increased expenditures for subsidized employment.

**Performance Measures:** Department Goal #4: Promote stability, permanence and self-sufficiency.

| Program                | Performance Measure  | Outcome   | FY 2005-06 |        | FY 2006-07 |        | FY 2007-08 |         | FY 2008-09 |  | FY 2009-10 |  |
|------------------------|--|-----------|------------|--------|------------|--------|------------|---------|------------|--|------------|--|
|                        |  |           | Actual     | Actual | Actual     | Actual | Estimate   | 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 | 25.00%     | 35.00% | 40.00%     | 45.00% |            |         |            |  |            |  |
|                        |  | Actual    | 30.00%     | 30.00% | 35.00%     |        |            |         |            |  |            |  |