

### Schedule 13

#### Funding Request for the FY 2018-19 Budget Cycle

Department of Human Services

Request Title

**R-08 Colorado SNAP Increased Food Security and County Technical Assistance**

Dept. Approval By:

*Melissa Wavelle*

Supplemental FY 2017-18

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Change Request FY 2018-19

OSPB Approval By:

*[Signature]*

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Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$59,931,615	\$0	\$60,034,888	\$511,356	\$512,495
	FTE	10.0	0.0	10.0	6.4	7.0
Total of All Line Items Impacted by Change Request	GF	\$41,648,975	\$0	\$41,713,796	\$255,680	\$256,249
	CF	\$964,053	\$0	\$1,000,716	\$0	\$0
	RF	\$11,339,804	\$0	\$11,339,804	\$0	\$0
	FF	\$5,978,783	\$0	\$5,980,572	\$255,676	\$256,246

Line Item Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$35,626,745	\$0	\$35,690,162	\$55,490	\$55,490
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Health, Life, And Dental	GF	\$25,469,588	\$0	\$25,509,224	\$27,745	\$27,745
	CF	\$204,384	\$0	\$228,165	\$0	\$0
	RF	\$7,148,083	\$0	\$7,148,083	\$0	\$0
	FF	\$2,804,690	\$0	\$2,804,690	\$27,745	\$27,745

	Total	\$415,157	\$0	\$415,833	\$644	\$702
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- Short-Term Disability	GF	\$280,491	\$0	\$280,927	\$322	\$351
	CF	\$13,979	\$0	\$14,219	\$0	\$0
	RF	\$74,685	\$0	\$74,685	\$0	\$0
	FF	\$46,002	\$0	\$46,002	\$322	\$351

	Total	\$11,255,675	\$0	\$11,273,476	\$16,947	\$16,489
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration --	GF	\$7,604,136	\$0	\$7,615,616	\$8,474	\$9,245
Amortization Equalization	CF	\$372,845	\$0	\$379,166	\$0	\$0
Disbursement	RF	\$2,058,518	\$0	\$2,058,518	\$0	\$0
	FF	\$1,220,176	\$0	\$1,220,176	\$8,473	\$9,244

	Total	\$11,255,675	\$0	\$11,273,476	\$16,947	\$16,489
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office, (A) General Administration -- S.B. 06-235	GF	\$7,604,136	\$0	\$7,615,616	\$8,474	\$9,245
Supplemental Equalization	CF	\$372,845	\$0	\$379,166	\$0	\$0
Disbursement	RF	\$2,058,518	\$0	\$2,058,518	\$0	\$0
	FF	\$1,220,176	\$0	\$1,220,176	\$8,473	\$9,244

	Total	\$1,378,363	\$0	\$1,381,941	\$421,328	\$419,325
	FTE	10.0	0.0	10.0	6.4	7.0
07. Office of Self Sufficiency, (C) Special Purpose Welfare Programs -- Supplemental	GF	\$690,624	\$0	\$692,413	\$210,665	\$209,663
Nutrition Assistance Program	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$687,739	\$0	\$689,528	\$210,663	\$209,662

CF Letternote Text Revision Required?	Yes	No	<u>X</u>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required?	Yes	No	<u>X</u>	
FF Letternote Text Revision Required?	Yes	No	<u>X</u>	
Requires Legislation?	Yes	No	<u>X</u>	
Type of Request?	Department of Human Services Prioritized Request			
Interagency Approval or Related Schedule 13s:	None			



### ***Cost and FTE***

- The Department requests \$511,356 total funds, including \$255,680 General Fund, and \$255,676 federal funds (Supplemental Nutrition Assistance Program, SNAP) and 6.4 FTE in FY 2018-19, and \$512,495 total funds, including \$256,249 General Fund, and \$256,246 federal funds and 7.0 FTE in FY 2019-20 and beyond to improve SNAP access and delivery.
- This is an increase of 34.7% over the FY 2017-18 appropriation.

