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COLORADO CHILDREN'S BUDGET



COLORADO
CHILDREN'S
CAMPAIGN

COLORADO CHILDREN'S BUDGET 2012

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December 18, 2012

Every year, the Colorado Children's Campaign provides research and data on how our children are doing, and on what our state is doing to help support them, especially those most vulnerable. We believe there is no more objective source to illuminate the latter than the state's annual budget, and we are pleased to present our annual analysis of the state's investments in programs and services supporting our children in this *Colorado Children's Budget 2012*.

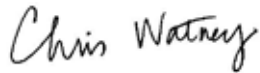
While there are exceptions, especially in the area of child health, state investments in Colorado children have been sliding. The state's spending on services for children decreased, on average, 2 percent per year in the past five years after accounting for inflation and population growth. Five years of state spending show that investments in child health, education and safety aren't keeping up with inflation and a growing child population.

While in times of economic crisis, as the state and the nation have experienced over the last decade, it might seem fair that every population would have to make sacrifices, including children. But we know that investing in education, health and child well-being is really an investment in the future direction of our state, and we believe this report shows a troubling trend.

On the brighter side, there are good reasons for optimism. There are many signs that the worst of the economic downturn is behind us, and we have an opportunity to be strategic about where we make investments as Colorado's revenues rebound. Restoring cuts to education, health and social services that help kids grow up strong should be our first priority.

You won't find spending recommendations in the *Colorado Children's Budget 2012*, but rather you will find a careful analysis of investments and investment trends that we hope will help policy makers, advocates and citizens better understand budget numbers and make decisions and demands on behalf of our children. After several years of tough budgets and tough choices, we are hopeful that improved economic outlooks will provide a chance for us to invest in our values and that this information is useful as that opportunity occurs.

Sincerely,



Chris Watney
President and CEO, Colorado Children's Campaign



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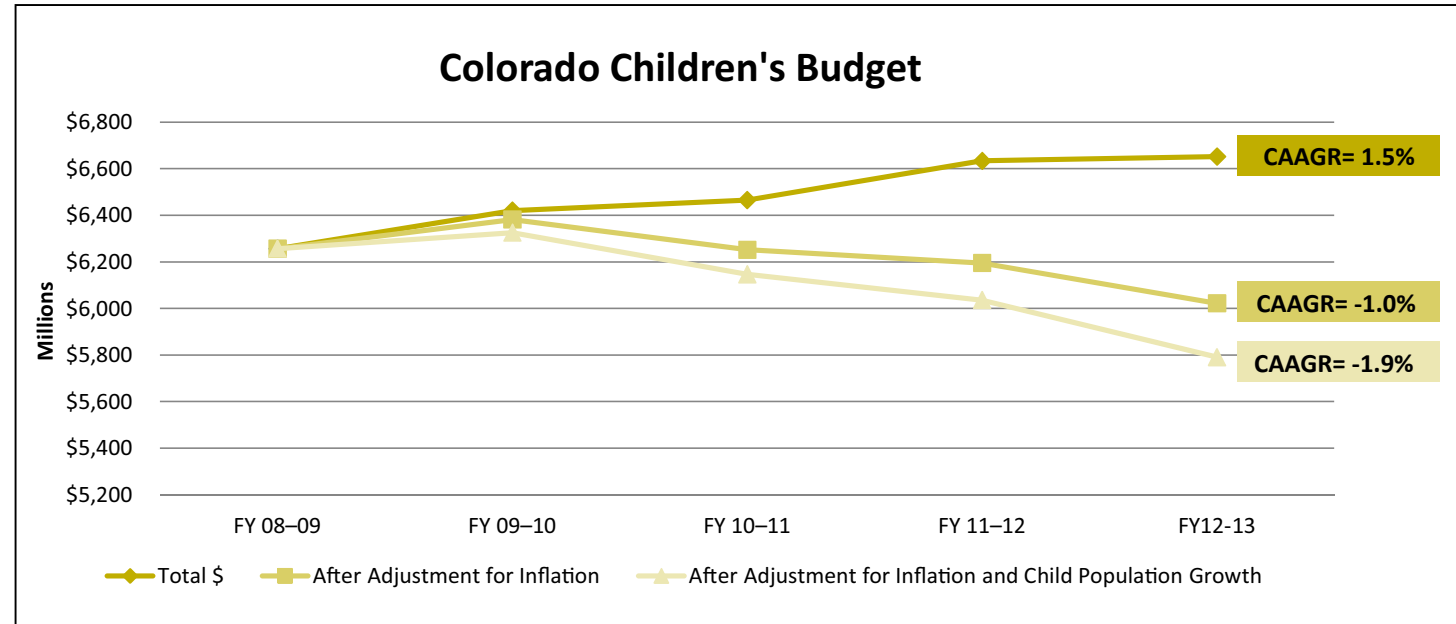
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The *Colorado Children's Budget 2012* examines the state's commitment to investing in the well-being of children. It tallies up Colorado's actual and planned investment during the past five years (Fiscal Year (FY) 2008-2009 through FY 2012-2013) on programs and services in four areas: Early Childhood Learning and Development, K-12 Education, Health and Other Supports for Families and Communities. It is a resource guide for policymakers and advocates who are interested in better understanding how Colorado finances children's programs and services. It also illustrates the degree to which the state prioritizes the needs of children as revenue constraints force hard choices in the budget process.

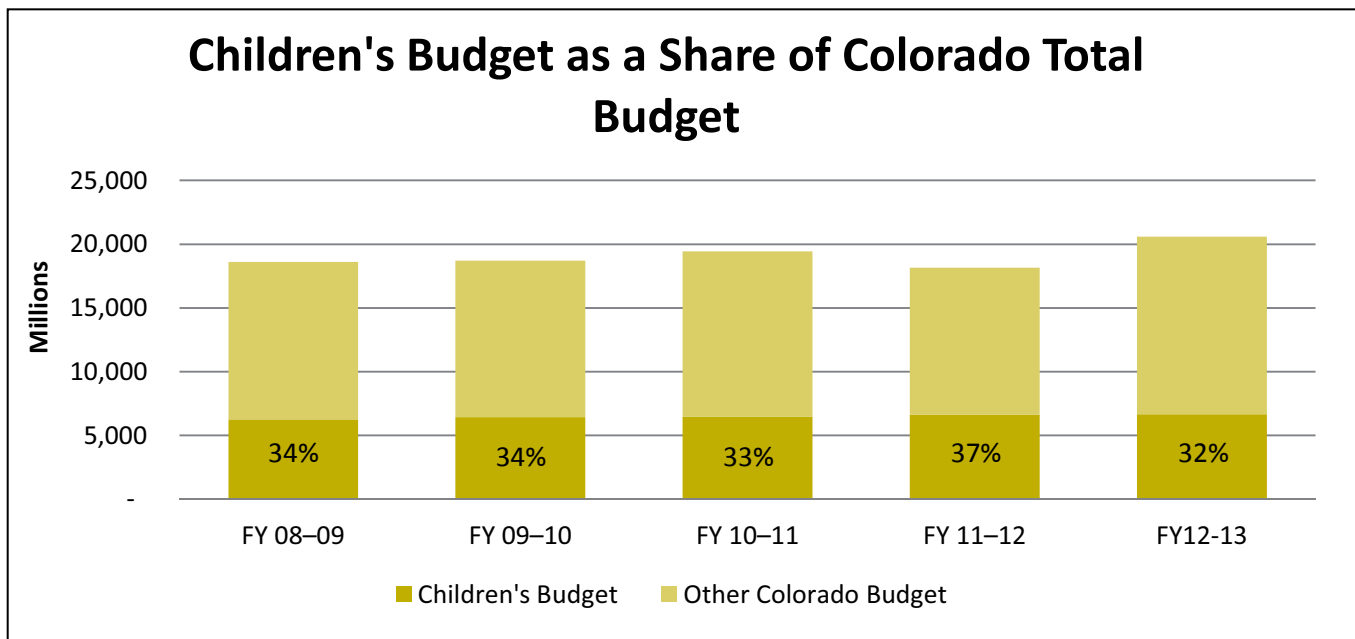
Key Findings

State investments in services for children increased during the past five years, but not enough to keep pace with inflation and child population growth. In FY 2012-2013, the Colorado Legislature appropriated \$6.72 billion for the set of programs identified as being most important for children. It was a 6.3 percent increase above the amount spent on children's programs five years ago. This means the actual dollars for children's programs *increased* at the rate of 1.5 percent on average per year. However, after taking into account inflation and the growth in child population to be served, the budget for children's programs *decreased* by compound average annual rate of change of 1.9 percent.



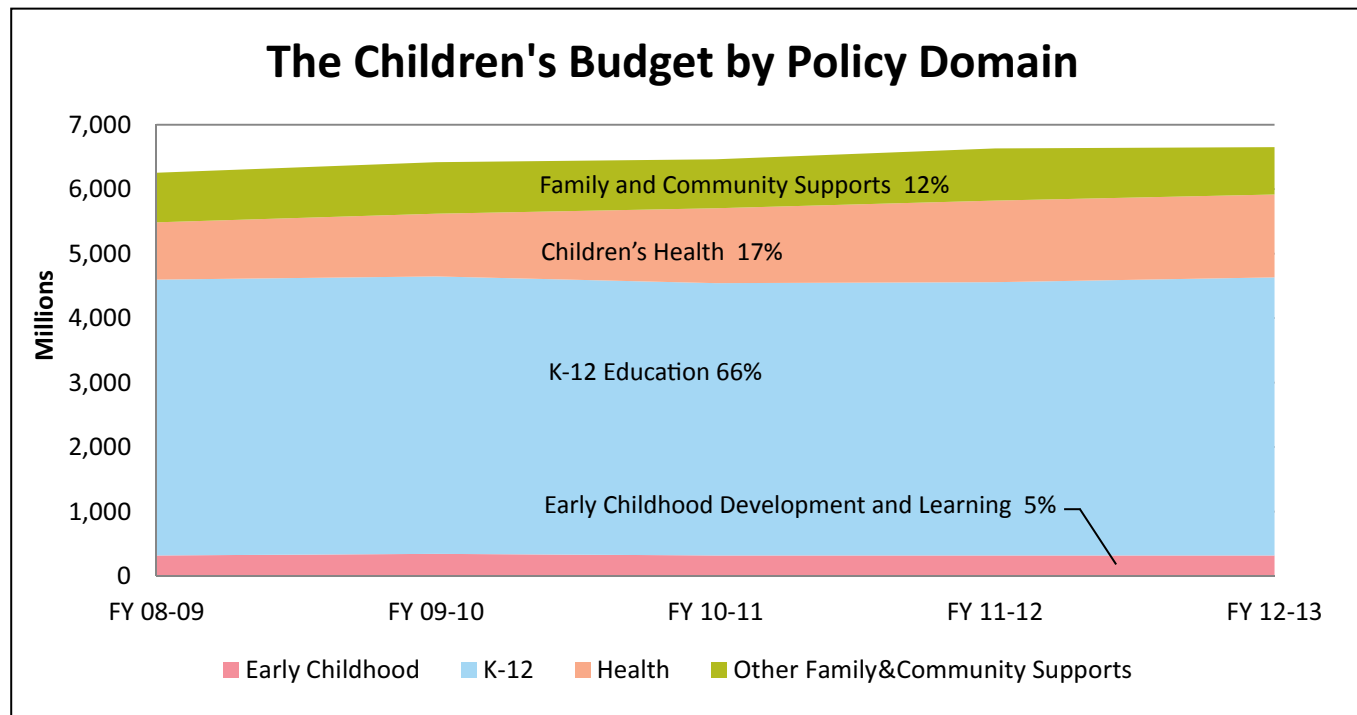
Investments in children’s services make up a significant but slightly declining share of Colorado’s state budget. The state budget was under a great deal of pressure during the tracking period. Because of the Great Recession and weak recovery, overall revenue growth for the state was weak. Nevertheless, it appears that children’s programs fared less well than other parts of the budget. The state’s budget as a whole increased at the rate of 2.6 percent per year, a whole point higher than spending in children’s areas. As a result, children’s programs decreased as a share of the state budget. They account for 32.3 percent of total appropriations in FY 2012-2013, compared to 36.5 percent in FY 2011-2012, and 33.6 percent in FY 2009-2010. Exclude federal funds from consideration, the decrease in the share of state funds directed towards children’s programs is even greater. In FY 2012-2013, their share of total appropriations from the state is 31.8 percent, down from 37.1 percent in FY 2011-2012 and 34.3 percent at the beginning of the tracking period.

- During the past five years, the consumer price index increased 10.5 percent. Since the rate of increase in the budget was lower than the increase in prices, dollars invested in children will be able to purchase fewer goods and services in the current fiscal year than were purchased five years ago. When measured in inflation-adjusted (real) dollars, the children’s budget decreased by 3.8 percent over five years, or by almost 1 percent per year.
- The budget now has to cover many more children than in the past. According to the U.S. Census Bureau, there are 4 percent more children living in Colorado than five years ago. The child population served by state programs in all likelihood increased at an even faster pace due to increases in the poverty rate and other factors. After adjustments for both inflation and the growth in child population, the Children’s Budget in FY 2012-2013 is 7.4 percent lower than in FY 2008-2009. This translates to a compound average annual rate decrease of 1.9 percent.





Some programs fared better than did others in the budgeting process. Changes in need, public preferences, and the degree to which interests are organized affect choices. In general, programs did better if they had: state constitutional protection, a dedicated cash fund revenue stream or the ability to leverage substantial federal funding, especially when the federal government matches state expenditures on an open-ended basis. If none of these existed, investments usually failed to keep pace with inflation and population.



During the past five years, the state has decreased its commitment to early childhood development and learning programs. These programs account for just 5 percent of total investments in children during the five-year tracking period. In FY 2012-2013, the state appropriated \$316.2 million, lower than was spent or appropriated in *any* of the last five years. In FY 2009-2010, there was an increase due to the temporary infusion of federal money under the American Recovery and Reinvestment Act of 2009 (ARRA), but funding dropped each year thereafter. This represents a decrease of 0.25 percent each year. After taking into account inflation during the period, the annual percentage decrease was 2.7 percent. Given the increase in the child population during the period, funding in constant dollars per child in the state decreased at an average annual rate of 3.6 percent. The Colorado Child Care Assistance Program (CCCAP), which helps low-income families access child care, has suffered major decreases in support.

The K-12 education system accounts for two thirds of the state's investments in children but has failed to keep pace with inflation and population growth. In FY 2012-2013, the total amount appropriated is \$4.383 billion, little changed from the \$4.343 billion appropriated in FY 2008-2009. This translates to a compound annual average growth rate (CAAGR) of 0.25 percent. When taking into account the effect of inflation and child population growth, K-12 education spending declined at an average rate of 3.2 percent per year, for a total of 12.1 percent during the five-year tracking period. K-12 enrollment actually grew at a faster rate than the total child population in the state during the same period. This means that there was an even *greater* decrease in real purchasing power per student. During the past two years, there has been a decrease in real purchasing power per pupil of 15.1 percent.

While Amendment 23 ensures a steady increase in base per pupil funding, other parts of the K-12 budget have suffered cuts. In FY 2010-2011, the state introduced a budget stabilization factor, or negative factor, which in the current year is negative 16.1 percent to reduce the level of total school funding under the finance formula. Problems in funding education have arisen in part because the Gallagher and TABOR amendments to the state constitution have constrained the local contribution, while state revenues have grown insufficiently to fund the increasing state role in school financing.

Health services and programs account for a growing share of investments in children. During the past five years, 17 percent of total investments in children went to health services. The budget for children's health has increased, from \$889.5 million in FY 2008-2009 to an estimated \$1.286 billion in FY 2012-2013. This translates to a compound average annual growth rate of 9.7 percent. Programs administered by the Department of Health Care Policy and Financing (HCPF), which include the health coverage programs Medicaid and the Child Health Plan *Plus* (CHP+), grew at the fastest pace (10.3 percent per year during the five-year period).

Colorado Department of Human Services (CDHS) programs had a lower, but still positive, annual growth rate (6.5 percent) while Colorado Department of Public Health and Environment (CDPHE) programs decreased slightly. After adjusting for inflation, the growth rate for the children's health budget is somewhat lower (7 percent). Considering child population growth plus inflation, cumulative funding for children's health programs grew at a compound average annual rate of 5.9 percent. Colorado was able to finance this increase in spending for children's health coverage through a combination of federal funds and cash funds. The share of total costs covered by the federal government increased for part of the period due to ARRA funds. Also, in 2009 the state implemented the Hospital Provider Fee, which the state has used to leverage additional federal funding.

The budget for other programs helping children by providing supports to families and communities has gone down. This category includes services such as Temporary Assistance to Needy Families (TANF), Child Welfare Services and the Division of Youth Corrections (DYC). Accounting for 12 percent of the Colorado's investments in children's services, the budget for these supports decreased during the five-year period from \$770.9 million in FY 2008-2009 to \$733.4 million in FY 2012-2013.

There were both ups and downs in the budget totals, but the trend during the period was downward, translating to an average annual decrease of 1.2 percent. The decrease was 3.7 percent per year after taking inflation into account and 4.6 percent per year after factoring in child population growth. A particular concern in this domain is the decrease in Colorado's receipt of federal TANF funds, which are used to support the Colorado Works program as well as a range of other services to low-income families, including child care. In setting the state budget for SFY 2012-2013, the Joint Budget Committee estimated a potential shortfall in TANF equal to \$23.9 million, a 16 percent reduction from the SFY 2011-2012 base.¹

¹ *Moving Families Forward: An Introduction to TANF in Colorado During the Recession*, Colorado Children's Campaign, www.coloradokids.org

Looking Ahead

Colorado relies on federal grants to deliver services to children and families and the future of these funds is uncertain. In the current fiscal year, federal grants account for more than one-quarter of investments in children, with the level of dependence on federal funding varying greatly by area. Federal funds make up an especially large part of the budget for economic support programs, early childhood development and learning, and health services to low-income children and families. Many essential children's programs have already experienced federal budget cuts during the past decade.² Furthermore, federal spending on children is projected to decline as a proportion of the federal budget.³ Most federal grant programs for children's programs and services are classified as discretionary funding and are likely to bear the brunt of federal efforts to reduce the deficit.

The federal Budget Control Act of 2011 calls for automatic, across-the-board budget cuts through a process called sequestration starting in January 2013, unless Congress finds an alternative solution. Exactly how the sequestration process will work is still not clear, but many federal programs that help the state serve children would be cut. Entitlement programs, such as TANF (Temporary Aid to Needy Families), Medicaid and the State Children's Health Insurance Program (SCHIP), and the Child Nutrition programs are generally exempt from sequestration. Other programs important to Colorado children are not exempt, including Head Start, the Child Care and Development Block Grant, the Maternal and Child Health Block Grant, Childhood Immunization Grants, School Improvement Grants, Improving Teacher Quality State Grants, IDEA Part C, 21st Century Community Schools, and English Language Acquisition State Grants.⁴ The Joint Budget Committee has analyzed the impacts of sequestration by program on the CDHS budget, estimating cuts of \$16.7 million in Federal FY 2013, followed by another \$15.5 million in Federal FY 2014.⁵ This means that while the FY 2012-2013 Colorado budget preserved funds for Colorado children, especially in the areas of K-12 education and health care, next year's budget remains highly vulnerable to loss of federal funds.⁶

As Colorado's economy strengthens and the state's revenue collections rise, it may be possible to restore some of the cuts made during the last five years. However, Colorado's "Gordian knot" of fiscal constraints and its revenue system is structurally incapable of keeping up with state commitments.⁷ Lawmakers will continue to struggle to both balance the budget and meet the needs of Colorado's children.⁸

Gov. John Hickenlooper's initial FY 2013-2014 budget proposes increases in total program funding for preschool, full-day kindergarten, and improvements in teacher quality. However, the proposal is silent on what the state might do about potential federal budget cuts and the expansion of Medicaid associated with federal health care reform. Accounting for inflation and population growth, the General Fund in 2012-2013 will still be \$1.1 billion, or 14.4 percent, below its level in FY 2007-2008.⁹ While revenues have been growing in Colorado, the Governor's Office of State Planning and Budgeting predicts "revenue growth will slow the next two fiscal years as economic growth continues to be only modest and the factors that contributed to the recent growth are expected to diminish."¹⁰

² KidsShare 2012 <http://www.urban.org/UploadedPDF/412600-Kids-Share-2012.pdf>

³ *Children's Budget 2011*, First Focus, <http://www.firstfocus.net/library/reports/childrens-budget-2011>, pp.9-10; Isaacs, J, and *Stuerle, E.* (2011). *Kids' Share 2011*, Urban Institute-Brookings Institution

⁴ "Currently, two caps apply each year: a "defense" cap and a "nondefense" cap. They apply both for the coming fiscal year (2013) and for each year through 2021. The caps are quite restrictive; relative to the funding levels for fiscal year 2010, adjusted for inflation, they will force cuts of 6.3 percent in defense and 12.7 percent in nondefense funding in 2013, growing to 10 percent in defense and 16 percent in nondefense by 2021. See Kogan, R. (2012) President's Budget Would Eliminate Separate Funding Caps for Defense and Nondefense Discretionary Programs. (Washington D.C.: Center for Budget and Policy Priorities, <http://www.cbpp.org/files/2-17-12bud.pdf>; Under Threat Sequestration's Impact on Nondefense Jobs and Services, <http://harkin.senate.gov/documents/pdf/500ff3554f9ba.pdf>; Office of Management and Budget, September 2012). OMB Report Pursuant to the Sequestration Transparency Act of 2012, http://cdn.govexec.com/media/gbc/docs/pdfs_edit/091412cc1.pdf, "On the nondefense side, sequestration would undermine investments vital to economic growth, threaten the safety and security of the American people, and cause severe harm to programs that benefit the middle-class, seniors, and children." p.2

⁵ Appendix: Budget Control Act - Projected Impacts On Colorado DHS Federal Grant Programs, http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humfig3.pdf

⁶ Mikelson, A. (2012). "Analysis of 2012 federal tax reform, part two: Sequestration and the Colorado budget." Colorado Center for Law and Policy, http://www.cclponline.org/uploads/files/Sequestration_Brief_2012_final_4.0_.pdf; the Joint Budget Committee is scheduled to discuss sequestration on November 28, 2012

⁷ Arellano, A. (2012). "Colorado: Boom or bust - Five trends that explain why Colorado's revenue resources are shrinking." *Budget Watch*, November 5, 2012, The Bell Policy Center, <http://bellpolicy.org/content/colorado-boom-or-bust-%E2%80%93-five-trends-explain-why-colorados-revenue-resources-are-shrinking>; *Colorado's Fiscal Prospect Amid a Financial Crisis* (2009) by the Colorado Fiscal Policy Institute, Bell Policy Center, and Colorado Children's Campaign; Economic Futures Panel (2011). Financing Colorado's FuturePhase II, Summary Report, *General Fund Revenues and Expenditure: A Structural Imbalance*. http://www.du.edu/economicfuture/documents/StructuralImbalanceSummary_007.pdf

⁸ While this document starts at FY2008—2009, the current budgets do not appear to change the opinion of experts that FY2007—2008 was "as good as it gets." See e.g., Colorado Fiscal Policy Institute, Bell Policy Center, and Colorado Children's Campaign. (2010). Looking Forward, Colorado's Fiscal Prospect Amid a Financial Crisis, <http://www.cclponline.org/pubfiles/Looking%20Forward%20%20April%2010.pdf>

⁹ November 1, 2012 Governor Hickenlooper's State Budget Request for FY 2013-2014 to The Honorable Cheri Gerou, Chair, Joint Budget Committee Colorado General Assembly; Scanlon, T. (2012). "Governor's 2013-14 budget proposal begins restoring cuts, but some major questions remain, Colorado Center for Law and Policy, <http://www.cclponline.org/uploads/files/hickbudgetbrief.pdf>

¹⁰ Governor's Office of State Planning and Budgeting. (2012). The Colorado Outlook: Economic and Fiscal Review - September 20, 2012, pp. 1-2

Future court action could impact the budget process. In December 2011, Denver District Judge Sheila Rappaport ruled in favor of the plaintiffs in the Lobato school funding case saying that the state's school finance system violates the state constitutional guarantee for a thorough and uniform education system. To comply with the decision the state would need to make substantial changes to the school finance system to increase overall funding by diverting money from other state programs or raising revenue. The State appealed to the Colorado Supreme Court and a decision is forthcoming.

Summary of Colorado Children's Budget

	Appropriated Amount in FY12-13	Total Change since FY 2008-2009		Compound Average Annual Growth Rate (CAAGR) ¹¹		
		\$	%	Budgeted Amount	After Adjusting for Inflation	After Adjusting for Inflation and Child Population Growth
Total Children's Budget	\$6,651,691,965	\$394,972,349	6.31%	1.54%	-0.95%	-1.92%
Early Childhood Development	\$316,180,334	-\$23,758,703	-0.92%	-0.23%	-2.68%	-3.63%
K-12	\$4,383,295,993	\$40,081,988	0.92%	0.23%	-2.23%	-3.18%
Health	\$1,286,021,398	\$396,540,626	44.58%	9.65%	6.96%	5.92%
Family and Community Support	\$733,386,236	-\$68,292,341	-4.87%	-1.24%	-3.66%	-4.60%

Subcomponents do not add to the total because the Colorado Preschool Program (CPP) is included in the Early Childhood Development and Learning Section, but also embedded in the school finance program totals in the K-12 section. Program totals are counted only once in the Children's Budget total.



¹¹ Compound Average Annual Growth Rate (CAAGR) is the growth rate, which if applied in each year of the period to the prior year's total, would bring the FY 2008-2009 appropriation to the FY 2012-2013 level.

Defining, Identifying, and Categorizing Programs Benefitting Children

The *Colorado Children's Budget 2012* identifies the portion of the Colorado state budget that benefits children. For purposes of this document, children are defined as birth to age 18. Programs were included if they met one of the following criteria:

- Program or service directly benefitting children such as preschool, elementary and secondary education, child nutrition and child health care.
- Program or service benefitting an entire household but where children are necessary for a family to qualify for benefits such as Colorado Works/Temporary Assistance to Needy Families (TANF).
- Programs or services designed to prevent or alleviate a serious problem faced by children, even though in some cases the service is directed to another family member or the community. For example, Low-Income Energy Assistance, Tobacco Education or the Nurse Home Visitor program.

Whenever a program benefits adults as well as children, we apportioned the budget to separately identify the share of the total benefitting children. Unfortunately, the data needed to apportion program totals are often not available. In that sense, the *Children's Budget* overstates the state's investment in children. If the children's portion of spending could be identified, both the total and the children's portion are reported.

Only programs receiving a state budget appropriation are considered.

- Not all spending by the state is subject to appropriation. Some federal funds go directly to state departments and can be spent without action by the Legislature. Other federal funds go directly to local governments, school districts or non-profit organizations, but they are a critical component of state level plans for improving the delivery of services to children.
- The revenues foregone by the state through tax credits or deductions are often referred to as tax expenditures. There are several important to the well-being of children, including the Child Care Tax Credit and the Earned Income Tax Credit (EITC). This study does not include tax expenditures.

All programs were placed within one of four areas identified by the Colorado Children's Campaign as essential to creating opportunity for every child in Colorado.

- Early Childhood Development and Learning
- Educated Children: K-12
- Health Services and Programs for Children and Families
- Other Supports for Thriving Children in Supportive Families and Communities



Data Protocol and Sources

This document tracks the budget during a five-year period. It identifies appropriation amounts for the current fiscal year – FY 2012–2013 (which started in June 2012) and for the prior fiscal year FY 2010–2011. Actual expenditures are reported for the three prior years. The majority of budget numbers in this document are taken from the Long Bill (House Bill 12-1335) or the Colorado Appropriations Report for the current FY and from the Joint Budget Committee (JBC) staff budget briefing documents for all other years. Executive branch budget documents are sometimes referenced for further information.

