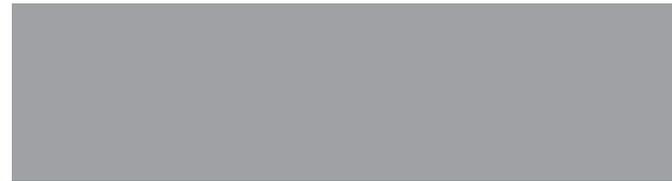
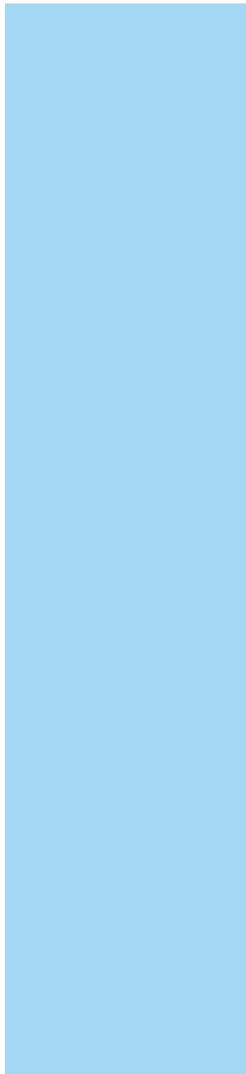


# COLORADO CHILDREN'S BUDGET 2011



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## *Acknowledgements*

The *Colorado Children's Budget 2011* was made possible by the generous support and encouragement of the Colorado Health Foundation, The Colorado Trust, The Women's Foundation of Colorado, and First Focus.

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December 21, 2011

Four years into our country's most severe fiscal crisis since the Great Depression, Colorado continues to struggle through serious financial challenges that threaten the well-being of our citizens today and well into the future. No population is more vulnerable to the impact of Colorado's current fiscal crisis than our state's children.

For the more than 1.2 million kids in Colorado who are relying on the education, health care, early childhood care and education, and other family supports they receive today to shape them into healthy, productive adults, budget decisions made in the years ahead will have implications for a lifetime. For this reason and because of our belief that providing nonpartisan, accurate data and information on Colorado's kids is the key to developing the best possible solutions to the challenges they face, we are pleased to provide the *Colorado Children's Budget 2011*. We hope the *Children's Budget 2011*, an annual analysis of the investments in programs and services supporting our state's children, will provide greater insight into how Colorado currently funds these programs and will help readers understand the complicated details of the state budget, allowing lawmakers and other stakeholders to make the best possible decisions in 2012.

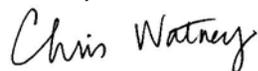
*Children's Budget 2011* reports on Colorado's public investments in programs and services supporting children during FY 2007–08 through FY 2011–12, a period marked by the beginning of the recession and a weak economic recovery. According to our research, Colorado's investments in children during this five-year period grew at an average annual rate of 3.3 percent, just barely keeping up with inflation and child population growth. However, the average growth rate over this time period in many ways disguises the full picture. Colorado experienced a peak in investments in children's programs in FY 2009–10 due to the temporary infusion of federal dollars through the American Recovery and Reinvestment Act of 2009 (ARRA). Those funds are now mostly spent and, since that peak, investments in children's programs have actually decreased during the last two fiscal years, declining by 6.4 percent in FY 2010–11 and 4.7 percent in FY 2011–12 when taking into account inflation and the growth in child population.

Unfortunately, many challenges await us in the upcoming year. Colorado is still facing a several hundred million dollar budget shortfall. Efforts are underway at the federal level to reduce the federal deficit through discretionary spending cuts, which, if passed, would likely result in additional cuts to children's programs at the state and local levels. Colorado continues to contend with a serious structural imbalance in the state budget that threatens our state's long-term economic security even as we start to recover from the recession. Finally, tangled and conflicting fiscal policies locked in by our state constitution seriously constrain the legislature's ability to effectively manage state funding.

Despite these significant obstacles, we at the Children's Campaign remain optimistic about the future of our state and our children because we know there are still opportunities to ensure Colorado kids have the best possible chance to reach their full potential and grow into productive, healthy adults. Even with our current challenges, Colorado has much in its favor as recently cited by a University of Colorado Denver study.<sup>1</sup> Colorado is a wealthy state, ranking 12th in the nation for median household income and 15th for per capita personal income. We have a highly-educated population and a diverse economy. Our state's natural beauty, climate, and recreational activities make it a highly desirable place to live. These are strengths that can help Colorado as it struggles to address the challenges facing the state budget and our less fortunate children and families.

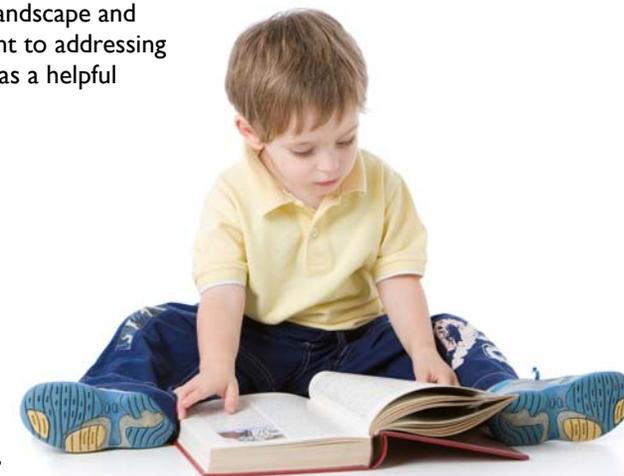
To put our kids and our state on a path to a bright and prosperous future, we believe a full understanding of the landscape and an open, robust conversation about the kind of Colorado we want are critical next steps, along with a commitment to addressing long-term structural solutions to our current fiscal quagmire. We hope *Colorado Children's Budget 2011* will serve as a helpful guide to lawmakers and those who care about children in that critical conversation.

Sincerely,



Chris Watney

President and CEO, Colorado Children's Campaign



<sup>1</sup> Fermanich, Mark. (2011). *Colorado's Fiscal Future: We'll Get What We Pay For*, University of Colorado Denver, Buechner Institute for Governance, School of Public Affairs <http://www.ucdenver.edu/academics/colleges/SPA/Documents/Fermanichreport2-16-11.pdf>

# TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>E-1</b>
<b>Methodology</b> .....	<b>M-1</b>
<b>Early Childhood Care and Education</b> .....	<b>1-1</b>
Cumulative Spending .....	1-2
Spending by Program .....	1-2
Spending by Department .....	1-3
Colorado Division of Child Care .....	1-3
Spending Change .....	1-3
Spending by Funding Source .....	1-4
Programs Funded by the Colorado Department of Public Health and Environment .....	1-4
Nurse Home Visitor Program (NHVP) .....	1-4
Child and Adult Care Food Program (CACFP) .....	1-5
Women, Infants, and Children Supplemental Food Grant (WIC).....	1-5
Programs Funded by the Colorado Department of Human Services .....	1-6
Early Intervention Services .....	1-6
Child Care Licensing and Administration .....	1-6
Colorado Child Care Assistance Program (CCCAP) .....	1-7
School Readiness Quality Improvement Program .....	1-7
Grants to Improve the Quality and Availability of Child Care .....	1-8
Early Childhood Councils .....	1-8
Colorado Preschool Program (CPP) .....	1-9
<b>Educating Children: K-12</b> .....	<b>2-1</b>
Spending Change .....	2-1
Funding by Source .....	2-2
Funding by Category .....	2-2
School Finance Act Formula .....	2-3
Base Per Pupil Funding in Dollars .....	2-3
Funded Pupil Count .....	2-3
School Finance: Total Program Funding With and Without Negative Factor .....	2-4
State and Local Share as Percent of Total Program Funding .....	2-5
Public School Finance <i>Total Program Funding</i> .....	2-5
Categorical Programs .....	2-6
Categorical Program Funding by Source .....	2-6
Categorical Programs Cumulative Funding .....	2-6
Categorical Programs Average Annual Growth Rate .....	2-6
Special Education Children With Disabilities .....	2-7
Public School Transportation .....	2-7
English Language Proficiency Program .....	2-8
Vocational Education .....	2-8
Special Education – Gifted & Talented Children .....	2-9
Expelled & At-Risk Student Services Grant Program .....	2-9
Comprehensive Health Education .....	2-10
Small Attendance Center .....	2-10
Grants and Other Programs .....	2-11

Grants and Other Programs Cumulative Funding .....	2-11
Other K-12 Funding .....	2-12
<b>Health Services and Programs for Children and Families .....</b>	<b>3-1</b>
Funding for Children’s Health Programs by Department .....	3-2
Cumulative Funding .....	3-2
Spending Change .....	3-3
Funding by Source .....	3-3
Programs Administered by the Department of Health Care Policy and Financing .....	3-4
Share of HCPF Going to Children’s Health Programs .....	3-4
Cumulative Funding .....	3-4
Medicaid Appropriations for Children, Foster Children, and Pregnant Women .....	3-5
Medicaid Mental Health Community Programs for Children, Foster Children & Pregnant Women .....	3-6
CHP+ Appropriations for Medical Premiums for Children & Pregnant Women and Children’s Dental Premium... ..	3-7
Public School Health Services .....	3-7
Select CICP Programs: Children’s Hospital Clinic Based Indigent Care and Pediatric Specialty Hospital .....	3-8
Programs Administered by the Colorado Department of Public Health and Environment .....	3-9
Spending Change .....	3-9
Cumulative Spending .....	3-9
Maternal and Child Health .....	3-10
Poison Control (includes children and adults) .....	3-11
Immunizations (includes children and adults) .....	3-11
Suicide Prevention (includes children and adults) .....	3-12
Health Disparities Program (includes children and adults) .....	3-12
Health Care Programs for Children with Special Needs .....	3-13
Programs Administered by the Department of Human Services .....	3-13
Spending Change .....	3-13
Cumulative Change .....	3-14
Early Childhood Mental Health Services .....	3-14
Treatment Services for High-Risk Pregnant Women .....	3-15
Residential Treatment for Youth .....	3-15
<b>Other Supports Services for Children and Families .....</b>	<b>4-1</b>
SpendingChange.....	4-2
Economic Security and Family Self Sufficiency .....	4-2
Cumulative Spending .....	4-2
Spending Change .....	4-3
Economic Supports by Funding Source .....	4-3
Colorado Works – Temporary Assistance to Needy Families (TANF) .....	4-4
Low Income Energy Assistance Program (LEAP) .....	4-5
Child Support Enforcement .....	4-5
Child and Youth Services .....	4-6
Cumulative Spending .....	4-6
Spending Change .....	4-6
Child and Youth Services by Funding Source .....	4-7
Child Welfare Services and Programs .....	4-7
Division of Youth Corrections (DYC) .....	4-8
Tony Grampas Youth Services Program (TGYS) .....	4-9
<b>Budget Glossary .....</b>	<b>5-1</b>

# Executive Summary

*Colorado Children's Budget 2011* tallies up Colorado's public investments during FY 2007–08 through FY 2011–12 for programs and services that enhance the well-being of children across four domains—Early Childhood, K-12 Education, Health, and Other Supports. It is intended to be a resource guide for policy-makers and advocates who are interested in better understanding how Colorado funds children's programs and services.

The children's budget is **a significant but slightly declining share of Colorado's state's budget.**

- As a percent of the total state budget, children's programs increased from 43.2 percent of the total in FY 2007–08, to a high of 45.3 percent in FY 2009–10. Since that time, the share has decreased to 41.7 percent.
- As a percent of the General Fund, children's programs increased from just over half in FY 2007–08, peaked at 56.8 percent in FY 2009–10, and have since decreased to 49.3 percent in FY 2011–12.

The release of the 2010 US Census confirmed that Colorado's child population has grown substantially since 2000. The number of children living in poverty has more than doubled since 2000, with particularly large increases in the number of children in extreme poverty. The current economic hard times are stressing more families with children, regardless of socioeconomic status. These phenomena have strained the state's social safety net.

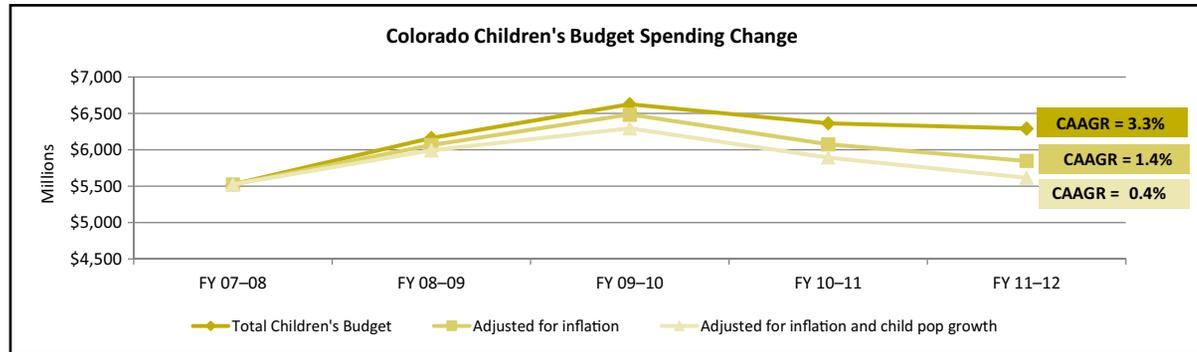
Children's programs and services are multifaceted, both in terms of how programs are delivered and how they are funded. While programs and services are intended to work in concert, the state often channels programs and funding through several state departments, each with different federal, state, and local rules, regulations, obligations, and responsibilities. To maintain services in tough economic times and to meet constitutionally mandated budget constraints, state lawmakers go to great lengths to leverage federal moneys and identify every possible source of funding so as to lessen the burden on the state's strained General Fund.

## OVERARCHING THEMES

- **Analyzing and reporting on the state budget is not easy.** Essentially Colorado presents its budget by department and line item, with less emphasis on program and performance objectives. This often means it is impossible to segregate the portion of programming that benefits children and families and/or assess program reach. Reporting and decision-making are further complicated by Colorado's reliance on so many different types of funding sources, and the necessity of reappropriating from one department to another to meet needs and balance the state's budget each year.
- The *Children's Budget 2011* shows that state appropriations for children's programs in the current fiscal year total \$6,292.2 million. **Over five years, Colorado's investment in children's programs grew at an average annual rate of 3.3 percent, just enough to keep pace with inflation and child population growth.**



- The average annual growth rates can be a little misleading, however, since the peak for appropriations actually occurred in FY 2009–10. **Budgets during the last two fiscal years have included decreases in appropriations for children’s programming of 4.0 percent in FY 2010–11 and 1.1 percent in FY 2011–12.** Taking into account inflation and the growth in child population, this translates into decreases of 6.4 percent and 4.7 percent, respectively.



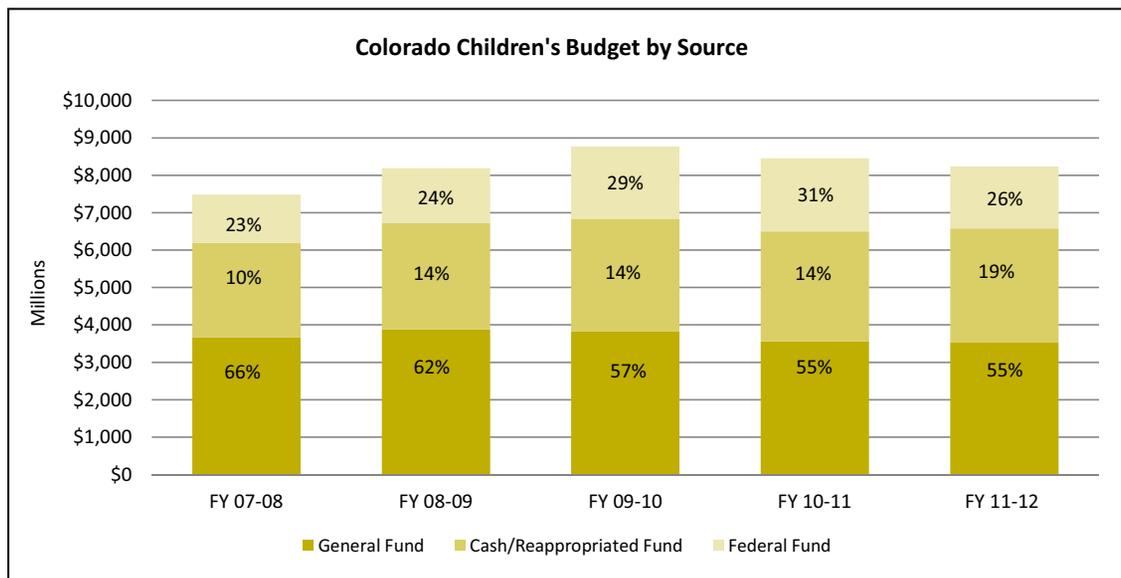
- **The increase in spending during the worst period of the recession would not have been possible without the temporary infusion of federal funds through the American Recovery and Reinvestment Act of 2009 (ARRA).** Declines in the last two fiscal years reflect the spend-down of these funds, and an insufficient revenue rebound during the recovery. **Caseloads have grown** for many programs as a result of the national recession, with its slow pace of economic recovery, putting a greater demand on service delivery. When federal entitlement programs are involved, a state cannot limit enrollment or establish a waiting list.
- When it comes to specific programs, appropriation data from FY 2007–08 through FY 2011–12 show that, overall, **whether or not a program experienced growth hinged on one of three factors:** (1) state constitutional protection; (2) dedicated cash fund revenue stream; or (3) ability to leverage substantial federal funding. If none of these exist, investments usually failed to keep pace with inflation and population.
- **Colorado relies heavily on federal grants to deliver services and support for children and families and future flows of these funds are uncertain.** In the current fiscal year (after most ARRA funds were spent), federal grants account for more than one-quarter of state spending on children, with the level of dependence on federal funding varying greatly by domain. 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. **Nationally, federal spending on children is projected to decline as a proportion of the federal budget.**<sup>1</sup> Most federal grant programs for children’s programs and services are classified as discretionary funding and are likely to bear the brunt of efforts to reduce the national debt, unless accord can be reached on ways to restructure entitlement programs and raise revenues.
- **Colorado’s “Gordian knot” of fiscal constraints and its reliance on a revenue system not capable of keeping up with state program commitments<sup>2</sup> continue to pose challenges to lawmakers as they struggle to balance the budget and meet the needs of Colorado’s children in a recovering, but still sluggish, economy.** Over the period FY 2007–08 to FY 2011–12, appropriations to children’s programs from the General Fund actually decreased at an average annual rate of 1.4 percent. After declaring fiscal emergencies in both FY 2009-10 and FY 2010–11, the state drew down cash reserves and shifted to cash funds to pay for many essential services. A declaration of fiscal emergency is a tool that legislators may be loathe to repeat.

<sup>1</sup> *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

<sup>2</sup> Looking Forward Collaboration (2007, 2009) *Colorado’s Fiscal Prospects after Referendum C* (2007), and *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 Future Phase II, Summary Report, *General Fund Revenues and Expenditure: A Structural Imbalance*. [http://www.du.edu/economicfuture/documents/StructuralImbalanceSummary\\_007.pdf](http://www.du.edu/economicfuture/documents/StructuralImbalanceSummary_007.pdf)

## SETTING THE CONTEXT

The children’s budget relies on the state’s General Fund for a large, but declining, share of financing. In the current fiscal year, the General Fund accounts for 55 percent of the total, down from two-thirds in FY 2007–08. This largely occurred as the state tried to protect funding for children’s programming, when General Fund revenues declined, or grew too slowly to keep pace.



The state has increased its reliance on cash funds to finance programs important to children. The cash fund share of funding increased from 10.5 percent in FY 2007–08 to 18.6 percent in the current fiscal year.

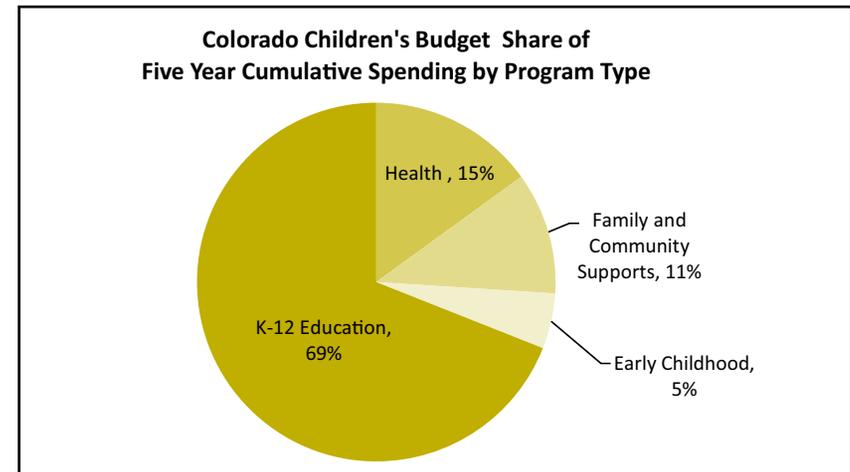
The federal government makes a substantial contribution to the children’s budget as well. Federal grants accounted for 23.4 percent of total state spending on children at the beginning of the period. The federal share peaked at 30.8 percent in FY 2010–11, largely due to temporary funding provided under the American Recovery and Reinvestment Act (ARRA), which helped the state to maintain or increase funding levels when the state’s own revenue collections lagged.

Budgets represent an important statement regarding the state’s priorities. By examining budgetary choices, it is possible to discern the level of commitment to children, and by extension, to the future strength of our community. The children’s budget accounts for a significant, but slightly declining share of the state budget.



