



To: Colorado Counties, Inc. (CCI)  
From: Colorado Human Services Directors Association (CHSDA)  
Re: SFY 2025-2026 Budget Recommendations

September 11, 2024

Thank you for the opportunity to share our budget priorities for your consideration. Colorado's human services directors have determined these priorities based on ongoing committee work, strategic planning, and a review of allocation spending. We appreciate you using it to best inform and guide the discussions you, as Commissioners, will have with the Colorado Department of Human Services (CDHS), including the Behavioral Health Administration (BHA), Colorado Department of Health Care Policy and Financing (HCPF), Colorado Department of Early Childhood (CDEC), Governor's office, including its Office of Information Technology (OIT), Joint Budget Committee (JBC), and State legislators.

In addition to sharing these priorities, it is also important to highlight a concerning trend related to unfunded mandates for counties. A combination of Federal rule changes and state statutory requirements in our Colorado Child Care Program (CCCAP) could put counties in the position of overspending their allocation despite state statute that prohibits requiring counties to do so. Similarly, counties are already expected to cover underfunding in Adult Protective Services, but will soon be required to implement new and potentially costly Federal rules which are not funded.

**Top Three County Priorities:**

**1) County Administration Funding and Colorado Benefits Management System (CBMS)**

County Administrative funding, which supports access to the essential health, food and financial benefits for Colorado's most vulnerable children, families, and individuals, has historically been and currently is underfunded. Without adequate funding, the ability to deliver critical benefits timely and accurately suffers and the workforce dedicated to serving the community suffers as well.

The County Administrative funding model established by HB22-235 (Phase 2), is preliminarily showing an additional \$30 million is needed, more than \$21 million for Medicaid processing (through HCPF) and more than \$8 million for processing SNAP and adult financial programs (through CDHS). Further bolstering the need, in SFY24 county administrative allocations were overspent by almost \$19 million (CDHS) and over \$20 million (HCPF). While counties continue to work with HCPF and CDHS to identify opportunities to streamline eligibility practices, we continue to have underpaid and overworked staff who are required to keep up with increased workloads. Importantly, even with the additional \$30 million identified in HB22-235, that funding will likely go to sustaining our current staffing levels in many parts of the state and not allow for increasing the workforce as necessary.

In addition to Phase 2's identification of the significant underfunding in County Administration, Phase 1 of HB22-235 had many recommendations for both CDHS and HCPF, several of which are priorities for counties. For example, counties hope to see improvements in policy documentation and dissemination, optimization of PEAK, and better collaboration between the state and counties. Counties support funding for these State agencies to be able to implement the expectations of this phase and to accomplish the recommendations of this legislation.

The benefits of investments in county administration or state oversight cannot be realized without a highly functioning technology system. For counties to be efficient and maximize the resources/funding we use to administer the programs within County Administration, Colorado Benefits Management System (CBMS) must be stable, agile, and enhanced. Currently, hundreds of hours are lost when the system is slow, error-ridden, or down altogether, which not only impacts our performance (which is being monitored by the Federal Government), but prevents our community members from receiving food and medical assistance in a timely manner. While we are hopeful that the CBMS reprocurement efforts will address some of these problems, we also support any necessary investments that will stabilize and enhance the system, including increased pool hours.

## 2) Colorado Child Care Assistance Program (CCCAP)

Between HB24-1223 and a recently passed Federal rule, Colorado will see an incredible amount of change occurring in the Colorado Child Care Assistance Program (CCCAP). Many of these changes may improve the experience in the program for providers and families. It is critical to understand, however, that without commensurate funding, they will severely reduce and limit the number of families who can access the benefits that both give children a strong developmental and educational start and provide low-income parents the ability to work. Colorado will have a few years to fully implement the new Federal rule, but are projecting ongoing costs for only the required changes will amount to more than \$56 million, plus another \$4 million in one-time technology costs.

Two key challenges are at play. First, without additional funding, counties are slated to serve fewer and fewer families. Current projections show a decrease of 22% in the number of children Colorado can afford to serve, solely based on the end of stimulus money and the increase in provider rates. These projections do not include the most expensive change of enrollment-based pay (\$33 million), which means, without an infusion of funding, we will ultimately serve significantly fewer families.

Second, several counties in Colorado are already implementing freezes or waitlists in their programs. Those counties already projected to fully spend or overspend their allocations will now also be required to implement these costly changes without the funding to pay for them and without any levers to reduce the number of children enrolled in the program. Counties could be forced to overspend their allocations, despite state statute that clearly prohibits counties from being required to do so. Counties urge CDEC and the Governor's Office to pursue an emergency supplemental to cover the costs of those counties who lack the flexibility to manage their budgets and will overspend.