Appropriations reflect the priorities assigned to programs in a given budget cycle. These numbers represent the maximum allowable expenditure and/or the estimate of what will be required to finance entitlement programs. All appropriations are subject to revision by later legislative action during the course of the fiscal year and even sometimes retrospectively, particularly for entitlement programs. As a result, numbers recorded for FY 2011–2012 and FY 2010–2011 in this budget may differ from those reported for the same program in last year’s budget.

To prepare the *Children’s Budget*, funding by source for each department, division, and program are collected and entered into an Excel spreadsheet. There are four categories of funding sources:

- Federal funds are received directly from the federal government to pay for entitlement programs such as Medicaid, TANF or child nutrition and for other purposes designated by federal regulations.
- General Fund revenues are derived from state individual and corporate income, excise and sales taxes.
- Cash funds are established by statute or constitutional provision designating a specific programmatic purpose and funding source such as fees, fines, dedicated tax or non-governmental payments.
- Re-appropriated funds are generally non-direct federal fund transfers between departments. When money is transferred between funds, departments, or line items, it can be difficult to follow. This can lead to some double counting in this analysis, although an effort was made to exclude re-appropriated funds in cases where they were clearly identified and were known to be carried elsewhere in the *Children’s Budget*.

Throughout this document, every attempt is made to accurately track and account for total program expenditures. As a general rule:

- Departmental management and administrative expenditures are omitted. Funding for the staff directly engaged in the delivery of programs are covered at the program level and were generally included. Costs associated with computer systems critical to the administration of programs, such as Medicaid and child support enforcement, are also excluded.
- The treatment of local contributions varies. In some cases, local contributions are used to meet matching requirements for federal funding. They may be embedded in the cash funding line and are included in all totals. Other local contributions, most notably the local contribution required as part of the School Finance Formula are discussed in the K-12 funding section, but not included as part of the budget totals.
- Individual program table notes provide source documents and more specific and detailed methodology for each program.



Comparing Budget Levels Over Time

Budget changes over time are tracked three ways:

- Actual appropriations and expended amounts as reported in state budget documents. These are sometimes referred to as “nominal” dollars.
- “Real” spending, i.e., adjusted for inflation. Over time, the value of a dollar tends to decrease as prices for goods and services increase. This phenomenon is referred to as inflation and is important for long-term economic comparisons. Inflation is tracked using the Denver-Boulder-Greeley inflation rate index, published by the Bureau of Labor Statistics. To adjust for inflation, budgeted amounts for FY 2009–2010 through FY 2012–2013 are deflated by the consumer price index for that fiscal year. The index is calibrated so its value in FY 2008–2009 is set to 1. According to the CPI, prices went up 10.5 percent during the five years tracked in this document. Therefore, appropriations would have had to increase by this percentage to buy the same overall amount of services as were provided in FY 2008–2009. By adjusting for inflation, it is possible to isolate the change in “real purchasing power.”
- Real spending adjusted for population growth. If inflation-adjusted spending remains constant but the population to be served increases, then there is less available to spend on services provided to each client or beneficiary. Child population is based on data and projections reported by the state demographer. Between FY 2008–2009 and FY 2012–2013, the child population was estimated to have increased 4 percent. Using this measure, if “real” spending increased by less than the rate of child population growth, a decrease in the size of the budget would be reported.

It would have been desirable to also standardize budget numbers using measures specific to each program, since it is likely that the numbers of children eligible for a service, such as Medicaid or the Child Health Plan *Plus* (CHP+), actually increased at a faster rate than the overall child population. *KIDS COUNT in Colorado!* has documented that the number of children living in poverty in Colorado more than doubled since 2000, which means that the number of poor children has grown at a faster rate than the number of all children. Reliable measures specific to each program were not generally available and were not included in this report. The exception is the K-12 pupil count, which is taken into consideration when evaluating funding levels for school financing.

For all programs, tables are provided that summarize what the programs are intended to do and the major factors driving the budget, identify the administering department, and describe the major financing mechanisms. The tables show actual expenditures or appropriations for each year of the five-year tracking period. They also show levels of change using several measures:

- **Year-to-year percent changes** are shown for nominal funding levels, “real” inflation-adjusted funding levels, and for funding levels adjusted for both inflation and child population growth.
- **Compound average annual growth rates (CAAGR)** are also calculated for each of the three budgetary series. The CAAGR smooths out year-to-year fluctuations in growth. It is the growth rate, which if applied in each year of the period to the prior year’s total, would bring the FY 2008–2009 appropriation to the FY 2012–2013 level.

To the right of each table is a graphic depicting the direction of change in program spending adjusted for inflation. If the compound average annual growth rate (CAAGR) associated with “real” spending is plus or minus 0.5 percent, the arrow is horizontal, indicating a stable pattern of financing. Up or down arrows indicate larger increases or decreases.



Early Childhood Development and Learning

Children Ready to Learn and Succeed

Every second in the first few years of life, a child's brain will create 700 new synapses.¹ Those synapses are the foundation of a child's early language and literacy development, social perceptions, ability to focus on tasks and mental flexibility. These are fundamental skills for learning, developing positive behaviors, good health and successful lives. Early childhood is the most effective time to set children on a path for success.²

That's what we knew more than a decade ago. Now we are even more certain. New research confirms that investing in children's development and education from birth is critical. Positive early childhood experiences including high quality early care and education help children at risk for school failure to enter kindergarten ready to learn. These experiences are shown to close the achievement gap because students who are not able to read at or above grade-level by third grade quickly fall behind in school.³ Research also shows that supporting families, as well as the children themselves, is part of this equation. For example, access to affordable, stable, and quality child care helps parents participate in the workforce and reduces absenteeism, both of which lead low-income families out of poverty and toward greater economic self-sufficiency. Finally, changing demographic trends in Colorado increase the need for investment in early childhood populations since the return on investment is greatest for low-income and non-English speaking children.⁴

This section of the *Children's Budget 2012* focuses on Colorado's investments in services that support young children and their families, within the following departments:⁵

- Department of Public Health and Environment (CDPHE) programs, including the Nurse Home Visitor Program; Child and Adult Care Food Program (CACFP); and the Women, Infants, and Children Supplemental Food Grant (WIC) programs, which account for 41 percent of investments in early childhood development and learning.
- Department of Human Services (CDHS) programs, based in the Office of Early Childhood, including the Early Intervention Program, the Colorado Child Care Assistance Program (CCCAP), Child Care Licensing and Administration, Grants to Improve the Quality and Availability of Child Care, the School Readiness Quality Improvement Program, and Early Childhood Mental Health, which account for 38 percent of investments in early childhood development and learning.
- Department of Education's (CDE) Colorado Preschool Program (CPP), which accounts for 21 percent of the investments in early childhood development and learning.

¹ Board on Children, Youth, and Families Institute of Medicine National Research Council. (October, 2000). From Neurons to Neighborhoods: The Science of Early Childhood Development Committee on Integrating the Science of Early Childhood Development; 10 Years Post- *Neurons to Neighborhoods: What's at Stake and What Matters in Child Care?* Deborah Phillips Professor of Psychology, Georgetown University Keynote Address at the Celebration of the 20th Anniversary of CCDGB Oct. 19, 2010 Washington, DC http://www.irl.berkeley.edu/cscce/wp-content/uploads/2010/12/DeborahPhillips_Keynote_CCDGB20thCelebration_10-19-10.pdf; Board on C Y and F, Division of Behavioral and Social Sciences and Education. (2010). National Academy of Sciences. Presentations from the October 28, 2010 Anniversary Workshop of *From Neurons to Neighborhoods* http://www.bocyf.org/Neurons_to_Neighborhoods_Anniversary_presentations.html

² Center on the Developing Child at Harvard University. (2012). Building The Brain's "Air Traffic Control" System. Social perceptions, and ability to focus, along with working memory, inhibitory control, and cognitive or mental flexibility are dimensions of executive function skills.

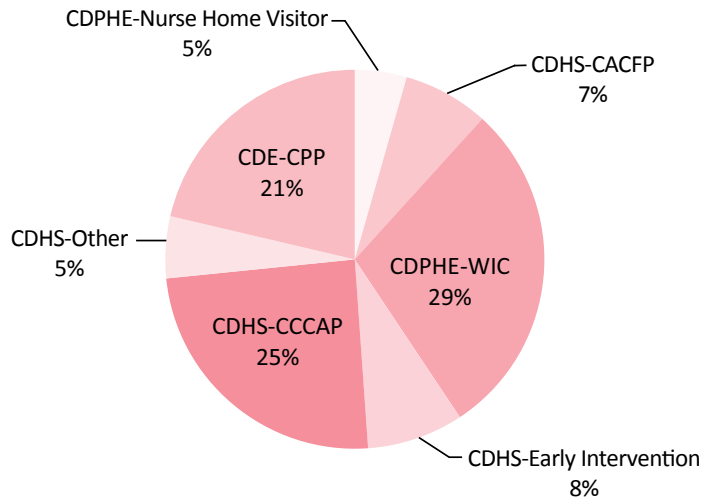
³ Mindnich, J & Arac, D, et al., (2012). Using a Birth to Third Grade Framework to Promote Grade-Level Reading. Children Now — http://www.firstfocus.net/sites/default/files/BI2012%20-%20ELL_0.pdf

⁴ Murdock, SH, Cline, M, Zey, M. (2012). The Children of the Southwest. First Focus, http://www.firstfocus.net/sites/default/files/BI2012%20-%20ChildrenOfTheSouthwest_0.pdf; Hughes, S. (2011). Investing in a Bright Future for All of Colorado's Kids: The Importance of Providing Early Childhood Care and Education to Children in Immigrant Families. Colorado Children's Campaign, <http://www.coloradokids.org/data/publications/investinginabrightfuture.html>

⁵ In June 2012, a new Office of Early Childhood was created within the Department of Human Services. Programs administered by this new office will include Community and family support, Child Care Licensing, Child Care Quality Initiatives, the Colorado Child Care Assistance Program, Early Childhood Councils, Early Childhood Mental Health Consultation, Early Intervention Colorado Program (Part C/Early Intervention), and Promoting Safe and Stable Families.

This section first takes a big-picture view of the relative departmental and programmatic spending on early childhood development and learning by amount, fund source and trends. Detailed tables are then provided for each early childhood development and learning program. These tables show program funding amounts, actual expenditures for the first three years of the tracking period and appropriated amounts for FY 2011-2012 and FY 2012-2013. The tables report year-over-year percent changes, as well as the compound annual adjusted growth rate (CAAGR) for the funding levels shown, adjusted for inflation and adjusted for inflation and growth in child population. Finally, to the right of each table is a graphic depicting the direction change in the CAAGR associated with program spending adjusted for inflation.

**Early Childhood Development and Learning Budget:
Shares by Program, FY 2008-09 to FY 2012-13**



During the past five years, the state has decreased its commitment to early childhood development and learning programs. In FY 2012-2013, the state anticipates spending of up to \$316.2 million. The appropriated amount is lower than the amount spent or appropriated in any of the last five years. There was a significant increase in funding in FY 2009-2010, in part due to the temporary infusion of funds under the American Recovery and Reinvestment Act of 2009 (ARRA), but funding dropped in each subsequent year. This represents an average annual decrease of 0.23 percent on early childhood development and learning programs. After taking into account inflation during the period, the percentage decrease was 2.7 percent. When the increase in child population is also factored in, funding in constant dollars per child in the state decreased at an average annual rate of 3.6 percent.

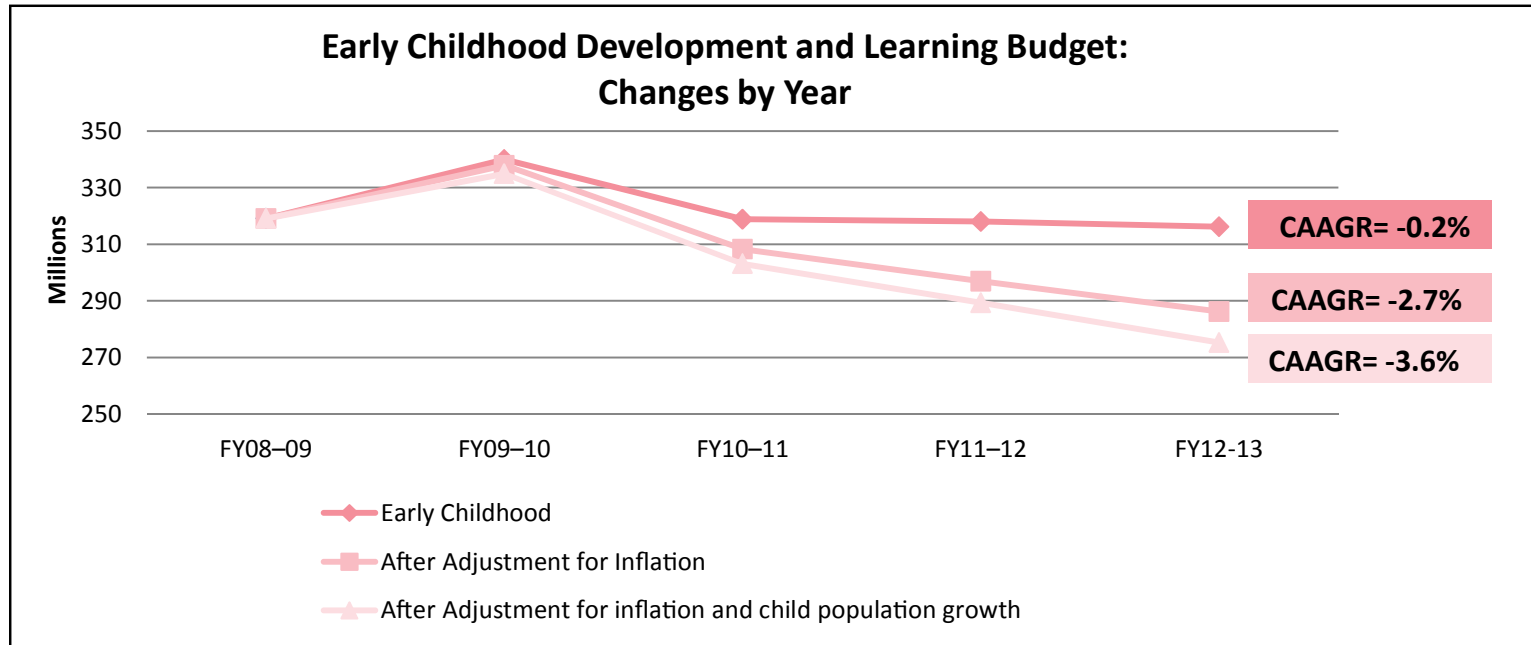
Other programs that figure prominently in state plans to meet the needs of young children are not included in this section. About \$20 million to \$24 million has been provided for special needs education in Colorado preschool programming, but this is included in the K-12 section of the *Children's Budget* under Special Education Children with Disabilities.⁶

Head Start is one of the pillars of the state's efforts to meet the needs of young children. This federal program, which includes Early Head Start and Migrant and Native programs. In federal FY 2012, the federal government provided \$89.6 million in FY 2010 for Head Start, Early Head Start and Migrant and Native Programs directly to local service providers, benefitting almost 12,000 young children.⁷ This federal program includes Early Head Start and Migrant and Native programs. In FY 2012, the federal government provided \$82.4 million directly to local service providers in Colorado for Early Head Start and Head Start, benefitting 10,624 children. Since these programs are supported by federal dollars, they are excluded from this document.



⁶ Colorado's RTT-ELC Grant application, submitted 10/19/2011.

⁷ Colorado Head Start Collaboration Office (personal communication with H. Tritten, Office of the Lieutenant Governor, Nov. 1, 2011).



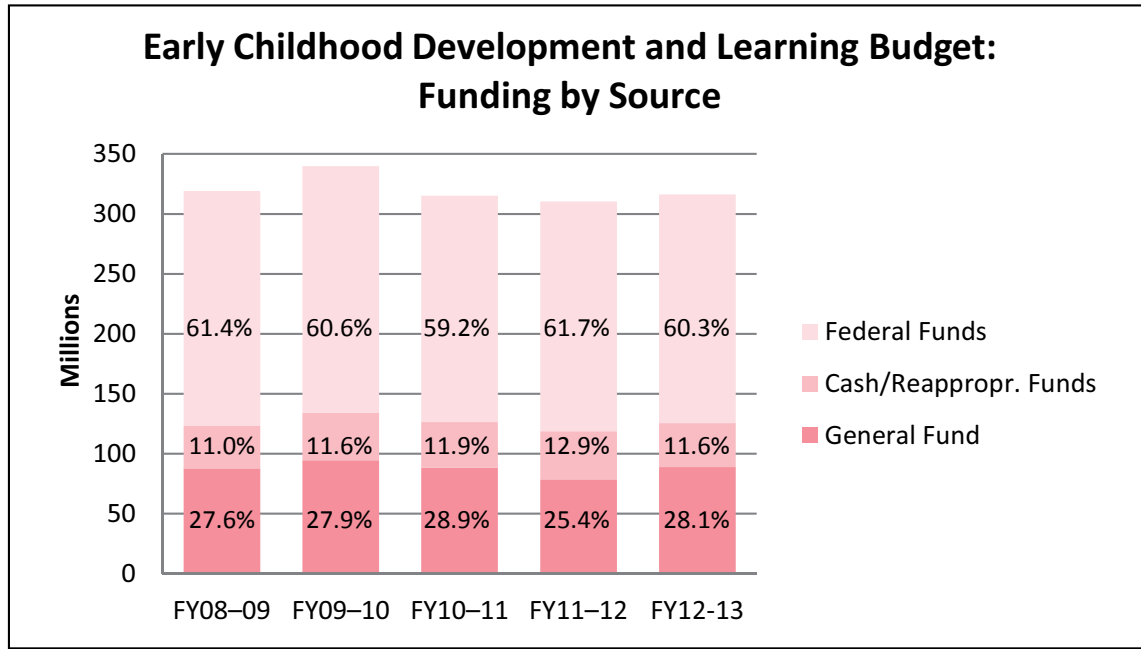
Funding for most of the programs in this section has been relatively stable. Given inflation and growth in population, however, this translates into declines in levels of service provided. One major program suffered clear decreases in funding. The Colorado Child Care Assistance Program (CCCAP), which helps low-income families access child care, experienced an average annual decrease of 3.7 percent in the state budget. This figure understates the problem. In addition to the funding reflected here, counties rely on funds received through the Colorado Works program, discussed in the Family Support section of this report, to finance part of the cost of their child care subsidy programs. Given the rise in families needing basic cash assistance and the drawdown of funds held in reserve, less money is available to the counties for child care. Combined with the decrease in appropriations reported here, many counties have significantly curtailed eligibility and provider rates in their child care subsidy programs.⁸

The state drew on the General Fund to support about one quarter of total spending on Early Childhood Development and Learning between FY 2008-2009 through FY 2012-2013. Cash funds, which provided about 12 percent of total spending during the same period, come from several sources. For example, money from the Tobacco Master Settlement Agreement helps support the Nurse Home Visitor Program. Private insurance plans contribute to the Early Intervention Services Trust Fund when a child is identified as having a developmental disability. Child care provider fees and fines help support the inspection, licensing and monitoring of child care facilities; and required county contributions are included in the cash fund portion of the child care assistance program appropriation.

Early Childhood Development and Learning programs rely heavily on federal funds. During the five years, more than six out of every 10 dollars spent came from federal grants. Dependence on federal funding varies by department. For example, more than 90 percent of CDPHE’s spending on early childhood development and learning comes from federal grants, most notably from child nutrition programs (WIC and CACFP). A little more than 60 percent of spending by the Colorado Department of Human Services (CDHS) comes from federal grants, primarily from the Child Care and Development Block Grant. In contrast, the Colorado Department of Education’s (CDE) preschool programs rely heavily on state funding. As noted at the beginning of this report, requirements to address the federal deficit by January 2013 could have a major impact on Colorado’s budget for early childhood development and learning, especially if those cuts occur through sequestration.⁹

⁸ *Moving Families Forward: An Introduction to TANF in Colorado During the Recession*, Colorado Children’s Campaign, www.coloradokids.org. The CCCAP program also benefitted from ARRA funding of \$11.1 million in FY 2008-2009 and \$10.4 million in FY 2009-2010, resulting in increasing spending during a three year period. In FY 2010-2011, however, there was a major cutback in spending, due primarily to the loss of ARRA funding.

⁹ Mickelson, A. (2012). “Analysis of 2012 federal tax reform, part two: Sequestration and the Colorado budget.” Colorado Center on Law and Policy, www.cclponline.org/uploads/files/Sequestration_Brief_2012_final_4.0_.pdf



Programs Funded by the Colorado Department of Public Health and Environment

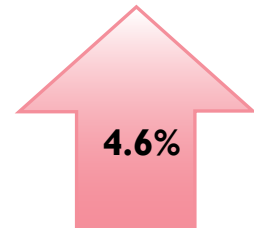
Nurse Home Visitor Program (NHVP)

Program: The Nurse Home Visitor Program provides services to first-time pregnant women whose incomes are under 200 percent of the federal poverty level (\$46,100 annually for a family of four in 2012) and who elect to participate in the program. Nursing staff address a mother’s personal health; provide advice on prenatal, newborn, and children’s health care, child development, and home safety; and facilitate access to educational, social and employment resources.

Department: Colorado Department of Public Health and Environment

Financing: This program is funded primarily through Tobacco Master Settlement Agreement (MSA) money and supplemented by federal Medicaid funds for targeted case management reimbursement. In FY 2011-12, CDPHE received a new federal grant for a companion Maternal Infant Early Childhood Home Visiting program, which is not reflected in the funding levels shown below.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$12,361,408	\$12,737,350	\$13,154,160	\$16,835,547	\$16,324,606	
% Change From Previous Year	23.7%	3.0%	3.3%	28.0%	-3.0%	7.2%
% Change (Inflation Adjusted)	21.7%	2.4%	0.5%	23.6%	-6.0%	4.6%
% Change (Inflation & Child Population Adjusted)	20.6%	1.5%	-0.3%	22.5%	-7.2%	3.5%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, Administrative and Health Divisions, FY 2009–2010, FY 2010–2011, FY 2011-2012; FY 2012-2013; House Bill 12-1335 (Long Bill); House Bill 12-1194 (CDPHE Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13; Colorado Department of Public Health and Environment, Nurse Home Visitor Program Annual Report, July 2009–June 2010 http://www.cdph.e.state.co.us/ps/nursehome/0910%20NHVP%20Fiscal%20Report_CDPHE.pdf, personal communication with Mary W. Martin, Prevention Services Division, Women’s Health Branch

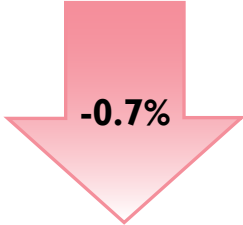
Child and Adult Care Food Program (CACFP)

Program: CACFP offers reimbursement to providers for nutritious meals and snacks served in qualifying child care centers, family child care homes, after-school programs, homeless shelters and adult care centers. In order to participate, all institutions must be certified or licensed by a federal, state or local authority.

Department: Colorado Department of Public Health and Environment

Financing: This program is federally funded. The amount received by the state is determined based on the claims for reimbursement submitted by participating organizations for meals/snacks served.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$22,594,553	\$23,278,564	\$24,217,681	\$23,290,471	\$24,229,230	
% Change From Previous Year	6.5%	3.0%	4.0%	-3.8%	4.0%	1.8%
% Change (Inflation Adjusted)	4.8%	2.4%	1.2%	-7.1%	0.9%	-0.7%
% Change (Inflation & Child Population Adjusted)	3.8%	1.5%	0.4%	-8.0%	-0.5%	-1.7%



Sources: Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, Administrative and Health Divisions, FY 2009–2010, FY 2010–2011, FY 2011–2012; FY 2012–2013; House Bill 12-1335 (Long Bill); House Bill 12-1194 (CDPHE Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13; Colorado Department of Public Health and Environment, Colorado Child and Adult Food Program, <http://www.cdphe.state.co.us/ps/cacfp/index.html>; U.S. Department of Agriculture, Food and Nutrition Services, Child & Adult Care Programs, <http://www.fns.usda.gov/cnd/care/default.htm>

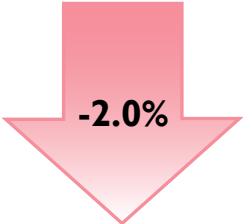
Women, Infants, and Children Supplemental Food Grant (WIC)

Program: WIC provides supplemental food, health care referral and nutrition education to low-income pregnant, breastfeeding and postpartum women, as well as to children up to age 5. To receive benefits, households must apply, and have incomes at or below 185 percent of the federal poverty level (\$39,185 per year for a family of four in 2012), meet state residency requirements and be determined to be at nutritional risk by a health professional.

Department: Colorado Department of Public Health and Environment

Financing: This program is federally funded. Congress determines funding levels annually, which are allocated among states based on a formula.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$91,763,930	\$91,938,849	\$111,913,876	\$95,235,306	\$93,670,878	
% Change From Previous Year	10.5%	0.2%	21.7%	-14.9%	-1.6%	0.5%
% Change (Inflation Adjusted)	8.7%	-0.4%	18.7%	-17.1%	-4.6%	-2.0%
% Change (Inflation & Child Population Adjusted)	7.4%	-2.1%	18.7%	-18.0%	-5.9%	-2.9%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, Administrative and Health Divisions, FY 2009–2010, FY 2010–2011, FY 2011–2012; FY 2012–2013; House Bill 12-1335 (Long Bill); House Bill 12-1194 (CDPHE Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13; U.S. Department of Agriculture, Food & Nutrition Services, Women, Infants, and Children, <http://www.fns.usda.gov/wic/>

Programs Funded by the Colorado Department of Human Services

Early Intervention Services

Program: Through this program, the state coordinates a comprehensive interagency system of services for infants and toddlers with disabilities from birth through age 2. Infants and toddlers with disabilities and their families receive early intervention services through IDEA Part C. Services are designed and delivered through an Individualized Family Service Plan (IFSP) that outlines services needed by both the child and the child's family. The program also supports Child Find, under IDEA Part B, a referral system that works at the local level to ensure that children with developmental issues are identified as young as possible and referred to appropriate services.

Department: Colorado Department of Human Services

Financing: Funding for this program comes from the General Fund, federal funds under Parts B and C of the Individuals with Disabilities Education Act (IDEA), and cash funds. In FY 2011-2013, the breakdown of funding is projected to be 59 percent from the General Fund, 28 percent from federal funds, and 13 percent from cash funds (dollars from private insurance). In FY 2010-2011, the program benefitted from an infusion of federal ARRA funds.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Early Intervention	\$11,062,198	\$11,098,328	\$12,440,977	\$14,960,930	\$14,960,930	
Custodial Funds for Early Intervention	\$3,968,001	\$7,565,363	\$6,053,908	\$3,421,443	\$3,421,443	
Federal Special Ed Grant for Infants, Toddlers & their Families (Part C)	\$9,275,752	\$11,661,848	\$8,113,726	\$7,850,192	\$7,030,214	
Total	\$24,305,951	\$30,325,539	\$26,608,611	\$26,232,565	\$25,412,587	
% Change From Previous Year	38.1%	24.8%	-12.3%	-1.4%	-3.1%	1.1%
% Change (Inflation Adjusted)	36.0%	24.0%	-14.6%	-4.8%	-6.1%	-1.4%
% Change (Inflation & Child Population Adjusted)	34.6%	22.9%	-15.3%	-5.7%	-7.3%	-2.3%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, Administrative and Health Divisions, FY 2009–2010, FY 2010–2011, FY 2011–2012; FY 2012–2013; House Bill 12-1335 (Long Bill); House Bill 12-1186 (CHDS Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13

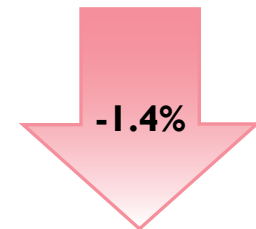
Child Care Licensing and Administration

Program: This appropriation provides support to the Division of Early Care and Learning for licensing and monitoring of more than 9,000 child care facilities, including child care homes and centers, preschool and school-age child care programs, summer camps, residential child care facilities and child placement agencies.