## SPECIFIC PROGRAM DOMAINS

**Early childhood development and learning accounts for a small, but growing share of the children’s budget.** These programs account for just 5 percent of the five-year total children’s budget. Appropriations rose at an average annual rate of 4.3 percent, which is higher than the overall rate for the total children’s budget. After taking into account inflation and the rise in child population, this investment increased at an average annual rate of only 1.3 percent. After four years of increases, however, state investments in early childhood development and learning decreased in FY 2011–12 by 6.8 percent. After taking inflation and child population increases into account, the decrease is considerably larger—10.1 percent. Programs that have sustained relatively large cuts in the last two years include Women’s, Infants and Children Supplemental Food Grant (WIC), Early Intervention Services, and the Child Care Assistance Program.



**The K-12 system accounts for 69 percent of the children’s budget. Total appropriations increased at an average annual rate of 1.3 percent between FY 2007–08 and FY 2011–12.** When taking into account inflation and *student enrollment* growth, K-12 education spending declined at an average rate of 1.9 percent over this five-year period. Appropriations peaked in FY 2009–10. During the last 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 2010–11, the state introduced a budget stabilization factor (sometimes called the negative factor) in the school finance formula that reduced spending on a range of factors that ordinarily supplement base spending per pupil. Problems in funding education have arisen 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 finance.

**Health Services and Programs for Children and Families account for a small but growing share of the children’s budget. Over the last five-years, 15 percent of the children’s budget went to health programs. Total appropriations for these programs have grown substantially since FY 2007-08** with a compound average annual growth rate of 8.4 percent. After adjusting for inflation and child population increases, spending increased at an average annual rate of 5.4 percent. Caseload increases in Medicaid and the Child Health Plan *Plus* (CHP+) were the primary drivers, spurred by the economic downturn. There have been a number of eligibility expansions put in place in the state’s health programs, but many of these did not affect the children’s portion of the health budget. Eligibility expansions affecting children and pregnant women occurred primarily in the CHP+ program. Due to state budget pressures, several planned expansions had to be postponed thereby limiting their budget impact.

Colorado was able to “afford” 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 temporarily due to ARRA. Also, in 2009 the state implemented a new cash funding source in the form of the Hospital Provider Fee, which is used to leverage additional federal funding. Further, the General Assembly’s declaration of a fiscal emergency in both FY 2009–10 and FY 2010–11 allowed the state to transfer a portion of dedicated cash or reappropriated fund sources to backfill General Fund shortfalls for Medicaid. While spending on the health coverage programs administered by Health Care Policy and Financing (HCPF) increased, the public health side of the children’s budget suffered, with appropriations cut by 19 percent in FY 2011–12.

<sup>1</sup> *Children’s Budget 2010*, 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

<sup>2</sup> Looking Forward Collaboration (2007, 2009) *Colorado’s Fiscal Prospects after Referendum C* (2007), and *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 Future Phase II, Summary Report, *General Fund Revenues and Expenditure: A Structural Imbalance*. [http://www.du.edu/economicfuture/documents/StructurallmbalanceSummary\\_007.pdf](http://www.du.edu/economicfuture/documents/StructurallmbalanceSummary_007.pdf)

**Other Supports for children and families accounted for 11 percent of the Colorado children’s budget and in total, they grew at an average rate of 3.4 percent.** Other supports involve a range of programs helping children to thrive in supportive family and community settings. Appropriations for programs that enhance the economic security of families increased at an average annual growth rate of 6.5 percent over the period, or 3.5 percent after adjusting for inflation and child population growth. The peak year for spending was FY 2009–10 and since that time, appropriations have decreased, by 12.1 percent over two years. In particular, there are concerns regarding Temporary Assistance to Needy Families (TANF), as caseloads for basic cash assistance have increased. The state and counties have drawn down reserves to respond to the increase in both caseloads and the basic cash allowance amounts, but their ability to draw on TANF to support other programs, such as child welfare and child care, is greatly diminished.

Appropriations for child and youth services, including services for detained or incarcerated juveniles, are higher in FY 2011–12 (\$494.5 million) than they were in FY 2007–08, resulting in an average annual growth rate of 2.2 percent over the period. However, the growth rate did not keep pace with inflation and child population, so real purchasing power decreased by almost 1 percent during this time.

This year’s edition of the *Children’s Budget* validates last year’s assertion that declining revenues combined with unique state fiscal policies left lawmakers with tough choices and few options for addressing growing demand and need. In fact, state lawmakers may have even fewer choices as they go forward.

- The funding provided by the federal American Recovery and Reinvestment Act of 2009 (ARRA), was a one-time cushion. The federal government may not be as large a contributor in the future. Federal budget experts and child advocates predict that federal support for discretionary children’s programs could fall as much as 9 percent between 2010 and 2015, a decline seen only once in the last fifty years. These projections did not include federal spending cuts passed in Spring 2011 or any further cuts in spending anticipated due to the failure of the Super Committee (Joint Select Committee on Deficit Reduction) to reach an agreement.<sup>3</sup>
- On December 9, 2011, Denver District Judge Rappaport ruled in favor of the plaintiffs in the *Lobato vs. State of Colorado* school funding case saying that the state’s school finance system violates the state constitutional guarantees for a through and uniform education system. To comply with the decision the state would need to make substantial changes to the school finance system, diverting funds from other state programs (many of which have already been cut), or raising revenues.



<sup>3</sup> Children’s Budget 2011, First Focus, <http://www.firstfocus.net/library/reports/childrens-budget-2011>; Isaacs, J, and Stuerle, E. (2011). Kids’ Share 2011, Urban Institute-Brookings Institution, [www.urban.org/uploadedpdf/412367-Kids-Share-2011.pdf](http://www.urban.org/uploadedpdf/412367-Kids-Share-2011.pdf)

# Methodology

## Defining, Identifying, and Categorizing Programs Benefitting Children

For purposes of this document, children are defined as persons from birth to age 18. Programs were selected for inclusion if they met one of the following criteria:

- Program or service goes directly to children such as preschool, elementary and secondary education, child nutrition, child health care; also included were programs where a portion of a benefit goes directly to and solely for children such as Medicaid.
- Program or service where children are necessary for a family to qualify for benefits such as the Temporary Assistance to Needy Families (TANF); the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); or, Colorado Child Care Assistance Program (CCCAP).
- Programs or services specifically designed to intervene, prevent, educate or provide services for at-risk children, youth and their families, such as Expelled and At-Risk Student Services (EARSS), Division of Youth Corrections, Tony Grampas Youth Services, Nurse Home Visitor Program, or child welfare services.
- In cases where program benefits are not limited to children, if the data are available, the segment benefitting children is separately identified. Thus far, this apportionment is only possible in some of the health programs, such as Medicaid.

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

- Early Childhood Development and Learning
- Educating 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 appropriation amounts over a five year period, FY 2007–08 through FY 2011–12. The majority of budget numbers in this document are from annual Colorado Appropriations Reports and Colorado Joint Budget Committee (JBC) staff budget briefing documents. The Long Bill and other executive branch budget documents were also accessed. Final or actual appropriation amounts were used for fiscal years 2007–08, 2008–09, and 2009–10. In some instances actual appropriation numbers are used for FY 2010–11, but most budget numbers for fiscal years 2010–11 and 2011–12 are current appropriation amounts and are still subject to revision. Source documents are cited in the information tables for programs included in this document.

Appropriation data by department, division, and program are collected and entered into an Excel spreadsheet by funding source. Funding sources include: General Fund, cash funds, reappropriated funds, and federal funds. General Fund revenue is derived from state income and sales tax. Cash fund sources are established by statute and consist of cash accounts, fees, fines, or other non-governmental payments that may not be used by any other agency or for any other purposes than what is expressly stated. Reappropriated funds are generally non-direct federal fund transfers between departments. 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. For purposes of the children's budget analysis, cash and reappropriated funds were combined.





### Analyzing

Determining spending on children's programs is not a simple task. Colorado presents its budget by department, division, and line item, and, usually, administrative expenditures are tracked separately. Program and service objectives and outcomes are given less emphasis.

Colorado also tracks interdepartmental fund transfers. Fund transfers are referred to as reappropriated funds and are exempted from Taxpayer Bill of Rights (TABOR) revenue restrictions. Fund transfers vary and may include transfers between departments such as federal Medicaid transfers from the Department of Health Care Policy and Financing (HCPF) to the Department of Human Services (CDHS) for mental health programs or to the Colorado Department of Education (CDE) for Medicaid qualified student health services. In addition, transfers may include transfers between line-items or transfers into and out of reserve funds. This can lead to some double counting, although an effort was made to exclude reappropriated funds if clearly identified and known to be carried elsewhere in the *Children's Budget 2011*.

It is often impossible to separate the portion of programming that benefits children and families and/or assess program reach. For purposes of this document, in most cases, only the total fund amount of a single program or the total fund amount from a series of related programs is shown.

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 services is included in program appropriations.
- 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 for schools, are included in the K-12 section and included in the spending total, but are excluded from the overview where comparisons are made to state spending totals.
- Individual program table notes provide source documents and more specific and detailed methodology for each program.
- Section and table calculations are based on final or actual appropriation amounts for fiscal years 2006-07 (not shown) through 2010-11. Appropriated amounts for the current fiscal year are typically from the Long Bill (Senate Bill 11-209) or the FY 2011-12 Annual Appropriations Report, but in a few instances from departmental reports.
- Programs missing appropriation data in some years are shown for informational purposes only. For analysis, these programs are combined with other related programs to create a single grand total funding level from which further calculations are made. This occurs when programs were created or ended during the study period, or re-organized and incorporated into some other program for administrative or budget reporting purposes.



## Comparing Budget Levels

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. For example between FY 2007–08 and FY 2011–12, Colorado’s overall child budget increased 14 percent, from about \$5.5 million to nearly \$6.3 million. Because of inflation, however, every dollar spent in FY 2007–08 purchased more than that same dollar did in FY 2011–12. For each program in this document, inflation adjusted totals are based on the Colorado Legislative Council Staff published Denver-Boulder-Greeley inflation rate index, which is based on the Bureau of Labor Statistics, Consumer Price Index for all items, including projections for FY 2011–12. Since prices went up 7.6 percent over the five years tracked in this document, appropriations have to increase by at least that percentage to buy the same overall amount of services. By adjusting for inflation, it is possible to isolate the change in “real purchasing power” and in so doing, we learn that the overall increase in the amount of services provided to children by the appropriation increased by 6 percent not 14 percent.

The second important factor in comparing budget levels over time is population growth. If spending remains constant but the population to be served increases, then less will be available to spend on services provided to each person. Child population is based on the 2005 through 2010 American Community Survey (ACS) data from the U.S. Census Bureau. Child population for 2011 is an estimate based on a 1 percent annual growth rate between 2005 and 2010. Between FY 2007–08 and FY 2011–12, the child population was estimated to have increased 4.1 percent.

It would have been desirable to also standardize using measures specific to each program since it is likely that the numbers of children eligible for a service, such as the Child Health Plan Plus (CHP+), actually increased at a faster rate than the overall child population. *KIDS COUNT in Colorado* has documented that child 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 hence, were not included in this report. The sole exception is the K-12 pupil count, which is taken into consideration when evaluating school finance.

Taken together, inflation and overall population growth give us a very general estimate of the purchasing power our dollar may have. For example, the FY 2011–12 children’s budget of \$6.3 million, when adjusted for inflation and general child population growth, has an equivalent purchasing power of about \$5.6 million in constant FY 2007–08 dollars, which is just above the amount spent in 2007.

For all programs, this document shows year to year changes in nominal funding levels, in “real” funding levels after adjusting for inflation, and inflation plus child population growth. It also shows the compound average annual growth rate (CAAGR), which has the effect of smoothing 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 2007–08 appropriation to the FY 2011–12 level.

## A Word on Tax Credits

Programs benefitting children and their families also include tax credits, such as the Child Care Tax Credit or the Earned Income Tax Credit (EITC). This study, however, has excluded tax credit information.

## Reporting

Each section of this document begins with a big-picture view, looking at the cumulative spending changes on services and programs for children from FY 2007–08 through FY 2011–12. Tables follow for specific programs (or clusters of programs) that show total nominal appropriations over the five-year period, the year-over-year percent change and the compound average annual growth rate (CAAGR). A trend line graphic depicts the year to year change in the program’s appropriation level (i.e., prior to any adjustments). Without a scale, the line graph does a good job of depicting changes within any program, but can be misleading when making comparisonS across programs.

Tables also include lines showing the year-over-year percent change and average annual growth for appropriations after adjusting only for inflation (i.e., spending in constant dollars); and then when adjusted for inflation plus growth in child population (i.e., spending in constant dollars per child). Finally, the tables summarize what the programs are intended to do, identify the administering department, and describe the major financing mechanisms.

# Early Childhood Development and Learning

## Children Ready to Learn and Succeed

Three decades of research link investments in early childhood development and learning to desirable outcomes for children: readiness to learn in school, long-term academic gains, and later success in life. High-quality early care and education helps children at-risk for school failure enter kindergarten ready to learn, helps close the achievement gap, and contributes to children reading at grade level by 3<sup>rd</sup> grade when they transition from learning to read to reading to learn. Studies have also found that children in high-quality programs have better outcomes as adults, including lower rates of arrest, lower rates of teenage pregnancy, higher rates of employment, and higher incomes.<sup>1</sup> It is equally as important to meet children's physical, mental, and social/emotional development needs throughout their early years in order to enhance their readiness for school.<sup>2</sup> 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 toward greater economic self-sufficiency.

This section of the *Children's Budget 2011* focuses on Colorado's investments in services that support young children and their families, within the following departments:

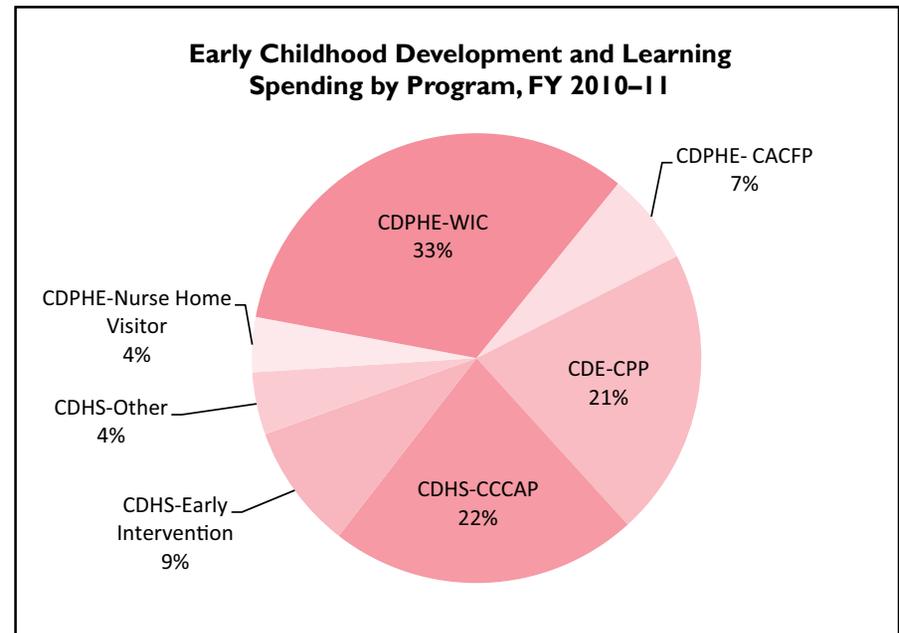
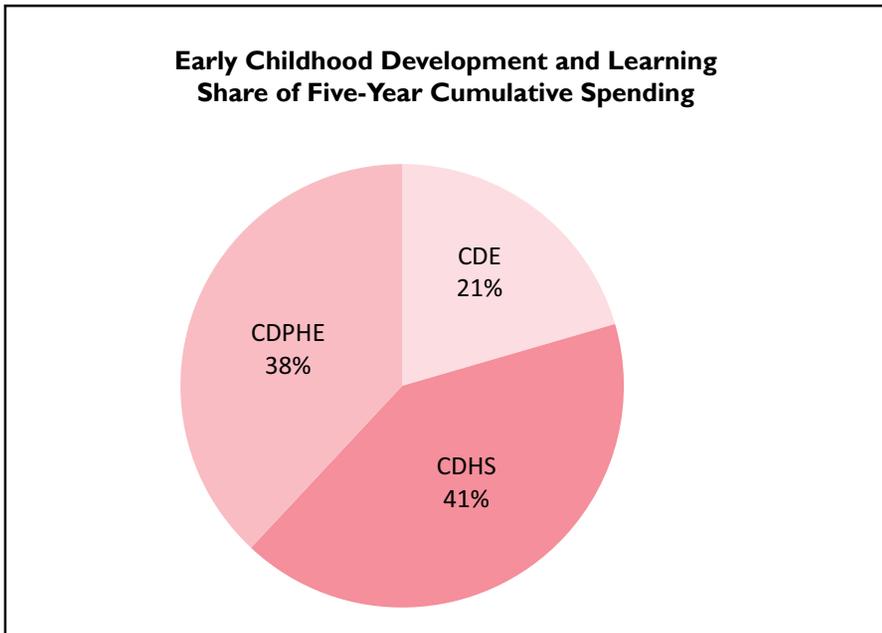
- Department of Public Health and Environment (CDPHE) programs, including the Nurse Home Visitor Program; Child and Adult Care Food Program (CACFP); and the Women, Infants, and Children Supplemental Food Grant (WIC) programs, which account for 38 percent of the children's budget for Early Childhood Development and Learning;
- Department of Human Services (CDHS) programs, 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, which account for 41 percent of the children's budget for Early Childhood Development and Learning; and,
- Department of Education's (CDE) Colorado Preschool Program (CPP), which accounts for 21 percent of the children's budget for Early Childhood Development and Learning.



<sup>1</sup> Schweinhart, Lawrence J. (2004). *The High/Scope Perry Preschool Project Through Age 40: Summary, Conclusions, and Frequently Asked Questions*. Ypsilanti, MI: High/Scope Educational Research Foundation.

<sup>2</sup> Center on the Developing Child at Harvard University. (2010). *The Foundations of Lifelong Health Are Built in Early Childhood*. Last accessed 11/22/11, <http://www.developingchild.harvard.edu>

This section first takes a big-picture view, looking at the relative departmental and programmatic spending on early childhood development and learning by amount and fund source, and trends FY 2007–08 through FY 2011–12. Tables then describe individual programs, identify funding sources, and trace the changes in funding levels from FY 2007–08 through FY 2011–12, including an adjustment for inflation and then inflation plus child population growth. In each table, a trend line graphic depicts the change in program spending for this time period.



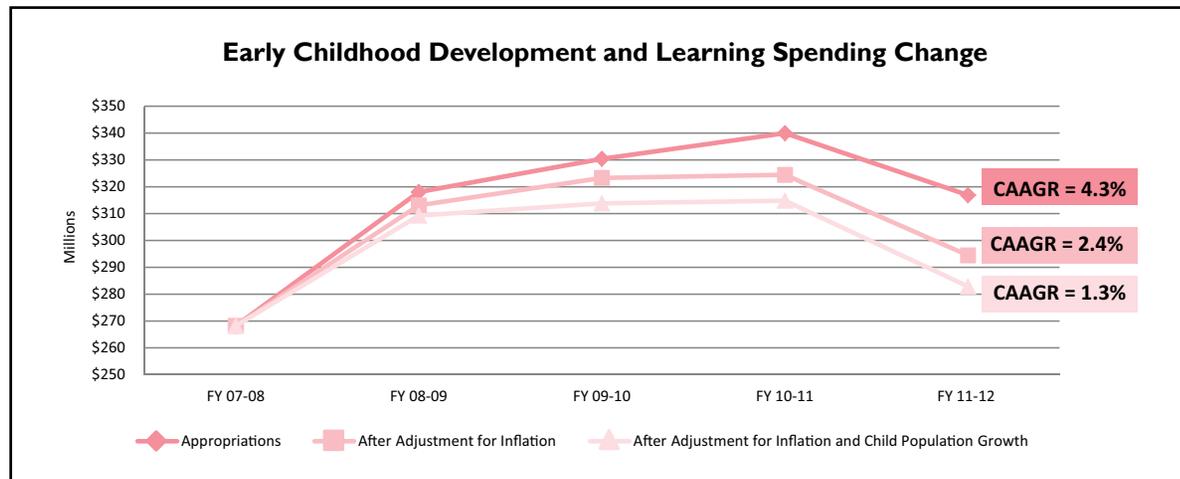
Other programs that figure prominently in state plans to meet the needs of young children are not included in this section. Support for special needs education in Colorado preschool programming is included in the K-12 section of the *Children's Budget 2011* under Special Education Children with Disabilities and amounts to \$20 to \$23.6 million. Mental health and psychiatric support for children with serious emotional disturbance is found in the health section under Early Childhood Mental Health Services. Head Start (including Early Head Start and Migrant and Native programs), is one of the pillars of the state's efforts to meet the needs of young children. It is a federal program that provided \$89,636,504 in FY 2010–2011 for early education and other supports to almost 12,000 young children. These funds, however, flow directly to local providers of services and may only be used by Head Start grantees or delegates using the Head Start Performance Framework to serve Head Start eligible children. These funds are excluded from the totals in this document.

Over the past five years, the state has increased its commitment to early childhood development and learning programs. In FY 2011–12, the state expects to spend almost \$316.9 million. This represents an average annual increase of 4.3 percent in early childhood development and learning programs. After taking into account inflation over the period, the percentage increase drops to 2.4 percent. Given the increase in the child population over the period, funding in constant dollars per child in the state increased at an average annual rate of only 1.3 percent.