The General Assembly will likely not be able to commit to such substantial funding increases all at once. Therefore, we urge CDEC, the Governor's Office, and the Joint Budget Committee to commit to a phased increase of CCCAP funding. However, it is urgent that some level of investment of state general funds

must be made in this budget cycle to offset significant costs that will be incurred by counties and to mediate the pending reduction in families served.

### 3) Aging and Adult Protection

The recent Adult Protection Workload Study highlighted the need to invest in and increase the capacity of services through the state of Colorado for our vulnerable and aging adult populations. The Study noted that a lack of available services may lead to clients developing increasingly severe issues with isolation, mental illness, physical disability, or substance use. It also recognized that staff consistently note a lack of medical services, housing services, financial services, in-home and community resources, legal services, case management and evaluation services.

Counties encourage you to look at successful models in other states for growing service capacity, including the New Jersey System of Care for children and youth, and consider establishing state-run services where they otherwise do not exist. We anticipate that the ongoing work from this Study will indicate even greater need and the Adult Protection program will require significantly more financial investments.

Similarly, counties were underfunded in adult protection this past fiscal year. While the allocation is smaller than many others, the 10% overspending (\$2 million) is still significant. As the aging population in Colorado is expected to grow about 13 percent over the next four years and the cases our workers manage are growing more complex, Colorado is also preparing to implement significant changes in Federal rules that will further strain our limited budget. The Federal rules carry no guaranteed funding to implement the significant changes and largely underestimate their corresponding workload impact. Counties urge CDHS and the Joint Budget Committee to consider the increasing demands on the adult protection programs counties administer.

### Other Important Financial and Budget Considerations

#### Colorado Works /Temporary Assistance to the Needy (TANF)

Counties also ask CDHS to closely monitor the spending and financial trends in the Colorado Works Program. Colorado Works spending has increased throughout the State, and we anticipate that trend to continue as HB22-1259 is fully implemented and ARPA dollars no longer cover the costs of increased Basic Cash Allowance. We ask you to dedicate attention and resources to tracking that spending and be prepared to ask for additional state resources when those become necessary under the expectations of the law. Projections shared by CDHS at a recent Works Allocation Committee indicate the need for nearly \$11 million in General Funds in SFY 2024-25.

If these implementation costs and spending trends continue, counties anticipate in the coming years to no longer have funds to transfer to child care or child welfare to sustain these services. Counties will also lack funding to stabilize our communities in times of emergencies such as fires and floods, and no longer have the ability to contract with community providers for work support programming, as increasing percentages of the allocation will be dedicated to covering the increasing costs of Basic Cash Assistance and administrative costs. In fact, several counties have already significantly adjusted their spending as they have seen their reserves be drained.

Due to this anticipated impact to TANF funding and reserves, counties ask that State TANF reserves not be viewed as a source to fund new legislation.

#### Behavioral Health Services

Counties are generally not directly responsible for providing behavioral health services. However, we regularly see the consequences of the lack of access to high-quality services. Counties understand the Colorado will need to invest heavily in order to comply with a Medicaid settlement agreement to establish an Intensive Behavioral Health Services (IBHS) delivery model. We are hopeful that much of the substance of SB23-059 will be used as a foundation for that model and we are hopeful we will see initial funding commitments by the Executive and Legislative branches at the state level to realize the promises made in the settlement.

#### Child Welfare

Our county priorities letter would not be complete without mentioning Child Welfare. Counties would like to take this opportunity to sincerely thank the Joint Budget Committee for hearing our funding needs and specifically funding an additional \$27 million over the next several years and investing in the staffing the counties desperately need. We are also appreciative of the investment through HB24-1038 to address the high-acuity crisis, although we know the work in this area is far from complete. In fact, counties are sad to report that we have not yet seen any reduction in the number of children and youth in inappropriate settings. Lastly, while SB24-008 has given us the opportunity to now support non-certified kinship, we ask that you help us work to clarify this funding is an entitlement program, along the lines of adoption assistance funding. This would ensure the ability to fund this great initiative without adversely impacting the other Child Welfare Block services.

#### County Tax Base Relief

And finally, counties assume that full funding for all three tiers of the County Tax Base Relief Fund will continue to be a statewide priority in SFY2025-2026. This critical funding helps ensure that counties that are most economically disadvantaged are better able to match the state and federal funding to provide services to their clients.



Megan Burch

CHSDA President

Director, Eagle County Department of Human Services

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