### ***Current Program***

- Providing more than \$61 million in benefits to nearly 476,000 Coloradans, the Food Assistance Program (i.e. Supplemental Nutrition Assistance Program) is a federal entitlement program that provides monthly food benefits to families and individuals experiencing food insecurity.
- In Colorado, 64 counties administer the program, while the Department is responsible for sound program oversight, statewide.

### ***Problem or Opportunity***

- Too many Coloradans struggle with poverty and food insecurity. One out of every eight Coloradans (12.1%), including one out of every five children, struggle with food insecurity.
- Colorado was recently released from a Settlement Agreement regarding timely processing of benefits, yet remains on a corrective action plan for program accuracy, as measured by the Case and Procedural Error Rate (CAPER), since 2010. Colorado will remain under a Food and Nutrition Service (FNS) corrective action plan until accuracy performance improves.
- Changes to federal regulations require enhanced management and county technical assistance.

### ***Consequences of Problem***

- Colorado is unable to provide sufficient technical assistance to counties to manage new federal regulations, implement SB 16-190, and implement the SNAP efficiently and effectively.
- Colorado will face federal sanctions and financial penalties for failing to address audit findings and failing to accurately deliver benefits.

### ***Proposed Solution***

- The Department requests \$511,356 total funds, including \$255,680 General Fund, and \$255,676 federal funds and 6.4 FTE in FY 2018-19, and \$512,495 total funds including \$256,249 General Fund, and \$256,246 federal funds and 7.0 FTE in FY 2019-20 and beyond to improve SNAP access and delivery.
- Funds will allow the Department to hire five SNAP program staff and two quality assurance (SNAPQA) staff to improve outcomes related to food security.

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# COLORADO

## Department of Human Services

John W. Hickenlooper  
Governor

Reggie Bicha  
Executive Director

FY 2018-19 Funding Request | November 1, 2017

**Department Priority:** R-08  
**Request Detail:** Colorado SNAP Increased Food Security and County Technical Assistance

Summary of Incremental Funding Change for FY 2018-19	Total Funds	FTE	General Fund	Federal Funds
Enhancing SNAP Performance and Increasing County Technical Assistance	\$511,356	6.4	\$255,680	\$255,676
Summary of Incremental Funding Change for FY 2019-20	Total Funds	FTE	General Fund	Federal Fund
Enhancing SNAP Performance and Increasing County Technical Assistance	\$512,495	7.0	\$256,249	\$256,246

### **Problem or Opportunity:**

The Department requests \$511,356 total funds, including \$255,680 General Fund, and \$255,676 federal funds and 6.4 FTE in FY 2018-19, and \$512,495 total funds, including \$256,249 General Fund, and \$256,246 federal funds and 7.0 FTE in FY 2019-20 and beyond. These funds will allow the Department to hire five additional Supplemental Nutrition Assistance Program (SNAP) staff (in the Office of Economic Security) and two Quality Assurance (SNAPQA) staff (in the Office of Performance and Strategic Outcomes) to improve outcomes related to food security (including healthy infant development, improved educational attainment, increased economic output, decreased chronic health issues and health care costs), by promoting efficacious management of the \$732 million SNAP program in Colorado. SNAP is a federally-funded program; administrative costs for managing the program require a 50% State match and sufficient availability exists within the current administrative cap to draw federal funds for these increased expenditures.

SNAP provides a variety of benefits to the working poor, including reducing income volatility due to changing work hours, supplementing low wages, and supporting workers and their families when they are between jobs. Sixty percent of all household comprised of children and at least one non-disabled, non-elderly adult have earnings while participating in SNAP. (Keith-Jennings B, Palacios V. *SNAP Helps*

*Millions of Low-wage Workers*, 2017) It is imperative that Colorado support these families with an efficient and effective SNAP program including sound program delivery and outreach to non-participating households to help enroll them in the program.