However, American Recovery and Reinvestment Act of 2009 (ARRA) funds supported some of the growth during this period. These funds will **not** be available in FY 2011–12. As shown in the figure below, the growth trend reverses in FY 2011–12. After four years of increases, the budget for early childhood development and learning programs in FY 2011–12 decreased by 6.8 percent from the prior year. After taking into account the effects of inflation on purchasing power, and the growth of child population, the percentage decrease is considerably larger—10.1 percent.

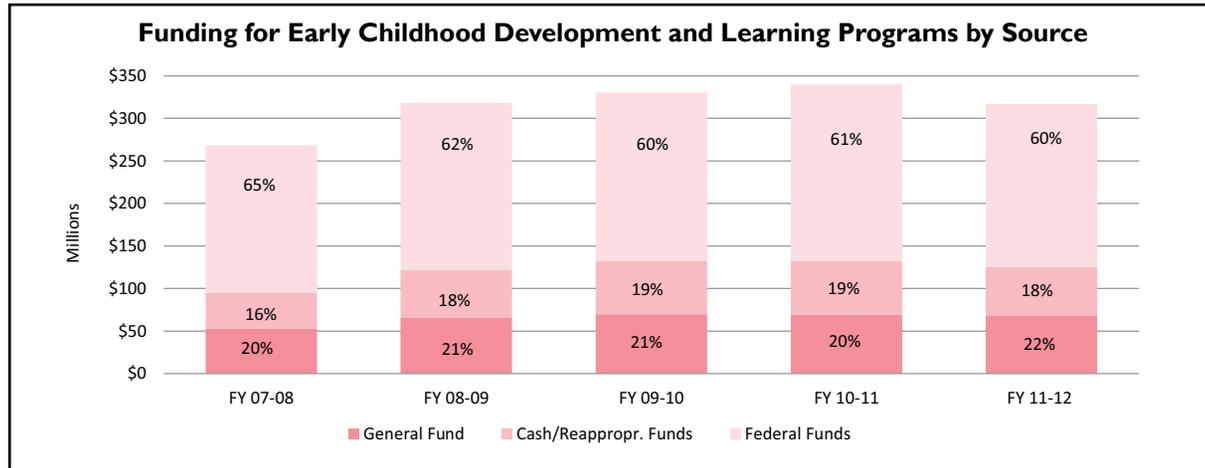


The recent decreases depicted in the graph primarily reflect funding changes in the Women, Infants, and Children Supplemental (WIC) program, Early Intervention Services, the Colorado Preschool Program (CPP), and the Colorado Child Care Assistance Program (CCCAP).



Early childhood development and learning programs rely heavily on federal funds. Over the five years, FY 2007–08 through FY 2011–12, more than \$6 of every \$10 spent came from federal grants. Dependence on federal funding varies by department. For example, over 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). About 60 percent of spending by CDHS comes from federal grants, primarily from the Child Care and Development Block Grant. In contrast, CDE’s preschool programs rely heavily on state funding.

The General Fund provided 21 percent of total spending on Early Childhood Development and Learning over five years, FY 2007–08 through FY 2011–12. Cash funds provided about 18 percent of total spending over the same period. Cash fund support for early childhood development and learning comes 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 inspecting, licensing, and monitoring of child care facilities; and local funding helps support the Colorado Preschool Program and a community’s child care subsidy program.



## 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 all first-time pregnant women whose incomes are under 200 percent of the federal poverty level (\$44,700 annually for a family of four in 2011) and who elect to participate in the program. Staff address a mother’s personal health; provide advice on 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) moneys and supplemented by federal Medicaid funds for targeted case management reimbursement. In FY 2011–12, the program received a new federal grant and funding increased.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR	
Funding Level	\$9,995,323	\$12,361,408	\$12,737,350	\$13,444,464	\$16,829,547		
% Change From Previous Year		11.4%	23.7%	3.0%	5.6%	25.2%	<b>13.9%</b>
% Change (Inflation Adjusted)		8.1%	21.7%	2.4%	2.9%	21.9%	<b>11.8%</b>
% Change (Inflation & Child Population Adjusted)		6.0%	20.3%	0.6%	2.9%	20.7%	<b>10.7%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Public Health and Environment, Administrative and Health Divisions, FY 2009–2010 and FY 2010–2011*; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report, Fiscal Year 2011–12*; Colorado Department of Public Health and Environment, *Nurse Home Visitor Program Annual Report, July 2009–June 2010* [http://www.cdph.state.co.us/ps/nursehome/0910%20NHVP%20Fiscal%20Report\\_CDPHE.pdf](http://www.cdph.state.co.us/ps/nursehome/0910%20NHVP%20Fiscal%20Report_CDPHE.pdf);

## 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$21,214,960	\$22,594,553	\$23,278,564	\$22,580,394	\$23,290,471	
% Change From Previous Year	5.5%	6.5%	3.0%	-3.0%	3.1%	<b>2.4%</b>
% Change (Inflation Adjusted)	2.3%	4.8%	2.4%	-5.4%	0.4%	<b>0.5%</b>
% Change (Inflation & Child Population Adjusted)	0.4%	3.6%	0.6%	-5.4%	-0.6%	<b>-0.5%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Public Health and Environment*, Administrative and Health Divisions, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; Colorado Department of Public Health and Environment, *Colorado Child and Adult Food Program*, <http://www.cdph.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:** The program provides supplemental food, health care referral, and nutrition education for low-income pregnant, breast feeding 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 (\$41,348 per year for a family of four in 2011), 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$83,080,552	\$91,763,930	\$91,938,849	\$111,913,876	\$95,235,306	
% Change From Previous Year	15.7%	10.5%	0.2%	21.7%	-14.9%	<b>3.5%</b>
% Change (Inflation Adjusted)	12.2%	8.7%	-0.4%	18.7%	-17.1%	<b>1.6%</b>
% Change (Inflation & Child Population Adjusted)	10.1%	7.4%	-2.1%	18.7%	-18.0%	<b>0.6%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Public Health and Environment*, Administrative and Health Divisions, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, FY 2011–12; 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. Services are designed and delivered through an Individualized Family Service plan (IFSP) that outlines services needed both by the child and the child’s family. The program also supports Child Find, a referral system that works at the local level to ensure that children with developmental issues are identified at as young an age 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 Part C of the Individuals with Disabilities Education Act (IDEA), and cash funds. In FY 2011–12, the breakdown of funding is projected to be 57 percent from the General Fund, 30 percent from federal funds, and 13 percent from cash funds (\$ from private insurance). In FY 2010–11, the program benefitted from an infusion of federal ARRA funds.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	17,599,086	24,305,951	30,277,458	30,594,018	26,232,565	
% Change From Previous Year	N/A	38.1%	24.6%	1.0%	-14.3%	<b>10.5%</b>
% Change (Inflation Adjusted)	N/A	36.0%	23.8%	-1.4%	-16.5%	<b>8.5%</b>
% Change (Inflation & Child Population Adjusted)	N/A	34.3%	21.7%	-1.5%	-17.3%	<b>7.4%</b>



**Sources:** JBC Staff Briefing Documents, Department of Human Services, *Services for People with Disabilities*, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12.

**Notes:** N/A indicates that funding information for FY 2006–07 was not available, so the percentage change could not be calculated.

### Child Care Licensing and Administration

**Program:** This appropriation provides support to the Division of Child Care for licensing and monitoring of over 9,000 child care facilities, including child care homes and centers, pre-school 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 derives 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 2010-11, just over 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$6,226,105	\$6,280,823	\$6,215,878	\$6,551,553	\$6,556,852	
% Change From Previous Year	0.4%	0.9%	-1.0%	5.4%	0.1%	<b>1.3%</b>
% Change (Inflation Adjusted)	-2.6%	-0.7%	-1.6%	2.8%	-2.5%	<b>-0.5%</b>
% Change (Inflation & Child Population Adjusted)	-4.4%	-1.9%	-3.3%	2.7%	-3.5%	<b>-1.5%</b>



**Sources:** JBC Staff Briefing Documents, Department of Human Services, Division of Child Welfare, *Division of Child Care, Division of Youth Corrections*, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12, *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. According to CDHS’ latest available data, CCCAP went from serving 37,131 children in FY 2007–08 to 40,869 children in FY 2009–10, an increase of 9.1 percent. Due to difficulties arising from the conversion to a new data system, caseload data for FY 2010–11 are based on a percentage decrease in funding and an estimated 4,270 fewer children served.

**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 2008–09 (\$11.1 million) and FY 2009–10 (\$10.4 million). By FY 2010–11, 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.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$75,668,324	\$86,033,041	\$86,023,422	\$75,618,195	\$73,976,592	
% Change From Previous Year	3.0%	13.7%	-0.01%	-12.1%	-2.2%	<b>-0.6%</b>
% Change (Inflation Adjusted)	0.0%	11.9%	-0.6%	-14.3%	-4.7%	<b>-2.4%</b>
% Change (Inflation & Child Population Adjusted)	-1.9%	10.6%	-2.3%	-14.3%	-5.7%	<b>-3.3%</b>



**Sources:** JBC Staff Briefing Documents, Department of Human Services, Division of Child Welfare, *Division of Child Care, Division of Youth Corrections*, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; personal correspondence with Bulicz, L, Associate Director, Division of Child Care, CDHS, 11/21/11.  
**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.

## 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 turn-around plan, or are subject to restructuring.

**Department:** Colorado Department of Human Services

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

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$2,205,150	\$2,226,834	\$2,235,113	\$2,229,305	\$2,228,586	
% Change From Previous Year	-0.4%	1.0%	0.4%	-0.3%	0.0%	<b>0.3%</b>
% Change (Inflation Adjusted)	-3.3%	-0.6%	-0.2%	-2.7%	-2.7%	<b>-1.6%</b>
% Change (Inflation & Child Population Adjusted)	-5.2%	-1.8%	-2.0%	-2.8%	-3.6%	<b>-2.5%</b>



**Sources:** JBC Staff Briefing Documents, Department of Human Services, *Division of Child Welfare, Division of Child Care, Division of Youth Corrections*, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; *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 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 Child Care 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.

**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.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$3,453,140	\$3,473,583	\$3,471,723	\$3,473,633	\$3,473,633	
% Change From Previous Year	N/A	0.6%	-0.1%	0.1%	0.0%	<b>0.1%</b>
% Change (Inflation Adjusted)	N/A	-1.0%	-0.7%	-2.4%	-2.6%	<b>-1.7%</b>
% Change (Inflation & Child Population Adjusted)	N/A	-2.2%	-2.4%	-2.5%	-3.6%	<b>-2.7%</b>



**Sources:** JBC Staff Briefing Documents, Department of Human Services, *Division of Child Welfare, Division of Child Care, Division of Youth Corrections*, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12; Department of Human Services *Line Item Descriptions, Division of Child Care FY 09–10 Budget Request*, November 1, 2008 (p.6-8) <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1228349667933&ssbinary=true>  
**Notes:** This new line item was created in FY 2007–08 to combine two line items: 1) “Grants to Improve the Quality and Availability of Child Care” and 2) “Federal Discretionary Child Care Funds Earmarked for Certain Purposes.” These grants also help the state meet work participation requirements under TANF. N/A indicates that funding information for FY 2006–07 was not available, so the percentage change could not be calculated.

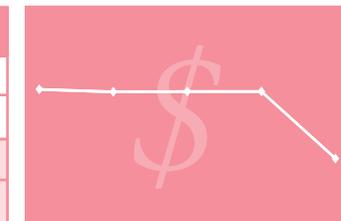
## Early Childhood Councils

**Program:** House Bill 07-1062 formally established the Early Childhood Councils. Councils 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.

**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 2007–08 through FY 2010–11, state funds were also appropriated. Councils also receive foundation and local government support that is not shown here.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$3,016,775	\$2,979,597	\$2,985,201	\$2,985,201	\$1,978,317	
% Change From Previous Year	210.2%	-1.2%	0.2%	0.0%	-33.7%	<b>-10.0%</b>
% Change (Inflation Adjusted)	201.0%	-2.8%	-0.4%	-2.5%	-35.5%	<b>-11.6%</b>
% Change (Inflation & Child Population Adjusted)	195.4%	-3.9%	-2.1%	-2.5%	-36.1%	<b>-12.5%</b>



**Sources:** JBC Staff Briefing Documents, Department of Human Services, *Division of Child Welfare, Division of Child Care, Division of Youth Corrections*, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee Appropriations Report, Fiscal Year 2011–12; Colorado Race to the Top - Early Learning Challenge Application for Initial Funding CFDA Number: 84.412

# 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 by the state and district advisory councils. Programs may be delivered by the school districts themselves, or they may contract with a Head Start or other community-based child care programs.

**Department:** Colorado Department of Education

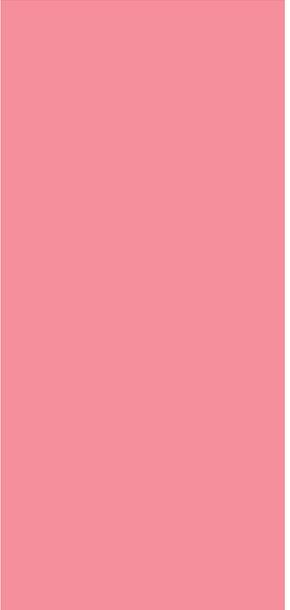
**Financing:** CPP is financed through the School Finance Formula, which means that financing is shared between the state and local districts, with the state share deriving from both the General Fund and Cash Funds. The local share varies slightly by year, ranging in the past five years from 36 to 39 percent. Actual 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	45,736,834	\$65,986,666	\$73,252,183	\$70,589,126	\$67,073,312	
% Change From Previous Year	19.1%	44.3%	11.0%	-3.6%	-5.0%	<b>10.0%</b>
% Change (Inflation Adjusted)	15.5%	42.0%	10.3%	-6.0%	-7.5%	<b>8.0%</b>
% Change (Inflation & Child Population Adjusted)	13.4%	40.3%	8.4%	-6.1%	-8.4%	<b>7.0%</b>



**Sources:** Colorado Department of Education, *Colorado Preschool Program Public Finance Unit*, FY 2008–2009 through FY 2011–2012 (personal communication with L. Bowers, 10/5/11). State of Colorado, *Race to the Top – Early Learning Challenge Application for Initial Funding*, for FY2007-2008.

**Notes:** Prior to 2008, the CPP and Kindergarten Program “slots” were used to fund children in full-day kindergarten. In House Bill 08-1388, as opportunities for full-day kindergarten funding were expanded across the state, the CPP returned to its original mission of only serving preschool children. [http://www.cde.state.co.us/cpp/download/CPPOcs/2011\\_CPP\\_Legislative\\_Report.pdf](http://www.cde.state.co.us/cpp/download/CPPOcs/2011_CPP_Legislative_Report.pdf). The data for FY 2006–07 and FY 2007–08 are approximations based on the number of preschool slots and average cost per slot. Total program funding (including funds used for preschool and extending kindergarten to full day) in FY 2007–08 was \$53,802,552.



# Educating Children: K-12



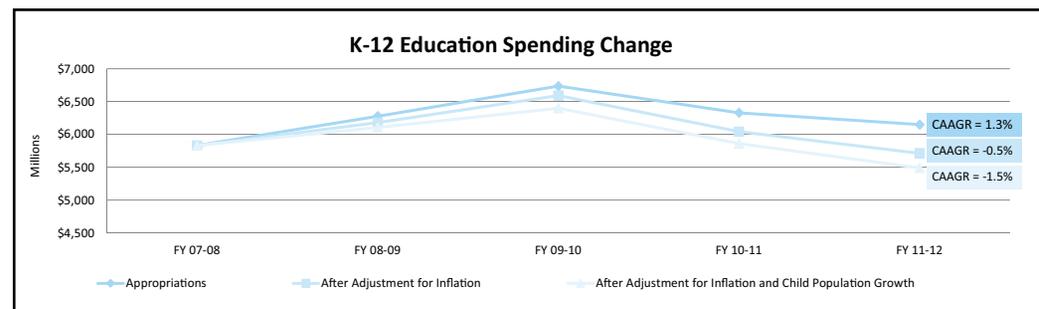
## Educating Children

Receiving a high-quality education and graduating from high school prepared for college or a job is paramount for all children, since educational attainment is a key determinant of many life outcomes, including income, family stability, and health status. Therefore, broad and equal access to quality education is critical to supporting our nation's economic stability, future prosperity, and democracy.

The education section of the *Children's Budget 2011* discusses programs administered by the Colorado Department of Education (CDE) in support of K-12 educational activities. While all of the Department's expenditures may be said to benefit children, this section of the Children's Budget excludes all management and administration and state library funding.<sup>1</sup>

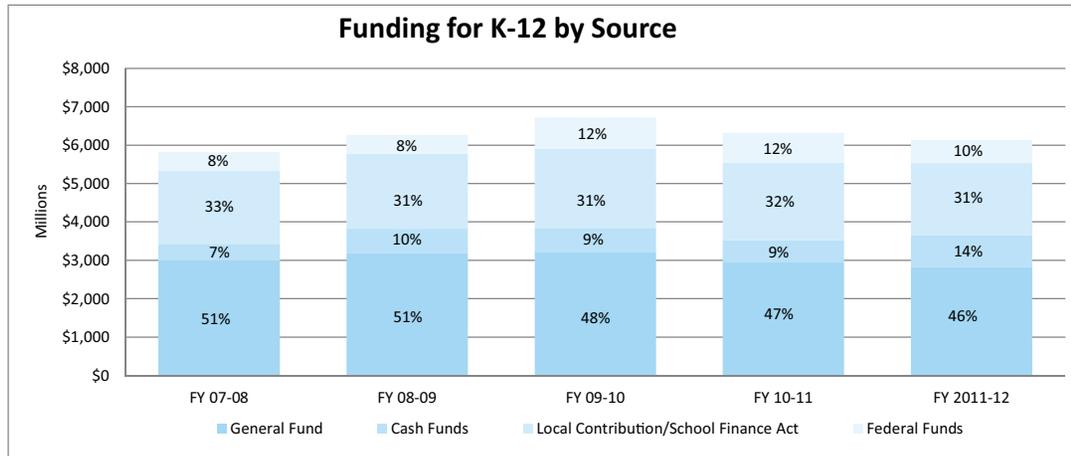
The figure below shows the CDE's budget, spent in support of K-12 education over a five-year period, including the local contribution to public school funding required under the School Finance Act. In FY 2011–12, the total amount appropriated is \$6,147.5 million with a compound average annual growth rate of 1.3 percent between FY 2007–08 and FY 2011–12. When taking into account the effect of inflation and child population growth, K-12 education spending declined an average of 1.5 percent over this five-year period. We also adjusted total expenditures by inflation and pupil count since most of the K-12 budget is directly driven by student enrollment and enrollment has increased at a faster rate than the overall child population. Using this calculation K-12 education spending declined at an average rate of 1.9 percent over this five-year period.

The statistics reported above focus primarily on changes from the beginning of the five-year period to the end and mask the trend in between. Spending for K-12 education peaked in FY 2009-10 and has declined since then. The budget for FY 2011–12 includes \$6,147.5 million for these programs, which is 8.7 percent less than the amount spent in FY 2009-10. After taking into account the effects of inflation and pupil count growth, real purchasing power per pupil (i.e., the amount of educational services that can be provided per student) has decreased fully 15.1 percent over the last two years.



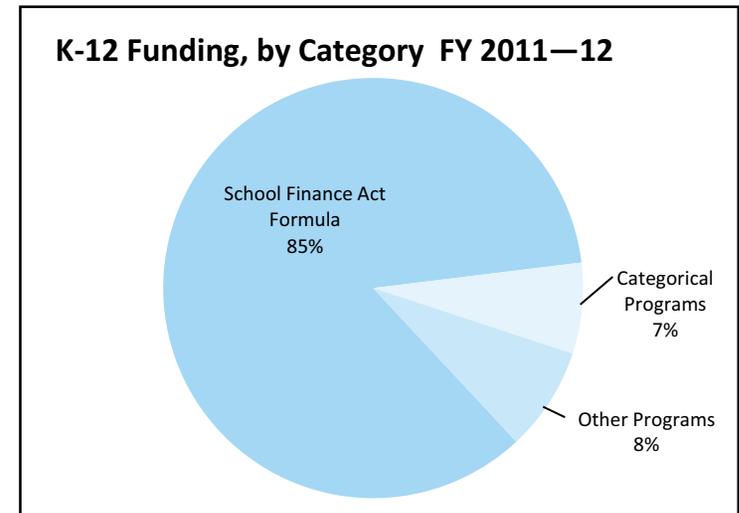
<sup>1</sup> For purposes of the section overview, the total budget, except for the stated exclusions, includes the Colorado Preschool Program and Public School Health Services even though this may result in a small amount of double counting. Portions of the Colorado Preschool Program are more fully 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.

Responsibility for funding K-12 education primarily rests with states and localities. Jointly the state and school districts cover about 9 of every 10 cents spent on K-12 education. The federal government, with its interest in the national quality of public schools, may also provide assistance that is intended to supplement, not supplant, the K-12 funding provided by states.<sup>2</sup> The federal share varies by year, from a low of almost 8 percent to just over 12 percent. The higher levels of support came in FY 2009–10 and FY 2010–11, when additional funding was provided as part of anti-recession efforts through the American Recovery and Reinvestment Act (ARRA).



This chapter of the *Children's Budget 2011* examines Colorado's K-12 education budget in three parts.

- It focuses first on the largest component of funding for public schools, which is determined through the School Finance Act formula,<sup>3</sup> and accounts for 85 percent of the total funding in FY 2011–12.
- The second section focuses on the categorical programs, which have a special status in the state's constitution through Amendment 23, and which account for 7 percent of the total K-12 education budget.
- The final section discusses remaining programs, which make up 8 percent of the FY 2011–12 K-12 budget. Each section is prefaced by a brief overview.