Department: Colorado Department of Human Services

Financing: The appropriation comes from a combination of federal funds through the Child Care and Development Block Grant and Title IV-E grants, state general funds and cash funds. In FY 2010-2011, just more than half of the appropriation came from federal funds, 35 percent from the state's General Fund and 11 percent from licensing fees and fines.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$6,280,823	\$6,215,878	\$6,434,191	\$6,486,315	\$6,547,233	
% Change From Previous Year	0.9%	-1.0%	3.5%	0.8%	0.9%	1.0%
% Change (Inflation Adjusted)	-0.7%	-1.6%	0.7%	-2.6%	-2.1%	-1.4%
% Change (Inflation & Child Population Adjusted)	-1.7%	-2.5%	-0.1%	-3.5%	-3.4%	-2.4%



Sources: Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse Services; House Bill 12-1335 (Long Bill); House Bill 12-1186 (CDHS Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13 Colorado Race to the Top - Early Learning Challenge Application for Initial Funding CFDA Number: 84.412

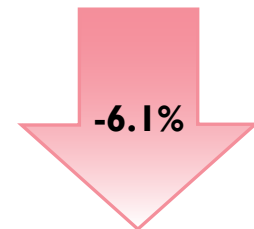
Colorado Child Care Assistance Program (CCCAP)

Program: CCCAP is a state-supervised, county-administered program subsidizing child care providers serving children in low-income families whose parents are working, searching for employment or training for employment. Priority is assigned to families receiving or at-risk of receiving income support from the Temporary Assistance for Needy Families (TANF) program. Counties determine provider reimbursement rates and income eligibility requirements, within guidelines established in federal law. Many have lowered reimbursement rates, restricted eligibility and established waiting lists in recent years due to funds availability. Families apply to participate and are accepted on a “funds available” basis. CDHS has converted to a new data system, which prevents direct comparisons of recent caseload numbers with years prior to FY 2010–2011. In FY 2010-2011 the program served an estimated 36,599 children; in FY 2011-2012, it served an estimated 29,557 children.

Department: Colorado Department of Human Services

Financing: Funding for CCCAP comes from a combination of federal Child Care and Development Block Grant funds, state, and county dollars, as well as parent fees. About 70 percent of the funding comes from the federal government, with a portion of those funds requiring a state match. Temporary federal American Recovery and Reinvestment Act (ARRA) funds were appropriated to CCCAP in FY 2009-2010 (\$10.4 million). By FY 2010-2011, these funds had been spent. Counties may choose to use a portion of their TANF funds for CCCAP, but those funds are not shown here. As reflected in the chart, the history of the program reflects bursts of funding and caseload expansion, followed by rapid contraction. The unstable expenditure pattern in child care does not reflect changing demand for subsidized child care, but is rather counties’ assessment of the availability of TANF funds.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$86,033,041	\$86,023,422	\$74,802,572	\$73,976,592	\$73,976,592	
% Change From Previous Year	13.7%	0.0%	-13.0%	-1.1%	0.0%	-3.7%
% Change (Inflation Adjusted)	11.9%	-0.6%	-15.4%	-4.5%	-3.1%	-6.1%
% Change (Inflation & Child Population Adjusted)	10.8%	-1.5%	-16.1%	-5.4%	-4.3%	-7.0%



Sources: Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse Services; House Bill 12-1335 (Long Bill); House Bill 12-1186 (CDHS Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13; personal correspondence with Bulicz, L, Associate Director, Division of Early Care and Learning, CDHS, 11/11/12; Amanda Bickel, Joint Budget Committee Staff, 11/11/12;
Notes: Under welfare reform, the Child Care Development Fund (CCDF) combined the Transitional Child Care, JOBS, and at-risk child care programs formerly funded under Title VI-A into one title. In addition, new matching funds were made available to states. The “Average number of children served per month” is estimated based on the known FY 2010-11 and FY 2011-12 expenditures as compared with the ratio of expenditures to number of children served in FY 2009-10. FY 2009-10 is the last year with reliable children served data prior to the migration to the new CHATS.

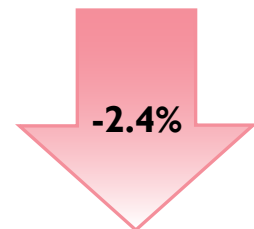
School Readiness Quality Improvement Program

Program: The School Readiness Quality Improvement Program (SRQIP) is designed to improve the school readiness of children 5 years of age or younger who are cared for at child care programs that feed into public elementary schools that receive Title I funding and are required to implement a priority improvement or turnaround plan, or are subject to restructuring. The SRQIP rates child care programs for quality and supports quality improvement activities based on a quality improvement plan generated as part of the rating.

Department: Colorado Department of Human Services

Financing: Federal, US Department of Health & Human Services, Child Care Development Fund (CCDF)

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$2,226,834	\$2,235,113	\$2,229,305	\$2,226,745	\$2,228,586	
% Change From Previous Year	1.0%	0.4%	-0.3%	-0.1%	0.1%	0.0%
% Change (Inflation Adjusted)	-0.6%	-0.2%	-3.0%	-3.5%	-3.0%	-2.4%
% Change (Inflation & Child Population Adjusted)	-1.6%	-1.1%	-3.8%	-4.4%	-4.2%	-3.4%



Sources: Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse Services; House Bill 12-1335 (Long Bill); House Bill 12-1186 (CDHS Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012–13; The School Readiness Quality Improvement Program (SRQIP), C.R.S. 26-6.5-106; Colorado Race to the Top - Early Learning Challenge, p 23, Application for Initial Funding CFDA Number: 84.412

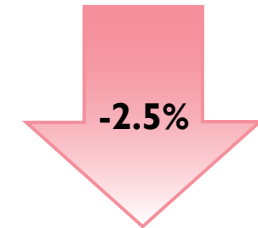
Grants to Improve the Quality and Availability of Child Care

Program: Grants to Improve the Quality and Availability of Child Care are made to child care providers through Early Childhood Councils and other avenues to assist them in meeting federal requirements and state and local standards. These grants and loans meet federal Child Care and Development Fund Grant (CCDF) requirements to improve the quality and availability of child care to low-income families. This line item, as well as the Early Childhood Councils and the School-Readiness line items, are dedicated to meeting these federal quality requirements. The Division of Early Care and Learning contracts with local entities to increase the availability and affordability of quality early care and education and school age programs for low-income families. Local grantees work in partnership with other local entities such as local child care resource and referral services, local Head Start programs and the Colorado Preschool Program. CDHS contracts with the Colorado Department of Education using these grants to house programs dedicated to expanding child care quality for infants and toddlers, as well as an Office of Professional Development for early childhood teachers and professionals.

Department: Colorado Department of Human Services

Financing: The federal government requires that 4 percent of expenditures for CCDF activities be used to improve service quality. The 4 percent calculation is based on total CCDF expenditures including state match expenditures and county transfers of TANF funds to CCDF. Federal law also requires specific dollar amounts of discretionary grant funding under CCDF be targeted or earmarked for 1) infant/toddler programs; 2) school age and resource and referral programs; 3) quality expansion activities such as professional development and facility equipment. This program benefitted from a temporary infusion of ARRA funds in FY 2009-2010.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$3,473,583	\$9,819,423	\$3,473,633	\$3,473,633	\$3,473,633	
% Change From Previous Year	0.6%	182.7%	-64.6%	0.0%	0.0%	0.0%
% Change (Inflation Adjusted)	-1.0%	181.0%	-65.6%	-3.4%	-3.1%	-2.5%
% Change (Inflation & Child Population Adjusted)	-1.9%	178.5%	-65.9%	-4.3%	-4.3%	-3.4%



Sources: Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse Services; House Bill 12-1335 (Long Bill); House Bill 12-1186 (CDHS Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012-13

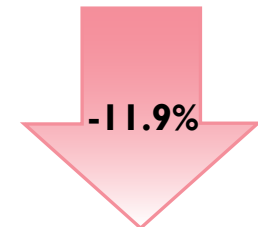
Early Childhood Councils (ECCs)

Program: House Bill 07-1062 formally established the Early Childhood Councils, which serve as the local coordinating structure for early childhood services in Colorado. Comprised of public and private stakeholders, the Councils are charged with improving the availability, accessibility, capacity, and quality of early childhood services within their areas. Currently there are 31 councils covering 58 counties.

Department: Colorado Department of Human Services

Financing: ECCs receive most of their funding from the federal Child Care and Development Block Grant dedicated to quality enhancement. In FY 2008-2009 and FY 2010-2011, state funds were also appropriated. Councils also receive foundation and local government support (not shown here).

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$2,979,597	\$2,985,201	\$2,479,040	\$1,978,317	\$1,978,317	
% Change From Previous Year	-1.2%	0.2%	-17.0%	-20.2%	0.0%	-9.7%
% Change (Inflation Adjusted)	-2.8%	-0.4%	-19.2%	-22.9%	-3.1%	-11.9%
% Change (Inflation & Child Population Adjusted)	-3.7%	-1.3%	-19.9%	-23.6%	-4.3%	-12.8%



Sources: Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse Services; House Bill 12-1335 (Long Bill); House Bill 12-1186 (CDHS Supplemental); State of Colorado Joint Budget Committee Appropriations Report FY 2012-13; Colorado Race to the Top - Early Learning Challenge Application for Initial Funding CFDA Number: 84.412

Early Childhood Mental Health Services

Program: This program provides support for early childhood mental health specialists in 17 community mental health centers and psychiatric services for children with serious emotional disturbance.

Department: Colorado Department of Human Services

Financing: The state finances this program from the General Fund. Several state departments, including DHS, contract with community providers to provide services to eligible clients. Historically an annual inflationary increase or cost of living adjustment for contracting providers is appropriated but state revenue shortfalls have led to reductions in provider reimbursements.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$1,112,202	\$1,109,363	\$1,135,359	\$1,146,676	\$1,146,676	
% Change From Previous Year	-3.52%	-0.26%	2.34%	1.00%	0.00%	0.8%
% Change (Inflation Adjusted)	-5.02%	-0.86%	-0.44%	-2.46%	-3.05%	-1.7%
% Change (Inflation & Child Population Adjusted)	-5.94%	-1.74%	-1.24%	-3.34%	-4.31%	-2.7%



Sources: JBC Staff Briefing Documents, Department of Human Services (Mental Health and Alcohol and Drug Abuse Services), FY 2009–2010, FY 2010–2011, FY 2011-12, FY 2012-2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1184 (HCPF Supplemental)
 Note: In Children’s Budget 2011, this program was included in the health section.

Programs Funded by the Colorado Department of Education

Colorado Preschool Program (CPP)

Program: The Colorado Preschool Program (CPP) provides preschool programming and family support services to young children deemed to be at-risk of starting school unprepared, based on a variety of factors identified in state law. District advisory councils are responsible for allocating slots, monitoring quality, and prioritizing children who are most at risk. Programs may be delivered by the school districts themselves, or districts may contract with a Head Start or other community-based child care program.

Department: Colorado Department of Education

Financing: CPP is financed through the School Finance Formula, which means financing is shared between the state and local districts, with the state share deriving from both the General Fund and Cash Funds. The local share varies slightly by year, ranging in the past five years from 36 to 39 percent. CPP providers may blend funding from other sources (such as CCCAP, Head Start, and local foundation support, etc.) to support their programming, but those amounts are not included in the table below since they are not a part of the CPP appropriation.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$65,986,666	\$73,270,335	\$70,589,126	\$67,106,863	\$67,191,996	
% Change From Previous Year	22.6%	11.0%	-3.7%	-4.9%	0.1%	0.5%
% Change (Inflation Adjusted)	20.7%	10.4%	-6.3%	-8.2%	-2.9%	-2.0%
% Change (Inflation & Child Population Adjusted)	19.6%	9.4%	-7.0%	-9.0%	-4.2%	-3.0%



Sources: Personal communication with Ortiz, N. and Vendegna, N., CDE, 10/12/12. Colorado Department of Education, Colorado Preschool Program Public Finance Unit, FY 2011–2012. The Joint Budget Committee does not track Colorado Preschool Program dollars separately.

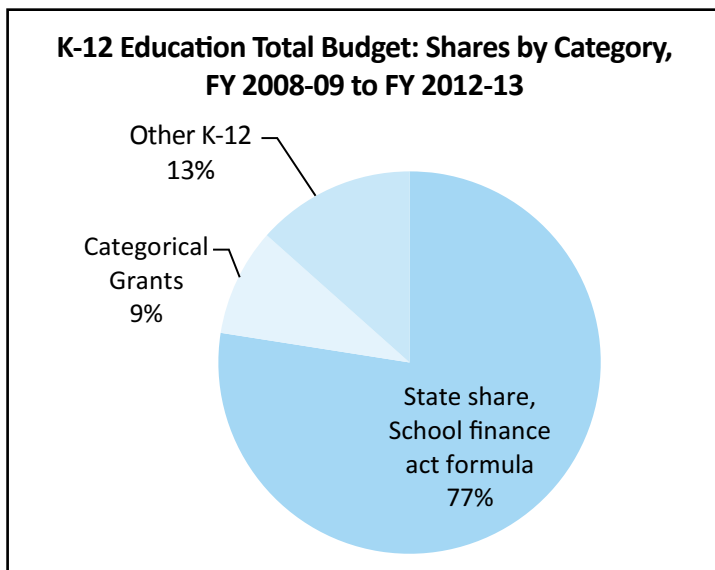
Educated Children: K-12

Educated Children

A strong K-12 education prepares children for success in college, career and life. Improving student success in public education also benefits all Coloradans by ensuring a more skilled workforce, higher tax revenue and less crime.¹ A K-12 system meets high-quality standards and uses meaningful student assessments that measure not only student success, but also academic growth. Ensuring students are learning from effective educators in safe schools is critical components when building strong learning environments. It is wise to invest in every Colorado student so they graduate ready for college and careers. We know many students can still succeed outside the typical education system, but it often comes at a greater cost to themselves and to the state economy.² Broad and equal access to quality education is critical to supporting the economic stability, future prosperity and democracy of Colorado.

This chapter of the *Children's Budget 2012* discusses programs administered by the Colorado Department of Education (CDE) in support of K-12 educational activities.³ It first takes a big-picture view, by amount, fund source and trends from FY 2008-2009 through FY 2012-2013. It then examines Colorado's K-12 education budget in three parts.

- It focuses first on the state share of funding for public schools, as required under the School Finance Act formula,⁴ which accounts for 77 percent of investments in K-12 education.
- The second section focuses on the categorical programs, which have a special status in the Colorado Constitution through Amendment 23. They account for 9 percent of education investments.
- The final section covers remaining programs, which make up 13 percent of state investments in K-12 education.



¹ Dropout Prevention and Student Engagement (Producer). (2008) High School Graduation Initiative Video (Video Clip). <http://www.cde.state.co.us/DropoutPrevention/DPSEVideo.htm>

² According to the most recent data, Colorado ranks 39th in the nation for K-12 per-pupil expenditures. Colorado Children's Campaign, *Kids Count in Colorado 2012*, p.63.

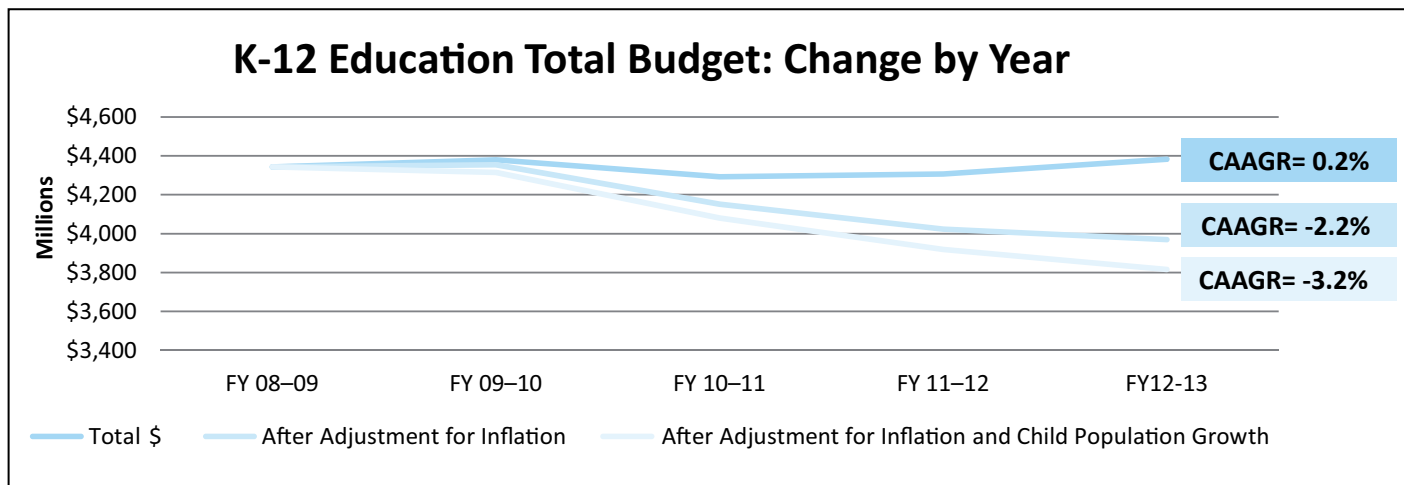
³ For purposes of the section overview, the total budget, except for the stated exclusions, includes the Colorado Preschool Program and Public School Health Services even though this may result in a small amount of double counting. Portions of the Colorado Preschool Program are more fully discussed in the Early Childhood Development and Learning section of this report and the Public School Health Services program is included in the health section. It excludes all management and administration, as well as state library funding.

⁴ C.R.S. Title 22, Article 54.



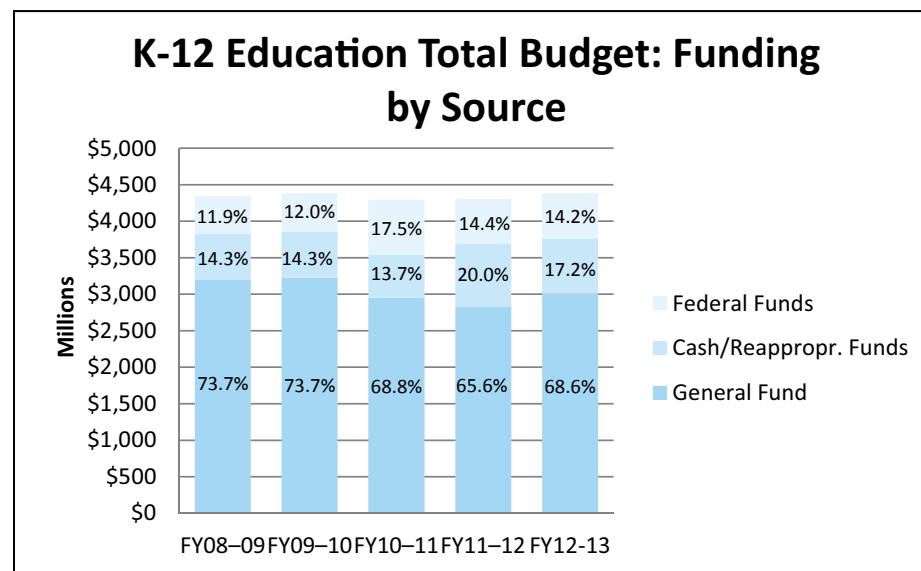
Each part of the K-12 budget is described in general terms. Detailed tables are then provided for each K-12 program. These tables show program funding amounts, actual expenditures for the first three years of the tracking period and appropriated amounts for FY 2011-2012 and FY 2012-2013. The tables report year-over-year percent changes, as well as the compound annual adjusted growth rate (CAAGR) for the funding levels shown and for funding when adjusted for inflation and funding adjusted for inflation plus growth in child population. Finally, to the right of each table is a graphic depicting the direction change in the CAAGR associated with program spending adjusted for inflation.

The figure below shows the CDE budget spent in support of K-12 education during a five-year period. In FY 2012-2013, the total amount appropriated is \$4.383 billion, little changed from the \$4.343 billion appropriated in FY 2008-2009. This change translates to a compound annual average growth rate of 0.25 percent. When taking into account the effect of inflation and child population growth, K-12 education spending declined at an average rate of 3.2 percent per year, for a total of 12.1 percent during the five-year tracking period. K-12 enrollment actually grew at a faster rate than the total child population in the state during the same period. This means that there was an even *greater* decrease (of 3.4 percent) in real purchasing power per student served than depicted in the figure below.



Most of the state’s spending on K-12 education comes from the General Fund. The exact share coming from the General Fund varies by year, but ranges from 66 percent to 74 percent. Federal grants cover between 12 percent and 18 percent of the state budget for K-12. The larger federal share came in FY 2010-2011, when there was a temporary large infusion of money from the American Recovery and Reinvestment Act (ARRA).

As will be discussed at greater length in the next section, public schools are financed by locally raised revenues as well as state funds. If local contributions are considered along with the state appropriation, then state funds cover approximately 60 percent; local funds, approximately 30 percent; and, federal funds approximately 10 percent of spending on K-12 in the current fiscal year.



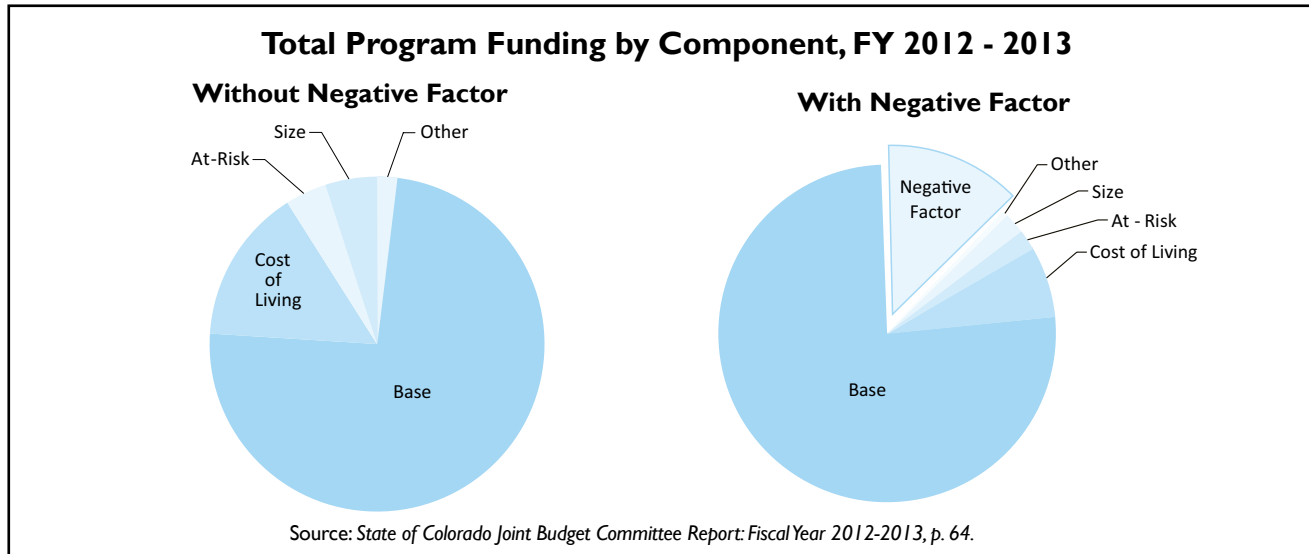
School Finance Act Formula

The Colorado Constitution states that the State Board of Education is responsible for the “general supervision of public schools” in Colorado, and that Local School District Boards of Education “shall have control of instruction in the public schools of their respective districts.” The Colorado Constitution requires the General Assembly to provide for the “establishment and maintenance of a thorough and uniform system of free public schools throughout the state.”⁵ The School Finance Formula, last revised in 1994, determines the state and local share of total K-12 program funding for public schools. The intent of the formula is to equalize educational opportunity and minimize spending differences based on the taxable wealth of school districts.⁶

The School Finance Act allocates funds among the state’s 178 school districts and the Charter School Institute (CSI).⁷ It does so by calculating a per-pupil level of funding for each district, and a specific state and local share of funding for each district. The first factor considered is the number of pupils to be funded. In FY 2012-2013, the budget assumes a pupil count of 817,221, up 1.1 percent from the previous year and 5 percent during the five-year tracking period.

The Formula then determines base per-pupil funding, which is the same for all students in each school district. The Colorado Constitution (Amendment 23) requires that the statewide base per-pupil funding increase by at least inflation plus 1 percent for 10 years through FY 2010-2011, and by the rate of inflation thereafter. For FY 2012-2013, the base per-pupil funding amount is \$5,843, up 3.7 percent from the prior year based on the rate of inflation. Adjustments to the base are then made for each district, based on specific characteristics having to do with cost of living, personnel costs, size of district, and presence of at-risk student populations. The average per-pupil funding amount increases to \$7,712 in the current fiscal year after these adjustments.