It is imperative that the Department improve statewide delivery of SNAP by connecting more eligible Coloradans to food benefits, reducing Colorado's risk for sanctions and intensified federal scrutiny, and working in concert with other human services programs and community partners in the quest to improve the health and welfare among vulnerable Coloradans. Meeting the Department's Strategic Policy Initiatives to help Coloradans "Thrive in their community" and "Achieve economic security" requires proactive measures, within SNAP, to:

1. Combat food insecurity by enhancing program delivery and increasing performance outcomes. A 2011 report estimated that "hunger costs our nation at least \$167.5 billion annually, due to the combination of lost productivity, more expensive public education because of the rising costs of poor education outcomes, avoidable health care costs, and the cost of charity to keep families fed." (Shepard D, Setren E, Cooper D. *Hunger in America, Suffering We All Pay For*, Center for American Progress, 2011) Other studies correlate cost savings among low-income individuals receiving both Medicaid and SNAP versus Medicaid only, documenting a 20-25% reduction in Medicaid costs for individuals enrolled in both programs.
2. Increase the accuracy rates through enhanced county technical assistance. Colorado has been on a corrective action plan for program accuracy, as measured by the Case and Procedural Error Rate (CAPER), since 2010. The CAPER measures the use of proper processes and noticing in determining SNAP eligibility. Colorado has improved systems and other drivers of CAPER, yet user errors (e.g. untimely or inappropriate actions on applications) remain a top contributor to Colorado's CAPER. Because CAPER is such a process-oriented measure, training isn't enough to change county workers' behaviors – over-the-shoulder observation and evaluation of workers' practices are necessary to drive improvement. Colorado will remain under a FNS corrective action plan until accuracy improves. To increase its accuracy rates, over-the-shoulder monitoring and support to county staff is required to enable real-time identification of deficiencies, identify patterns, and recommend practical changes to County staff to avoid errors.
3. Enhanced fiscal/contract management oversight and county technical assistance. New regulations have been put forth by FNS requiring the State to more intensely monitor county contracts. Past deficiencies in SNAP performance and fiscal/contract management have resulted in \$15 million in financial penalties to Colorado between 2009 and 2015.
4. Comply with increased federal requirements, which create new and additional workload in implementing SB 16-190.
5. Comply with new SNAPQA case file review verification and documentation requirements per changes issued in the FNS Handbook 310 in October 2016. Given these new requirements Colorado is unable to complete 100% of the required SNAPQA case file reviews, within regular work hours, to provide statistically reliable data which informs policy, practice and training decisions.

## **Reduce Food Insecurity**

There is consistent evidence that SNAP is a critical component of food security (Malbi and Ohls, 2015); in fact, after the Earned Income Tax Credit (EITC), SNAP lifts the most children out of poverty (2015, U.S. Department of Census, Current Population Report). As such, SNAP is responsible for measurable improvements in prenatal health, infant health and low birth weights, and increased likelihood for long-term economic security. Furthermore, improved access to SNAP, complemented by targeted strategies to identify and address food insecurity, can position Colorado to be eligible for additional federal performance bonuses.

In 2015, the U.S. Department of Agriculture (USDA) Economic Research Service reported that 12.7% of *all* households experience food insecurity. The USDA defines food insecurity as consistent reduced food intake or disrupted eating patterns due to a lack of income or other resources. In Colorado, at least one of every 12 residents (476,000 or 9%) is hungry. Hardest hit are families of color and families with children. Furthermore, hunger impacts a person's long-term health and can be a culprit of obesity, acute and chronic illnesses, and more. Alternatively, investing in SNAP improves conditions on the front end, versus paying to treat preventable conditions in the future. SNAP kept 117,000 people out of poverty in Colorado, including 55,000 children, per year between 2009 and 2012.