Each section includes detailed tables for programs of particular interest. These tables show program funding amounts; a trend line graphic tracks the change in funding from FY 2007–08 through FY 2011–12. In addition, tables include a line showing the year-over-year percent change in funding when adjusted for inflation, as well as a line showing the year-over-year percent change in funding when adjusted for inflation plus growth in child population.

<sup>2</sup> U.S. Department of Education (2005). 10 Facts About K-12 Education Funding. Washington, D.C. [www.ed.gov/about/overview/fed/10facts/index.html](http://www.ed.gov/about/overview/fed/10facts/index.html)

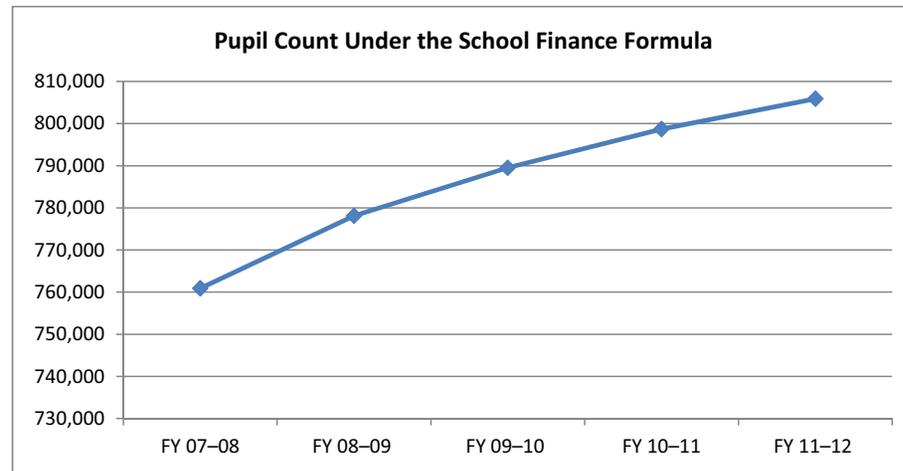
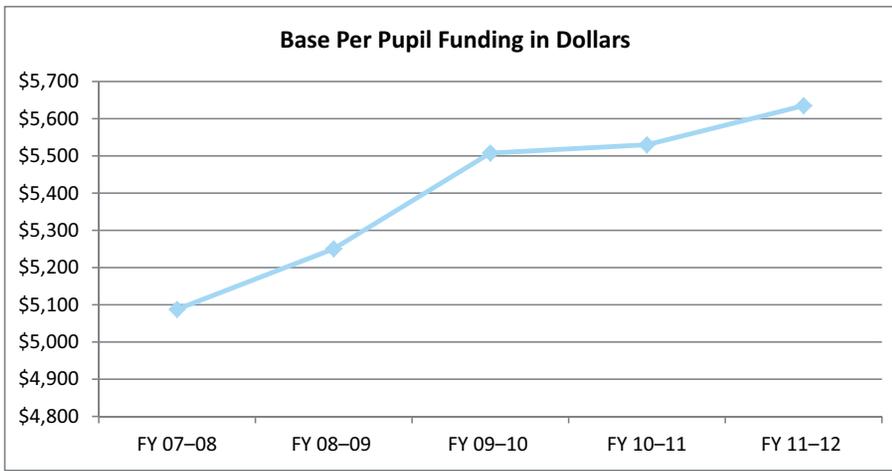
<sup>3</sup> C.R.S. Title 22, Article 54.



## 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.” Article IX, Section 2 of 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.”<sup>4</sup> 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.<sup>5</sup>

The School Finance Act allocates funds among the state’s 178 school districts and the Charter School Institute.<sup>6</sup> The School Finance Act formula calculates a specific amount of per-pupil funding for each school district. The formula then multiplies each district’s student count number times a flat base amount, which is the same for all districts. Article IX, Section 17, of 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 2010–11, and by the rate of inflation thereafter. Adjustments to the base are then made for districts based on specific characteristics having to do with cost of living, size of district, and presence of at-risk students.

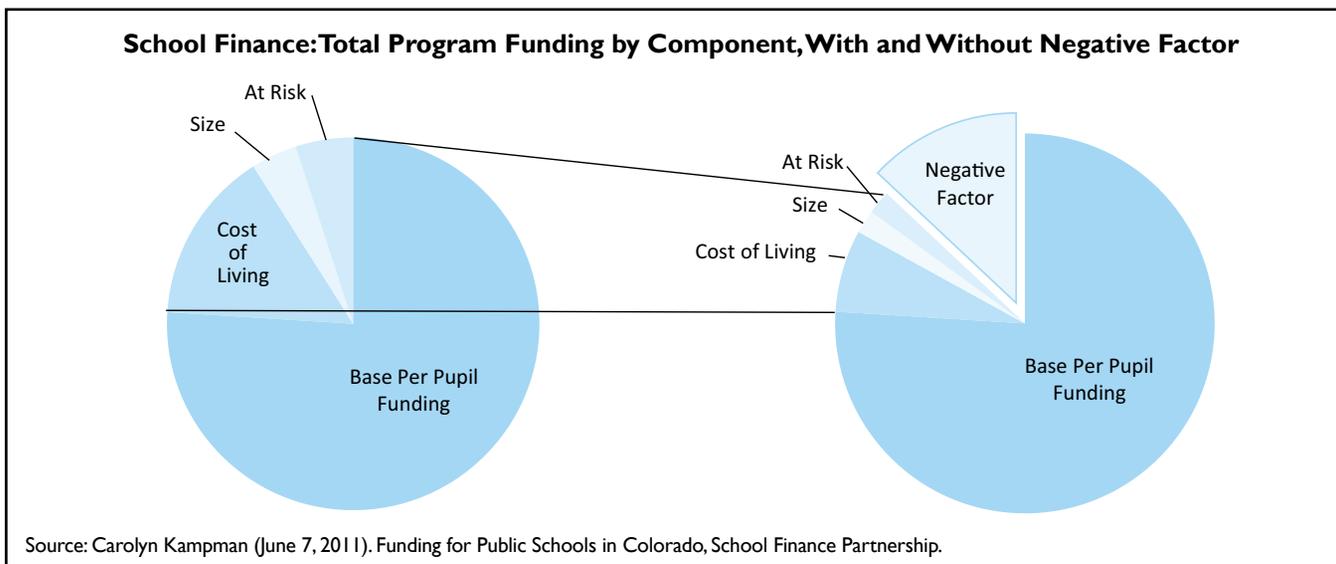


<sup>4</sup> This analysis was done without reliance on any documents presented in the case of *Lobato v. Colorado*. If upheld on appeal, the December 9, 2011, recent decision by Denver District Judge Rappaport that Colorado’s current school-funding system fails to provide a “thorough and uniform” system of education as outlined in the Colorado Constitution will require changes to the School Financing system and have tremendous impact on future trends.

<sup>5</sup> 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.coalition.org/fez/eserv/co:9422/ga42002sc62005internet.pdf>

<sup>6</sup> 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>

In FY 2010–11 and FY 2011–12, the School Finance formula includes a budget stabilization factor that 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. In FY 2010–11 the factor was -6.35 percent.<sup>7</sup> As a result, CDE calculated total program funding for each district,<sup>8</sup> and then reduced each district’s total program funding by 6.35 percent. This new 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 following chart. In FY 2011–12, the negative factor is estimated to be 12.9 percent, which reduces statewide appropriations by \$774 million from the amount that otherwise would have been determined by the Formula.<sup>9</sup>



In FY 2011–12, the total program funding appropriation is \$5.2 billion: \$4.5 billion is base per pupil funding and \$700 million is based on the other factors. Had the negative factor not been applied, total program funding would have been \$6 billion, comprised of the same \$4.5 billion in base per pupil funding, plus fully \$1.5 billion for the other factors.

After the formula specifies the amount available for each district, the next step is to calculate how much of the cost is to be paid for locally. The first dollars used to provide the specified level of education funding come from local sources; the state then makes up any difference that remains. The amount that local governments can raise to support education has been constrained by the interaction of two constitutional amendments, the Gallagher Amendment in 1982 and the Taxpayer Bill of Rights (TABOR) in 1992. This has led to a gradual growth in the state’s share of educational costs. Senate Bill 07-199, which stopped the automatic decline of school district property tax rates in most districts, is expected to moderate this trend.<sup>10</sup>

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

- The SEF was established by Amendment 23. The SEF receives 1/3 of 1 percent of state income tax revenues, plus any interest earned on the fund balance. Money from SEF is appropriated for specific education related purposes.
- The SPSF 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 significantly from year to year.

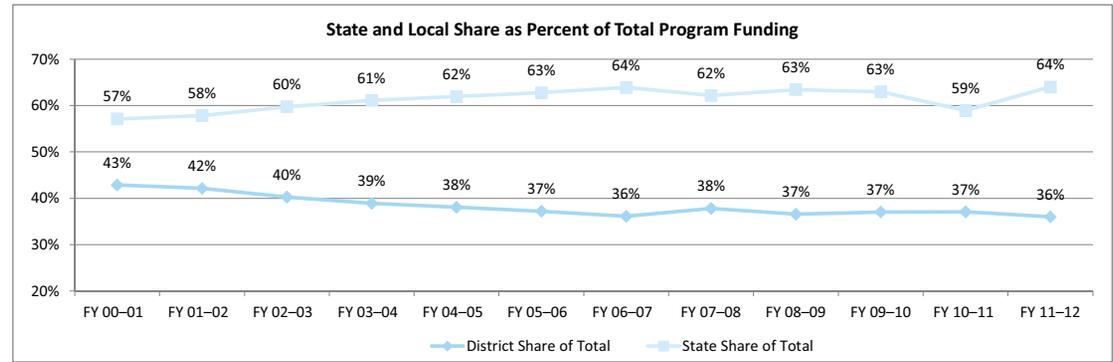
<sup>7</sup> FY 2011–12 JBC Staff Budget Briefing Department of Education

<sup>8</sup> Total program funding describes the total amount of money each school district receives under the School Finance Act.

<sup>9</sup> 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 2011, pp. 1-8.

<sup>10</sup> 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.

The local share of funding comes from local vehicle registration taxes and local property taxes and is accounted for in this analysis. Local governments also have the option to raise additional funds for education through mill levy overrides or bond issues. These sources of funds are not included in this analysis.



## 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. 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 and district size. The *Total Program* amount also includes additional funding for at-risk pupils. Starting in FY 2010–11, a new factor—the “Negative Factor”—was introduced in the school finance formula by SB 11-230. This factor reduces the amount of funding districts would have received by a specified total amount. Categorical programs identified in the state constitution are funded separately and then added to the total. \*The total for FY 2010-11 includes \$216.4 million in one-time federal funds (Education Jobs Fund and American Recovery and Reinvestment Act) distributed in School Finance Act formula.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
<b>Total Program Funding Level</b>	\$5,068,284,706	\$5,349,019,294	\$5,587,765,303	\$5,441,603,049	\$5,212,694,674	
% Change From Previous Year	5.8%	5.5%	4.5%	-2.6%	-4.2%	<b>0.7%</b>
% Change (Inflation Adjusted)	2.7%	3.9%	3.8%	-5.0%	-6.7%	<b>-1.1%</b>
% Change (Inflation & Child Population Adjusted)	0.8%	2.6%	2.0%	-5.1%	-7.6%	<b>-1.7%</b>
<b>State Share of Total Program</b>	\$3,152,312,811	\$3,392,935,424	\$3,518,869,631	\$3,206,388,882	\$3,336,345,165	
% Change From Previous Year	3.0%	7.6%	3.7%	-8.9%	4.1%	<b>1.4%</b>
% Change (Inflation Adjusted)	0.0%	6.0%	3.1%	-11.1%	1.3%	<b>-0.4%</b>
% Change (Inflation & Child Population Adjusted)	-1.9%	4.7%	1.3%	-11.2%	0.3%	<b>-1.1%</b>



**Sources:** Colorado Joint Budget Committee FY 2011-12 Annual Appropriations Report (p.4); CDE *Understanding Colorado School Finance and Categorical Program Funding* (2011). Program and Financing descriptions are from the CDE, July 2011 publication: *Understanding the School Finance and Categorical Program Funding*. <http://www.cde.state.co.us/cdefinance/download/pdf/FY2011-12Brochure.pdf>; Colorado Legislative Council Staff (2011).

**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, the “Colorado Preschool and Kindergarten Program” was renamed the “Colorado Preschool Program” (CPP), and 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 Detail on CPP may be found in the Early Childhood Development and Learning Section of this report.

## Categorical Programs

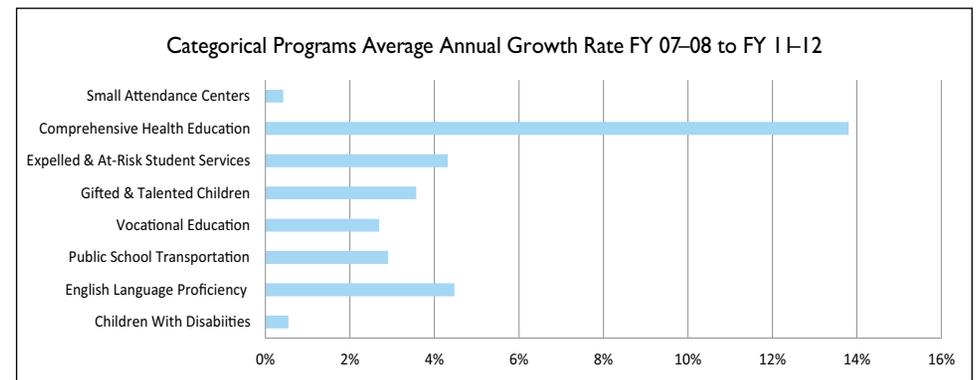
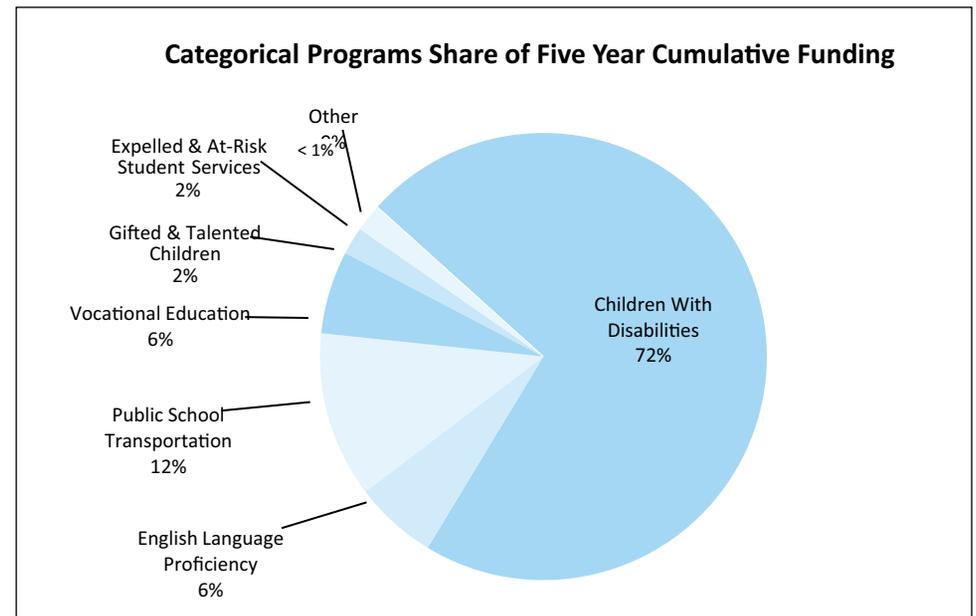
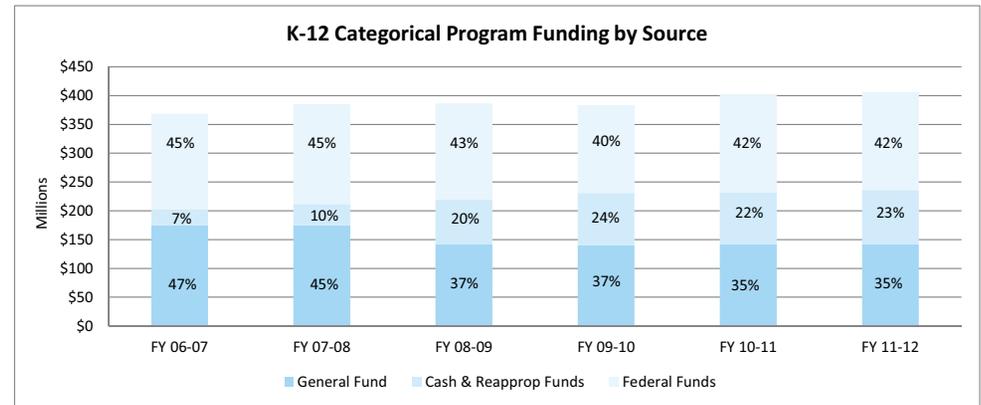
The second component of the K-12 Education budget consists of eight categorical programs. Amendment 23 identifies these programs and specifies that, in combination, state funding for these programs must increase at the same rate as per-pupil base funding (inflation plus 1 percent through FY 2010–11 and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

Spending for categorical programs is projected to total \$406.1 million in FY 2011–12. Funding has increased at an average annual growth rate of 1.3 percent over the last five years. Total spending did not necessarily increase from year to year, however, due to fluctuations in the federal funding contribution. Two of the eight categorical programs—Special Education and English Language Proficiency—rely to a significant extent on federal funding, while the other six receive no federal funds. State financing comes primarily 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 to the right.

The largest of the categorical programs is special education for children with disabilities, which accounts for 72 percent of the combined budget for these programs.



Spending in each of the categorical programs has increased over the five-year period, as evidenced by positive compound average annual growth rates as shown in the figure to the right. The rate of increase varies, however, reflecting a combination of legislative priorities and federal funds availability. The biggest increases are in spending for Comprehensive Health Education, English Language Proficiency, and Expelled and At-Risk Student Services.



## Special Education Children With Disabilities

**Program:** The State Exceptional Children’s Educational Act, ECEA, C.R.S. 22-20-101, 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. Over the past five years, it accounted for 55 percent of total spending, but the specific portion varied by year. The program also benefitted from ARRA funding. The state’s contribution comes primarily from the General Fund and the School Education Fund.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$282,426,975	\$284,228,028	\$269,814,937	\$286,289,454	\$288,628,104	
% Change From Previous Year	4.1%	0.6%	-5.1%	6.1%	0.8%	<b>0.5%</b>
% Change (Inflation Adjusted)	1.0%	-0.9%	-5.6%	3.5%	-1.8%	<b>-1.3%</b>
% Change (Inflation & Child Population Adjusted)	-0.9%	-2.1%	-7.3%	3.4%	-2.8%	<b>-2.3%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2010–11, FY 2011–12; Long Bill (SB 11-209). Colorado Department of Education, *2010 Pupil Membership*; CDE *Understanding Colorado School Finance and Categorical Program Funding* (2011).

**Notes:** The funding provided through this program only covers about 35 percent of the cost of special education services.

## Public School Transportation

**Program:** The Public School Transportation Fund, C.R.S. 22-51-101, provides state moneys annually to school districts to help defray student transportation expenses incurred. Moneys are 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 2011–12, each district is eligible to receive a 38 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 GF and SEF.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$45,329,830	\$45,833,107	\$50,106,914	\$49,991,821	\$50,828,042	
% Change From Previous Year	5.6%	1.1%	9.3%	-0.2%	1.7%	<b>2.9%</b>
% Change (Inflation Adjusted)	2.5%	-0.5%	8.7%	-2.7%	-1.0%	<b>1.0%</b>
% Change (Inflation & Child Population Adjusted)	0.5%	-1.7%	6.8%	-2.7%	-0.8%	<b>0.0%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2010–11, FY 2011–12; Long Bill (SB 11-209). CDE *Understanding Colorado School Finance and Categorical Program Funding* (2011).

**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 revenues. 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 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 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. Over the past five years, it accounted for 53 percent of total spending, but federal share has declined. The state’s contribution comes from both the General Fund and the School Education Fund. The GF share has declined and the SEF share has greatly increased.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$20,462,733	\$18,429,452	\$22,328,316	\$23,696,750	\$24,377,497	
% Change From Previous Year	22.0%	-9.9%	21.2%	6.1%	2.9%	<b>4.5%</b>
% Change (Inflation Adjusted)	18.4%	-11.3%	20.4%	3.5%	0.2%	<b>2.6%</b>
% Change (Inflation & Child Population Adjusted)	16.2%	-12.4%	18.3%	3.5%	-0.8%	<b>1.6%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2010–11, FY 2011–12; *Long Bill* (SB 11-209). CDE *Understanding Colorado School Finance and Categorical Program Funding* (2011).  
**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 over \$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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$21,208,319	\$21,672,472	\$23,189,191	\$23,296,124	\$23,584,498	
% Change From Previous Year	2.8%	2.2%	7.0%	0.5%	1.2%	<b>2.7%</b>
% Change (Inflation Adjusted)	-0.3%	0.6%	6.4%	-2.0%	-1.4%	<b>0.8%</b>
% Change (Inflation & Child Population Adjusted)	-2.2%	-0.6%	4.5%	-2.1%	-2.4%	<b>-0.2%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12; *Long Bill* (SB 11-209) CDE. *Understanding Colorado School Finance and Categorical Program Funding* (2011); 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, C.R.S. 22-20-201 and C.R.S. 22-26-201, 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. GF support has decreased while SEF support has increased. No federal funds are used to support Gifted & Talented programming.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$7,997,177	\$8,394,542	\$8,988,280	\$9,059,625	\$9,201,106	
% Change From Previous Year	2.4%	5.0%	7.1%	0.8%	1.6%	<b>3.6%</b>
% Change (Inflation Adjusted)	-0.6%	3.3%	6.4%	-1.7%	-1.1%	<b>1.7%</b>
% Change (Inflation & Child Population Adjusted)	-2.5%	2.1%	4.6%	-1.7%	-2.1%	<b>0.7%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12; *Long Bill* (SB 11-209), *CDE Understanding Colorado School Finance and Categorical Program Funding* (2011).