Since FY 2010-2011, however, the School Finance Formula has included a budget stabilization or negative factor, which reduces districts’ total program funding by a specified total amount, because the state is constitutionally required to maintain a balanced budget and cuts to K-12 were necessary in order to balance the budget. The adjustment has increased in size in each fiscal year, starting at a reduction of 6.35 percent in FY 2010-2011, and increasing to a reduction of 16.1 percent in FY 2012-2013.⁸ The negative factor does not reduce base funding; rather, it reduces the funding that would otherwise be added through the formula adjustments (cost of living, at-risk, size), as illustrated in the chart below. The application of the negative factor effectively reduces total program funding by \$1 billion and reduces the average per-pupil funded amount to \$6,474.⁹

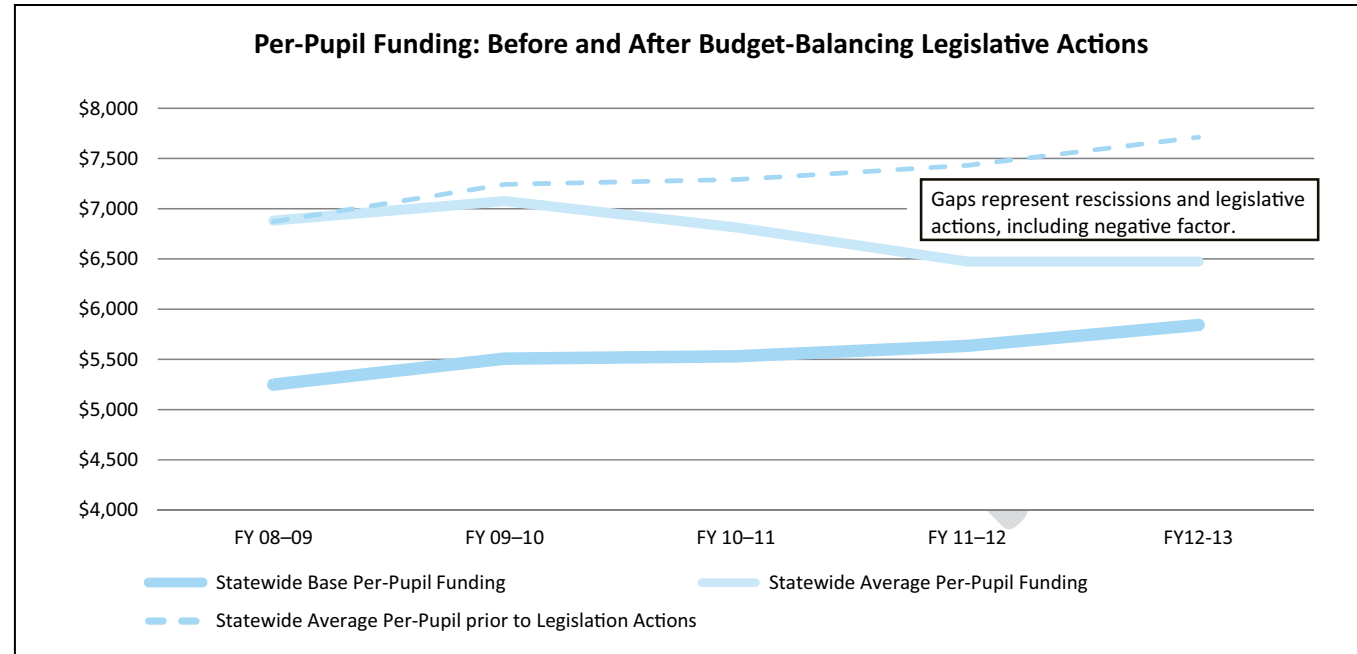


⁵ This analysis was done without reliance on any documents presented in the case of *Lobato v. Colorado*. If upheld on appeal, the December 9, 2011, decision by Denver District Judge Rappaport that Colorado’s current school-funding system fails to provide a “thorough and uniform” system of education as outlined in the Colorado Constitution will require changes to the School Financing system and have tremendous impact on future trends.

⁶ Colorado School Finance Task Force (September 2005). *Final Report of School Finance Task Force to the Colorado General Assembly, School Finance Interim Committee*. Denver, Colo. <http://cospl.coalliance.org/fez/eserv/co:9422/ga42002sc62005internet.pdf>

⁷ Charter School Funding, C.R.S. 22-30.5-112. The Charter School Institute (CSI) began operating in 2004 when the General Assembly passed Part 5 of the Charter School Act, entitled “Charter School Institute Act.” This allowed for the creation of an “alternative authorizer” for charter school applicants who hadn’t been able to get a school open through their local school district. Colorado Charters Blogspot (April 13, 2009) <http://coloradocharters.blogspot.com/2009/04/charter-school-institute.html>

⁸ *Total program funding* describes the total amount of money each school district receives under the School Finance Act.
⁹ This is a simplified account of the formula. There are additional adjustments. For a complete explanation of the formula, see Colorado Department of Education, Public School Finance Unit, Understanding Colorado School Finance and Categorical Program Funding, July 2012, pp.1-8. We note that Governor Hickenlooper’s proposed budget includes an increase in total program funding for K-12 Education which would cause the “negative factor” to decline to 15.5 percent in for FY 2013-2014. Governor Hickenlooper Press Office, Thursday, Nov. 1, 2012



After the formula specifies the amount available for each district, the next step calculates how much of the cost is to be paid for locally. Local funding is tapped first to provide the specified level of education funding; the state then makes up any difference that remains. Local governments are constrained in the amount they can raise to support education by the interaction of two constitutional amendments, the Gallagher Amendment (added to the state's Constitution in 1982) and the Taxpayer Bill of Rights or (TABOR), added in 1992. In combination, these constitutional amendments have led to a gradual decline in local share, shifting education costs to the state and increasing the state's share of educational costs from 43 percent in 1988 to 64 percent in 2007.¹⁰ Senate Bill 07-199, with the goal of moderating this trend, stopped the automatic decline of school district property tax rates in most districts.¹¹ In FY 2012-2013, the budget assumes the state is responsible for 63.6 percent, or \$3.366 billion, out of \$5.291 billion of total program funding.

The state share of funding required by the School Finance Act Formula comes primarily from state General Fund (GF), State Education Fund (SEF) and the State Public School Fund (SPSF).

- The State Education Fund was established by Amendment 23. The fund receives 0.33 percent of state income tax revenues, plus any interest earned on the fund balance. Money from the fund is appropriated for specific education-related purposes.
- The State Public School Fund consists primarily of a portion of royalties received from mineral development on federal lands within the state and revenues earned off lands granted to the state by the federal government for education purposes (School Trust Lands). Since the vast majority of these revenues are mineral-based, they are highly volatile and fluctuate from year to year.
- The local share of funding comes primarily from local property taxes, with some support from local vehicle registration taxes. Local governments also have the option to raise additional funds for education through mill levy overrides or bond issues, but these sources of funds are not included in this analysis.

¹⁰ State of Colorado Joint Budget Committee Appropriations Report: Fiscal Year 2012-13, p 65.

¹¹ See University of Denver, Center for Colorado's Economic Future, Financing Colorado's Future: An Analysis of the Fiscal Sustainability of State Government, April 2011, pp. 32-39.

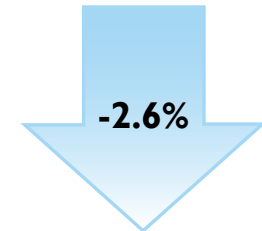
Public School Finance *Total Program Funding*

Program: The Public School Finance Act of Colorado is a formula used to determine state and local funding amounts for the state’s 178 school districts and the Charter School Institute. *Total Program* is a term used to describe the total amount of money each school district receives under the School Finance Act.

Department: Colorado Department of Education

Financing: Funding to school districts is based on the number of students in attendance at school on the official count date. A per-pupil formula is used that takes into consideration differences in school districts. (Colorado operates on a single count date system, meaning the number of students calculated in a district on the school day closest to October 1 determines the number of pupils the district will count toward their formula for the year.) This formula calculates Total Program appropriations. For each pupil funded, the formula provides a base per-pupil amount of money plus additional money to recognize district-by-district variances in cost of living, personnel costs and district size. The *Total Program* amount also includes additional funding for at-risk pupils. Starting in FY 2010-2011, SB 11-230 introduced a new factor in the school finance formula—the “negative factor,” which reduces the amount of funding districts would have received by a specified total amount. The state share of total funding for FY 2010-2011 was \$216.4 million less than would have been specified by the formula due to the availability of one-time federal funds through the Education Jobs Fund and American Recovery and Reinvestment Act (ARRA). The appropriations of these temporary federal funds are included in “other” funding later in this section of the *Children’s Budget*.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Total Program Funding Level	\$5,349,019,294	\$5,587,765,303	\$5,441,412,219	\$5,232,447,623	\$5,290,884,887	
% Change From Previous Year	5.5%	4.5%	-2.6%	-3.8%	1.1%	-0.3%
% Change (Inflation Adjusted)	3.9%	3.8%	-5.3%	-7.1%	-2.0%	-2.7%
% Change (Inflation & Child Population Adjusted)	2.9%	2.9%	-6.0%	-8.0%	-3.2%	-3.7%
State Share of Total Program	\$3,392,935,424	\$3,518,869,631	\$3,206,198,052	\$3,331,922,155	\$3,366,460,619	
% Change From Previous Year	7.6%	3.7%	-8.9%	3.9%	1.0%	-0.2%
% Change (Inflation Adjusted)	6.0%	3.1%	-11.4%	0.4%	-2.0%	-2.6%
% Change (Inflation & Child Population Adjusted)	4.9%	2.2%	-12.1%	-0.5%	-3.3%	-3.6%



Sources: Colorado Joint Budget Committee FY 2011-12, FY 2012-13, *Annual Appropriations Report* (p.4); CDE *Understanding Colorado School Finance and Categorical Program Funding* (2012), [http://www.cde.state.co.us/cdefinance/download/pdf/FY 2012-13Brochure.pdf](http://www.cde.state.co.us/cdefinance/download/pdf/FY%2012-13Brochure.pdf).

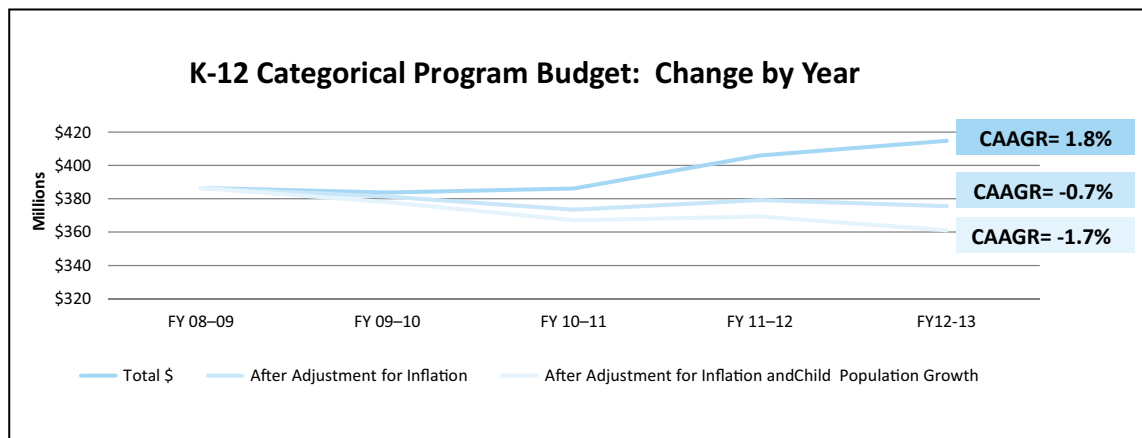
Notes: HB 08-1388 amended the “Public School Finance Act of 1994” and other statutory provisions to provide funding for school districts for FY 2008–09 forward. Under this bill districts no longer have the option to combine one-half day of preschool funding with one half-day kindergarten funding to create one full-day kindergarten slot. Instead, the legislature provided “hold harmless” funding for districts to continue existing full-day kindergarten programs discussed later in this section. The legislature also provided supplemental kindergarten enrollment funding to districts (i.e., kindergarten pupils are counted as .5 FTE, but funded at .58 FTE) to expand full-day kindergarten. CPP and supplemental kindergarten enrollment funding are part of the Public School Finance Act Total Program Funding included here. This represents double-counting since CPP is included in the Early Childhood Development and Learning Section of this report. The FY 2012-13 *Appropriation Report* notes that for FY 2008-2009 and FY 2009-2010, figures exclude amounts that were rescinded mid-year due to a shortfall in appropriations (\$5,777,656 and \$129,620,699 respectively). For subsequent fiscal years, figures reflect Total Program Funding after application of the negative factor.



Categorical Programs

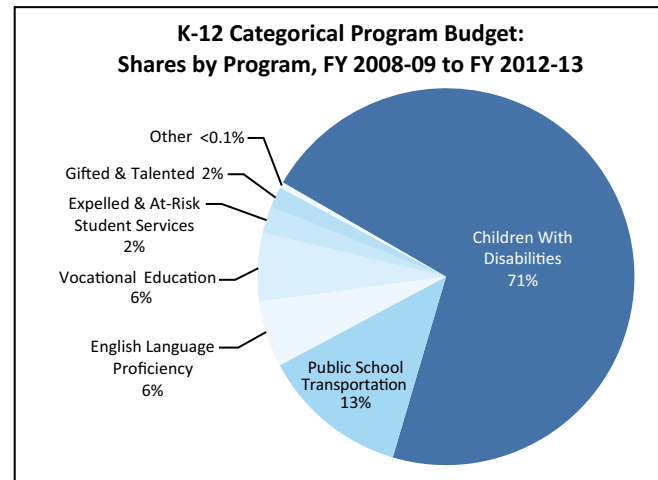
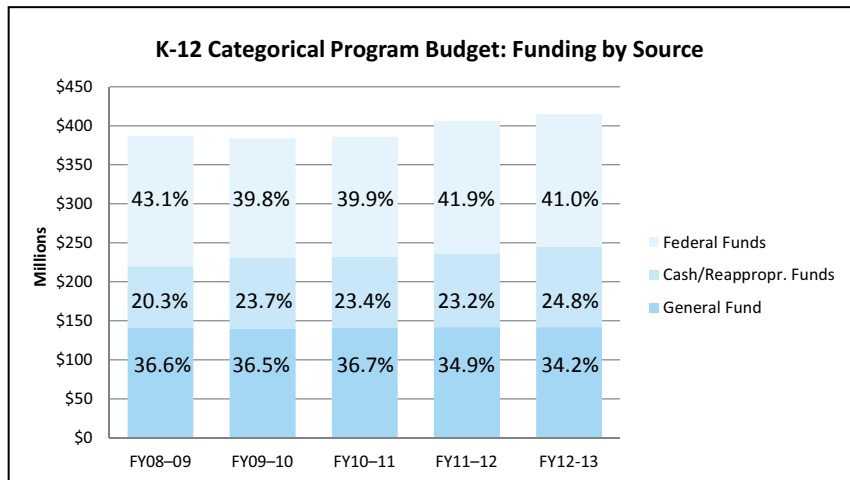
The second component of the K-12 Education budget consists of eight categorical programs. Amendment 23 identifies these programs and specifies that, in combination, state funding for these programs must increase at the same rate as per-pupil base funding (inflation plus 1 percent through FY 2010–11, and by the rate of inflation thereafter).

Spending for categorical programs is projected to total \$414.8 million in FY 2012-2013. Funding has increased at an average annual growth rate of 1.8 percent during the past five years. Real purchasing power decreased, however, after taking into account inflation (a CAAGR of negative 0.7 percent) or inflation and child population growth (a CAAGR of negative 1.7 percent).



Despite the Amendment 23 prescription, total spending did not necessarily increase from year to year, due to fluctuations in the federal contribution. Two of the eight categorical programs—Special Education and English Language Acquisition—rely to a significant extent on federal funding, while the other six receive no federal funds. State financing primarily comes from the General Fund and the State Education Fund, although sometimes other cash funds provide support. Several of the programs have received a small amount of support from local financing in some years due to the “categorical buyout” provision included in HB10-1369. These funds are included as cash funds in the figure below.

The largest of the categorical programs is Special Education for Children with Disabilities, which accounts for 71 percent of the combined budget for all categoricals. Public school transportation is the second largest, and accounts for just 13 percent of total funding for categorical programs during the five-year tracking period .



Spending in each of the categorical programs has increased during the five-year period, as evidenced by positive compound average annual growth rates shown in the program tables on the following page. The rate of increase varies, however, reflecting a combination of legislative priorities and federal funds available. The biggest increases in spending are for Comprehensive Health Education and English Language Proficiency Programs. We note that in five of the eight categorical programs, however, the rate of growth in the funding level was less than required to keep pace with inflation and child population growth during the period. The funding shortfall was especially notable for Small Attendance Centers and Special Education for Children with Disabilities.

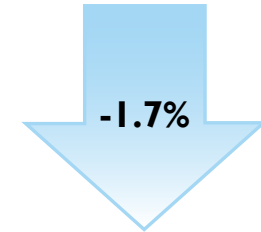
Special Education - Children With Disabilities

Program: The State Exceptional Children’s Educational Act, ECEA, provides services to students between the ages of 3 and 21 with disabilities and recognizes the benefit of providing a continuum of services in the least restrictive environment. Children who are unable to receive reasonable benefit from general education and have one or more of the following conditions are eligible for the program: long-term physical impairment or illness, significant limited intellectual capacity, significant identifiable emotional disorder, specific learning disability or speech or language impairment.

Department: Colorado Department of Education

Financing: Special education is supported with a combination of federal and state funds. Federal funding is subject to annual appropriation and is distributed to states by formula. In FY 2012-2013, federal funds are expected to cover 54 percent of the total appropriation. The federal share has varied somewhat by year, due in part to the temporary availability of ARRA funds. The state’s contribution comes primarily from the General Fund and the State Education Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$284,228,028	\$269,814,937	\$272,304,048	\$288,628,104	\$293,472,248	
% Change From Previous Year	0.6%	-5.1%	0.9%	6.0%	1.7%	0.8%
% Change (Inflation Adjusted)	-0.9%	-5.6%	-1.8%	2.4%	-1.4%	-1.7%
% Change (Inflation & Child Population Adjusted)	-1.9%	-6.5%	-2.6%	1.4%	-2.7%	-2.6%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2010–11, FY 2011–12, FY 2012–13; Long Bill SB 11-209, HB 12-1335). Colorado Department of Education, 2010 Pupil Membership; CDE. (2012). Understanding Colorado School Finance and Categorical Program Funding, ([http://www.cde.state.co.us/cdefinance/download/pdf/FY 2012-13Brochure.pdf](http://www.cde.state.co.us/cdefinance/download/pdf/FY%2012-13Brochure.pdf))

Notes: The funding provided through this program only covers about 35 percent of the cost of special education services. Federal funding for the Colorado Preschool Program special needs children is included in line item total.

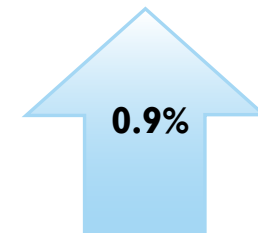
Public School Transportation

Program: The Public School Transportation Fund provides state money to school districts to help defray student transportation expenses. Money is provided to cover operating expenses such as driver salaries, fuel, and repairs. State funding generally is not available to cover capital costs such as school bus purchases.

Department: Colorado Department of Education

Financing: Payments to districts from the Public School Transportation Fund are provided on a reimbursement basis for the twelve-month period ending each June 30. In FY 2011-2012, each district was eligible to receive a 38 (37.87) cents per–mile–traveled reimbursement. Each district may receive funding equal to 33.87 percent of its total costs remaining after the per–mile–traveled reimbursement. Funding comes primarily from the General Fund and State Education Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$45,833,107	\$50,106,914	\$50,777,960	\$50,828,042	\$52,417,107	
% Change From Previous Year	0.4%	9.3%	1.3%	0.1%	3.1%	3.4%
% Change (Inflation Adjusted)	-1.2%	8.7%	-1.4%	-3.3%	0.0%	0.9%
% Change (Inflation & Child Population Adjusted)	-2.1%	7.7%	-2.2%	-4.2%	-1.3%	-0.1%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2010–11, , FY 2012–13; Long Bill SB 11-209, HB 12-1335). CDE. (2012). Understanding Colorado School Finance and Categorical Program Funding (, [http://www.cde.state.co.us/cdefinance/download/pdf/FY 2012-13Brochure.pdf](http://www.cde.state.co.us/cdefinance/download/pdf/FY%2012-13Brochure.pdf)).

Notes: In FY 11–12, state funding is expected to cover only about 58 percent of districts’ total reimbursement claims. To make up the shortfall a school district relies on other local sources of revenue. Currently, ten districts have received voter approval to increase property tax revenues to help fund total transportation costs in their district. Several districts have begun to collect separate user fees for transportation.

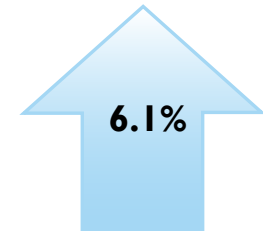
English Language Proficiency Act Program

Program: English Language Proficiency Act, ELPA, C.R.S. 22–24–101, provides funding to support school district programs for students who are limited-English proficient, recognizing that transitional programs improve English language skills, as well as educational and career opportunities. For each eligible student in each district, funding is provided for a maximum of two years.

Department: Colorado Department of Education

Financing: The program is supported with a combination of federal and state funds. State funding is driven by the number of eligible students and statewide average per-pupil operating revenue. Title III of the Elementary and Secondary Education Act (ESEA) allows the U.S. Education Department to use either Census or state data to identify the number of English language learners and immigrant students in each state in order to allocate Title III funds to support these students. Federal Title III funds are distributed to states by a federally calculated formula. The federal share of program costs has decreased from 53 percent in FY 2008-2009 to 44 percent in the current fiscal year. The state’s contribution comes from both the General Fund and the State Education Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$18,429,452	\$22,328,316	\$21,739,150	\$24,377,497	\$25,751,974	
% Change From Previous Year	-9.9%	21.2%	-2.6%	12.1%	5.6%	8.7%
% Change (Inflation Adjusted)	-11.3%	20.4%	-5.3%	8.3%	2.4%	6.1%
% Change (Inflation & Child Population Adjusted)	-12.2%	19.4%	-6.0%	7.3%	1.1%	5.0%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2010–11, FY 2011–12, FY 2012–13; Long Bill SB 11-209, HB 12-1335). CDE. (2012). Understanding Colorado School Finance and Categorical Program Funding, http://www.cde.state.co.us/cdefinance/download/pdf/FY_2012-13Brochure.pdf.

Notes: The funds provided through this program only cover a small portion of the cost of ELPA services. For example, in Denver, as little as 2 percent of the cost of services are covered through this source.

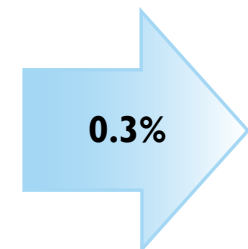
Vocational Education

Program: Career and technical educational programs are designed to provide students with occupational skills and related knowledge to meet identified needs of business and industry. Funding is provided on a per-pupil basis to districts to cover the cost of instructional personnel, supplies, equipment and instructional services provided by cooperating agencies or institutions. While programs are provided through local school districts, administration of state funding for these programs as well as program approvals and monitoring, research and professional development are provided through the State Board for Community Colleges and Occupational Education.

Department: Colorado Department of Education; administration of state funding provided through the Colorado Community College System, State Board for Community Colleges and Occupational Education.

Financing: For programs approved by the State Board for Community Colleges and Occupational Education, this funding is available to school districts if program costs exceed 70 percent of per-pupil funding otherwise available to them through the Public School Finance Act. The state will cover up to 80 percent of the first \$1,250 of these “excess” costs and 50 percent of any excess costs more than \$1,250. Funding for this program comes primarily from the General Fund, with some support from the School Education Fund. No federal funding is reported.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$21,672,472	\$23,189,191	\$23,296,124	\$23,584,498	\$24,218,018	
% Change From Previous Year	2.2%	7.0%	0.5%	1.2%	2.7%	2.8%
% Change (Inflation Adjusted)	0.6%	6.4%	-2.3%	-2.2%	-0.4%	0.3%
% Change (Inflation & Child Population Adjusted)	-0.4%	5.4%	-3.1%	-3.1%	-1.7%	-0.7%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2011–12, FY 2012–13; Long Bill SB 11-209, HB 12-1335). CDE. (2012). Understanding Colorado School Finance and Categorical Program Funding, http://www.cde.state.co.us/cdefinance/download/pdf/FY_2012-13Brochure.pdf); C.R.S.23-8-101.

Notes: In FY 2010–11 available state funding covered about 98 percent of districts’ costs and districts provided the balance from other local sources.

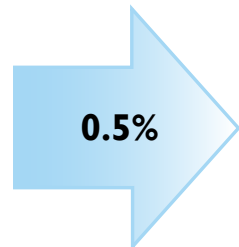
Special Education - Gifted & Talented Children

Program: The State Exceptional Children’s Educational Act, ECEA, applies to gifted students, as well as students with disabilities. The ECEA allows school districts to develop and implement Gifted Education Program Plans that provide for the unique needs of the gifted population. Programming includes differentiated instruction, affective guidance and counseling, and a variety of multi-tiered curriculum and instructional options. Funds may be used for salaries of licensed, endorsed teachers, staff development and training, and activities, materials and equipment associated with student need.

Department: Colorado Department of Education

Financing: Funding is available to administrative units that file a four-year Program Plan. The gifted education programming depends upon local resources and state supplemental funds. Each administrative unit determines the local contribution toward the program plan and submits budget proposals annually to CDE for distribution purposes and targeted goals. State funding derives from the General Fund and State Education Fund. No federal funds are used to support Gifted and Talented programming.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$8,394,542	\$8,988,280	\$9,057,765	\$9,201,106	\$9,473,606	
% Change From Previous Year	5.0%	7.1%	0.8%	1.6%	3.0%	3.1%
% Change (Inflation Adjusted)	3.3%	6.4%	-2.0%	-1.9%	-0.2%	0.5%
% Change (Inflation & Child Population Adjusted)	2.3%	5.5%	-2.8%	-2.8%	-1.5%	-0.4%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2011–12; FY 2012–13; Long Bill SB 11-209, HB 12-1335). CDE (2012). Understanding Colorado School Finance and Categorical Program Funding , http://www.cde.state.co.us/cdefinance/download/pdf/FY_2012-13Brochure.pdf.

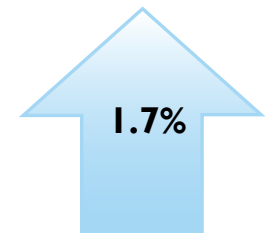
Expelled & At-Risk Student Services Grant Program

Program: The CDE administers the competitive Expelled and At-Risk Student Services Grant Program (EARSS) C.R.S. 22-33-205, to assist in providing services to expelled students and at-risk of expulsion students. The law says “at-risk” be defined at the district level and may include students who are habitually truant and/or habitually disruptive. Services for at-risk students can include educational and/or counseling services; drug or alcohol-addiction treatment programs, and family preservation.

Department: Colorado Department of Education

Financing: Expelled and At-Risk Student Services (EARSS), C.R.S. 22-33-205, is a categorical program under Amendment 23. Appropriated funds become competitive EARSS grants that are available to school districts, charter schools, alternative schools, eligible facilities, non-public, non-parochial schools and boards of cooperative education services (BOCES). All funds come from the state, and are drawn from both the General Fund and State Education Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$6,341,714	\$7,325,776	\$7,108,239	\$7,493,560	\$7,493,560	
% Change From Previous Year	0.2%	15.5%	-3.0%	5.4%	0.0%	4.3%
% Change (Inflation Adjusted)	-1.4%	14.8%	-5.6%	1.8%	-3.1%	1.7%
% Change (Inflation & Child Population Adjusted)	-2.3%	13.8%	-6.4%	0.9%	-4.3%	0.7%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2011–12; Long Bill (SB 11-209, HB 12-1335). CDE Expelled and At-Risk Student Services Grant, Evaluation Report to the Colorado Legislature, Grant Award Period: July 1, 2009 to Jun3, 30, 2010; CDE (2012). Understanding Colorado School Finance and Categorical Program Funding, http://www.cde.state.co.us/cdefinance/download/pdf/FY_2012-13Brochure.pdf.

Notes: In FY 2009–10, grants were awarded to 58 sites located in 48 school districts, including three BOCES and four facility schools, which resulted in serving 10,185 students.

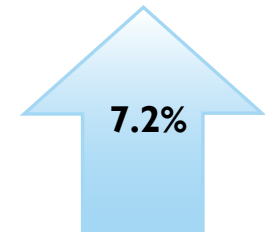
Comprehensive Health Education

Program: The Colorado Comprehensive Health Education Act of 1990, C.R.S. 22-25-103(3), encourages school districts to foster healthy behaviors in children and communities by putting in place a pre-K through 12th grade planned, sequential health education program. The intent is to foster healthy behaviors through increased knowledge and the modification of risk behaviors in children and communities. School districts or BOCES may apply for funds through a competitive grant process to support professional development, staffing, educational materials for students, etc.