## 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. Legislation mandates that “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). Funds derive from both the General Fund and State Education Fund. GF support has been stable, while SEF support has increased.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$6,329,236	\$6,341,714	\$7,343,590	\$7,493,560	\$7,493,560	
% Change From Previous Year	1.2%	0.2%	15.8%	2.0%	0.0%	<b>4.3%</b>
% Change (Inflation Adjusted)	-1.8%	-1.4%	15.1%	-0.5%	-2.6%	<b>2.4%</b>
% Change (Inflation & Child Population Adjusted)	-3.7%	-2.6%	13.1%	-0.5%	-3.6%	<b>1.4%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12; *Long Bill* (SB 11-209). *CDE Expelled and At-Risk Student Services Grant, Evaluation Report to the Colorado Legislature*, Grant Award Period: July 1, 2009 to Jun3, 30, 2010.

**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. This competitive grant program encourages every school district to provide a pre-K through 12<sup>th</sup> grade planned, sequential health education program. The intent of the funding is to foster healthy behaviors through increased knowledge and the modification of risk behaviors in children and communities. Funds may be used for teach professional development, staffing, educational materials for students, etc.

**Department:** Colorado Department of Education

**Financing:** Provides funding to districts or BOCES to develop programs. Distribution of funds for planning grants is directly tied to the new Colorado Standards in Health. Funding comes from a combination of the General Fund and Cash Funds. GF support has generally been stable. The source of Cash Funding has shifted; it came from the Comprehensive Health Education Fund during the first three years of the period shown and from the State Education Fund during the last four years.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$599,347	\$688,246	\$988,246	\$1,005,396	\$1,005,396	
% Change From Previous Year	-0.1%	14.8%	43.6%	1.7%	0.0%	<b>13.8%</b>
% Change (Inflation Adjusted)	-3.0%	13.0%	42.7%	-0.8%	-2.6%	<b>11.7%</b>
% Change (Inflation & Child Population Adjusted)	-4.8%	11.7%	40.2%	-0.8%	-3.6%	<b>10.6%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12; Long Bill (SB 11-209).CDE State Funded Comprehensive Health Education website.

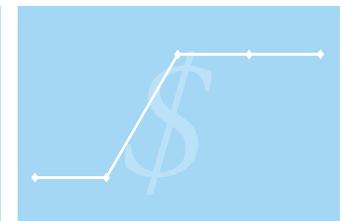
## Small Attendance Center

**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 2011–12, an estimated 883 students in Colorado attend school in small attendance center districts. Funding for FY 2011–12 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 formula that incorporates the respective district’s total pupil population and the relative burden added by the presence of small attendance center pupils. Available state funding which is shown below will cover about 31 percent of costs, while districts provide the remaining 69 percent from other available funds in FY 2011–12. State funding comes primarily from the General Fund.

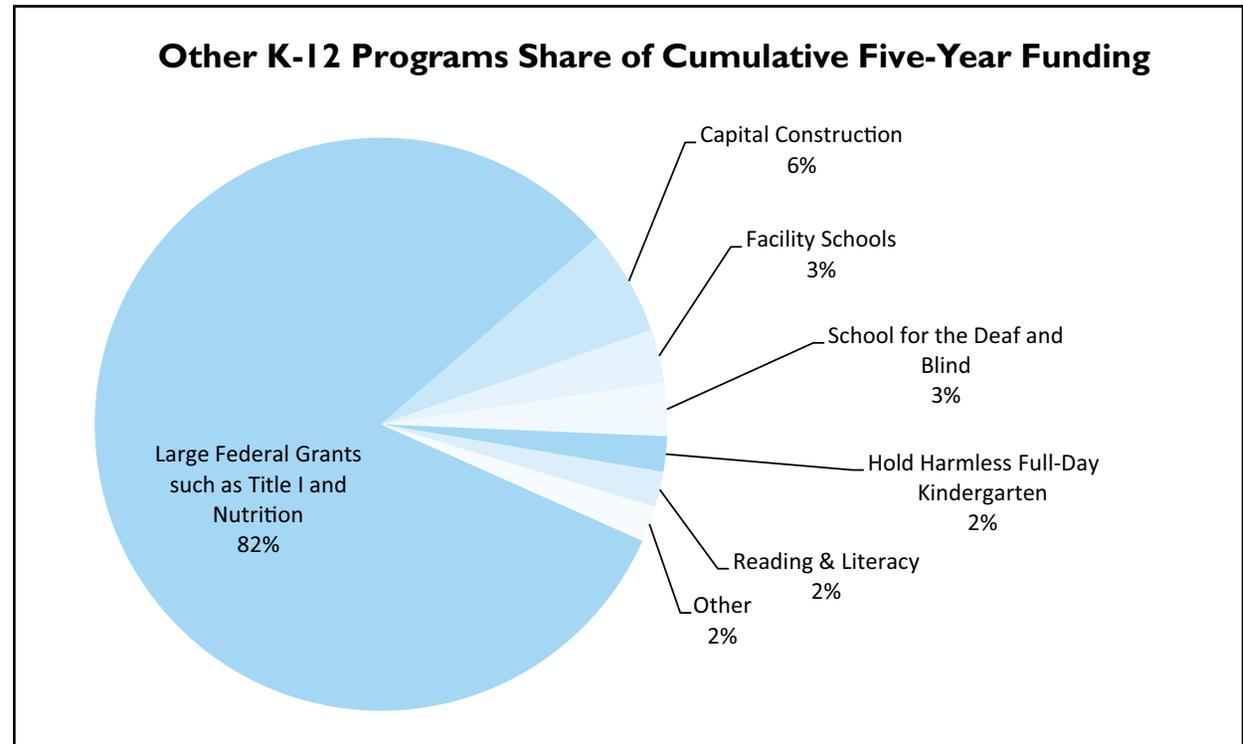
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$943,333	\$943,333	\$959,379	\$959,379	\$959,379	
% Change From Previous Year	-1.9%	0.0%	1.7%	0.0%	0.0%	<b>0.4%</b>
% Change (Inflation Adjusted)	-4.8%	-1.6%	1.1%	-2.5%	-2.6%	<b>-1.4%</b>
% Change (Inflation & Child Population Adjusted)	-6.6%	-2.8%	-0.7%	-2.5%	-3.6%	<b>-2.4%</b>



**Sources:** JBC Staff Budget Briefing, *Department of Education*, FY 2009–10, FY 2011–12; Long Bill (SB 11-209).CDE *Understanding Colorado School Finance and Categorical Program Funding* (2011). (C.R.S. 22-54-101)

## Grants and Other Programs

This section includes other programs, which account for 8 percent of the total K-12 budget. Most of the spending falls in the “appropriated sponsored programs” category, which includes large federal programs, such as Title I of the Elementary and Secondary Education Act<sup>11</sup> and the Department of Agriculture’s School Nutrition programs.



Appropriations for this part of the K-12 budget, as shown in the table below, increased between FY 2007–08 and FY 2011–12 at an average annual growth rate of 6 percent.<sup>12</sup> After taking inflation into account, growth occurred at an average annual rate of 4 percent over the period.

Program areas with high average growth rates include:

- **Professional development and instruction:** While these programs are relatively small in magnitude, there were large percentage increases, initially in FY 2008–09, and then again in FY 2011–12. The first jump was attributable to the creation of the Closing the Achievement Gap program, and the second to the creation of the Office of Dropout Prevention and Student Reengagement, which used ARRA funds.
- **Other Assistance:** This area accounts for only 1 percent of the funds, but there was a very large percentage increase in funding in FY 2008–09 with the creation of the School Counselor Corps.

<sup>11</sup> Title I 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.

<sup>12</sup> The true rate of increase for these programs is probably a percentage point lower, but can't be calculated with certainty with the information available. In FY2007-08, which is the base for the calculations of compound annual average growth rate, Facility Schools did not receive a line item appropriation. Rather school districts received funding for these pupils as part of their regular pupil count.

- State funded nutrition programs have experienced growth over the five-year period. However, programs experienced cuts in FY 2011–12, with the appropriation in that year 7.3 percent lower than in FY 2010–11.
- Summer and After School Programs: Several programs in this area have been defunded, including the Facility Summer School Grant Program in FY 2008–09 and the Dropout Prevention Activity Grant and Summer School grant in FY 2010–11.
- Reading and Literacy: The Federal Title I Reading First Grant Program, which had substantial funding in the early part of the time period, has been phasing down over the period, with no funding left by FY 2011–12. The Family Literacy Education Grant has been severely cut.
- Hold Harmless Full Day Kindergarten: The table below shows an estimated decrease in support for Full-Day kindergarten. The figure shown for FY 2007–08 is an estimate of the share of slots funded through the Colorado Preschool Project which were used for full-day kindergarten. HB 08-1388 precluded districts from combining one-half day of preschool funding with one half-day kindergarten funding to create one full-day kindergarten slots. For districts impacted by this change, the legislature provided “hold harmless” funding so these districts may continue existing full-day kindergarten.

In the table below, a negative growth rate is also shown for Capital Construction. This is somewhat misleading. In FY 2008–09, the state shifted its approach to supporting capital construction. Rather than providing annual appropriations in support of construction, the state created a new fund with dedicated revenue streams, and shifted to a combination of grants and debt financing for projects. The base year reflects an appropriation for the total cost of projects being covered at the time, while later years include the annualized cost of covering debt payments on financed projects, but excludes the actual amount awarded to projects that year.

## Other K-12 Funding

Hold Harmless Full-Day Kindergarten	\$8,065,718	\$7,321,864	\$7,698,050	\$7,268,854	\$7,198,953	-2.8%
State-Funded Nutrition	\$3,451,058	\$4,322,673	\$4,408,453	\$4,492,644	\$4,166,139	4.8%
Large Federal Grants such as Title I and Nutrition	\$327,869,032	\$342,572,496	\$364,105,703	\$394,062,545	\$437,411,328	7.5%
Other Assistance	\$686,248	\$7,432,847	\$5,922,213	\$6,308,685	\$6,502,832	75.5%
Professional Development & Instructional Support	\$290,000	\$2,450,539	\$2,441,433	\$2,462,564	\$3,441,808	85.6%
Reading & Literacy	\$15,454,088	\$14,655,693	\$8,400,233	\$6,620,713	\$4,421,241	-26.9%
Summer & After School Programs	\$1,433,215	\$82,100	\$98,696	\$14,953	\$14,953	-68.0%
Capital Construction	\$48,363,538	\$10,046,528	\$16,781,470	\$27,166,783	\$35,039,316	-7.7%
Facility Schools	n/a	\$17,172,424	\$15,975,523	\$16,779,077	\$14,875,000	∞
School for the Deaf and Blind	\$12,732,674	\$13,112,885	\$14,406,248	\$14,342,880	\$14,084,268	2.6%
<b>Total Program Funding Level</b>	<b>\$418,345,571</b>	<b>\$419,170,049</b>	<b>\$440,238,022</b>	<b>\$479,519,698</b>	<b>\$527,155,838</b>	
% Change From Previous Year	-1.0%	0.2%	5.0%	8.9%	9.9%	6.0%
% Change (Inflation Adjusted)	-3.9%	-1.4%	4.4%	6.2%	7.0%	4.0%
% Change (Inflation & Child Population Adjusted)	-5.7%	-2.6%	2.6%	6.2%	6.0%	3.0%



Sources: JBC Staff Budget Briefing, Department of Education, FY 2009–10, FY 2011–12; Long Bill (SB 11-209).



## Healthy Children

Comprehensive health supports and access to care are critical to the positive growth and development of children. Prevention, through public health efforts and timely health services, prevent health problems from emerging in the first place. When health issues do arise, children must be able to access the full range of health care services. This is more likely when families have health insurance coverage.

Health coverage improves health outcomes for children by making it more likely that they will receive health care services when needed, including preventive and screening services, prescription drug benefits, mental health care, and other services. 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, such as a ruptured appendix. When hospitalized, children without coverage are at greater risk of dying than children with insurance.<sup>1</sup>

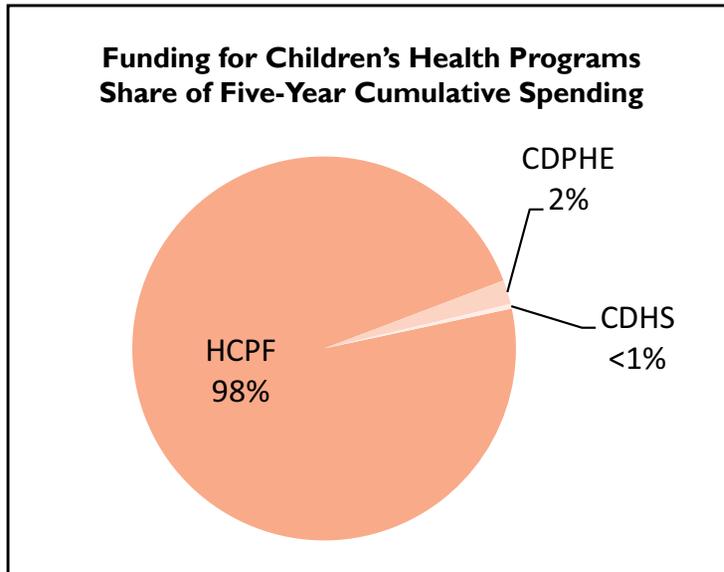
This section of the *Children's Budget 2011* focuses on Colorado's investments in services that support the health of children and their mothers, including:

- Department of Health Care Policy and Financing (HCPF) programs providing health insurance coverage and payments for health care services delivered to low-income children and to low-income pregnant mothers;
- Department of Public Health and Environment (CDPHE) health prevention programs; and,
- Department of Human Services (CDHS) programs providing services related to mental health and substance abuse

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 2007–08 through FY 2011–12. It then uses tables to describe specific programs and identify the administering department and major financing mechanisms. Tables show actual program funding amounts, and a trend line graphic tracks the change in this funding from FY 2007–08 through FY 2011–12. In addition, tables include a line showing the year-over-year percent change in funding when adjusted for inflation, as well as a line showing the year-over-year percent change in funding when adjusted for inflation plus growth in child population.

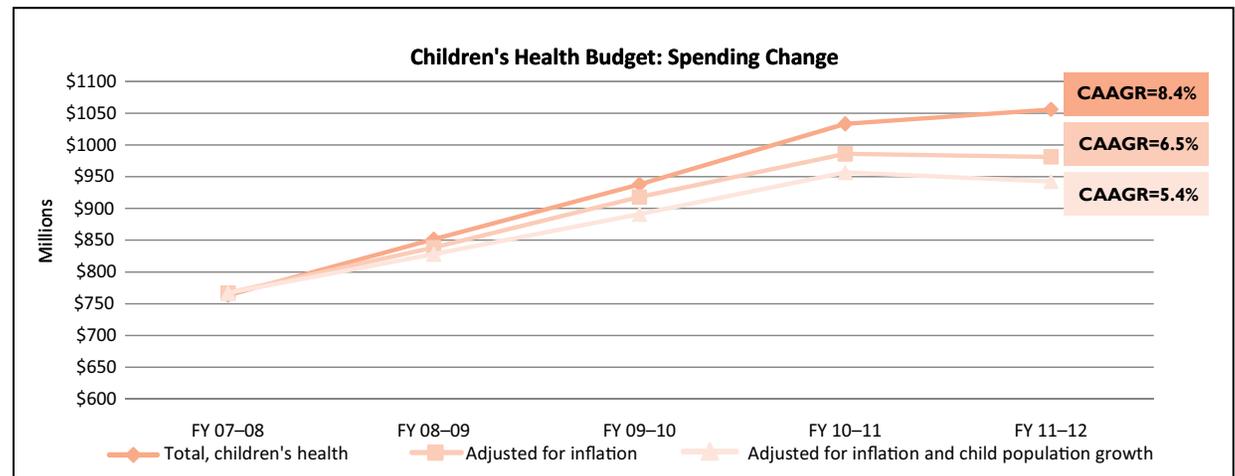
<sup>1</sup> Bernstein, J, Chollet, D & Peterson, S. (2010). "How Does Insurance Coverage Improve Health Outcomes?" *Mathematica Policy Research, Inc. Issue Brief Reforming Health Care Issue Brief #1, April 2010*. last accessed, November 2011, [http://www.mathematica-mpr.com/publications/PDFs/health/reformhealthcare\\_IB1.pdf](http://www.mathematica-mpr.com/publications/PDFs/health/reformhealthcare_IB1.pdf)

Almost all of the funding for children’s health programs is administered through HCPF. It accounts for \$1,030.3 million, 97.6 percent of the total children’s health budget for FY 2011–12. CDPHE accounts for 2 percent of the total, and CDHS for less than 1 percent.



Over the past five years, state spending on children’s health has increased from \$763.5 million in FY 2007–08 to an estimated \$1,055.9 million in FY 2011–12. This translates to a compound average annual growth rate of 8.4 percent. Programs administered by HCPF, which include the open-ended health insurance programs Medicaid and the Child Health Plan *Plus* or CHP+ (Colorado’s version of the Children’s Health Insurance Program) grew at the fastest pace—8.6 percent per year over the five-year period. In contrast, CDPHE and CDHS programs had a much lower average annual growth rate—3.5 percent and 0.8 percent, respectively.

After adjusting for inflation, the growth rate for the children’s health budget is somewhat lower—6.5 percent. If consideration is given to child population growth plus inflation, cumulative funding for children’s health programs grew at an average annual rate of 5.4 percent.



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

- state choices regarding eligibility and covered services;
- the numbers of people who qualify for coverage;
- the number who choose to enroll in the programs;
- actual utilization of health care services; and,
- cost inflation in the health care sector, which historically has exceeded general inflation.

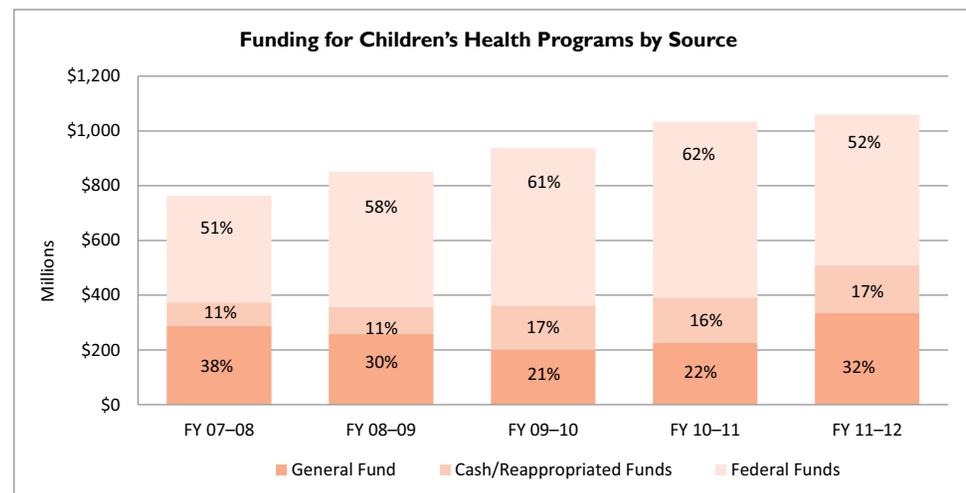


Since 2007, the biggest factor driving cost increases in Medicaid and CHP+ is caseload growth driven by the national recession and the slow pace of economic recovery. Because Medicaid is an entitlement program, a state cannot limit enrollment or establish a waiting list. Colorado has experienced dramatic 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 increased 44.5 percent from 227,451 in FY 2007–08 to 328,641 in FY 2010–11. Enrollment in CHP+, which is also affected by the economy, increased by 16.2 percent during the same period.

Responsibility for financing health programs is split between the federal and state governments. Looking across all children’s health programs, federal funds made up an increasing share of total program costs, ranging from 51 percent at the beginning of the tracking period to a high of 62 percent in FY 2010–11 as a result of the American Recovery and Reinvestment Act (ARRA) of 2009. ARRA increased its share of Medicaid costs (often referred to as FMAP) as one method of helping states respond to recession-induced increases in Medicaid enrollment.

Colorado covers its portion of spending by making appropriations from both the General Fund and cash funds. Cash fund revenue sources include the Tobacco Tax authorized by Amendment 35 (passed by voters in 2004); 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); and, the Hospital Provider Fee enacted by HB 1293 in 2009.

The share of total health spending covered by cash funds increased steadily, from 11 percent in FY 2007–08 to 17 percent in FY 2011–12. This was due in part to the introduction of the Hospital Provider Fee. Also, the General Assembly’s declaration of a fiscal emergency in both FY 2009–10 and FY 2010–11 allowed the state to transfer a portion of Amendment 35 tobacco tax money and Hospital Provider Fee reserves, thereby backfilling General Fund shortfalls for Medicaid. General Fund appropriations ranged from a high of 38 percent in FY 2007–08 to a low of just over 20 percent in FY 2009–10 and FY 2010–11 before increasing to 32 percent in the current fiscal year.

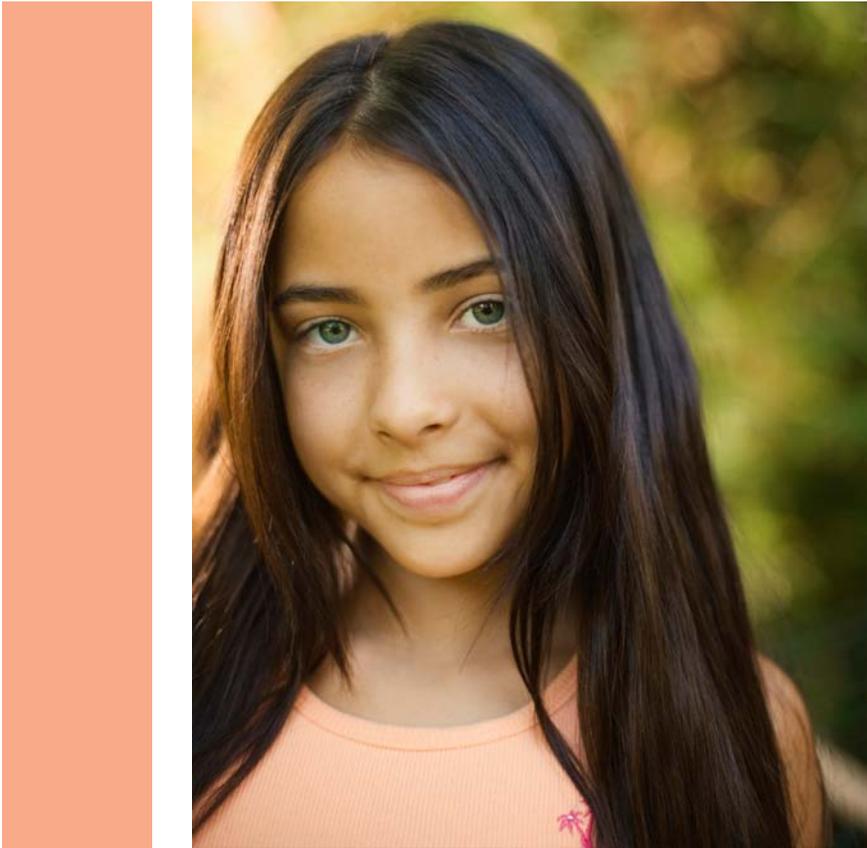
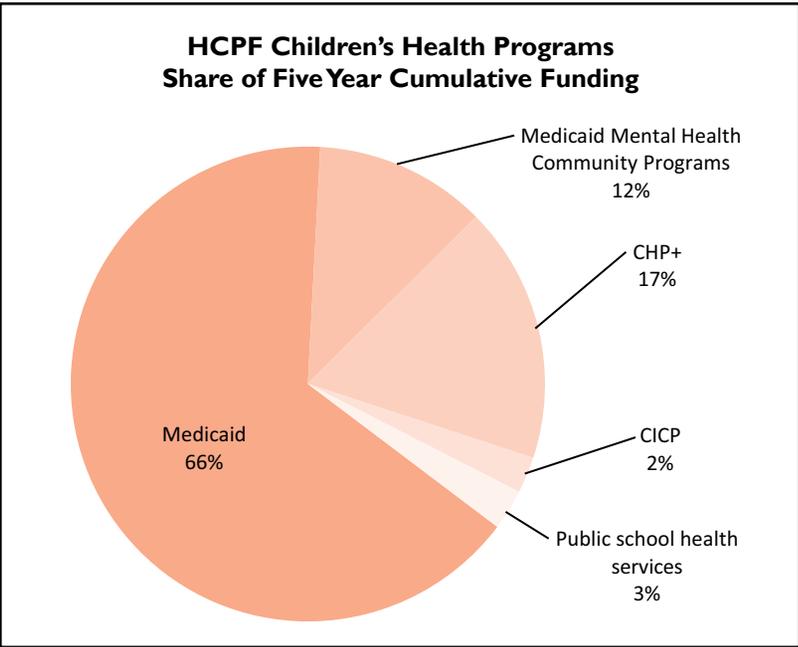
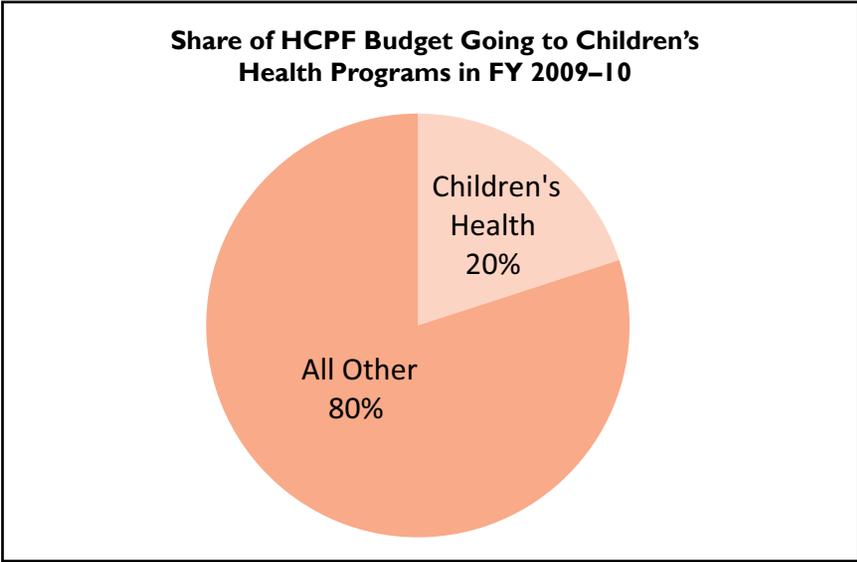


## Programs Administered by the Department of Health Care Policy and Financing

HCPF seeks to improve health outcomes for Coloradans through its administration of public health insurance programs. Medicaid and the Colorado's Child Health Plan *Plus* (CHP+) are key sources of insurance coverage for Colorado's children. Other health programs also draw on Medicaid to cover a portion of the cost of delivering services to children who are Medicaid eligible, including for example, Public School Health Services. HCPF also supports the provision of health care services by participating medical providers to the medically indigent through the Colorado Indigent Care Program (CICP).

Programs focused on children account for a high proportion of the people served by HCPF in all its programs, but only 20 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, especially as compared to serving the elderly.

The figure below shows the relative size of program spending included as part of HCPF's share of the *Children's Health Budget 2011* with more detailed information in the subsequent tables. The Enhanced Prenatal Care Training and Technical Assistance program is omitted from this pie chart; it accounted for less than one percent of cumulative spending and did not receive an appropriation in FY 2011–12.



## Medicaid Appropriations for Children, Foster Children, and Pregnant Women

**Program:** Medicaid, an entitlement program, provides health insurance coverage 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. HB09-1293 made some changes broadening eligibility, with impacts starting in FY 2010–11, but most did not affect children.

**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, however, to a high of 61.6 percent for all or part of three years, starting in FY 2008–09. To meet its share of expenditures, the state uses a combination of state General Funds (33 percent of appropriations for Medicaid in FY 2011–12) and cash funds (17 percent of total appropriations for Medicaid in FY 2011–12).

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level (Total all Medicaid Premiums)	\$2,237,284,805	\$2,526,991,443	\$2,877,822,564	\$3,106,858,127	\$3,521,401,973	
<b>Funding Level (Children, Foster Children, Pregnant Women)</b>	\$481,301,266	\$559,968,858	\$586,461,097	\$661,399,137	\$669,563,832	
% Change From Previous Year	11.3%	16.3%	4.7%	12.8%	1.2%	<b>8.6%</b>
% Change (Inflation Adjusted)	8.0%	14.5%	4.1%	10.0%	-1.4%	<b>6.6%</b>
% Change (Inflation & Child Population Adjusted)	6.0%	13.1%	2.3%	9.9%	-2.4%	<b>5.6%</b>



**Sources:** JBC Staff Briefing Documents, Department of Health Care Policy and Finance, 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. 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.



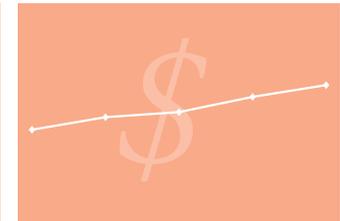
## Medicaid Mental Health Community Programs for Children, Foster Children & Pregnant Women

**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 FY 2010-11. The state share of program costs is mainly General Fund, with some support from the Health Care Expansion Fund.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$197,346,769	\$217,637,190	\$225,955,715	\$250,582,216	\$269,634,015	
Estimated Amounts for Children, Foster Children and Pregnant Women	89,792,780	99,024,921	102,809,850	114,014,908	122,683,477	
% Change From Previous Year	-10.4%	10.3%	3.8%	10.9%	7.6%	8.1%
% Change (Inflation Adjusted)	-13.1%	8.6%	3.2%	8.2%	4.8%	6.1%
% Change (Inflation & Child Population Adjusted)	-14.7%	7.2%	1.4%	8.1%	3.7%	5.1%



**Sources:** JBC Staff Briefing Documents, *Department of Health Care Policy and Financing*, FY2007–2008; FY2009–2010 and FY2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12.

**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 FY2011-12 Budget Request Cycle; Department of Health Care Policy and Financing Medicaid Mental Health Community Programs, found on the HCPF website <http://www.colorado.gov/cs/satellite/HCPF/HCPF/1251579549688>. 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:** The Children's Health Insurance Program, (CHIP), in Colorado referred to as Child Health Plan *Plus* (CHP+) is a state and federal partnership that seeks to provide coverage for uninsured children and pregnant women in families with incomes too high to qualify for Medicaid, but too low to afford private health insurance coverage. The program provides low-cost health insurance that covers checkups, immunizations, and other medical needs as well as dental examines and cleanings. The program is administered through private contractors that provide health or dental services.

**Department:** Health Care Policy and Financing

**Financing:** Like Medicaid, 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 monies, 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 the expansion of CHP+ eligibility up to 250 percent of the federal poverty level. The Children's Basic Health Trust Fund receives Master Settlement Agreement moneys, enrollment fees charged to clients, interest earnings, and, if needed to maintain an appropriate fund balance, General Funds. The increase in funds in FY 2008–09 and FY 2009–10 were due to CHP+ expansions, increased caseload, and medical costs associated with dental care.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$118,227,382	\$129,725,396	\$178,428,870	\$177,284,038	\$185,505,535	
% Change From Previous Year	32.9%	9.7%	37.5%	-0.6%	4.6%	<b>11.9%</b>
% Change (Inflation Adjusted)	28.9%	8.0%	36.7%	-3.1%	1.9%	<b>9.9%</b>
% Change (Inflation & Child Population Adjusted)	26.5%	6.7%	34.3%	-3.1%	0.9%	<b>8.8%</b>



**Sources:** Department of Health Care Policy and Finance, 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. Last accessed Nov. 28, 2011 | <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251749858781&ssbinar>

**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.

**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. Each year HCPF submits a report to the Joint Budget Committee detailing the type of services provided, how services meet the definition of medical necessity, the total amount of federal dollars distributed to each school under the program, and the number of children served.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	19,774,430	18,918,568	25,597,360	29,537,394	31,284,893	
% Change From Previous Year	-6.1%	-4.3%	35.3%	15.4%	5.9%	<b>12.2%</b>
% Change (Inflation Adjusted)	-8.8%	-5.8%	34.5%	12.5%	3.1%	<b>10.1%</b>
% Change (Inflation & Child Population Adjusted)	-10.6%	-7.0%	32.2%	12.5%	2.1%	<b>9.0%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Health Care Policy and Financing*, FY 2007–2008; FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; HCPF website School Health Services Program. <http://www.colorado.gov/cs/Satellite/HCPF/HCPF1212398226517>

**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 (CICIP) provides funding to hospitals and clinics that have uncompensated costs from treating underinsured or low-income uninsured Coloradans, whose household income is at or below 250 percent of FPL. 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; co-payments 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

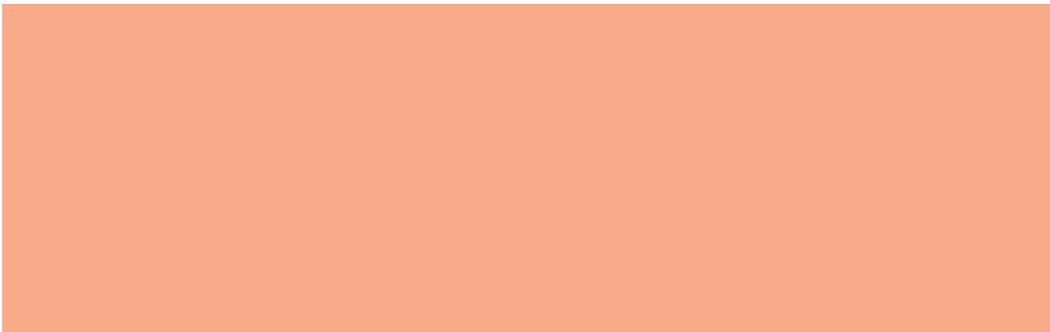
**Financing:** The CICIP is funded with federal and state dollars, with most of the state funding coming from cash funds. As of FY 2011–12, there are four budget line items: Safety-Net Provider payments, The Children’s Hospital Clinic Based Indigent Care, Health Care Services Fund Programs, and Pediatric Specialty Hospital. The Primary Care Fund, which provides allocations of tobacco tax moneys to qualifying health care providers, was suspended in FY 2011–12, and tobacco tax revenues were redistributed to clinics and General Fund relief. HB10-1323 permanently eliminated the Comprehensive Primary and Preventive Care Rural and Public Hospital line item which had provided funding for CICIP.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level (all CICIP)	\$341,973,298	\$353,306,767	\$325,853,968	\$329,797,377	\$353,836,734	
<b>Funding Level Children Only*</b>	\$31,461,543	\$20,845,099	\$18,247,822	\$19,787,843	\$21,230,204	
% Change From Previous Year	54.4%	-33.7%	-12.5%	8.4%	7.3%	<b>-9.4%</b>
% Change (Inflation Adjusted)	49.8%	-34.8%	-13.0%	5.8%	4.5%	<b>-11.0%</b>
% Change (Inflation & Child Population Adjusted)	47.0%	-35.6%	-14.5%	5.7%	3.4%	<b>-11.9%</b>



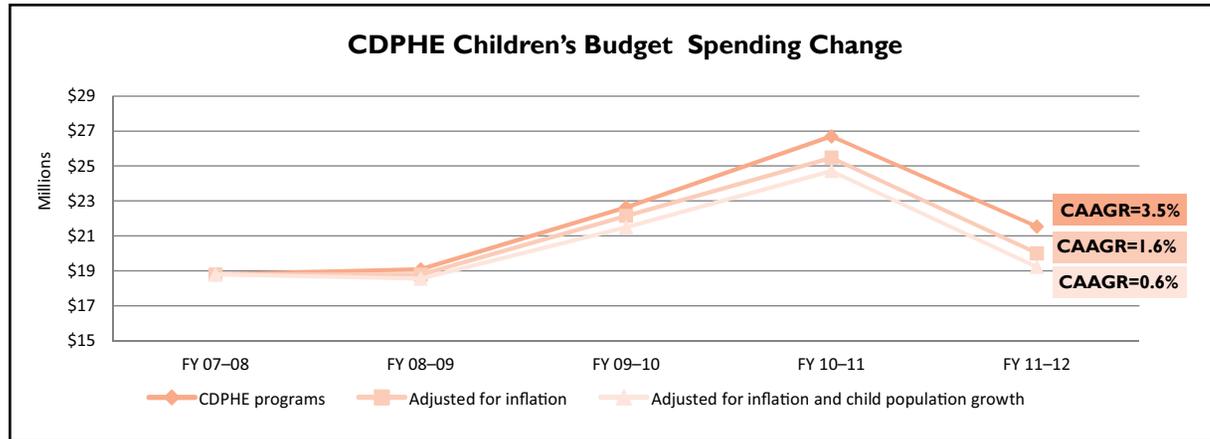
**Sources:** JBC Staff Briefing Documents, *Department of Health Care Policy and Financing*, FY2009–2010 and FY2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; Colorado Indigent Care Program *Annual Report*, FY2006–07; FY 2007–08, FY 2008–09 and FY 2009–10; Department of Health Care Policy and Financing *Line Item Description*, FY2012–13 Budget Request.

**Notes:** Funding Level line 1 in the table shows total funding for all CICIP line items for all CICIP clients. Funding level line 2 in the table shows the total funding for CICIP children only. Funding level is based on the percent of children making up the total unique population receiving CICIP services. The percent of children in FY 2008–09 was 5.9, in FY 2009–10 it was 5.6 percent. For FYs 2010–11 and 2011–12, an average of 6 percent was used to estimate funding levels to children. The percentage of the CICIP population that is children can be found in CICIP Annual Reports. <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/119796948613>

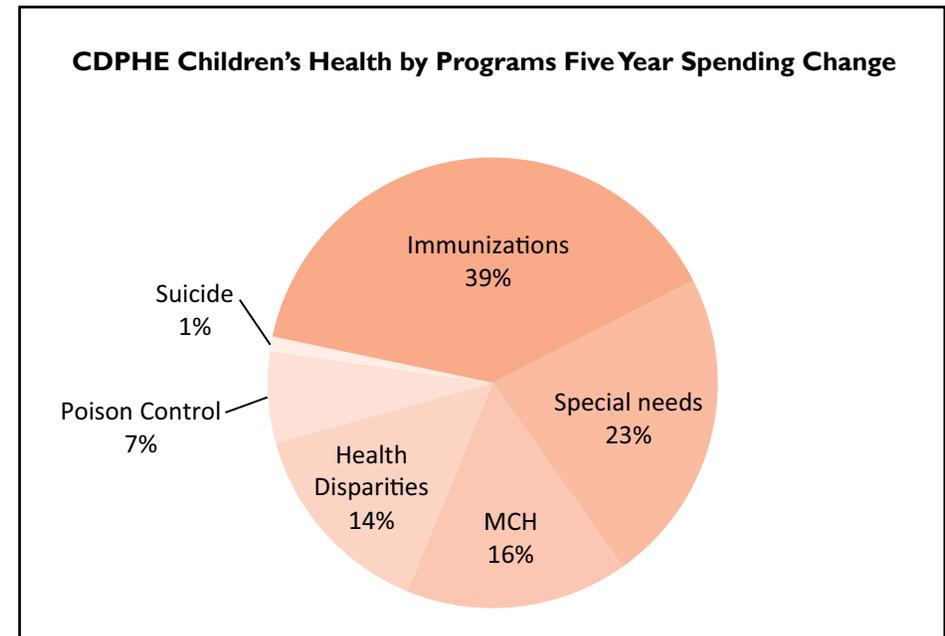


## Programs Administered by the Colorado Department of Public Health and Environment

CDPHE seeks to promote positive health outcomes for Coloradans through prevention programming and support of local public health departments. Programs administered by CDPHE account for less than 3 percent of the total children's health budget. In FY 2011–12, total spending by CDPHE on children's health is estimated to be \$21.5 million. The general trend in spending was up between FY 2007–08 through FY 2010–11. However, in FY 2011–12, children's health programming in CDPHE was cut by 19 percent.



Six programs are included as part of the children's budget: Maternal and Child Health (MCH), Health Services to Children with Special Needs, Immunizations, Suicide Prevention, Poison Control, and Health Disparities. The total budget for these programs is included even though several programs provide services to broader populations.



## 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 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$3,610,396	\$3,353,092	\$3,513,154	\$3,312,106	\$3,547,593	
% Change From Previous Year	-3.8%	-7.1%	4.8%	-5.7%	7.1%	<b>-0.4%</b>
% Change (Inflation Adjusted)	-6.6%	-8.6%	4.1%	-8.0%	4.3%	<b>-2.2%</b>
% Change (Inflation & Child Population Adjusted)	-8.4%	-9.7%	2.3%	-8.1%	3.3%	<b>-3.2%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Health Care Policy and Finance*, FY 2007–2008; FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12, Personal Communication with Fear, K. Budget Director, Colorado Department of Public Health and Environment.



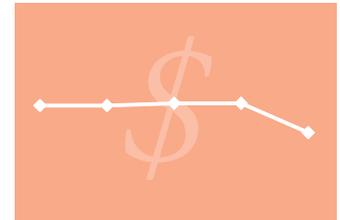
## Poison Control (includes children and adults)

**Program:** Unintentional poisonings are among the leading causes of injury deaths and hospitalizations for all populations in Colorado. While the rate of childhood poisonings has been declining, it can cause significant and permanent health issues. CDPHE's strategic plan for injury prevention includes promoting the poison control center phone number in Colorado; collaborating with the Rocky Mountain Poison and Drug Center on data collection and analysis; and, building partnerships among hospitals, EMS health care providers, and public health agencies with mental health service providers, substance abuse programs, violence prevention programs, schools, and others to develop plans for coordinated prevention efforts.

**Department:** Colorado Department of Public Health and Environment

**Financing:** Appropriations for this program come from the General Fund

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$1,420,941	\$1,420,941	\$1,421,442	\$1,421,442	\$1,414,876	
% Change From Previous Year	2.0%	0.0%	0.0%	0.0%	-0.5%	<b>-0.1%</b>
% Change (Inflation Adjusted)	-1.1%	-1.6%	-0.6%	-2.5%	-3.1%	<b>-1.9%</b>
% Change (Inflation & Child Population Adjusted)	-2.9%	-2.8%	-2.3%	-2.5%	-4.0%	<b>-2.9%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Health Care Policy and Finance*, FY 2007–2008; FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; Injury Epidemiology Brief: Unintentional Poisonings, CDPHE, August 2008, [http://www.cdphe.state.co.us/pp/injuryprevention/Unintentional\\_Poisoning\\_Data\\_2008.pdf](http://www.cdphe.state.co.us/pp/injuryprevention/Unintentional_Poisoning_Data_2008.pdf); Colorado Injury Prevention Strategic Plan: 2010–2015; <http://www.cdphe.state.co.us/pp/injuryprevention/Colorado%20Injury%20Prevention%20Strategic%20Plan%202010-2015%20FINAL.pdf>

## 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$5,790,777	\$5,730,260	\$8,059,317	\$15,634,226	\$7,352,374	
% Change From Previous Year	11.9%	-1.0%	40.6%	94.0%	-53.0%	<b>6.2%</b>
% Change (Inflation Adjusted)	8.6%	-2.6%	39.8%	89.2%	-54.2%	<b>4.2%</b>
% Change (Inflation & Child Population Adjusted)	6.5%	-3.8%	37.4%	89.1%	-54.7%	<b>3.2%</b>



**Sources:** JBC Staff Briefing Documents, Department of Public Health and Environment, Administrative and Health Divisions, FY 2007–2008; FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12.