Department: Colorado Department of Education

Financing: Comprehensive Health Education is a state grant that districts or BOCES may apply for in order to develop local health education programs. Distribution of funds for planning grants is directly tied to the new Colorado Standards in Health. The program is one of several categorical programs receiving appropriations under the School Finance Act.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$688,246	\$988,246	\$955,578	\$1,005,396	\$1,005,396	
% Change From Previous Year	14.8%	43.6%	-3.3%	5.2%	0.0%	9.9%
% Change (Inflation Adjusted)	13.0%	42.7%	-5.9%	1.6%	-3.1%	7.2%
% Change (Inflation & Child Population Adjusted)	12.0%	41.5%	-6.7%	0.7%	-4.3%	6.2%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2011–12, FY 2012–13; Long Bill SB 11-209, HB 12-1335). CDE State Funded Comprehensive Health Education website. www.cde.state.co.us/HealthAndWellness/HS_ComprehensiveHealthEducation.htm

Small Attendance Centers

Program: This categorical program provides funding to offset cost to districts operating small attendance centers, i.e., schools with less than 200 pupils and located 20 or more miles from a similar school within the same school district. In FY 2012-2013, an estimated 914 students in Colorado attend school in small attendance center districts. Funding for FY 2012-2013 is projected to be available to 11 school districts operating a total of 13 remote schools.

Department: Colorado Department of Education

Financing: Allocation of these funds is determined by a formula that incorporates the respective district's total pupil population and the relative burden added by the presence of students attending small attendance centers. The available state funding will cover about 33 percent of this amount, while districts provide the remaining 67 percent from other available funds. State funding comes primarily from the General Fund. There are no federal funds supporting this program.

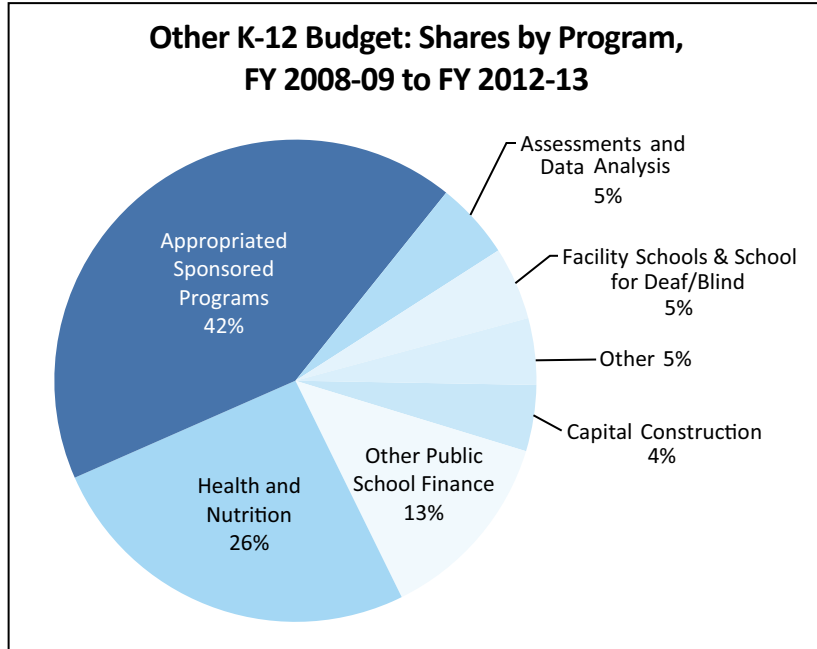
	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$943,333	\$959,379	\$959,379	\$959,379	\$959,379	
% Change From Previous Year	0.0%	1.7%	0.0%	0.0%	0.0%	0.4%
% Change (Inflation Adjusted)	-1.6%	1.1%	-2.7%	-3.4%	-3.1%	-2.0%
% Change (Inflation & Child Population Adjusted)	-2.5%	0.2%	-3.5%	-4.3%	-4.3%	-3.0%



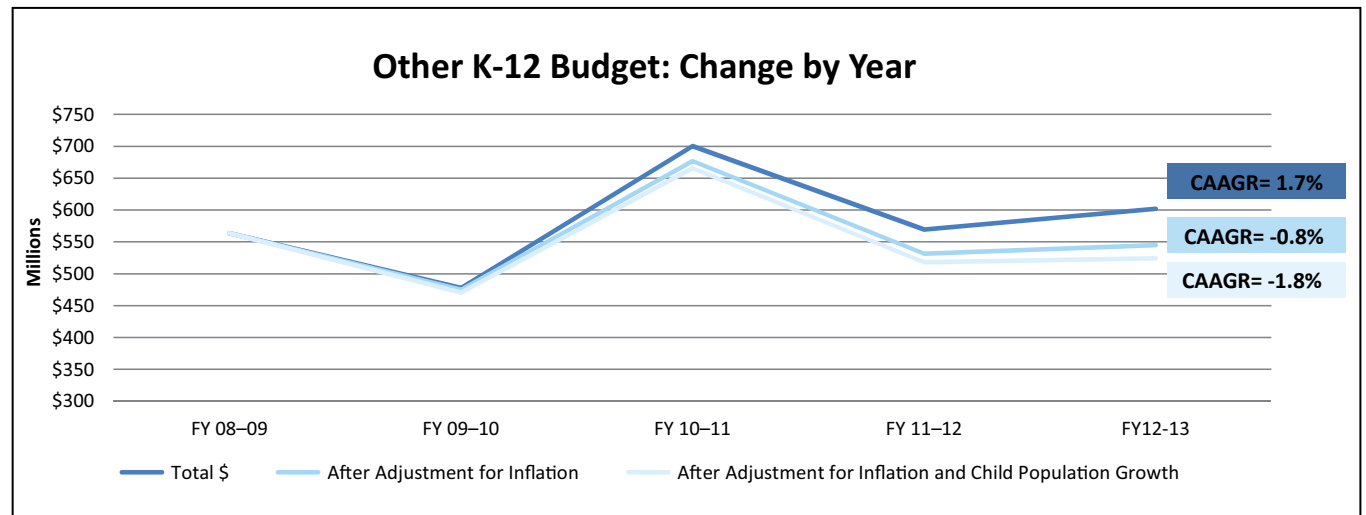
Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2011–12, FY 2012–13; Long Bill SB 11-209, HB 12-1335). CDE Understanding Colorado School Finance and Categorical Program Funding (2011). (C.R.S. 22-54-101); CDE (2012). Understanding Colorado School Finance and Categorical Program Funding , http://www.cde.state.co.us/cdefinance/download/pdf/FY_2012-13Brochure.pdf.

Grants and Other Programs

This section includes other programs, accounting for 13 percent of the total K-12 budget. The largest category of the spending on other K-12 programs is “appropriated sponsored programs,” which includes large federal programs, such as Title I of the Elementary and Secondary Education Act (ESEA)¹² and gift funds disbursed by CDE. The Health and Nutrition category accounts for 26 percent of the total and includes the Senate Bill 97-101 Public School Health Services program and the much larger school breakfast, lunch and nutrition programs.



This part of the budget for K-12 includes appropriations totaling \$602 million in FY 2012-2013. This amount is 7 percent higher than in FY 2008-2009, which translates to a compound annual adjusted growth rate of 1.7 percent. The growth is insufficient to keep pace with inflation and child population growth. After taking both these factors into account, the associated CAAGR for other programs is negative 1.8 percent.



¹² Title 1 provides funding to improve education for children at-risk of school failure, including those who live in low-income communities, migrant children, and those who are neglected and delinquent.

Capital Construction

Program: The primary vehicle for funding Capital Construction for K-12 education is the **Building Excellent Schools Today (BEST)** program. Established by HB08-1335, it provides support to districts, charter schools, BOCES and the Colorado School for the Deaf and Blind to rebuild, repair or replace the worst of the state's K-12 facilities. Support may be provided through cash grants, or through long-term borrowing, in the form of lease purchase agreements called certificates of participation, or Qualified School Construction bonds. The latter allows the state to take advantage of a federal program that allows public entities to borrow funds at zero percent interest. The program requires local recipients to make a contribution, with the matching amount varying based on local capacity and past effort. Since 2008, the BEST program has funded 147 applications in 94 school districts, repairing, rehabbing or constructing 237 school facilities and helping more than 92,900 students. Also included in the funding total is State Aid for Charter School Facilities of \$5 million per year.

Department: Colorado Department of Education

Financing: State funding for BEST comes from the State's Public School Capital Assistance Construction Fund. Fifty percent of earnings from School Trust lands, derived primarily from mineral development, are deposited in the fund. In addition, it receives lottery "spill-over" revenues, and interest earned on investments.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$10,046,528	\$16,781,470	\$17,549,124	\$35,026,066	\$49,924,831	
% Change From Previous Year	100.9%	67.0%	0.0%	99.6%	42.5%	49.3%
% Change (Inflation Adjusted)	97.8%	66.0%	1.7%	92.8%	38.2%	45.6%
% Change (Inflation & Child Population Adjusted)	95.9%	64.6%	0.9%	91.0%	36.4%	44.2%



45.6%

Sources: JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12, FY 2012–13; *Long Bill SB 11-209, HB 12-1335*. Donaldson, Kori (2012). *Building Excellent Schools Today (BEST) Act*. Colorado Legislative Council Publication Number 12-02 A. Denver, CO <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251767636134&ssbinary=true>; Hughes, Ted and Wickersham, Mary (2012). *BEST: Current Status and Potential Future Awards*. Division of Public School Capital Construction Assistance. Colorado Department of Education. Denver, CO <http://www.cde.state.co.us/cdefinance/download/pdf/CCABEST-USGBC-2012.pdf>

Other K-12 Funding

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Appropriated Sponsored Programs, mostly Title I of ESEA	\$215,207,645	\$225,238,648	\$230,030,904	\$280,780,000	\$281,945,000	7.0%
Health and Nutrition	\$131,687,524	\$143,275,508	\$151,746,361	\$160,782,235	\$160,653,972	5.1%
Other Public School Finance	\$128,285,919	\$11,544,812	\$224,128,148	\$7,298,953	\$7,852,358	-50.3%
Total Assessments and Data Analyses	\$21,733,231	\$24,556,511	\$24,224,118	\$32,253,909	\$47,636,123	21.7%
State Charter School Institute	\$3,062,949	\$9,542,692	\$6,904,148	\$10,193,173	\$10,475,286	36.0%
Reading & Literacy	\$14,455,693	\$8,400,233	\$6,867,133	\$4,391,241	\$5,242,516	-5.2%
Professional Development & Instructional Support	\$2,757,188	\$2,287,189	\$2,396,804	\$3,434,102	\$3,441,808	5.7%
School Counselor Corps Grant Program	\$4,970,559	\$4,993,650	\$4,988,422	\$5,000,000	\$4,520,000	-2.4%
Other Assistance	\$2,389,523	\$1,985,338	\$4,481,597	\$1,502,832	\$1,504,061	-10.9%
Facility Schools	\$16,747,312	\$16,177,836	\$14,378,020	\$14,478,344	\$14,613,575	-3.4%
School for the Deaf and Blind	\$12,403,616	\$12,850,822	\$12,445,316	\$14,084,268	\$14,234,556	3.5%
Total Program Funding Level	\$553,701,159	\$460,853,239	\$682,590,971	\$534,199,057	\$552,119,255	
% Change From Previous Year	44.0%	-16.8%	48.1%	-21.7%	3.4%	-0.1%
% Change (Inflation Adjusted)	41.8%	-17.3%	44.1%	-24.4%	0.2%	-2.5%
% Change (Inflation & Child Population Adjusted)	40.4%	-18.0%	42.9%	-25.1%	-1.1%	-3.5%



-2.5%

Sources: JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12, FY 2012–13; *Long Bill SB 11-209, HB 12-1335*.

Notes: Includes line items under CDE (2)(A) other than the State share of District's Total Program Funding, such as Hold Harmless Full Day Kindergarten Funding and the temporary federal funds in FY 2010-2011 used to reduce the state share of school finance total program funding. In FY 2008-2009, it also included an appropriation of \$120 million from the General Fund to the School Education Fund.



Health Services and Programs for Children and Families

Healthy Children

Good health is crucial to the growth and development of children. Safeguarding the health and wellness of Colorado's kids is important to building strong communities. Health includes not only delivery of acute health care services but also the prevention, treatment, and management of illness and the promotion of emotional, behavioral, and physical well-being. Effective health care is an important aspect of achieving good health outcomes.¹

Growing up healthy means having access to reliable, quality health care. It also means building healthy habits from a young age – including engaging in regular physical activity and eating nutritious foods. Through public health efforts and timely access to health care services, health problems can be prevented from emerging in the first place. Children with health coverage, either through private insurance or a public program, are more likely than uninsured children to have a regular provider of health care, less likely to have unmet medical needs, and have improved health outcomes.² Without coverage, children are three times more likely to forego seeing a doctor, missing out on important preventive care services including immunizations. Children without coverage are 70 percent less likely than insured children to receive medical care for common childhood conditions, such as a sore throat, or for emergencies, like a ruptured appendix. When hospitalized, children without coverage are at greater risk of dying than children with insurance.³ Medicaid and CHP+ provide important coverage for many Colorado children.

This section of the *Children's Budget 2012* focuses on Colorado's investments in services that support the health of children and their mothers,⁴ including:

- Department of Health Care Policy and Financing (HCPF) programs providing health coverage and payments for health care services delivered to children and pregnant mothers. Appropriations for these programs in FY 2012-2013 total \$1.229 billion. HCPF programs account for almost all (95.3 percent) of the expected spending on children's health programs during the five-year tracking period.
- Department of Public Health and Environment (CDPHE) programs focus primarily on the prevention of health problems, but they also support some direct provision of health care services to children and pregnant mothers. For FY 2012-2013, appropriations for CDPHE children's programs total \$53.9 million. These programs account for 4.4 percent of expected spending on children's health programs during the five-year tracking period.⁵
- Department of Human Services (CDHS) programs tracked in this section provide services related to mental health and substance abuse. The mental health efforts directed toward young children are included in the Early Childhood Development and Learning section of this report, and the programs focused on disabled children are included in the Family Support section. The appropriations for CDHS children's health programs in FY 2012-2013 total almost \$3 million. During the five-year tracking period, they account for just 0.25 percent of investments in children's health.

¹ Federal Interagency Forum on Child and Family Statist "America's Children in Brief: Key National Indicators of Well-Being, 2012." p. 8, http://www.childstats.gov/pdf/ac2012/ac_12.pdf

² Bernstein, J, Chollet, D & Peterson, S. (2010). "How Does Insurance Coverage Improve Health Outcomes?" *Mathematica Policy Research, Inc. Issue Brief Reforming Health Care Issue Brief #1, April 2010.* last accessed, November 2011, http://www.mathematica-mpr.com/publications/PDFs/health/reformhealthcare_IB1.pdf;

³ Id.

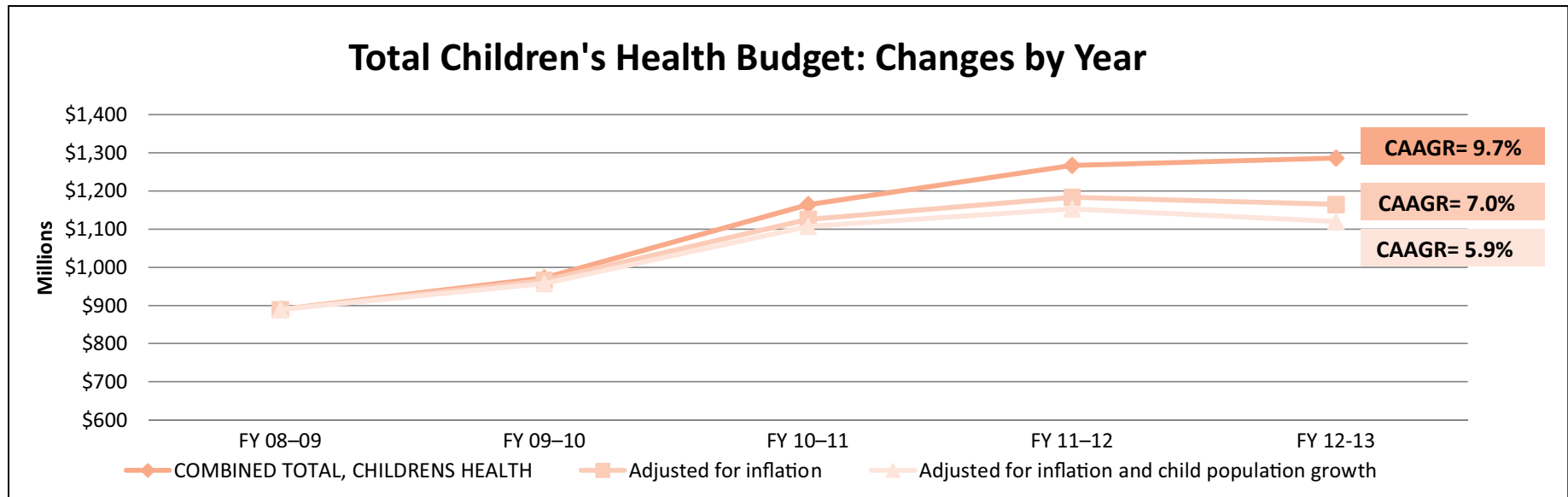
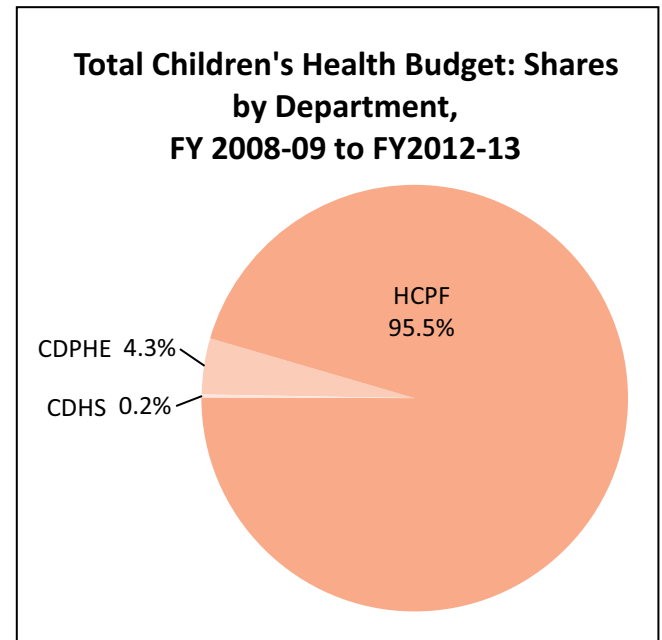
⁴ Generally pre and post-partum mothers, although we do reference family planning services.

⁵ This year's Children Budget has recategorized some programs, so comparisons with last year's report should be done with care.

This section first takes a big-picture view, looking at the cumulative departmental and programmatic spending on health services and programs for children from FY 2008-2009 through FY 2012-2013. Detailed tables are then provided for each health program. These tables show program funding amounts, actual expenditures for the first three years of the tracking period, and appropriated amounts for FY 2011-2012 and FY 2012-2013.

In addition, tables include lines showing the year-over-year percent changes, as well as the compound annual adjusted growth rate (CAAGR) for the funding levels shown and for funding when adjusted for inflation and funding adjusted for inflation plus growth in child population. Finally, in the upper right hand corner is a graphic depicting the direction of change in the CAAGR associated with program spending adjusted for inflation.

During the past five years, state spending on children's health has increased from \$889.5 million in FY 2008-2009 to an estimated \$1.286 billion in FY 2012-2013. This translates to a compound average annual growth rate of 9.7 percent. Programs administered by HCPF, which include the health coverage programs Medicaid and the Child Health Plan *Plus* (or CHP+, Colorado's version of the Children's Health Insurance Program) grew at a faster pace than did CDHS or CDPHE programs for children.⁶ After adjusting for inflation, the growth rate for investments in children's health is somewhat lower: 7 percent. As indicated by the spending change line graph, when taking into account child population growth plus inflation, cumulative funding for children's health programs grew at a compound average annual rate of 5.9 percent.



⁶ Programs administered by HCPF grew 10.3 percent per year during the five-year period. CDHS programs had a much lower compound average annual growth rate of 6.5 percent. CDPHE programs decreased slightly—by a little more than a half percent per year on average

The two large public insurance programs—Medicaid and the Child Health Plan *Plus* (CHP+)—drive the most growth in children’s health care spending. Spending for these programs change due to:

- State policy choices regarding eligibility and covered services.
- The number of people who qualify for coverage.
- The number who successfully enroll in the programs.
- Actual use of health care services.
- Cost inflation in the health care sector, which historically has exceeded general inflation.

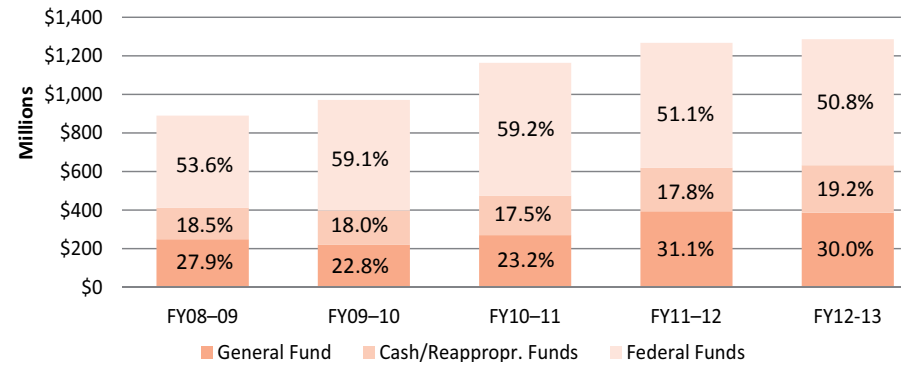
Since 2007, the biggest factor driving cost increases in Medicaid and CHP+ has been caseload growth, primarily driven by the national recession and the slow pace of economic recovery. Because Medicaid is an entitlement program under federal law, a state cannot limit enrollment or establish a waiting list. Colorado has experienced dramatic increases in Medicaid caseload growth for children and pregnant women during the most recent economic recession. The combined caseload for Medicaid children, foster children and pregnant women was 227,451 in FY 2007-2008 (the low point) and is projected to be 362,195 in FY 2011-2012, an increase of 59 percent over five years. Enrollment in CHP+ increased by 31 percent during the same period, driven by the economy and changes to income eligibility.

Responsibility for financing health coverage programs is split between the federal and state governments. Looking across all children’s health programs, federal funds comprised a little more than half the total funding for health programs in most years. As a result of the American Recovery and Reinvestment Act of 2009 (ARRA), the federal share reached 59 percent in both FY 2009-2010 and FY 2010-2011. One stimulus strategy involved increasing the federal share of Medicaid costs (often referred to as FMAP) to help states respond to recession-induced increases in Medicaid enrollment. ARRA-supplemented federal funds were also provided in other programs.

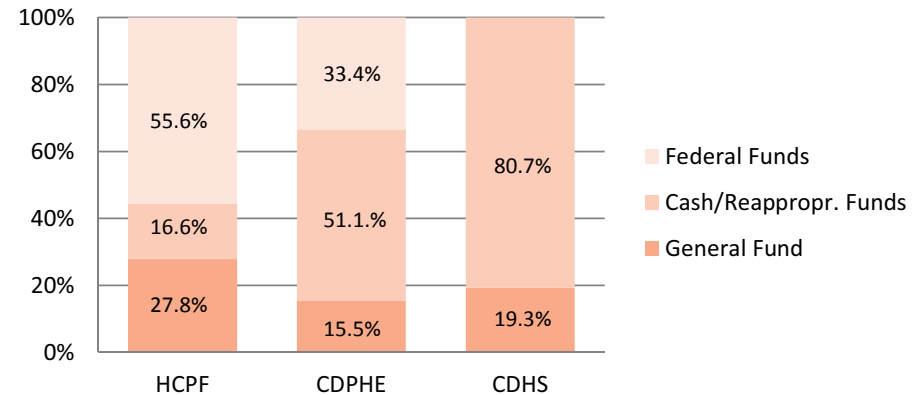
State money for health programs comes from both the General Fund and Cash Funds. Cash fund revenue sources providing support for health programs include:

- The Master Settlement Agreement, under which tobacco companies make payments to states to settle a lawsuit regarding the health impacts of tobacco use (Colorado received its first Master Settlement Agreement payment in 1999).
- The Tobacco Tax authorized by Amendment 35 (passed by voters in 2004).
- The Hospital Provider Fee enacted by House Bill 09-1293 in 2009.

Total Children's Health Budget: Funding By Source



Total Children's Health Budget: Sources by Department FY 2008-09 -- FY2012-13



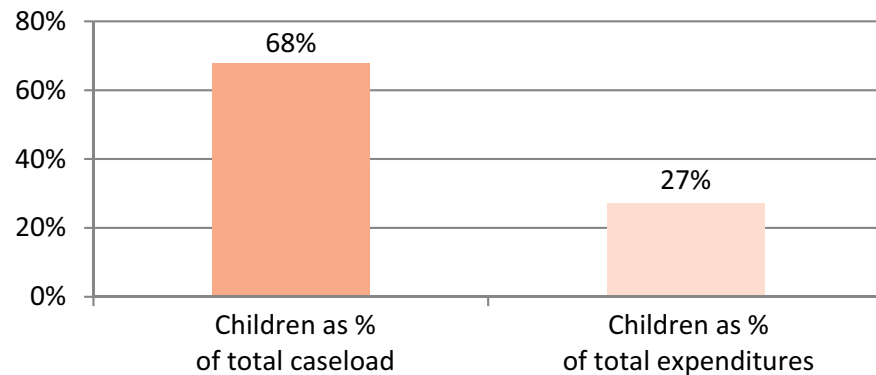
Programs Administered by the Department of Health Care Policy and Financing

HCPF improves health outcomes for Coloradans through its administration of public health insurance programs. Medicaid and Child Health Plan *Plus* (CHP+) are key sources of insurance coverage for Colorado's children. Colorado law allows children to obtain health insurance coverage in one or the other of the two programs if their family incomes are equal to or lower than 250 percent of the Federal Poverty Level, or \$55,875 for a family of four.

Other health programs also draw on Medicaid funds to cover a portion of the cost of delivering services to children who are Medicaid eligible. Funds are reappropriated to other programs, such as Public School Health Services (in this section), as well as Nurse Home Visitor, Child Welfare, Services for Children with Disabilities, Mental Health and Alcohol and Drug Abuse programs (covered in other sections of this report).

Programs focused on children account for a high proportion, more than 65 percent, of the people served by HCPF in all its programs, but only about 27 percent of the department's overall budget. This is because the cost per child covered or served tends to be lower than for other age groups.

Percent of total caseload that are children compared to percent of total expenditures for children, FY 2012-13

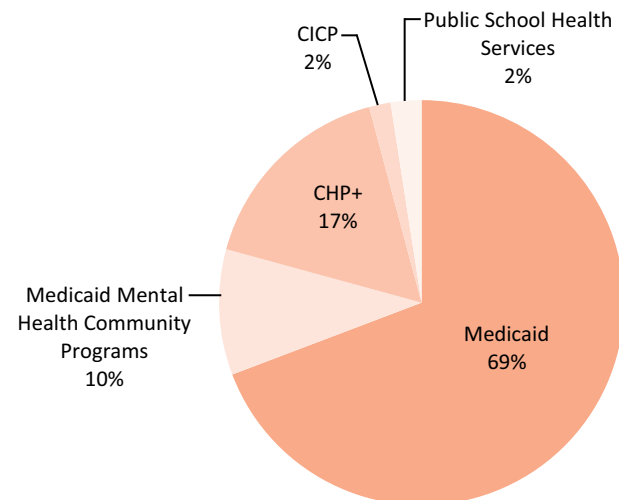


Note: Calculations are based on FY 2012-2013 projections from the FY 2012 Appropriations Report and include Medicaid Services Premiums, Capitated Mental Health, Child Health Plan *Plus* (CHP+) and Colorado Indigent Care Program.