### Suicide Prevention: (includes children and adults)

**Program:** Among Colorado youth and young adults ages 10 to 34, suicide was the second leading cause of death. 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 Block Grant, SAMHSA Substance Abuse and Mental Health Services Administration), and private dollars.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$278,756	\$287,877	\$285,063	\$285,591	\$284,348	
% Change From Previous Year	0.6%	3.3%	-1.0%	0.2%	-0.4%	<b>0.5%</b>
% Change (Inflation Adjusted)	-2.4%	1.7%	-1.6%	-2.3%	-3.1%	<b>-1.3%</b>
% Change (Inflation & Child Population Adjusted)	-4.2%	0.4%	-3.3%	-2.3%	-4.0%	<b>-2.3%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Public Health and Environment, Administrative and Health Divisions*, FY 2007–2008; FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12; Office of Suicide Prevention Annual Report *Suicide Prevention in Colorado 2009 – 2010*, CD-PHE, 2010 to the Colorado Joint Budget Committee. <http://www.cdphe.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.cdphe.state.co.us/ps/mch/mchgrant/MCHBGnarrative.pdf>

### Health Disparities Program: (includes children and adults)

**Program:** The Health Disparities Grant Program, mandated by House Bill 05-1262, 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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$2,604,956	\$3,427,476	\$4,506,941	\$1,152,916	\$4,036,879	
% Change From Previous Year	-44.6%	31.6%	31.5%	-74.4%	250.1%	<b>11.6%</b>
% Change (Inflation Adjusted)	-46.2%	29.5%	30.7%	-75.1%	240.9%	<b>9.5%</b>
% Change (Inflation & Child Population Adjusted)	-47.2%	28.0%	28.4%	-75.1%	237.6%	<b>8.5%</b>



**Sources:** JBC Staff Briefing Documents, *Department of Public Health and Environment, Administrative and Health Divisions*, FY 2007–2008; FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 (Long Bill); State of Colorado Joint Budget Committee *Appropriations Report*, Fiscal Year 2011–12.

**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 excise tax. <http://www.cdphe.state.co.us/ohd/grant/BOH%20Funding%20Recommendations%20FY%202010.2011.pdf>

## Health Care Programs for Children with Special Needs

**Program:** The Health Care Program for Children with Special Needs (HCP) seeks to ensure statewide access to integrated, family-centered, culturally competent and community-based 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 conditions such as asthma, autism, cancer, cerebral palsy, cleft palate, cystic fibrosis, developmental disabilities, diabetes, kidney disease, loss of hearing or sight, sickle cell anemia, traumatic brain injury (TBI) qualify. HCP's programs and activities include: training, consultation, and capacity-building with community partners; community-based screenings, evaluations, 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 resources.

**Department:** Colorado Department of Public Health and Environment

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

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$5,093,727	\$4,870,628	\$4,850,225	\$4,888,759	\$4,902,713	
% Change From Previous Year	1.9%	-4.4%	-0.4%	0.8%	0.3%	<b>-1.0%</b>
% Change (Inflation Adjusted)	-1.1%	-5.9%	-1.0%	-1.7%	-2.4%	<b>-2.8%</b>
% Change (Inflation & Child Population Adjusted)	-3.0%	-7.0%	-2.7%	-1.7%	-3.3%	<b>-3.7%</b>

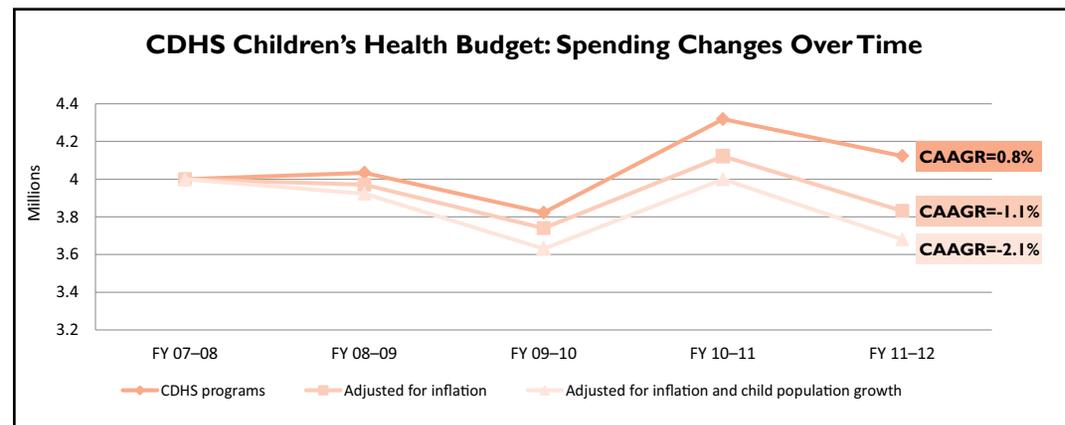


**Sources:** JBC Staff Budget Briefing Document, *Colorado Department of Public Health and Environment, FY 2009–10, FY 2010–11; FY 2011–12*; JBC Staff Budget Briefing Document, *Department of Education, FY 2009–10, FY 2010–11, FY 2011–12*; Long Bill (SB 11-209). Colorado Department of Public Health and 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](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)*. Local MCH Funding Presentation and Discussion Webinar, [http://www.cdphe.state.co.us/ps/mch/mchresources/MCH\\_Local\\_Funding\\_webinar\\_HANDOUT.pdf](http://www.cdphe.state.co.us/ps/mch/mchresources/MCH_Local_Funding_webinar_HANDOUT.pdf)

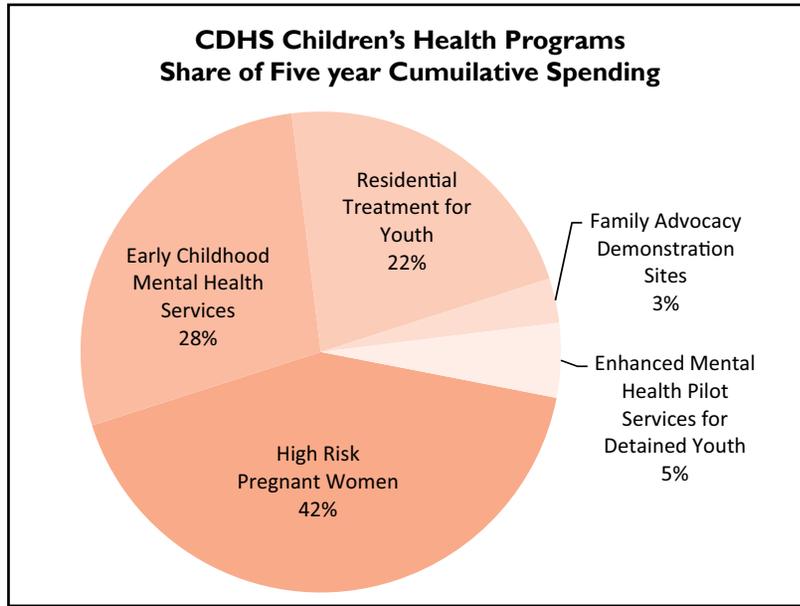
**Notes:** The HCP and the Maternal and Child Health Service (MCH) priorities overlap. MCH services receive Title V Federal Block Grant monies and funding for both HCP and MCH are allocated to local public health departments, specialty clinics, and other specified providers.

## Programs Administered by the Department of Human Services

DHS serves many of Colorado's most vulnerable populations. In terms of health, DHS is responsible for the state's public mental health system. Five programs are included as part of the children's budget: Early Childhood Mental Health Services, Enhanced Mental Health Pilot Services for Detained Youth, Family Advocacy Demonstration Sites, High Risk Pregnant Women, and Residential Treatment for Youth. Programs administered by DHS account for less than 1 percent of the total children's health budget. In FY 2011–12, total spending by CDHS on children's health is estimated to be \$4.1 million. This is up slightly from the amount spent in FY 2007–08, but the pattern of spending over the five-year period is somewhat erratic.



The total budget for these programs is included even though several programs provide services to broader populations. Family Advocacy Demonstration Sites and Enhanced Mental Health Pilot Services for Detained Youth, which account for about 8 percent of cumulative spending but which received no appropriation in FY 2011–12, are included in this pie chart, but no tables are included below.



### Early Childhood Mental Health Services

**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:** 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 led to reductions in provider reimbursements.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$1,152,786	\$1,112,202	\$1,109,363	\$1,146,676	\$1,146,676	
% Change From Previous Year	1.5%	-3.5%	-0.3%	3.4%	0.0%	<b>-0.1%</b>
% Change (Inflation Adjusted)	-1.5%	-5.0%	-0.9%	0.8%	-2.6%	<b>-1.9%</b>
% Change (Inflation & Child Population Adjusted)	-3.4%	-6.2%	-2.6%	0.8%	-3.6%	<b>-2.9%</b>



**Sources:** JBC Staff Briefing Documents, Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, and Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 Long Bill; Department of Human Services Line Item Descriptions, Executive Director's Office, FY 2012–13 Budget Request, November 2011.

## 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.

**Department:** Colorado Department of Human Services

**Financing:** This program is funded by Medicaid and 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 contracting provider is appropriated but state revenue shortfalls of led to reductions in provider reimbursements.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$1,505,150	\$1,460,363	\$1,474,989	\$1,999,146	\$1,999,146	
% Change From Previous Year	35.7%	-3.0%	1.0%	35.5%	0.0%	<b>7.4%</b>
% Change (Inflation Adjusted)	31.6%	-4.5%	0.4%	32.2%	-2.6%	<b>5.4%</b>
% Change (Inflation & Child Population Adjusted)	29.2%	-5.6%	-1.4%	32.1%	-3.6%	<b>4.3%</b>



**Sources:** JBC Staff Briefing Documents, Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, and Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 Long Bill; Department of Human Services Line Item Descriptions, Executive Director’s Office, FY 2012–13 Budget Request, November 2011.

## Residential Treatment for Youth

**Program:** The Child Mental Health Treatment Act (HB 99-1116) provides parents with the option 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 provides funding to assist 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 moneys (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 contracting provider is appropriated but state revenue shortfalls of led to reductions in provider reimbursements.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$732,830	\$857,220	\$1,011,487	\$976,994	\$976,994	
% Change From Previous Year	-30.33%	16.97%	18.00%	-3.41%	0.00%	<b>7.45%</b>
% Change (Inflation Adjusted)	-32.4%	15.2%	17.3%	-5.8%	-2.6%	<b>5.5%</b>
% Change (Inflation & Child Population Adjusted)	-33.7%	13.8%	15.2%	-5.8%	-3.6%	<b>4.4%</b>



**Sources:** JBC Staff Briefing Documents, Department of Health Care Policy and Financing, Medicaid mental Health Community Programs, and Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, FY 2009–2010 and FY 2010–2011; Senate Bill 11-209 Long Bill; Department of Human Services Line Item Descriptions, Executive Director’s Office, FY 2012–13 Budget Request, November 2011.

# Other Support Services for Children and Families



## Thriving Children in Supportive Families and Communities

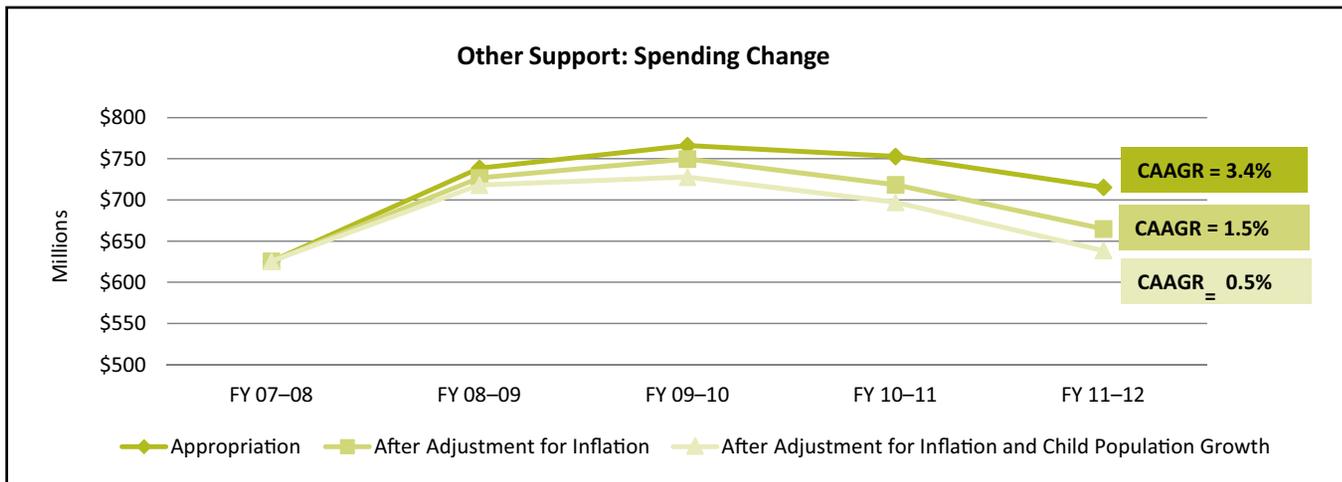
Families with children facing difficulties due to very low income or other issues may need additional support and services to help create a safe, stable, and nurturing home environment that promotes healthy child development and overall well-being. Vital programs and services include those that provide 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.

This section of the *Children's Budget 2011* focuses on two categories of programs:

- those seeking to provide a modicum of economic security and promote family self-sufficiency by providing short-term cash assistance, work supports, and other assistance administered by the Department of Human Services; and
- those seeking to ensure child safety within homes and which provide for alternative placements if a child is unsafe or unable to control their social and emotional behavior administered by the Department of Human Services. Also included are efforts to support positive youth development administered by the Department of Public

As shown in the figure on the next page, spending for all of these supports for children and families increased over the five-year period, from \$625.4 million in FY 2007–08 to \$715.3 million in FY 2011–12, an average annual increase of 3.4 percent. The overall increase was just enough to keep pace with inflation and growth in child population. The average annual growth rate after taking these factors into account was 0.5 percent. Despite increases through FY 2009–10, the trend is now declining (6.7 percent during the last two years). After taking into account inflation and growth in child population over the last two years, purchasing power decreased by 12.3 percent between FY 2009–10 and FY 2011–12.

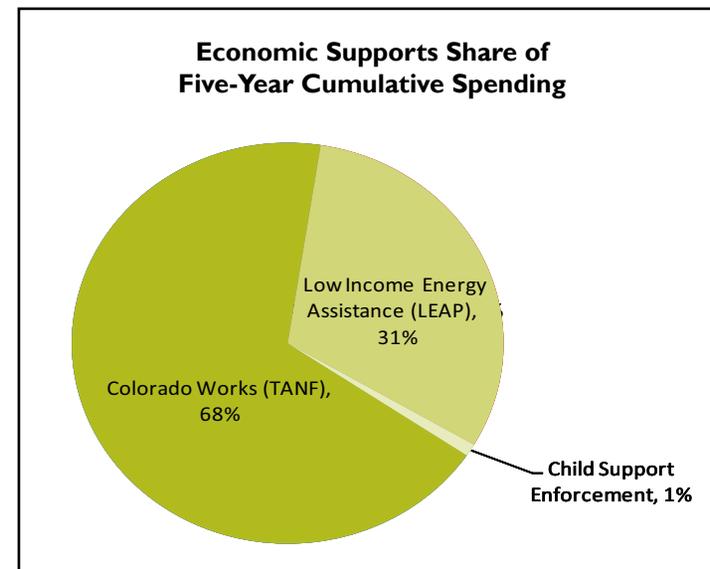




This section has two parts—the first looks at programs promoting economic security; the second focuses on child and youth services. In each part, a big-picture view is provided first looking at the programmatic composition, cumulative spending over time, and funding sources. Then tables are provided for specific programs or categories of programs, identifying the administering department and major financing mechanisms. Tables also show actual program funding amounts and tracks changes in funding from FY 2007–08 through FY 2011–12. In addition, tables include a line showing the year-over-year percent change in funding when adjusted for inflation, as well as a line showing the year-over-year percent change in funding when adjusted for inflation and growth in child population.

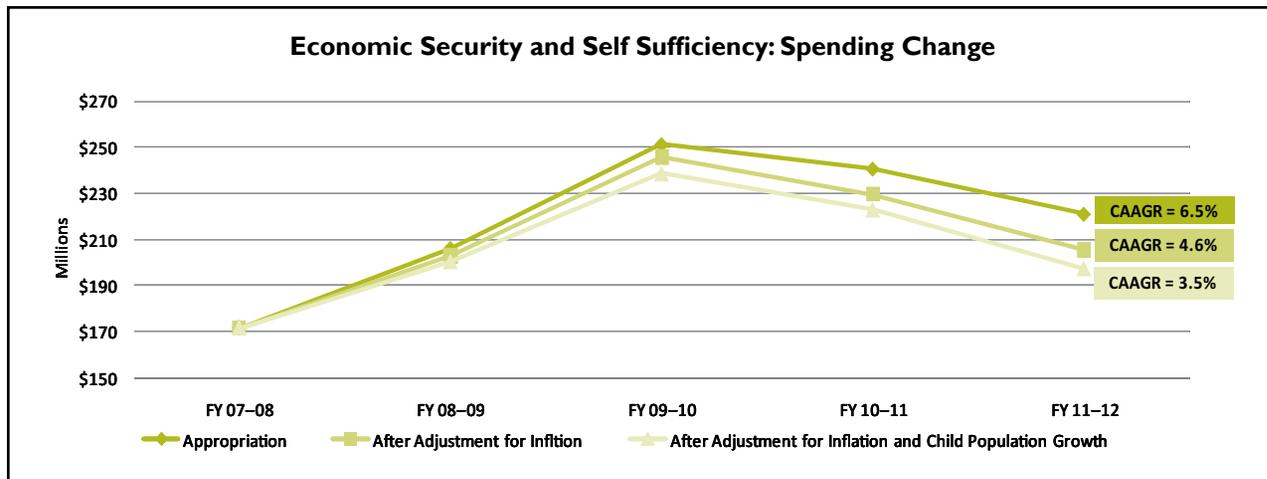
### Economic Security and Family Self Sufficiency

The Office of Economic Security<sup>1</sup> within the Department of Human Services is responsible for providing short-term safety net services for vulnerable families and for assisting them to achieve self-sufficiency. It supervises Colorado Works (TANF), which provides financial aid, employment services, and other support services for families; 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, weatherization assistance to eligible households; and, food and nutrition programs. Child care is also a critical support service necessary for family self sufficiency; it is included in the Early Childhood Development and Learning section of this report.

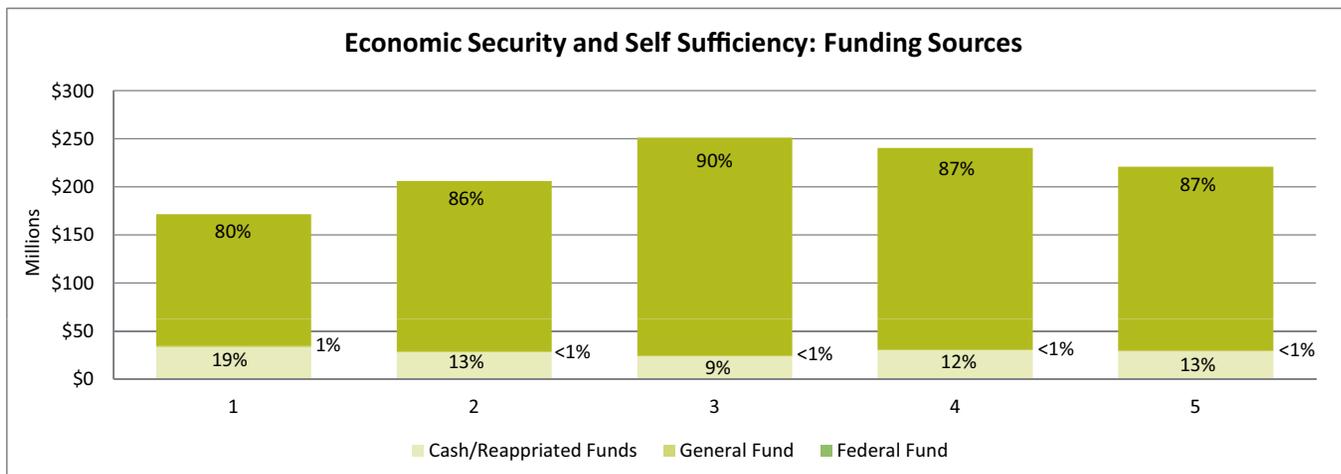


<sup>1</sup> The Department of Human Services is undergoing reorganization. The unit previously responsible for these programs was the Office of Self Sufficiency.

Appropriations for the purpose of promoting economic security and self-sufficiency for families with children have increased over the five-year period from \$171.5 million in FY 2007–08 to \$220.8 million in the current fiscal year. Increases occurred between FY 2007–08 and FY 2009–10, at which time they reached a high point and have since decreased. Actual spending patterns may differ to some extent from the appropriations. Colorado operates a state supervised, county administered system and many important choices are made at the county level. Counties may choose not to spend all the funds 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 or remit them to the state. As a result, spending is likely higher in recent years than is indicated in the figure. On the other hand, counties have the option of diverting funds from the economic security programs highlighted here to other purposes, including child care and child welfare.