The following figure shows the relative size of program spending included as part of HCPF's share of investments in children's health with more detailed information in the subsequent tables.



HCPF Children's Health Budget: Shares by Program, FY 2008-09 to FY 2012-13



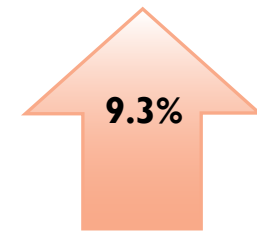
Medicaid Appropriations for Children, Foster Children, and Pregnant Women

Program: Medicaid provides health coverage to several low-income populations, including parents and children, foster children, individuals with diverse physical and mental conditions and disabilities, and seniors. HB09-1293 broadened eligibility but most of the Medicaid changes did not affect the portions of the program included here.

Department: Health Care Policy and Financing

Financing: Medicaid is financed through a partnership between the federal government and the states. The federal government agrees to cover a percentage of whatever it costs for states to provide covered medical services to eligible populations who have enrolled in the program. The federal match rate, which varies by state based on personal income, is 50 percent for Colorado. ARRA temporarily increased the federal matching rate to a high of 61.6 percent for all or part of three years, starting in FY 2008-2009, but the enhanced match under ARRA has expired. To meet its share of expenditures, the state uses a combination of state General Funds and cash funds for 34 percent and 16 percent of the Medicaid appropriation in FY 2012-13, respectively.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level (Total all Medicaid Premiums)	\$3,237,582,543	\$2,929,236,159	\$3,344,294,974	\$3,523,622,209	\$3,994,685,293	
Funding Level (Children, Foster Children, Pregnant Women)	\$559,968,858	\$602,268,213	\$805,270,718	\$838,177,696	\$882,117,508	
% Change From Previous Year	14.4%	7.6%	33.7%	4.1%	5.2%	12.0%
% Change (Inflation Adjusted)	12.6%	6.9%	30.1%	0.5%	2.0%	9.3%
% Change (Inflation & Child Population Adjusted)	11.5%	6.0%	29.0%	-0.4%	0.7%	8.2%



Sources: CBC Staff Briefing Documents, Department of Health Care Policy and Financing, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1184 (HCPF Supplemental); Colorado Department of Health Care Policy and Financing, FY 2012–13 Budget Request, submitted Nov. 1, 2011. Vol. I.E: Exhibit B Medicaid Caseload, Final Request; Official Medicaid Caseload Actuals and Projections without Retroactivity from REX01/COLD(MARS) 474701 Report and Exhibit C, History and Projections of Per Capita Costs, Cash Based. Last accessed Nov. 28, 2011

Notes: Expenditure totals calculated as caseload multiplied by per person cost as documented in the Department of Health Care Policy and Financing FY 2012–13 Budget Request.



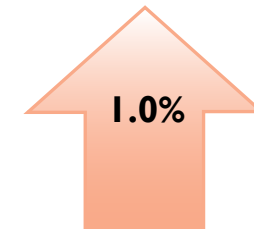
Medicaid Mental Health Community Programs for Children, Foster Children & Pregnant Women

Program: Medicaid, an entitlement program, provides health insurance coverage, including mental health services, to several low-income populations, including parents and children in both working and jobless families, foster children, individuals with diverse physical and mental conditions and disabilities and seniors. This table includes the purchase of services from five regional Behavioral Health Organizations (BHOs), which manage service delivery for eligible Medicaid recipients using a capitated, risk-based model. It also includes funding for Medicaid mental health fee-for-service programs for those services not covered within the capitation contracts and rates.

Department: Health Care Policy and Financing

Financing: Medicaid is financed through a partnership between the federal government and the states. The federal government agrees to cover a percentage of whatever it costs for states to provide covered medical services to eligible populations who have enrolled in the program. The federal match rate, which varies by state based on personal income, is 50 percent for Colorado. ARRA, which increased the federal match rate, allowed a temporary replacement of a portion of state funds with federal funds in fiscal years 2009, 2010 and 2011 only. The state share of program costs comes primarily from the General Fund, with some support from Amendment 35 tobacco tax money appropriated annually to the Health Care Expansion Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level (Total all Medicaid Premiums)	\$216,330,795	\$215,104,388	\$251,590,109	\$276,400,984	\$316,728,340	
Funding Level (Children, Foster Children, Pregnant Women)	\$102,001,747	\$102,663,769	\$102,742,523	\$109,140,196	\$117,291,827	
% Change From Previous Year	7.9%	0.6%	0.1%	6.2%	7.5%	3.6%
% Change (Inflation Adjusted)	6.3%	0.0%	-2.6%	2.6%	4.2%	1.0%
% Change (Inflation & Child Population Adjusted)	5.2%	-0.8%	-3.4%	1.7%	2.8%	0.0%



Sources: JBC Staff Briefing Documents, Department of Health Care Policy and Financing, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1184 (HCPF Supplemental); Colorado Department of Health Care Policy and Financing, FY 2012–13 Budget Request, submitted Nov. 1, 2011. Vol. IE: Exhibit B Medicaid Caseload, Final Request: Official Medicaid Caseload Actuals and Projections without Retroactivity from REX01/COLD(MARS) 474701 Report and Exhibit C, History and Projections of Per Capita Costs, Cash Based.

Notes: The estimated share of funding attributable to children, foster children and pregnant women is 45.5 percent, based on actual expenditure data reported for FY 2009-10 in Exhibit CC- Medicaid Mental Health Community Programs Expenditure Summary in the State of Colorado FY 2011-12 Budget Request Cycle: Department of Health Care Policy and Financing Medicaid Mental Health Community Programs, found on the HCPF website. Expenditures for categorically eligible adults were apportioned among categories based on number of clients in those categories. Since medical inflation is higher than Consumer Price Index (CPI) used to standardize expenditures; these figures may overstate the increase in purchasing power.



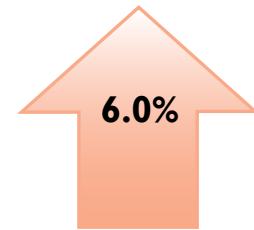
CHP+ Appropriations for Medical Premiums for Children and Pregnant Women and Children's Dental Premiums

Program: Colorado's Children's Health Insurance Program (called CHP+) is a state and federal partnership that provides coverage for uninsured children and pregnant women in families with incomes too high to qualify for Medicaid, but too low to reasonably afford private health insurance coverage. The program provides low-cost health insurance that covers checkups, immunizations and other medical needs as well as dental exams and cleanings. The program is administered through private contractors.

Department: Health Care Policy and Financing

Financing: CHP+ is financed through a partnership between the federal government and the states. The federal government covers 65 percent of program costs. Colorado relies primarily on cash funds including tobacco taxes, Master Settlement Agreement money, the Colorado Immunization Fund, and reappropriated funds from the Children's Basic Health Trust Fund to support its share of program costs. As of May 2010, Hospital Provider Fee revenue also supports CHP+ eligibility up to 250 percent of the federal poverty level. The Children's Basic Health Trust Fund receives Master Settlement Agreement money, enrollment fees charged to clients, interest earnings and General Funds, if needed to maintain an appropriate fund balance. The increase in funds in FY 2008–09 and FY 2009–10 were due to CHP+ eligibility expansions, increased caseload, and medical costs associated with dental care.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level (all CICP)	\$130,686,358	\$178,495,021	\$177,283,900	\$214,471,872	\$182,543,053	
% Change From Previous Year	15.2%	36.6%	-0.7%	21.0%	-14.9%	8.7%
% Change (Inflation Adjusted)	13.4%	35.8%	-3.4%	16.8%	-17.5%	6.0%
% Change (Inflation & Child Population Adjusted)	12.4%	34.6%	-4.2%	15.8%	-18.6%	5.0%



Sources: JBC Staff Briefing Documents, Department of Health Care Policy and Financing, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1184 (HCPF Supplemental); Colorado Department of Health Care Policy and Financing, FY 2012–13 Budget Request, submitted Nov. 1, 2011. R-3 Children's Basic Health Plan Medical and Dental Costs, Exhibit C.5 - Per Capita Costs History and Projections; Exhibit C-6 - Children's Caseload History and Projections; Exhibit C.7 - Prenatal Caseload History and Projections.

Notes: Expenditure totals calculated as caseload multiplied by per person cost as documented in the Department of Health Care Policy and Financing FY 2012–13 Budget Request.

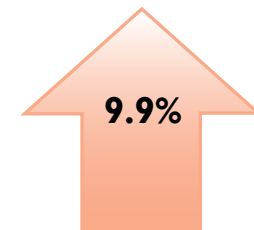
Public School Health Services

Program: HCPF administers this program in collaboration with the Department of Education. School districts can receive a federal match for funds they spend in providing health care services to Medicaid enrolled students as called for in a student's Individualized Education Plan or Individualized Family Service Plan. The wide range of services includes physician services, speech-language services, nursing services, audiology services, personal care services, occupational therapy, physical therapy, specialized transportation, mobility and vision services, targeted case management and psychology and counseling services.

Department: Health Care Policy and Financing

Financing: HCPF transfers federal Medicaid funds to the Colorado Department of Education (CDE) to reimburse school districts participating in the Public School Health Services Program.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level (all CICP)	\$18,918,568	\$25,597,360	\$24,659,097	\$30,446,344	\$30,446,344	
% Change From Previous Year	-4.3%	35.3%	-3.7%	23.5%	0.0%	12.6%
% Change (Inflation Adjusted)	-5.8%	34.5%	-6.3%	19.2%	-3.1%	9.9%
% Change (Inflation & Child Population Adjusted)	-6.7%	33.3%	-7.0%	18.2%	-4.3%	8.8%



Sources: JBC Staff Briefing Documents, Department of Health Care Policy and Financing, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1184 (HCPF Supplemental); Colorado Department of Health Care Policy and Financing, FY 2012–13 Budget Request, submitted Nov. 1, 2011; HCPF website School Health Services Program.

Notes: Funding level shown is for Public School Health Services line item only.

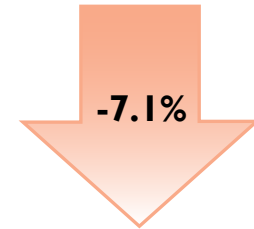
Select CICIP Programs: Children’s Hospital Clinic Based Indigent Care and the Pediatric Specialty Hospital

Program: The Colorado Indigent Care Program (CICP) provides funding to hospitals and clinics that have uncompensated costs from treating underinsured or low-income uninsured Coloradans, whose household income and resources combined is at or below 250 percent of the federal poverty level. It is neither an insurance program nor an entitlement program, but rather a financial vehicle for providers to recoup some of their costs for providing medical services to the medically indigent. The program contracts directly with hospitals and community health clinics to provide specific services to eligible individuals. Almost all clients are required to pay a minimal annual co-payment that cannot exceed 10 percent of the family’s total income. Clients can have third-party insurance, but this resource must be exhausted prior to the providers receiving any reimbursement for the program.

Department: Health Care Policy and Financing

Financing: The CICP is funded with federal and state dollars, with most of the state contribution coming from cash funds. As of FY 2011-2012, there are four budget line items: Safety-Net Provider payments, The Children’s Hospital Clinic Based Indigent Care, Health Care Services Fund Programs, and Pediatric Specialty Hospital. The Primary Care Fund, which provides allocations of tobacco tax money to qualifying health care providers, was suspended in FY 2011-2012, and tobacco tax revenues were redistributed to clinics and General Fund relief.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level (all CICP)	\$345,772,307	\$319,289,689	\$340,399,906	\$336,844,508	\$304,975,230	
Funding Level Children Only*	\$20,400,566	\$17,880,223	\$18,721,995	\$18,526,448	\$16,773,638	
% Change From Previous Year	-35.2%	-12.4%	4.7%	-1.0%	-9.5%	-4.8%
% Change (Inflation Adjusted)	-36.2%	-12.9%	1.9%	-4.4%	-12.2%	-7.1%
% Change (Inflation & Child Population Adjusted)	-36.8%	-13.7%	1.0%	-5.3%	-13.4%	-8.0%



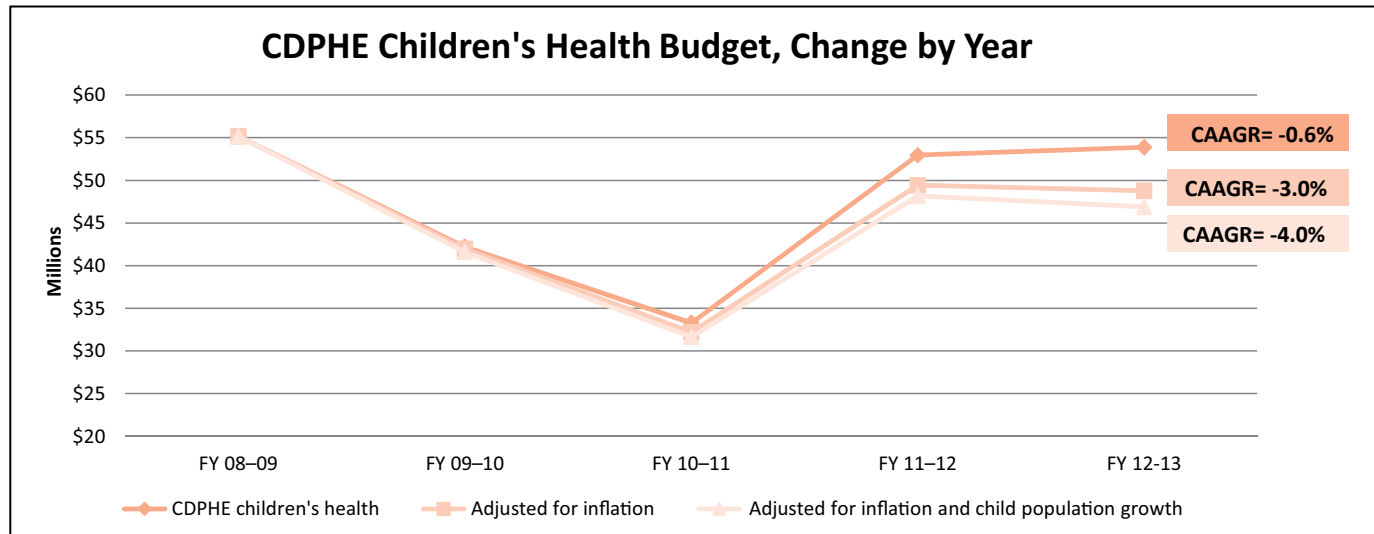
Sources: JBC Staff Briefing Documents, Department of Health Care Policy and Financing, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1184 (HCPF Supplemental); Colorado Department of Health Care Policy and Financing, FY 2012–13 Budget Request, submitted Nov. 1, 2011; Department of Health Care Policy and Financing Line Item Description, FY 2012–13 Budget Request.

Notes: Funding Level line 1 in the table shows total funding for all CICP line items for all CICP clients. Funding level line 2 in the table shows the total funding for CICP children only. Funding level is based on the percent of children making up the total unique population receiving CICP services. The percent of children in FY 2008–09 was 5.9, in FY 2009–10 it was 5.6 percent. For fiscal years 2010–11 and 2011–12, an average of 6 percent was used to estimate funding levels to children. The percentage of the CICP population that is children can be found in CICP Annual Reports.

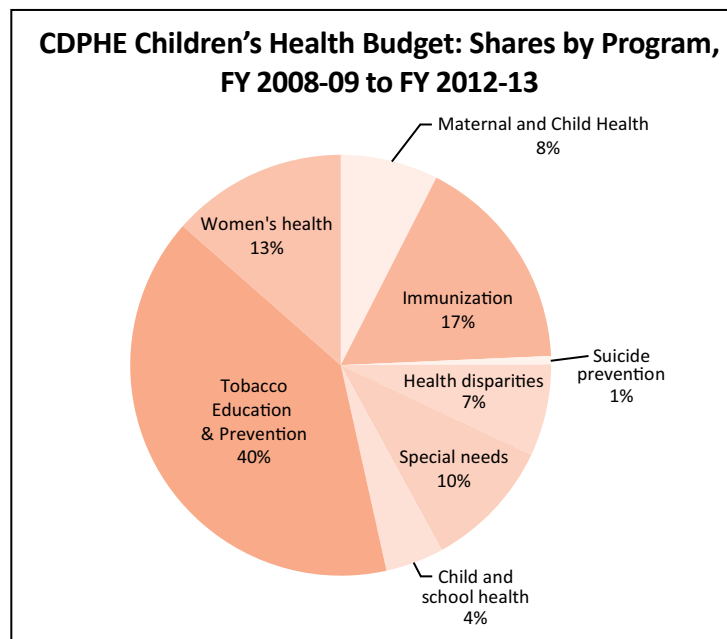


Programs Administered by the Colorado Department of Public Health and Environment

The Colorado Department of Public Health and Environment (CDPHE) promotes positive health outcomes for Coloradans by supporting local public health departments and a variety of prevention programs administered by both government and non-profit agencies. CDPHE programs account for less than 4.4 percent of total investments in children's health. In FY 2012-2013, total spending by CDPHE on children's health is estimated to be \$53.9 million. Spending decreased markedly in CDPHE children's programs between FY 2008-2009 and FY 2010-2011. Funding has since been partially restored. Looking over the five-year period, the compound annual average growth rate is negative 0.6 percent. This was not enough to keep up with inflation and child population growth. Real spending decreased at an average annual rate of 3 percent and real spending per child decreased at the rate of 4 percent per year.



Eight CDPHE programs are included in this section: Maternal and Child Health (MCH); Immunizations; Suicide Prevention; Health Disparities; Health Services to Children with Special Needs; Child, Adolescent and School Health; Tobacco Education, Prevention, and Cessation; and, Women's Health Family Planning. Suicide prevention and the health disparities program are included because they focus on important problems facing children, even though descriptions of funded grants suggest that relatively small proportions of total funding target children. The total budget is included for all the listed programs because information on what percentage of the target population is made up of children is not readily available.



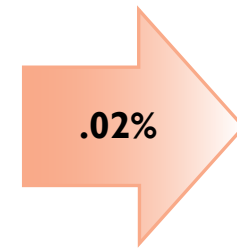
Maternal and Child Health

Program: The Maternal and Child Health Program is intended to improve the health care of pregnant women, mothers and children. It addresses access to health care; alcohol, tobacco, and substance use by pregnant women; low birth weight babies; immunization; access to care for children with special needs; and access to mental health services.

Department: Colorado Department of Public Health and Environment

Financing: The program is dependent upon the federal Maternal and Child Health Block Grant, which requires a state match of \$3 for every \$4 in federal funding received. All of the funds shown in this table are federal funds. The state's match expenditure occurs in other CDPHE programs such as School-based Health Centers and Children with Special Health Care Needs.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$3,353,092	\$3,513,154	\$3,703,586	\$3,547,593	\$3,706,749	
% Change From Previous Year	-7.1%	4.8%	5.4%	-4.2%	4.5%	2.5%
% Change (Inflation Adjusted)	-8.6%	4.1%	2.6%	-7.5%	1.3%	0.02%
% Change (Inflation & Child Population Adjusted)	-9.5%	3.2%	1.7%	-8.3%	0.0%	-1.0%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental); Personal Communication with Fear, K. Budget Director, Colorado Department of Public Health and Environment.

Immunizations: Total (includes children and adults)

Program: The Immunization Program works to decrease preventable illness through the use of vaccines. Program services include public education about vaccines and their use; Vaccines for Children (VFC) provider enrollment; childhood, adolescent and adult immunization schedules; school immunization requirements; and vaccine administration, storage and handling.

Department: Colorado Department of Public Health and Environment

Financing: Appropriations for this program derive from federal funding, cash funds, and the General Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$7,759,071	\$8,527,844	\$7,841,349	\$7,748,147	\$8,033,589	
% Change From Previous Year	23.1%	9.9%	-8.1%	-1.2%	3.7%	0.9%
% Change (Inflation Adjusted)	21.2%	9.2%	-10.6%	-4.6%	0.5%	-1.6%
% Change (Inflation & Child Population Adjusted)	20.0%	8.3%	-11.3%	-5.4%	-0.8%	-2.6%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental)

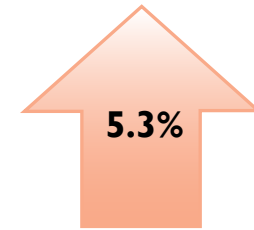
Suicide Prevention (includes children and adults)

Program: Suicide was the leading cause of death among Colorado youth and young adults ages 10 to 24. However, older people account for about 95 percent of all suicides. The Colorado Legislature has charged the Office of Suicide Prevention with leading statewide suicide prevention and intervention efforts in Colorado.

Department: Colorado Department of Public Health and Environment

Financing: Appropriations for this program derive from the General Fund, federal dollars from various sources (e.g., Maternal and Child Health Services Block Grant, SAMHSA Substance Abuse and Mental Health Services Administration) and private dollars.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$282,767	\$285,063	\$283,034	\$284,348	\$384,348	
% Change From Previous Year	1.4%	0.8%	-0.7%	0.5%	35.2%	8.0%
% Change (Inflation Adjusted)	-0.1%	0.2%	-3.4%	-3.0%	31.0%	5.3%
% Change (Inflation & Child Population Adjusted)	-1.1%	-0.7%	-4.2%	-3.9%	29.3%	4.3%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental); Office of Suicide Prevention Annual Report Suicide Prevention in Colorado 2010 – 2011, CDPHE, 2011 to the Colorado Joint Budget Committee. <http://www.cdph.state.co.us/pp/suicide/2010-Legislative%20Report-Final.pdf>; Maternal and Child Health Services Title V Block Grant State Narrative for Colorado Application for 2012 Annual Report for 2010, <http://www.cdph.state.co.us/ps/mch/mchgrant/MCHBGnarrative.pdf>

Prevention Services: Women’s Health Unit/Family Planning

Program: CDPHE’s Prevention Services Division leads efforts to improve the health and well-being of all Coloradans through health promotion, public health prevention programs and access to health care. The goal of the Family Planning Program is to reduce unintended pregnancy by ensuring all Coloradoans have access to affordable, quality contraceptive and reproductive health services.

Department: Colorado Department of Public Health and Environment

Financing: CDPHE’s Prevention Services Division is funded by a mix of federal, state and local funds. The Maternal and Child Health (MCH) Services Block Grant is the primary source of federal funding for Colorado’s Maternal and Child Health Program that aims to optimize the health and well-being of all Colorado mothers, children, adolescents and families. CDPHE distributes about \$4.7 million in federal Title X Family Planning support to 29 local public health and non-profit agencies in 38 counties in Colorado to provide family planning services to about 62,000 men and women.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$6,403,279	\$6,422,157	\$6,592,385	\$6,095,674	\$6,543,845	
% Change From Previous Year	3.2%	0.3%	2.7%	-7.5%	7.4%	0.5%
% Change (Inflation Adjusted)	1.6%	-0.3%	-0.1%	-10.7%	4.1%	-1.9%
% Change (Inflation & Child Population Adjusted)	0.6%	-1.2%	-0.9%	-11.5%	2.7%	-2.9%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental); CDPHE, 2012 Family Planning Program; Maternal and Child Health Services Title V Block Grant State Narrative for Colorado Application for 2013/Annual Report for 2011.

Health Disparities Program (includes children and adults)

Program: The Health Disparities Grant Program provides financial support for statewide initiatives that address prevention, early detection and treatment of cancer; cardiovascular disease, including diabetes and other precursors; and pulmonary diseases in underrepresented populations.

Department: Colorado Department of Public Health and Environment

Financing: Appropriations for this program derive primarily from the state's cash funds with some supplementation from the General Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$3,445,800	\$4,506,941	\$1,121,186	\$4,036,879	\$3,590,011	
% Change From Previous Year	32.3%	30.8%	-75.1%	260.1%	-11.1%	1.0%
% Change (Inflation Adjusted)	30.2%	30.0%	-75.8%	247.7%	-13.8%	-1.5%
% Change (Inflation & Child Population Adjusted)	29.0%	28.9%	-76.0%	244.6%	-14.9%	-2.4%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental)

Notes: The program is coordinated with other programs within the Colorado Department of Public Health Environment including the Cancer, Cardiovascular Disease and Pulmonary Disease Program, the Women's Wellness Connection, and the State Tobacco Education and Prevention Partnership, which also are allocated funds from the tobacco tax. <http://www.cdphe.state.co.us/ohd/grant/BOH%20Funding%20Recommendations%20FY%202010.2011.pdf>

Prevention Services: Tobacco Education, Prevention, and Cessation

Program: CDPHE's Prevention Services Division leads efforts to improve the health and well-being of all Coloradans through health promotion, public health prevention programs, and access to health care. The Tobacco Education, Prevention and Cessation Program leads Colorado's fight against tobacco-caused death, disease, and economic burden by mobilizing organizations and individuals to work together to support tobacco-free lifestyles and environments.

Department: Colorado Department of Public Health and Environment

Financing: CDPHE's Prevention Services Division is funded by a mix of federal, state, and local funds. A portion of federal dollars comes through the Preventive Health and Health Services Block Grant. State dollars come primarily from Amendment 35 tobacco taxes. Due to a declaration of fiscal emergency, these cash funds were diverted to other programs in FY 2009-2010 and FY 2010-2011.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$27,796,415	\$11,900,215	\$7,670,502	\$24,127,266	\$23,472,310	
% Change From Previous Year	5.7%	-57.2%	-35.5%	214.6%	-2.7%	-4.1%
% Change (Inflation Adjusted)	4.1%	-57.5%	-37.3%	203.8%	-5.7%	-6.5%
% Change (Inflation & Child Population Adjusted)	3.1%	-57.8%	-37.8%	201.0%	-6.9%	-7.4%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental).

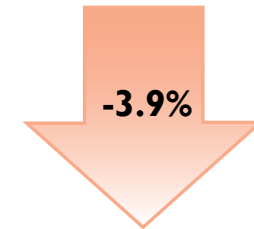
Health Care Programs for Children with Special Needs

Program: The Health Care Program for Children with Special Needs (HCP) ensures statewide access to integrated, family-centered, culturally competent and community-based health programs and services. HCP has regional offices throughout Colorado and works closely with community residents, providers, agencies and leaders. Special health care needs may be physical, emotional or behavioral, conditions that last a lifetime, or end with treatment. Children with the following conditions can receive services through HCP: asthma, autism, cancer, cerebral palsy, cleft palate, cystic fibrosis, developmental disabilities, diabetes, kidney disease, loss of hearing or vision, sickle cell anemia and traumatic brain injury. HCP's programs and activities include: training, consultation, and capacity-building with community partners; community-based screenings, evaluations and clinics; service referrals and care coordination for local families and providers; local medical home/primary care network development; local family-to-family support; and data and information to support policy and resource development.

Department: Colorado Department of Public Health and Environment

Financing: State General Fund and federal funds provide most of the money for HCP. CDPHE applies formula funding to all 64 counties and provides funding to 55 local public health agencies.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$4,870,628	\$4,850,225	\$4,682,537	\$4,902,713	\$4,594,369	
% Change From Previous Year	-4.4%	-0.4%	-3.5%	4.7%	-6.3%	-1.5%
% Change (Inflation Adjusted)	-5.9%	-1.0%	-6.1%	1.1%	-9.2%	-3.9%
% Change (Inflation & Child Population Adjusted)	-6.8%	-1.9%	-6.8%	0.2%	-10.3%	-4.8%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental). Colorado Department of Public Health and Environment, Children With Special Needs Unit <http://www.cdphe.state.co.us/ps/hcp/hcp.htm>; Health Care Program for Children With Special Needs Brochure, <http://www.cdphe.state.co.us/ps/hcp/home/brochure.pdf>; http://www.cdphe.state.co.us/ps/mch/mchresources/MCH_Local_Funding_webinar_HANDOUT.pdf; CDPHE, Maternal and Child Health (MCH) Program Prevention Service Division (2011).; CDPHE, 2012 Family Planning Program; Maternal and Child Health Services Title V Block Grant State Narrative for Colorado Application for 2013/Annual Report for 2011

Notes: The HCP and the Maternal and Child Health Service (MCH) priorities overlap. MCH services receive Title V Federal Block Grant money and funding for both HCP and MCH are allocated to local public health departments, specialty clinics, and other specified providers.



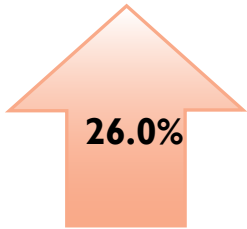
Family and Community Health: Child, Adolescent and School Health

Program: The Child, Adolescent and School Health Unit within CDPHE's Prevention Services Division provides technical support to school districts and school health personnel, public health units, and child care and health providers. The unit focuses on a range of issues impacting children, including nutrition, physical and mental health and injury prevention. It also provides some financing for School-Based Health Centers (SBHCs) located in 18 Colorado counties. The health centers are housed in public and charter schools and provide both preventive and treatment services to students.

Department: Colorado Department of Public Health and Environment

Financing: School-Based Health Centers are supported by a mix of federal, state, local funds, private grants and donations, patient revenue, and in-kind support. Most SBHCs are funded with three or more sources of funds, and more than half have at least five sources of funds. General Fund dollars are provided to health centers via a grant program in CDPHE.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
School-based Health Centers	\$974,810	\$998,542	\$998,204	\$994,316	\$994,316	
Other federal grants	\$301,230	\$1,217,844	\$387,963	\$1,222,937	\$2,553,351	
Total, Funding Level	\$1,276,040	\$2,216,386	\$1,386,167	\$2,217,253	\$3,547,667	
% Change From Previous Year	41.6%	73.7%	-37.5%	60.0%	60.0%	29.1%
% Change (Inflation Adjusted)	39.3%	72.6%	-39.2%	54.5%	55.1%	26.0%
% Change (Inflation & Child Population Adjusted)	38.0%	71.1%	-39.7%	53.1%	53.1%	24.7%



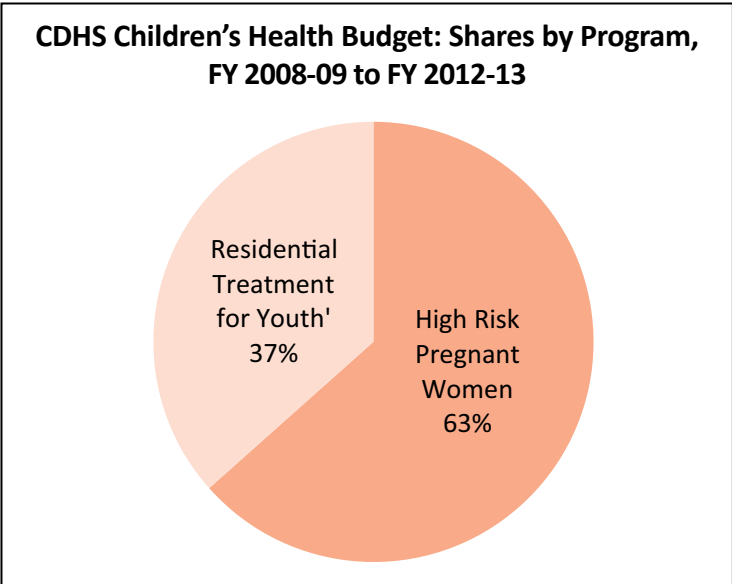
Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013; House Bill 12-1335 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–13; House Bill 12-1194 (CDPHE Supplemental). CDPHE, 2012 Family Planning Program; Maternal and Child Health Services Title V Block Grant State Narrative for Colorado Application for 2013/Annual Report for 2011



Programs Administered by the Colorado Department of Human Services

The Colorado Department of Human Services (DHS) serves many of Colorado’s most vulnerable populations. In terms of health, it is responsible for aspects of mental health services, alcohol and drug treatment, and services to institutionalized populations. Many programs that have health components are included in other sections of the report. Only two programs are included in this section: High Risk Pregnant Women and Residential Treatment for Youth.

Programs administered by DHS account for less than 0.25 percent of total investments in children’s health. In FY 2012-2013, total spending by DHS on children’s health is estimated to be \$3 million. Spending for these programs increased at a compound average annual growth rate of 3.6 percent. After taking inflation and the growth of the child population into account, funding remained flat.



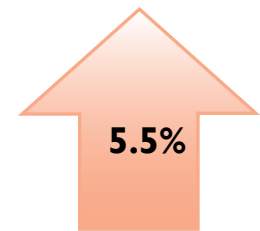
Treatment Services for High-Risk Pregnant Women

Program: Treatment Services for High-Risk Pregnant Women is an entitlement program funded by Medicaid to serve pregnant women in need of substance use disorder treatment. Low-income pregnant women, regardless of Medicaid eligibility, may receive services from 13 designated treatment providers throughout the state. Services include an in-depth assessment, individual and group counseling, case management, health education, and urinalysis screening and monitoring. Women’s treatment services are also funded for women whose families are involved with the child welfare system.

Department: Colorado Department of Human Services

Financing: This program is funded by Medicaid and through the federal Substance Abuse Prevention and Treatment Block Grant, administered by the Alcohol and Drug Abuse Division in the Department of Human Services. Several state departments, including DHS, contract with community providers to provide services to eligible clients. Historically an annual inflationary increase or cost of living adjustment for contract providers is appropriated, but state revenue shortfalls have led to reductions in provider reimbursements.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$1,460,363	\$1,474,989	\$1,191,166	\$1,999,146	\$1,999,146	
% Change From Previous Year	-3.0%	1.0%	-19.2%	67.8%	0.0%	8.2%
% Change (Inflation Adjusted)	-4.5%	0.4%	-21.4%	62.1%	-3.1%	5.5%
% Change (Inflation & Child Population Adjusted)	-5.4%	-0.5%	-22.1%	60.6%	-4.3%	4.5%



Sources: JBC Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse FY 2009–2010, FY 2010–2011, FY 2011-2012, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–20213; House Bill 12-1186 (CDHS Supplemental).

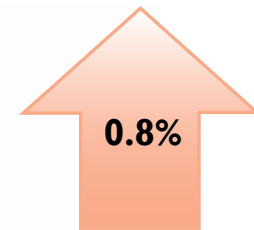
Residential Treatment for Youth

Program: The Child Mental Health Treatment Act (HB 99-1116) provides parents with a range of residential mental health treatment services for children without requiring a dependency and neglect action (i.e., treatment without going through the local county departments of social services or the court). The Residential Treatment for Youth Program assists the family in placing a child in a therapeutic residential child care facility when the child is not eligible for Medicaid.

Department: Colorado Department of Human Services

Financing: The program receives an allocation of tobacco settlement money (HB 04-1421). Funding helps to cover the initial costs of treatment and room and board for a child who will subsequently be Medicaid-eligible based on a disability and temporary placement in the residential treatment center. The Department covers sliding scale parent fees and expenses that are not paid by private insurance, Medicaid and Supplemental Security Income (SSI). Several state departments, including DHS, contract with community providers to provide services to eligible clients. Historically an annual inflationary increase or cost of living adjustment for contract providers is appropriated, but state revenue shortfalls have led to reductions in provider reimbursements.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$857,220	\$1,011,487	\$862,519	\$976,994	\$976,994	
% Change From Previous Year	17.0%	18.0%	-14.7%	13.3%	0.0%	3.3%
% Change (Inflation Adjusted)	15.2%	17.3%	-17.0%	9.4%	-3.1%	0.8%
% Change (Inflation & Child Population Adjusted)	14.0%	16.2%	-17.7%	8.4%	-4.3%	-0.2%



Sources: JBC Staff Briefing Documents, Department of Human Services (Child Welfare, Child Care, Self-Sufficiency, Division of Youth Corrections, Services for People with Disabilities, Mental Health and Drug Abuse FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2012–2013; House Bill 12-1186 (CDHS Supplemental).



Other Support Services for Children and Families

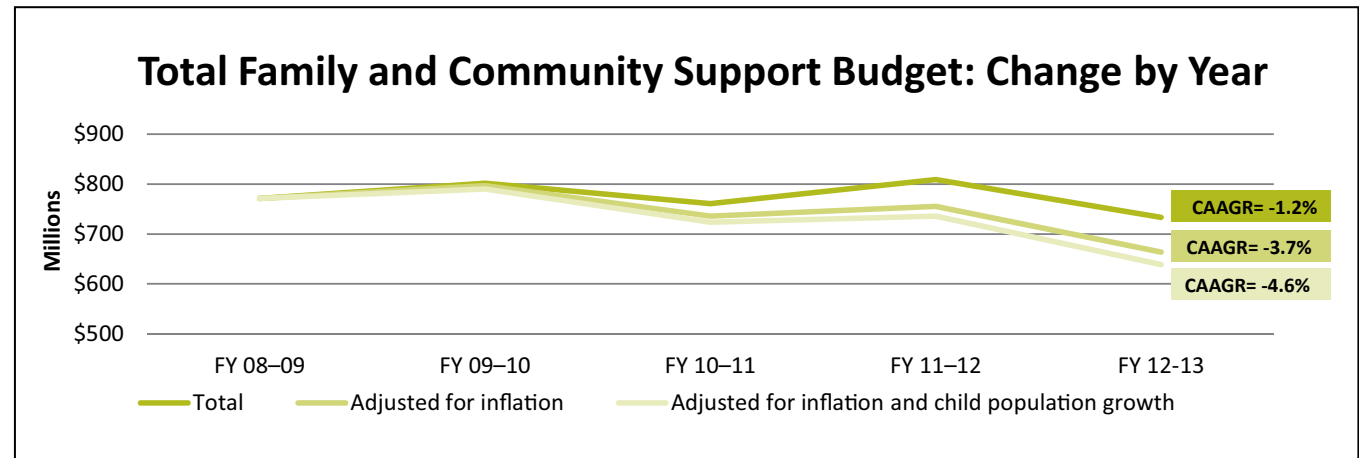


Thriving Children in Supportive Families and Communities

Families facing difficulties due to very low income or other issues often need additional support and services to help create a safe, stable, and nurturing home environment that promotes healthy child development and well-being. Vital programs and services include those that provide basic cash assistance and promote success in the labor force, improve life skills and personal and family functioning and help prevent problems before they become a crisis. Even in a recovering economy, families continue to rely on these services, underscoring their importance.¹

This section of the *Children's Budget 2012* includes programs that support families' economic security and self sufficiency administered by the Colorado Department of Human Services (CDHS) Office of Economic Security; Child and youth services provided by divisions within CDHS responsible for child welfare, youth corrections and developmental disabilities, and by the Prevention Services Division within the Colorado Department of Public Health.

As shown in the figure below, the budget for all of these family and community-based supports for children decreased during the five-year period from \$770.9 million in FY 2008-09 to \$733.4 million in FY 2012-2013. There were both ups and downs in the spending totals, but the trend during the period was downward, translating to an average annual decrease of 1.2 percent. The annual decrease was 3.7 percent per year after taking inflation into account, or almost 14 percent in total during the five-year tracking period. Adding in the effects of child population growth, the decrease is even steeper: 4.6 percent on average per year.



¹ Colorado Center for Law and Policy. (2012). Colorado Economic Recovery Watch July 2012 http://www.cclponline.org/publication_library/pub/single/1189/colorado-recovery-watch-july-2012; Coalition on Human Needs, Coalition on Human Needs. (2010). The recession generation: Preventing long-term damage from child poverty and young adult joblessness. Available at: <http://www.chn.org/pdf/2010/RecessionGeneration>; Irons, J. (2009). Economic scarring: The long-term impacts of the recession.

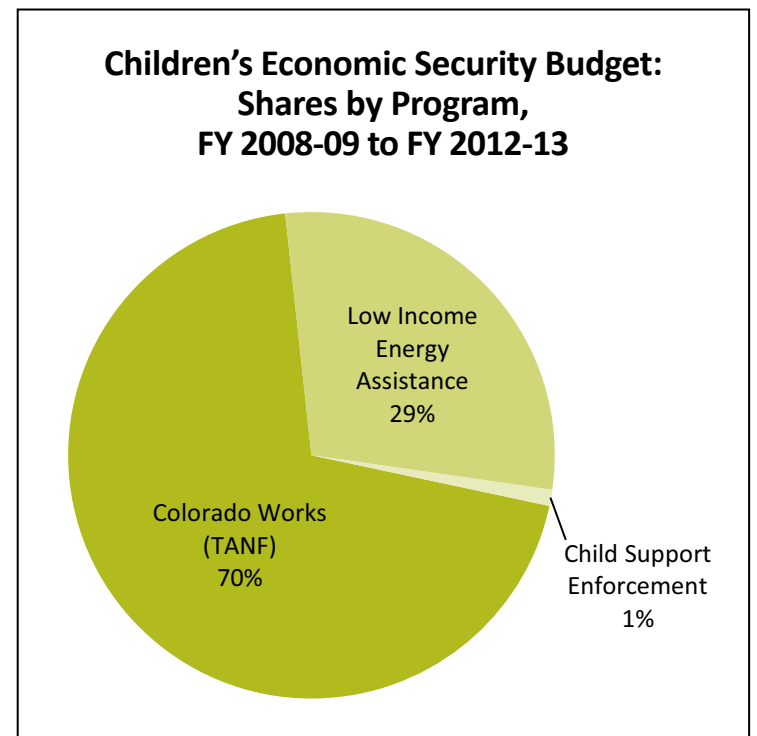
This section has two parts. The first looks at programs promoting economic security. The second part, which accounts for 71 percent of investments in family and community support, focuses on child and youth services. In each part, a big-picture view looks first at the programmatic composition, cumulative spending over time and funding sources. Each section also includes detailed tables for individual programs, showing actual expenditures for the first three years of the tracking period, and appropriated amounts for FY 2011-2012 and FY 2012-2013. In addition, tables include lines showing the year-over-year percent change and the compound annual adjusted growth rate (CAAGR) for the funding levels shown; funding when adjusted for inflation; and funding adjusted for inflation plus growth in child population. Finally, to the right of each table is a graphic depicting the direction of change in the CAAGR associated with program spending adjusted for inflation.



Economic Security and Family Self Sufficiency

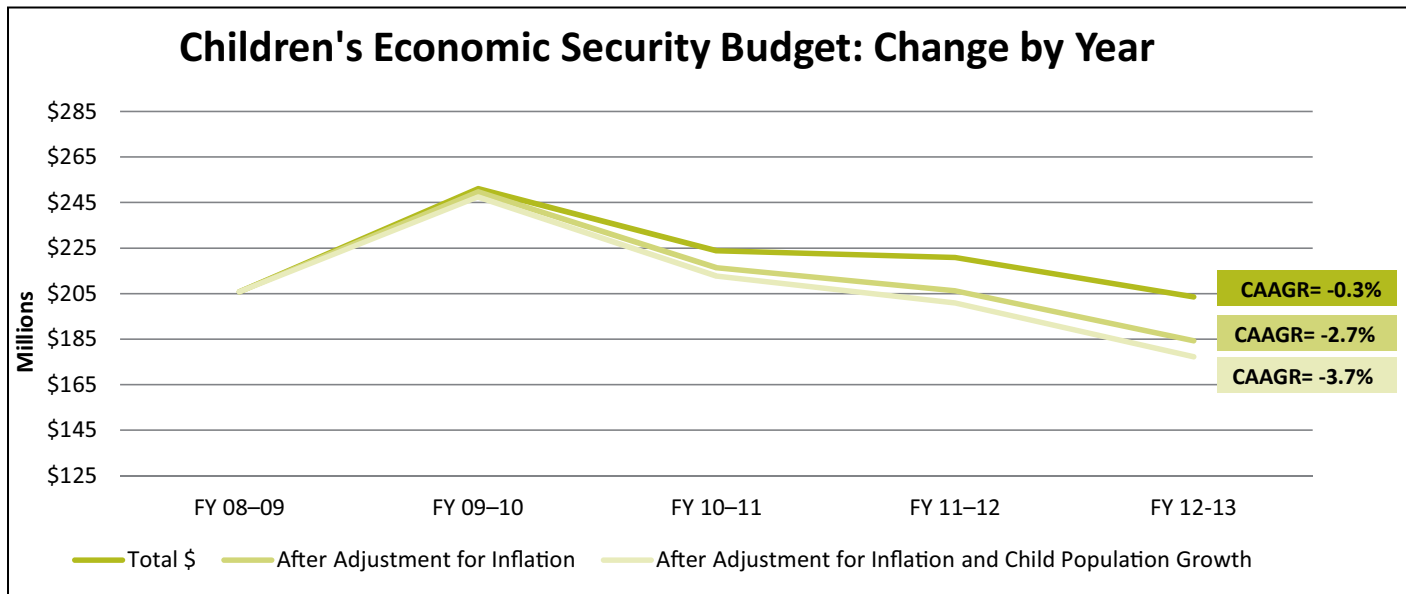
The Office of Economic Security² within the Department of Human Services is responsible for providing short-term safety net services for families and for helping them achieve self-sufficiency. It supervises Colorado Works, the state’s version of the federal Temporary Aid to Needy Families (TANF) program, which provides financial aid, employment services and other support services for families who have little or no income. This program accounts for 70 percent of child-focused investments in family economic security. CDHS also administers Child Support Enforcement, which provides operational oversight, training, policy development, and monitoring to the 64 county child support units, and Low-Income Energy Assistance (LEAP), which provides heating assistance, furnace repair and replacement, and weatherization assistance to eligible households.

CDHS is also responsible for administering SNAP, the Supplemental Nutritional Assistance Program (i.e., food stamps), a critical support for families struggling to put food on the table. One in 10 Coloradans is currently enrolled in SNAP, and enrollment is nearly 6 percent higher than it was in October 2011, according to the Colorado Center for Law and Policy. Since the benefits themselves are fully paid for by the federal government, the SNAP program is not included in this document. Child care is also a critical support service necessary for family self sufficiency; to the extent that counties use their Colorado Works allocation for that purpose, those funds are included in this section of the Children’s Budget. However, the Colorado Child Care Assistance Program (CCAP) is included in the Early Childhood Development and Learning section of this report.

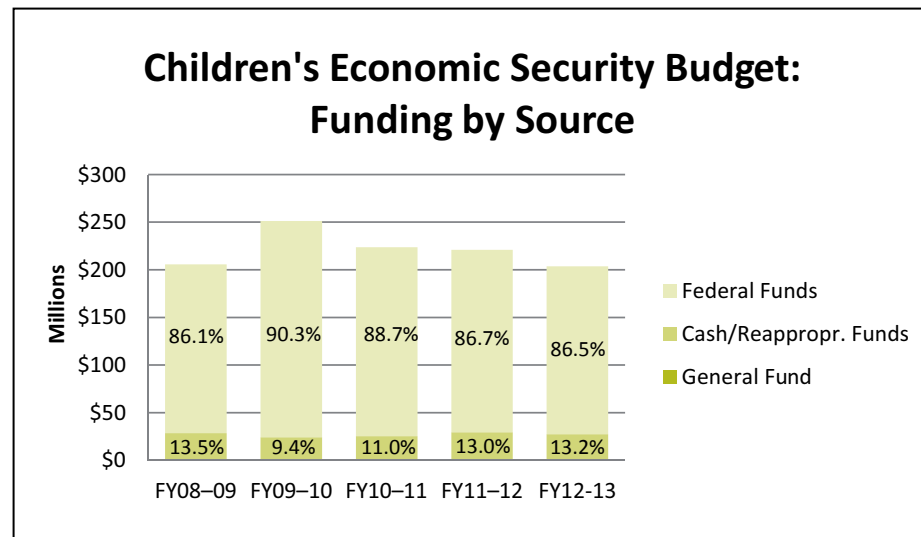


² The Department of Human Services is undergoing reorganization. The unit previously responsible for these programs was the Office of Self Sufficiency.

Funding to promote economic security for families with children decreased during the five-year period from \$205.8 million in FY 2008-2009 to \$203.6 million in the current fiscal year. An increase occurred between FY 2008-2009 and FY 2009-2010, at which time spending reached a high point; it has since declined. *Actual* spending may differ to some extent from what is shown in the graph. Colorado operates a state-supervised, county-administered system and many important choices regarding spending on economic security programs are made at the county level. Spending is recorded in the state budget when funds are provided to counties. The counties, however, may choose not to spend all their Colorado Works grants when allocated, instead building up reserves, which can be spent at a later time. In 2008, the state passed legislation requiring counties to start spending down reserves, which at the time had grown large, or remit them to the state. As a result, spending was likely higher in the beginning of the period than shown in the graph. Given the conjunction of the economic downturn and the required spend-down, reserves largely have been depleted. In this situation, counties are likely to retain a portion of their Colorado Works dollars rather than spend them (either on economic security or related services such as child care).



As the figure to the right indicates, Colorado's efforts to promote economic security for all families rely heavily on federal funds. Federal grants account for 86 percent to 90 percent of the budget total, depending on the year. The remainder is almost entirely financed by cash funds, including required county contributions; there are very few General Fund dollars, which is reflected in the graphic below. Despite the high level of reliance on federal funds, this part of the budget may not be seriously affected by federal deficit control efforts. Both TANF and Child Support are protected from automatic sequestration in the federal Budget Control Act of 2011, but Low-Income Energy Assistance would be included in sequestration cuts.



Colorado Works - Temporary Assistance for Needy Families (TANF)

Program: Colorado Works is the state’s version of the federal TANF program, created in 1996 to replace the Aid to Families with Dependent Children (AFDC) program. It provides families who have little or no income with basic cash assistance and work supports, such as job training and child care assistance. The federal government requires the state to impose time limits on cash assistance and to require work participation for many recipients. States are allowed to transfer a portion of TANF funds to the Social Services Block Grant or the Child Care and Development Fund. Most TANF money is appropriated to the Colorado Works program and sub-granted to counties. Counties decide how much of their grant to spend each year and on what, subject to state guidelines regarding eligibility and payment amounts for the basic cash assistance part of the program. Funds not used on basic cash assistance can be used on a range of services, including child care, or be placed in reserve. Numbers shown below reflect the appropriation of funds to counties each year, not their actual spending. In response to the buildup of large reserves (\$147 million in county reserves and \$37 million in state reserves), SB 08-177 increased the basic cash assistance grant and limited the amounts counties could keep in reserve, requiring them to either spend more or transfer money back to the state. In response to these caps and the economic downturn that increased the cash assistance caseload, counties spent down their reserves in FY 2008-2009 and FY 2009-2010. As of September 30, 2010, county reserves dropped to \$40 million from a high of 137 million at the end of FY 2008-2009. The high demand for basic cash assistance and the limited availability of reserves means counties have greatly reduced their spending of Colorado Works funding on related services such as child care.

Department: Colorado Department of Human Services

Financing: TANF is a federal block grant to states. States are subject to maintenance of effort requirements, meaning they have to continue to spend a certain amount from their own funds in order to receive the federal grant. Colorado meets its obligation through a combination of state and county funds. Colorado receives a basic allocation of \$136.1 million, based on the size of the grant it was receiving under AFDC prior to TANF—an amount unchanged since 1996. Colorado was one of 17 states qualifying for supplemental grants, an add-on designed to help states that historically received low levels of funding relative to need and that experienced high population growth. These grants, however, ended in June 2011, reducing Colorado’s TANF core allocation by about 9 percent. There are also contingency funds designed to help states cope with economic downturns, which the state has received during the past five years. Finally, ARRA provided a temporary infusion of emergency funds that are no longer available.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
County Block Grants	\$126,248,209	\$151,536,168	\$151,786,044	\$151,536,168	\$150,548,087	
Other	\$4,171,767	\$20,358,049	\$10,983,387	\$2,939,175	\$2,825,175	
TOTAL Funding Level	\$130,419,976	\$171,894,217	\$162,769,431	\$154,475,343	\$153,373,262	
% Change From Previous Year	11.2%	31.8%	-5.3%	-5.1%	-0.7%	4.1%
% Change (Inflation Adjusted)	9.4%	31.0%	-7.9%	-8.3%	-3.7%	1.6%
% Change (Inflation & Child Population Adjusted)	8.4%	29.8%	-8.6%	-9.2%	-5.0%	0.6%
Spending from County Reserves	\$37,259,252	\$57,393,455	\$0	\$4,028,449	N/A	



Sources: JBC Staff Briefing Documents, Department of Human Services (Executive Director’s Office, Office of Operations, County Administration, Self-Sufficiency, Adult Assistance), FY 2009–10, FY 2010–2011, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12 and FY 2012–13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental).

Notes: Other includes training, TANF supported subsidized employment, homeless prevention, domestic abuse, promoting responsible fatherhood, and the state strategic uses fund.

Low-Income Energy Assistance Program (LEAP)

Program: The Low-Income Energy Assistance Program (LEAP) provides assistance to cover the costs of home heating, furnace repair and replacement, and weatherization assistance to households at or below 150 percent of the federal poverty level.

Department: Colorado Department of Human Services

Financing: A federal block grant, which allocates funds among states according to a complex formula, supports most of the spending. After an increase in federal funding in FY 2008-2009 and FY 2009-2010, the federal appropriation for the program has been cut in the last three years, from \$5.1 billion in federal FY 2010 to \$3.5 billion in federal FY 2012. The state program has also received funding from sources such as the Severance Tax Trust Fund and the Energy Outreach Colorado.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$73,216,811	\$77,409,173	\$58,940,618	\$62,950,382	\$48,093,420	
% Change From Previous Year	40.1%	5.7%	-23.9%	6.8%	-23.6%	-10.0%
% Change (Inflation Adjusted)	37.9%	5.1%	-25.9%	3.1%	-25.9%	-12.2%
% Change (Inflation & Child Population Adjusted)	36.6%	4.2%	-26.5%	2.2%	-26.9%	-13.0%



Sources: JBC Staff Briefing Documents, Department of Human Services (Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Adult Assistance), FY 2009–10, FY 2010–2011, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12 and FY 2012–13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental); Federal House Appropriations Committee (December 15, 2011). Summary Fiscal Year 2012 Final Consolidated Appropriations Bill; http://appropriations.house.gov/uploadedfiles/12.14.11_final_fy_2012_appropriations_legislation_-_detailed_summary.pdf; also; Holeywell, R. (2012). States Respond to Heating Program Cuts. FedWatch.com, <http://www.governing.com/blogs/fedwatch/States-Respond-to-Heating-Program-Cuts.html>

Child Support Enforcement

Program: Congress enacted the Child Support Enforcement and Establishment Program in 1975 to reduce public expenditures on welfare programs by obtaining support from non-custodial parents for children. The Division of Child Support operates a child support enforcement program under federal guidelines, providing support to both welfare and non-welfare families. It provides help in establishing paternity, locating nonresident parents, obtaining child, spousal, and medical support awards and collecting child support payments. The state provides operational oversight, training, policy development, and monitoring to 64 county child support units. Appropriations to this line do not cover costs for the operation, maintenance and ongoing development of the Automated Child Support Enforcement System.