Colorado’s efforts to promote economic security for vulnerable families rely heavily on federal funds. Federal programs account for 80 to 90 percent of state appropriations, depending on the year. The remainder is mostly financed by cash funds, including county contributions.



## Colorado Works - Temporary Assistance to 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 receipt of 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. *Colorado Works* is a state supervised, county administered system where counties have considerable latitude in developing their programs.

**Department:** Department of Human Services

**Financing:** TANF is a block grant, with the amount subject to Congressional appropriation (whereas AFDC was an open-ended matching grant). States are subject to maintenance of effort requirements, which in Colorado are met through a combination of state and county funds. ARRA provided supplemental funding, some of which was used for *Colorado Works* and some to refinance General Fund support for Child Welfare services. Most TANF monies are appropriated to the *Colorado Works* program and then sub-granted to counties. Counties decide how much of their grant to spend each year subject to state guidelines regarding eligibility and payment amounts for basic cash assistance. Unused funds have been 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 county reserves, SB 08-177 increased the basic cash assistance grant and limited the amounts counties could keep in reserve, requiring them to transfer amounts in excess of those limits 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 2008–09 and FY 2009–10, reverting little to the state. In FY 2011–12, counties have \$55.6 million that can be used in addition to the amounts shown in the table below. However, counties differ greatly in terms of the amounts they hold in reserve and their funding of services. Furthermore, with the increase in basic assistance amounts and the rise in caseload due to the economic downturn, both the state and counties have less money to transfer to related programs, such as child welfare and child care.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
County Block Grants	\$116,067,649	\$126,248,209	\$151,536,168	\$151,786,044	\$151,536,168	
Other	1,248,503.0	4,295,807.0	20,358,049.0	10,983,387.0	2,929,444.0	
TOTAL Funding Level	\$117,316,152	\$130,544,016	\$171,894,217	\$162,769,431	\$154,465,612	
% Change From Previous Year	-2.6%	11.3%	31.7%	-5.3%	-5.1%	<b>7.1%</b>
% Change (Inflation Adjusted)	-5.5%	9.5%	30.9%	-7.6%	-7.6%	<b>5.2%</b>
% Change (Inflation & Child Population Adjusted)	-7.3%	8.2%	28.6%	-7.7%	-8.5%	<b>4.1%</b>
Spending from County Reserves	n/a	\$90,609,366	\$57,393,455	\$0	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 and FY 2012–13*; Colorado Department of Human Services, Line Item Descriptions, Executive Director’s Office, FY 2012-13 Budget Request (November 1, 2011). Appropriations for FY 2010–11 are actual appropriations from the FY 2012–13, *CDHS County Administration, Self-Sufficiency, Adult Assistance, JBC Staff Briefing Document*.

**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:** LEAP provides assistance to cover the costs of home heating, furnace repair and replacement, and weatherization assistance to households at or below 185 percent of federal poverty level (FPL).

**Department:** Department of Human Services

**Financing:** A federal block grant, which allocates funds among states according to a complex formula, supports most of the spending. The federal share of spending ranges from a low of 85 percent to a high of 99 percent in FY 2009–10. The program has also received funding from sources, such as the Severance Tax Trust Fund and the Energy Outreach Colorado.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$52,248,363	\$73,216,811	\$77,409,173	\$73,442,997	\$62,950,382	
% Change From Previous Year	12.5%	40.1%	5.7%	-5.1%	-14.3%	<b>4.8%</b>
% Change (Inflation Adjusted)	9.2%	37.9%	5.1%	-7.5%	-16.5%	<b>2.9%</b>
% Change (Inflation & Child Population Adjusted)	7.1%	36.3%	3.3%	-7.5%	-17.4%	<b>1.8%</b>



**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 and FY 2010–11; Senate Bill 11-209 (Long Bill); Colorado Department of Human Services, *Line Item Descriptions*, Executive Director's Office, FY 2012-13 Budget Request (November 1, 2011).

## Child Support Enforcement

**Program:** The Child Support Enforcement and Establishment Program was enacted by Congress 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:** Department of Human Services

**Financing:** Funding is provided to states by the federal government 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. The state's share of funding comes from the General Fund.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$1,931,657	\$2,160,989	\$1,882,026	\$4,377,818	\$3,427,758	
% Change From Previous Year	12.8%	11.9%	-12.9%	132.6%	-21.7%	<b>15.4%</b>
% Change (Inflation Adjusted)	9.5%	10.1%	-13.4%	126.9%	-23.8%	<b>13.3%</b>
% Change (Inflation & Child Population Adjusted)	7.4%	8.8%	-14.9%	126.8%	-24.5%	<b>12.2%</b>

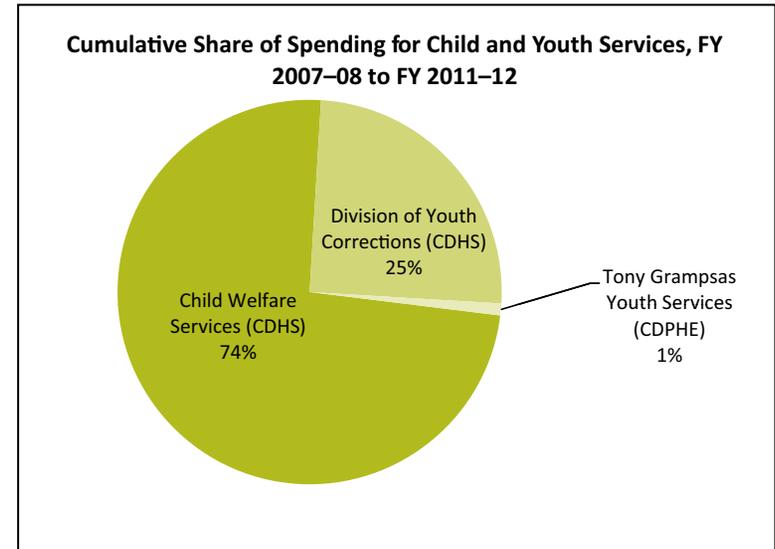


**Sources:** JBC Staff Briefing Documents, *Department of Human Services (Executive Director's Office, Office of Operations, County Administration, Self Sufficiency, Adult Assistance)*, FY 2009–10 and FY 2010–11; Senate Bill 11-209 (Long Bill); Colorado Department of Human Services, *Line Item Descriptions*, Executive Director's Office, FY 2012-13 Budget Request (November 1, 2011). U.S. Dept. of Health and Human Services, Administration for Children and Families, *Payments to States for Child Support Enforcement and Family Support Programs*, FY2012 Budget. [www.acf.hhs.gov/porgams/olab/budget/2012/cj/CSE.pdf](http://www.acf.hhs.gov/porgams/olab/budget/2012/cj/CSE.pdf).

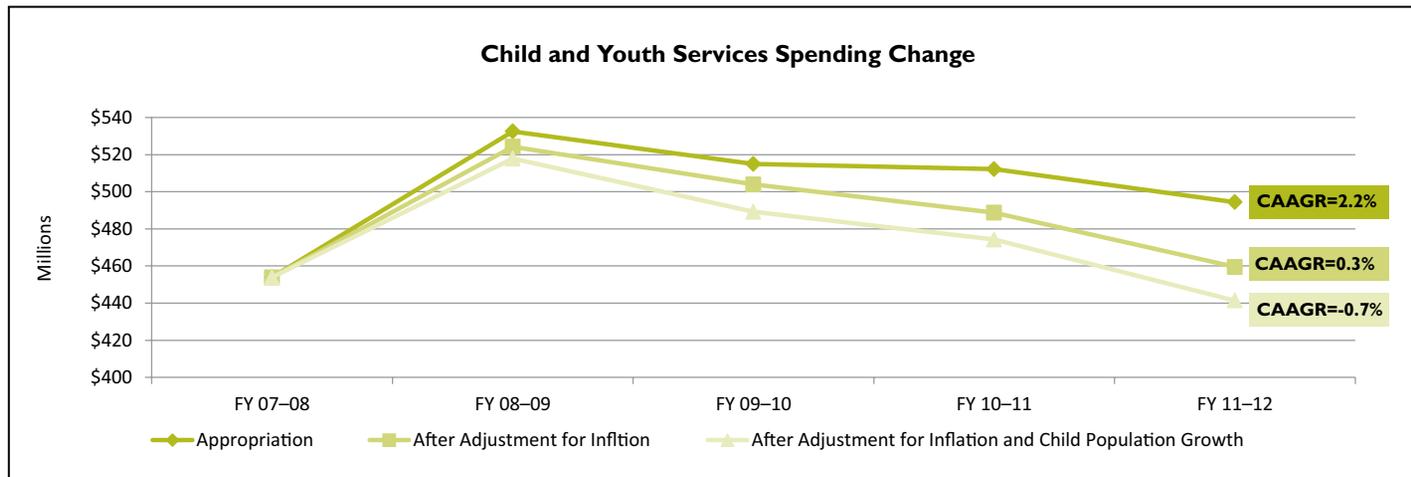
## Child and Youth Services

Most of the programs included in this section are administered by the Office of Children, Youth & Family Services in the Department of Human Services. This office seeks to insure that Colorado children live in a safe, healthy, and stable environment, with associated programs accounting for nearly three-quarters of total appropriations for child and youth services; and to protect, restore, and improve public safety through effective services to juvenile offenders to help them become responsible citizens. Youth corrections programs account for about one quarter of the total spending for child and youth services.

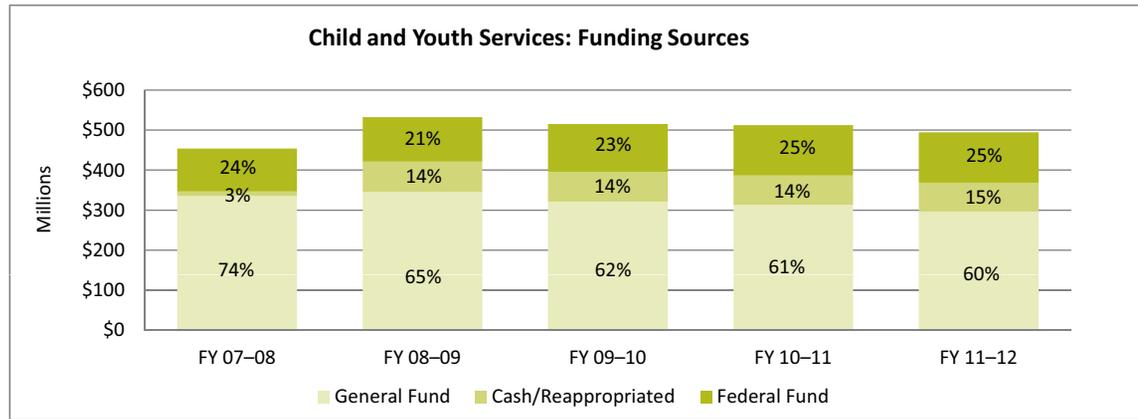
The other program of interest is the Tony Grampas Youth Services Program administered by the Department of Public Health and Environment. It accounts for only 1 percent of total funding.



Appropriations for child and youth services, including services for detained or incarcerated juveniles, are higher in the current fiscal year (\$494.5 million) than they were in FY 2007-08, resulting in an average annual growth rate of 2.2 percent over the period. The growth rate did not keep pace with inflation and child population, so real purchasing power decreased by almost 1 percent during that time frame. The trend line in the figure below, however, shows that all of the increase took place in the first year of the study period (primarily in child welfare services), and that appropriations have decreased since FY 2008-09. The total decrease from the high point to the current fiscal year is 7.1 percent. After adjusting for inflation and child population growth over the period, the decrease was 14.7 percent.



Child and youth services programming is much less dependent on federal funding than economic security programming. Federal grants have covered between 20 to 25 percent of the total appropriation, depending on the year. Most of the remainder comes from the state's General Fund.



## 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 problems from occurring.

**Department:** Department of Human Services

**Financing:** Child welfare services are primarily a state financial responsibility, covered through the General Fund and cash funds such as 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 2008-09 to a high of 33 percent in FY 2011-12. Major funding comes from Titles IV-B and IV-E of the Social Security Act. Under IV-B, states get grants based on a formula 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 increased under ARRA. However, since eligibility is tied to the old AFDC program, fewer children are eligible for federal foster care assistance and states must use more of their funding to cover their caseloads. Other federal funding comes from the Social Services Block Grant and the Child Abuse and Treatment Act grants. In addition, Colorado has opted to use TANF funds to support child welfare services.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Child Welfare Services	\$261,497,323	\$332,468,431	\$323,086,692	\$318,993,357	\$320,507,308	
Family and Children's Programs	\$46,094,857	\$50,042,150	\$48,030,915	\$44,776,053	\$44,776,053	
Other*	\$12,851,447	\$12,639,622	\$13,597,755	\$14,539,317	\$14,181,716	
TOTAL Funding Level	\$320,443,627	\$395,150,203	\$384,715,362	\$378,308,727	\$379,465,077	
% Change From Previous Year	4.0%	23.3%	-2.6%	-1.7%	0.3%	<b>4.3%</b>
% Change (Inflation Adjusted)	0.9%	21.4%	-3.2%	-4.1%	-2.3%	<b>2.4%</b>
% Change (Inflation & Child Population Adjusted)	-1.0%	19.9%	-4.9%	-4.1%	-3.3%	<b>1.4%</b>



**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 and FY 2012-13; Colorado Department of Human Services, Line Item Descriptions, Executive Director's Office, FY 2012-13 Budget Request (November 1, 2011). Appropriations for FY 2010-11 are actuals as reported in the JBC Staff Briefing Document FY 2012-13.

**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 and Treatment Grant.

## Division of Youth Corrections (DYC) Institutional Programs

**Program:** 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 in this table are the range of community services crafted at the local level under SB 91-94, 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.

**Department:** Department of Human Services

**Financing:** Guided by SB 91-94, 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 (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 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Institutional –Personnel and Operating	\$44,168,217	\$45,762,081	\$46,387,430	\$45,390,716	\$44,331,602	
Health Programs	\$7,810,391	\$7,934,777	\$8,307,298	\$7,989,118	\$6,985,209	
Education Programs	\$5,837,378	\$5,916,443	\$6,076,544	\$5,788,767	\$5,798,103	
Prevention/Intervention	\$49,215	\$48,965	\$48,915	\$49,693	\$49,693	
Community Services	\$72,275,382	\$72,155,417	\$65,349,833	\$70,809,241	\$54,227,900	
<b>TOTAL Funding Level</b>	<b>\$130,140,583</b>	<b>\$131,817,683</b>	<b>\$126,170,020</b>	<b>\$130,027,535</b>	<b>\$111,392,507</b>	
% Change From Previous Year	2.0%	1.3%	-4.3%	3.1%	-14.3%	<b>-3.8%</b>
% Change (Inflation Adjusted)	-1.0%	-0.3%	-4.9%	0.5%	-16.6%	<b>-5.6%</b>
% Change (Inflation & Child Population Adjusted)	-2.9%	-1.5%	-6.5%	0.5%	-17.4%	<b>-6.5%</b>



**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 and FY 2012–13; Colorado Department of Human Services, Line Item Descriptions, Executive Director's Office, FY 2012-13 Budget Request (November 1, 2011). Appropriations for FY 2010–11 are actuals as reported in the JBC Staff Briefing Document FY 2012–13.

**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 and Treatment Grant.



## Tony Grampas Youth Services Program (TGYS)

**Program:** The Tony Grampas Youth Services Program (TGYS), a statutory program, was established to provide state funding for community-based programs that target youth and their families for prevention and intervention services in an effort to reduce incidents of youth crime and violence, and to prevent child abuse and neglect. This program funds a wide range of community programs for children and youth, but has a particular focus on early childhood, youth mentoring, school dropout prevention, and violence prevention services. An appointed board is responsible for developing criteria for awarding three-year cycle grants, reviewing applications, selecting grantees, and overseeing the program. Grant choices are submitted to the Governor for final approval. Non-profit organizations, local governments, schools, and faith-based organization are eligible to apply.

**Department:** Department of Public Health and Environment

**Financing:** This line item is funded primarily with Master Tobacco Settlement Agreement moneys.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	CAAGR
Funding Level	\$3,288,870	\$5,560,142	\$4,119,765	\$3,841,275	\$3,613,049	
% Change From Previous Year	-5.9%	69.1%	-25.9%	-6.8%	-5.9%	<b>2.4%</b>
% Change (Inflation Adjusted)	-8.7%	66.4%	-26.4%	-9.1%	-8.4%	<b>0.5%</b>
% Change (Inflation & Child Population Adjusted)	-10.4%	64.4%	-27.6%	-9.1%	-9.3%	<b>-0.5%</b>



**Sources:** House Bill 08-1375 Long Bill; Senate Bill 07-239 Long Bill; House Bill 08-1375 Long Bill; Colorado Department of Public Health and Environment Line Item Descriptions, FY 2012–13 Budget Request; Senate Bill 11-209 (Long Bill); Colorado Department of Public Health and Environment, Child, Adolescent & School Health Unit, Tony Grampas Youth Services Program website <http://www.cdphe.state.co.us/ps/tgys/index.html?col7=open>

**Notes:** Total for FY 2008–09 includes \$300,000 appropriated from the Colorado Student Before-and-After-Program Project Fund to the Colorado Student Before-and-After School Project. Cash funds appropriated in FY 2009–10 are from the Colorado Children’s Trust Fund; in all other years, cash fund appropriations are from Master Tobacco Settlement Agreement moneys.



# Budget Glossary

## Terms used in the Colorado Children's Budget 2011<sup>1</sup>

**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.

<sup>1</sup> 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/FY11-12apprept.pdf](http://www.state.co.us/gov_dir/leg_dir/jbc/FY11-12apprept.pdf).

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

**Federal Poverty Guidelines (FPL)** - issued annually by the U.S. Department of Health and Human Services and published 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.<sup>2</sup>

Persons in Family or Household	100 Percent of Poverty	150 Percent of Poverty	200 Percent of Poverty	250 Percent of Poverty	300 Percent of Poverty
1	\$10,890	\$16,335	\$21,780	\$27,225	\$32,670
2	14,710	22,065	29,420	36,775	44,130
3	18,530	27,795	37,060	46,325	55,590
4	22,350	33,525	44,700	55,875	67,050
5	26,170	39,255	52,340	65,425	78,510
6	29,990	44,985	59,980	74,975	89,970
7	33,810	50,715	67,620	84,525	101,430
8	37,630	56,445	75,260	94,075	112,890



<sup>2</sup> Source: Office of the Federal Register (January 20, 2011). *Federal Register*. National Archives and Records Administration. <http://aspe.hhs.gov/poverty/11fedreg.shtml>

## Colorado Fiscal Policies Impacting Children’s Programs and Services<sup>3</sup>

**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 for health programs, services and education. Amendment 35 revenues are allocated to five cash funds: the Health Expansion Fund (46%), the Primary Care Fund (19%), Tobacco Education, Prevention, and Cessation Fund (16%), Prevention, Early Detection, and Treatment Fund (16%) and other health related services (3%).

**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 over 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 provision 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 codifies the property tax revenue limits imposed in 1992 by TABOR, which requires a school district to annually lower its mill levy if its revenue growth exceeds inflation plus growth in student enrollment.

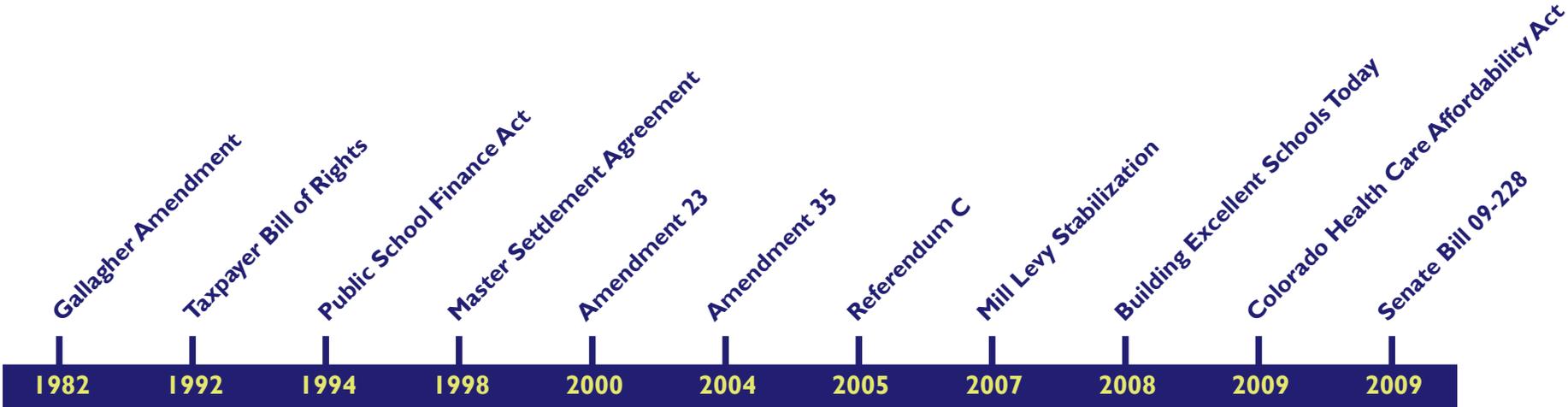
**Public School Finance Act** - a specified formula developed in 1994 for determining state and local financial support for operating Colorado’s 178 school districts and the Charter School Institute. Per-pupil funding is adjusted from a base dollar amount by three factors: (1) the district size; (2)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

<sup>3</sup> 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](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](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](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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