Department: Colorado Department of Human Services

Financing: The federal government provides funding to states under a formula on an open-ended matching basis, covering 66 percent of state administrative costs. Additionally, the federal government provides incentive payments based on state performance via a formula set in statute. ARRA temporarily allowed states to use federal incentive payments as their share of state expenditures eligible for federal match. ARRA funds are no longer available. The state's share of funding comes from the General Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Funding Level	\$2,160,989	\$1,882,026	\$2,077,604	\$3,427,758	\$2,110,383	
% Change From Previous Year	11.9%	-12.9%	10.4%	65.0%	-38.4%	-0.6%
% Change (Inflation Adjusted)	10.1%	-13.4%	7.4%	59.3%	-40.3%	-3.0%
% Change (Inflation & Child Population Adjusted)	9.1%	-14.2%	6.5%	57.9%	-41.1%	-4.0%



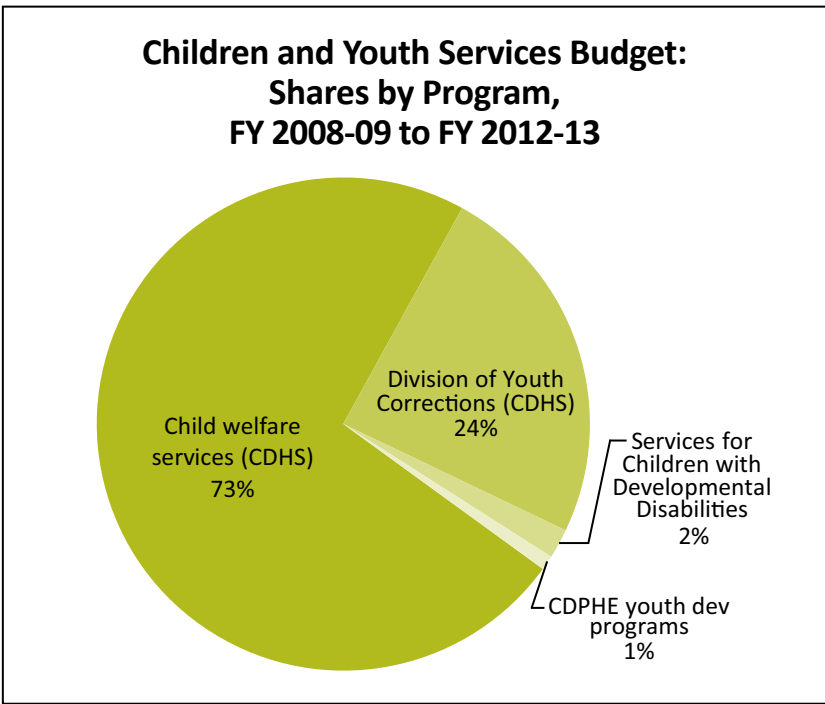
Sources: JBC Staff Briefing Documents, Department of Human Services (Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Adult Assistance), FY 2009–10, FY 2010–2011, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12 and FY 2012–13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental). U.S. Dept. of Health and Human Services, Administration for Children and Families, Payments to States for Child Support Enforcement and Family Support Programs, FY 2012 Budget. www.acf.hhs.gov/porgs/olab/budget/2012/cj/CSE.pdf.

Child and Youth Services

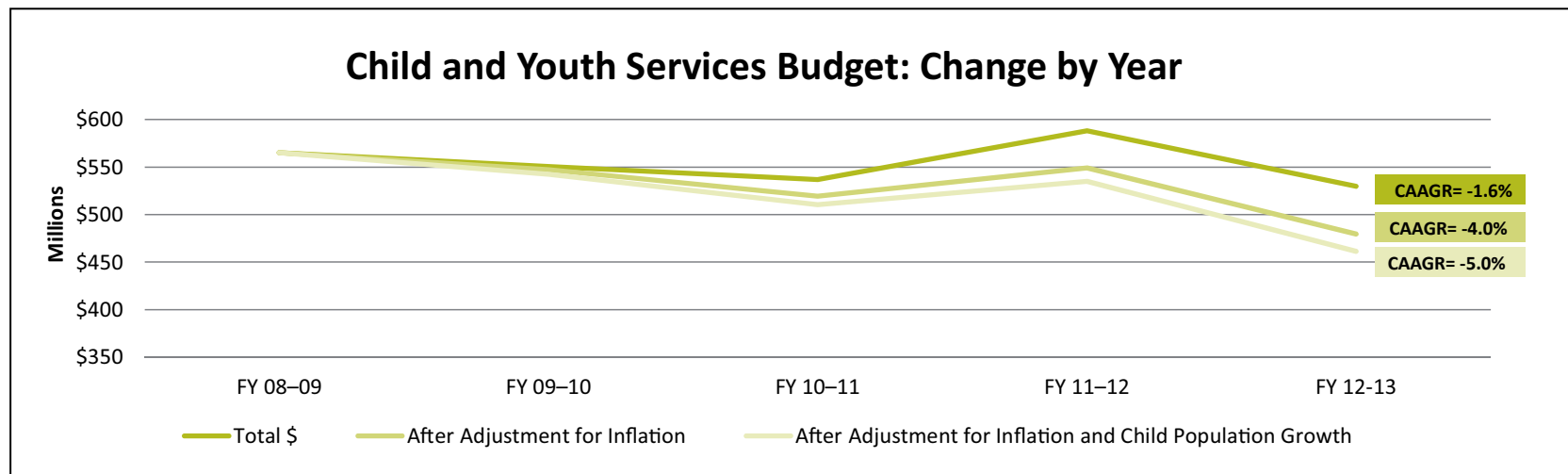
The Office of Children, Youth & Family Services in the Department of Human Services administers most of the programs included in this section. This office ensures that Colorado children live in safe, healthy, and stable environments. Its associated programs account for nearly three-quarters of total appropriations for child and youth services.

The Division of Youth Corrections' Institutional and Community Based Programs protect, restore and improve public safety by providing services to juvenile offenders to help them become responsible citizens. Youth corrections programs account for almost a quarter of the total for Child and Youth Services. Small shares of the Child and Youth Services budget support CDHS programs providing services for children with developmental disabilities and CDPHE youth development programs, such as Tony Grampas Youth Services grants.

The Legislature appropriated \$529.8 million for Child and Youth Services in FY 2012-2013. This amount is lower than the amount spent in FY 2008-2009. The compound annual adjusted growth rate (CAAGR) for this section of the budget is negative 1.6 percent. After taking into account inflation and growth in child population, real purchasing power relative to child population decreased at the rate of 5 percent per year.



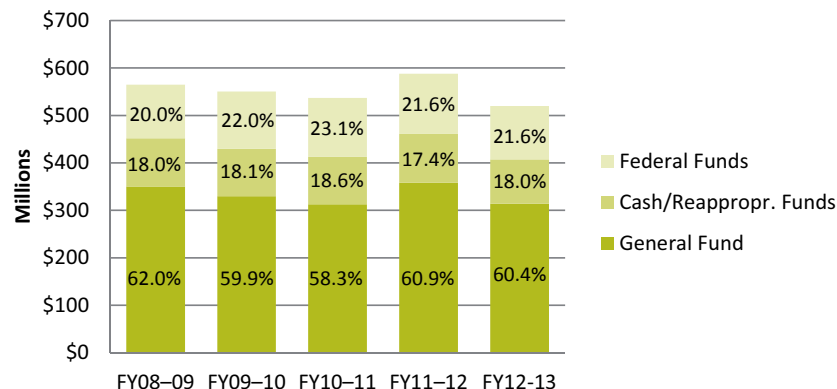
Budgets for these programs are driven in part by the size of the caseload and the types of services they require. For example, the number of youth committed to the custody of the Division of Youth Correction after being convicted of crimes has dropped since FY 2005-2006. Child welfare expenditure decreases are largely attributable to a decline in more costly out-of-home placements.



Child and youth services programming is much less dependent on federal funding than economic security programming. In most years, federal grants cover between one-fifth and one-quarter of the budget. Most of the remainder comes from the state's General Fund.



Children and Youth Services Budget: Funding by Source



Child Welfare Services and Programs

Program: The Division of Child Welfare is responsible for protecting children from harm and assisting families in caring for and protecting their children. It does so through a state-supervised, county-administered system. The Family and Children's program serves children who are neglected or abused, delinquent, or in conflict with their families or communities. Children who are at imminent risk of out-of-home placement are provided a range of services, including transportation, child care, homemaker services, diagnostic mental health and health care services, drug and alcohol treatment, financial services, and family preservation services designed to keep the child safe within the family context. Other programs support out-of-home placement on a temporary or permanent basis or are designed to prevent abuse from occurring. Budget drivers include the number of reports of abuse or neglect received; the number determined by counties to have sufficient basis to require assessment; the number of children determined to need child welfare services based on those assessments; and whether services will be provided in-home or through out-of-home placement. The decline in expenditures is largely due to a decrease in the use of out-of-home placements, but also reflects decreases in number of cases investigated and opened.

Department: Colorado Department of Human Services

Financing: Child welfare services are primarily a state financial responsibility, covered through the General Fund and cash funds, e.g., parental fees collected to offset the costs of out-of-home placement. Federal programs have provided a variable share of support ranging from a low of 28 percent in FY 2008-2009 to a high of 33 percent in FY 2011-2012. Major funding comes from Titles IV-B and IV-E of the Social Security Act. Under IV-B, states get formula-based grants to promote safe and stable families. Under Title IV-E, states get grants for foster care, adoption assistance, and kinship guardianship, on an open-ended matching basis using the same matching rate as for Medicaid. As such, the match rate temporarily increased under ARRA. Most of the federal funding supports out of home placements, even though at both the federal and state level, more emphasis has been placed on serving children in the family home. Other federal funding comes from the Social Services Block Grant and the Child Abuse and Treatment Act grants.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Child Welfare Services	\$345,340,609	\$336,157,346	\$331,169,644	\$334,835,846	\$334,476,207	
Family and Children's Programs	\$50,042,150	\$48,030,915	\$46,143,068	\$44,776,053	\$44,776,053	
Other*	\$21,129,355	\$20,093,005	\$21,293,436	\$22,036,548	\$22,274,757	
TOTAL Funding Level	\$416,512,114	\$404,281,266	\$398,606,148	\$401,648,447	\$401,527,017	
% Change From Previous Year	2.9%	-2.9%	-1.4%	0.8%	0.0%	-0.8%
% Change (Inflation Adjusted)	1.3%	-3.5%	-4.1%	-2.7%	-3.1%	-3.2%
% Change (Inflation & Child Population Adjusted)	0.3%	-4.4%	-4.9%	-3.6%	-4.3%	-4.2%



Sources: Sources: JBC Staff Briefing Documents, Department of Human Services (Division of Child Welfare, Division of Early Care and Learning, Division of Youth Corrections), FY 2009-10, FY 2010-2011, FY 2012-13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011-12 and FY 2012-13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental)

Notes: *Other includes training, Foster and Adoptive Parent Recruitment, Training and Support, Independent Living, Promoting Safe and Stable Families Program and the Federal Child Abuse

Division of Youth Corrections (DYC) Institutional Programs

Program: Division of Youth Corrections (DYC) is responsible for the housing, treatment, and education of juveniles in detention and commitment, and for supervising juvenile offenders who are placed on parole. Also included are the range of services crafted at the local level under Senate Bill 91-094, a state funded, locally administered program that provides pre-adjudication services to youth at risk of detention, and a continuum of residential and non-residential services and mandated functions for juveniles in detention, commitment and parole. The size of the committed population has fallen steadily since FY 2004-2005.

Department: Colorado Department of Human Services

Financing: Guided by SB 91-094, most funding for DYC is from state General Fund appropriations. Federal funds, which make up a very small part of the total, are transferred from Colorado Department of Education under the Carl D. Perkins Vocational Education Act, Title I of the Elementary and Secondary Education Act for disadvantaged youth, and the Individuals with Disabilities Education Act (IDEA) for special education and the Colorado Department of Human Services (alcohol and drug abuse funding). To the extent that these reappropriated funds could be separately identified they were omitted from the totals shown in the table.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Institutional Programs	\$59,922,992	\$62,379,253	\$61,013,958	\$58,390,316	\$56,517,833	
Community Programs	\$72,155,417	\$65,268,702	\$61,422,893	\$113,221,898	\$57,327,836	
Division of Youth Corrections Total	\$132,078,409	\$127,647,955	\$122,436,851	\$171,612,214	\$113,845,669	
% Change From Previous Year	1.4%	-3.4%	-4.1%	40.2%	-33.7%	-3.6%
% Change (Inflation Adjusted)	-0.2%	-3.9%	-6.7%	35.4%	-35.7%	-6.0%
% Change (Inflation & Child Population Adjusted)	-1.2%	-4.8%	-7.4%	34.1%	-36.5%	-6.9%



Sources: SJBC Staff Briefing Documents, Department of Human Services (Division of Child Welfare, Division of Early Care and Learning, Division of Youth Corrections), FY 2009–10, FY 2010–2011, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12 and FY 2012–13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental)

Services for People with Disabilities

Program: This program provides funding for the 20 Community Center Boards (CCBs) and contracting service agencies for the provision of three types of services: delivery of family support, children's extensive support services for children with developmental disabilities and delays, and CCBs case management and state administration and oversight. Programs operate under a community and home-based waiver using a fee-for-service model. Eligible individuals with developmental disabilities are evaluated and assigned a Supports Intensity Scale score. The score determines the maximum dollar amount for services allowable under the waiver. Currently there is an extensive waiting list for children and family support services.

Department: Colorado Department of Human Services

Financing: Medicaid reappropriated funds are the primary source of funds. Programs operate under a community and home-based waiver.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Family Support Services	\$2,629,871	\$6,416,610	\$3,070,206	\$2,169,079	\$2,169,079	
Children's Extensive Support Services	\$6,913,410	\$7,158,025	\$7,956,079	\$7,873,966	\$7,530,361	
Total, Family Support and Children's Extensive Support	\$9,543,281	\$13,574,635	\$11,026,285	\$10,043,045	\$9,699,440	
% Change From Previous Year	-19.0%	42.2%	-18.8%	-8.9%	-3.4%	0.4%
% Change (Inflation Adjusted)	-20.3%	41.4%	-21.0%	-12.0%	-6.4%	0.0%
% Change (Inflation & Child Population Adjusted)	-21.1%	40.1%	-21.6%	-12.8%	-7.6%	-3.0%



Sources: JBC Staff Briefing Documents, Department of Human Services (Services for People with Disabilities, and related administrative functions), FY 2009–10, FY 2010–2011, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12 and FY 2012–13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental).

Note: The budget is understated to the extent that case management services are omitted. The budget for case management includes both adults and children. In FY 2012-2013, about \$5.6 million was spent on case management for the families of children with developmental disabilities.

Prevention Services Division

Program: CDPHE’s Prevention Services Division oversees health promotion, disease and injury prevention programs for children, youth and adults. The Interagency Prevention program provides support and coordination services for youth prevention programs in the Departments of Education, Human Services, Public Health and Environment, Public Safety, and Transportation. The Tony Grampsas Youth Services (TGYS) Program is a statutory program intended to provide funding to local organizations that provide youth and their families with programs designed to reduce youth crime and violence. The Colorado Children’s Trust Fund program provides grants to local prevention and education programs that deal with child abuse and neglect

Department: Colorado Department of Public Health and Environment

Financing: This line item is funded primarily with Master Tobacco Settlement Agreement money. Federal grants fund a portion of the Colorado Children’s Trust Fund.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Appropriation	CAAGR
Inter-Agency Prevention	\$223,246					
Tony Grampsas Youth Services Program	\$5,672,524	\$3,986,075	\$3,765,294	\$3,613,149	\$3,575,764	
Colorado Children’s Trust Fund	\$1,065,567	\$833,389	\$975,274	\$1,010,332	\$1,027,997	
Total, Prevention Partnerships	\$6,961,337	\$4,989,305	\$4,906,129	\$8,369,814	\$4,737,045	
% Change From Previous Year	31.6%	-28.3%	-1.7%	70.6%	-43.4%	-9.2%
% Change (Inflation Adjusted)	29.6%	-28.8%	-4.3%	64.8%	-45.1%	-11.4%
% Change (Inflation & Child Population Adjusted)	28.3%	-29.4%	-5.1%	63.3%	-45.8%	-12.3%



Sources: JBC Staff Briefing Documents, Department of Public Health and Environment, FY 2009–10, FY 2010–2011, FY 2012–13; State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12 and FY 2012–13; HB 12-1335 (Long Bill), House Bill 12-1186 (CDHS Supplemental)

Note: The budget is understated to the extent that case management services are omitted. The budget for case management includes both adults and children. In FY2012–2013, about \$5.6 million was spent on case management for the families of children with developmental disabilities.



Budget Glossary

Terms used in the Colorado Children's Budget 2012¹

Compound Annual Average Growth Rate (CAAGR) - The growth rate, which if applied in each year of the period to the prior year's total, would bring the FY 2008-2009 appropriation to the FY 2012-2013 level.

Appropriated Funds - Funds allocated by the state legislature for a specific use such as funding education services.

General Fund (GF) - A fund into which general tax revenues, such as state sales and income taxes, are deposited. The General Fund is used to pay, in whole or in part, for state programs which benefit the majority of state citizens, such as education. General Fund revenues are subject to constitutional spending limits as defined under the Taxpayer Bill of Rights (TABOR). TABOR is defined in the Colorado Budget Policies section of this glossary, found on the following page.

Cash funds (CF) - Separate funds created to receive earmarked revenues, such as fees and fines, which typically pay for the programs from which the revenues are collected. Cash funds are subject to the TABOR spending limit.

Reappropriated funds (RF) - Any amounts that are appropriated a second or more times subsequent to an initial appropriation in the same fiscal year. Reappropriated funds are exempt from the TABOR spending limit.

Federal Funds (FF) - Funds received from the federal government. Federal funds come in a variety of forms and are distributed to states and communities in a number of ways. Funds are usually designated for particular purposes and each comes with specified set of rules and requirements. Federal funds are used for a number of public needs such as health care, special education, child nutrition programs, child care assistance, and school improvement needs. Federal funds are exempt from the fiscal year spending limit imposed by TABOR. Terms frequently used in relation to federal funds include:

- **Discretionary Spending** - Expenditures within the U.S. budget that are within the 12 appropriations bills, and that are negotiated between the Branches of Congress and the President's Office each year.
- **Mandatory Spending** - Includes programs, mostly entitlement programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP), funded by eligibility rules or payment rules.
- **American Reinvestment and Recovery Act of 2009 (ARRA)** - An economic stimulus bill created to help the United States economy recover from an economic downturn that began in late 2007.
- **Matching Requirement** - A condition that an amount of money or services-in-kind originate from the beneficiaries of financial amounts. Medicaid is an example of a program that depends partially on federal matching funds.
- **Block Grant** - A specific amount of money awarded with relatively few restrictions or requirements to enable states to address their own unique needs and challenges in innovative and locally-defined ways. Federal requirements vary but may include specific goals, minimum levels of eligibility, allowable costs, a defined time period to expend funds, minimum state spending requirements or maintenance of effort levels, and reporting requirements. Colorado often devolves responsibility for these funds to counties.

¹ Source: State of Colorado Joint Budget Committee (2011). APPROPRIATIONS REPORT: Fiscal Year 2011-12. Colorado General Assembly. http://www.state.co.us/gov_dir/leg_dir/jbc/FY11-12aprept.pdf.

Total Funds (TF) - Total funds received from all sources (General Fund, Cash Funds, Reappropriated Funds, Federal Funds).

Federal Poverty Guidelines (FPL) - Issued by U.S. Department of Health and Human Services poverty guidelines each year in the Federal Register. These guidelines determine financial eligibility for many federal, state and local programs for low-income people. Examples of these programs include: Head Start, the National School Lunch Program, the Food Stamp Program, Child Care Assistance Program, Temporary Assistance for Needy Families, and health programs such as Medicaid or the State Children's Health Insurance Plans.²

Persons in Family or Household	100 Percent of Poverty	130 Percent of Poverty	150 Percent of Poverty	185 Percent of Poverty	200 Percent of Poverty	250 Percent of Poverty	300 Percent of Poverty
1	\$11,170	\$14,521	\$16,755	\$20,665	\$22,340	\$27,925	\$33,510
2	\$15,130	\$19,669	\$22,695	\$27,991	\$30,260	\$37,825	\$45,390
3	\$19,090	\$24,817	\$28,635	\$35,317	\$38,180	\$47,725	\$57,270
4	\$23,050	\$29,965	\$34,575	\$42,643	\$46,100	\$57,625	\$69,150
5	\$27,010	\$35,113	\$40,515	\$49,969	\$54,020	\$67,525	\$81,030
6	\$30,970	\$40,261	\$46,455	\$57,295	\$61,940	\$77,425	\$92,910
7	\$34,930	\$45,409	\$52,395	\$64,621	\$69,860	\$87,325	\$104,790
8	\$38,890	\$50,557	\$58,335	\$71,947	\$77,780	\$97,225	\$116,670

² Source: Office of the Federal Register (January 2012). *Federal Register*. National Archives and Records Administration. <http://aspe.hhs.gov/poverty/11fedreg.shtml>



Colorado Fiscal Policies Impacting Children’s Programs and Services³

Amendment 23 - A voter-approved constitutional provision governing General Fund appropriations for K-12 education. Amendment 23 requires the state to provide minimum increases in funding for elementary and secondary education by diverting a portion of income tax revenues to the State Education Fund.

Amendment 35 - A voter-approved constitutional provision that increases taxes on tobacco products to fund expansions of health programs, services and education. Amendment 35 revenues are allocated to five cash funds: the Health Expansion Fund (46 percent), the Primary Care Fund (19 percent), Tobacco Education, Prevention, and Cessation Fund (16 percent), Prevention, Early Detection, and Treatment Fund (16 percent) and other health related services (3 percent).

Building Excellent Schools Today (BEST) - Provides matching grants to school districts and charter schools to repair, replace, or renovate schools with substantial health and safety problems. Through revenue from School Trust Lands and the State Lottery, BEST has resulted in projects in more than 100 districts and charter schools.

Colorado Health Care Affordability Act (HB 09-1293) - Authorized the Department of Health Care Policy and Financing to assess a provider fee on hospitals, in order to maximize federal Medicaid funds. The resulting revenue is deposited in the Hospital Provider Fee Cash Fund and used for payments to hospitals and CHP+ and Medicaid expansions.

Gallagher Amendment - A constitutional change that caps increases in the property tax base for local governments, including school districts, by limiting the taxable value of residential property.

Master Settlement Agreement (MSA) - A multi-state agreement between the Attorneys General of 46 states, including Colorado, and the four largest tobacco companies to settle Medicaid lawsuits, restrict certain tobacco marketing practices and reimburse states for tobacco-related health costs. These funds are used to support health-related programs and services and projects that benefit children with disabilities.

Mill Levy Stabilization - Legislation that struck a section of the Public School Finance Act (Senate Bill 07-199) that codified the property tax revenue limits imposed in 1992 by TABOR. It requires a school district to annually lower its mill levy if its revenue growth exceeds inflation plus growth in student enrollment.

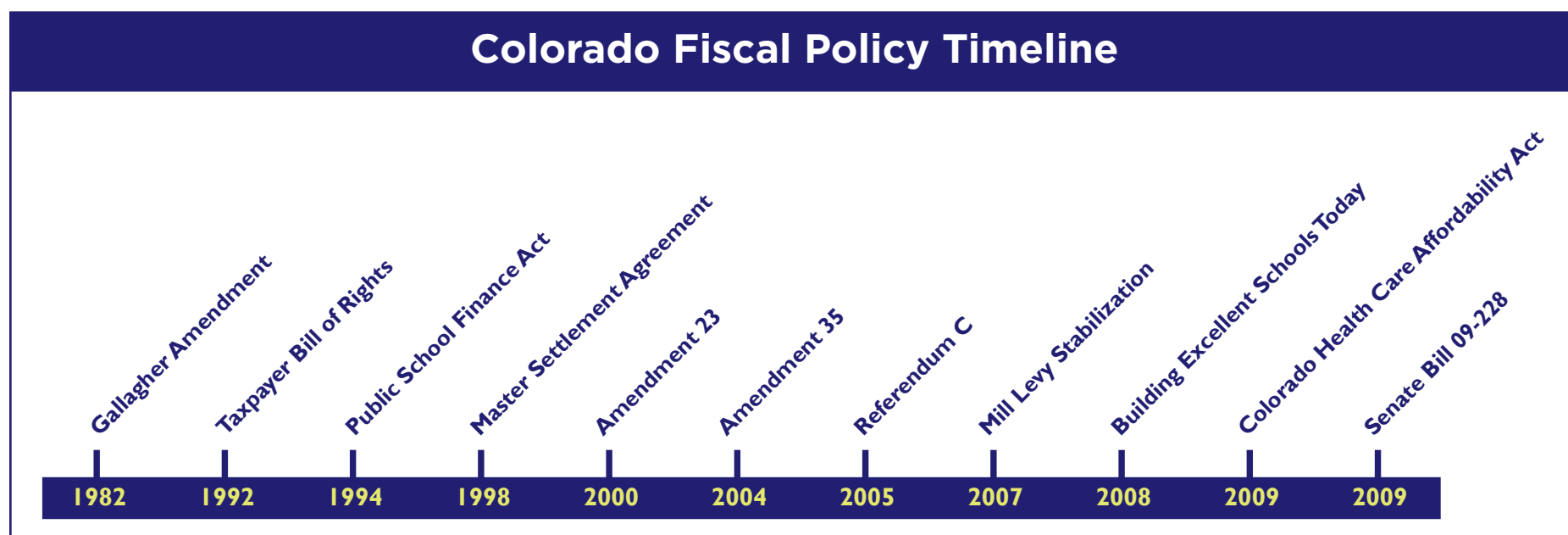
Public School Finance Act - A specified formula developed in 1994 for determining state and local financial support for operating Colorado’s 178 school districts and the Charter School Institute. Per-pupil funding is adjusted from a base dollar amount by three factors: (1) the district’s size; (2) the district’s cost of living; and (3) the district’s at-risk student population.

Referendum C - A voter-approved measure that from FY 2005–06 to FY 2009–10 allowed the State to retain all General Fund revenues in excess of the fiscal year spending limit imposed by TABOR. For FY 2010–11 and beyond, it permanently eliminated the “ratchet effect” in TABOR by allowing the state and beyond, to retain all revenues that are in excess of the TABOR fiscal year spending limit, but less than the excess state revenue cap that is adjusted each year for inflation and population growth.

³ Multiple Sources: Groginsky, Scott, et al. (2007). *Understanding Mill Levy Stabilization*. Colorado Children’s Campaign. http://www.coloradokids.org/our_issues/k12_education/projects.html Stapleton, Walker (2011). *Constitutional Provisions*. Colorado Department of the Treasury. http://www.colorado.gov/cs/Satellite/Treasury_v2/CBON/1251592160342 State of Colorado Joint Budget Committee Staff (2008). *Glossary - Acronyms and Definitions*. Colorado General Assembly. http://www.state.co.us/gov_dir/leg_dir/jbc/glossary.pdf.

Senate Bill 09-228 - Eliminated the statutory Arveschoug-Bird General Fund spending limit that kept program spending increases to 6 percent and transferred state income above the 6 percent to roads and construction.

Taxpayer Bill of Rights (TABOR) - Adopted by Colorado voters in 1992, TABOR imposes a constitutional limit on how much revenue the state can collect. Revenues include state taxes and cash fund collections from fees and fines. Federal moneys are excluded. Under TABOR, growth in state revenues is limited to the Denver-Boulder inflation rate plus the percentage change in population from the prior year. Collected revenue in excess of the inflation plus population limit must be refunded in the following fiscal year. No TABOR refunds have been issued since 2001.



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