During FFY 2015-2016, SNAP served nearly 476,000 Coloradans – including children, seniors, working people, the unemployed, students, active duty military and Veterans, and the homeless – every month via approximately \$61 million in SNAP benefits. Yet, approximately 211,000 Colorado households who appear to qualify for SNAP are not enrolled in the program. These individuals are likely to be marginalized from health, welfare, and educational success. For instance, the University of Kentucky Center for Poverty Research found that every \$1 spent on SNAP reduced Medicaid costs by \$50. Clearly, outreach to underserved populations is critical to promoting the overall health and welfare of Colorado households, schools, and communities. According to Hunger Free Colorado, every \$1 in SNAP benefits generates about \$1.70 in economic activity in Colorado communities. Promoting SNAP among households who are eligible for nutrition benefits requires dedicated resources to SNAP access and other efforts to abate food insecurity.

## **Reduce Inaccurate Payments through More Robust County Technical Assistance**

Since 2014, the Department has significantly improved SNAP timeliness performance: households are receiving critical food resources more timely. Colorado's dramatic improvements in SNAP timeliness performance are evident by the recent (February 2017) release from an ongoing Settlement Agreement. However, FNS has the authority to assess financial penalties, not connected with payment error rates, if it determines that Colorado has been negligent in certifying and/or issuing benefits or in applying administrative expenses. FNS has repeatedly instructed the Department that it must improve program delivery, which will require intensive, ongoing training (including over-the-shoulder support) of county staff to accomplish. Additional resources will be critical to deploy resources to work directly with county staff to identify and correct errors as they occur in an effort to create a new baseline of correct case actions in order to improve delivery of the SNAP in Colorado. Failure to invest resources to maintain SNAP

performance will result in financial penalties from the FNS and increase the Department's workload required to resolve compliance issues.

### **Implement new Federal Regulations regarding Contract and Fiscal Management**

In 2017, a significant new workload resulted from 7 CFR Appendix A, Part 277 – Principles for Determining Cost Applicable to Administration of the Food Stamp Program by State Agencies. Part 277 mandates FNS approval of all professional services contracts in excess of \$2,500. This will require counties to provide these contracts to the Department for monthly consolidation and submission to FNS for approval, resulting in hundreds of contracts for the Department to monitor and track each year.

In addition to this new requirement, this area remains a long-standing gap for Colorado. Repeat findings, documented in the SNAP program reviews, clearly illuminate Colorado's long-standing issues with cost allocation of administrative expenses, both at the State and county levels. Increased fiscal and contract oversight for more than \$110 million in SNAP administrative expenses will result in a more efficient program, operating with less scrutiny from our federal partners. Furthermore, FNS has repeatedly indicated that the Department is deficient in training county staff in fiscal oversight. It is imperative that the Department trains county staff in order to ensure that county administrative expenses are correctly allocated, tracked, and monitored. The Department lacks resources to target and deliver fiscal reviews and training in the proper utilization of funds.

### **SB 16-190 Compliance**

Among several directives, Senate Bill 16-190 required the creation of mechanisms to distribute federal incentives and sanctions among counties.

Currently, Colorado is anticipating receipt of federal incentive dollars for program timeliness for FFY 2015-16 as well as the most improved Case and Procedural Error Rate (CAPER). While still not meeting the national standard for the CAPER, Colorado likely is one of the most improved states going from a 70%+ error rate to around 30%. Federal rules require states to submit a written plan to FNS explaining how the incentive dollars will be reinvested in SNAP. (Incentive dollars can only be used for SNAP-related investments.) Per SB 16-190, all SNAP incentive dollars earned in Colorado will be distributed to counties; therefore, this new process will require the Department to collect, review, and consolidate 64 county plans into one plan for federal approval. In turn, FNS will require the approved plan to be monitored by the Department until every incentive dollar has been spent by counties and require the Department to vet and approve any change in a county's plans, along with ongoing monitoring of spending. Incentive dollars carry no expiration date; FNS expects the investments to occur across several years.

Monitoring these federally-required plans will create a significant new workload for the Department. Failure to approve, consolidate, and monitor these plans could result in FNS' withdrawal of any incentive plus the levy of penalties related to the misuse of Federal funds.



## **Comply with Federal Case File Review and Accuracy Requirement**

SNAPQA is responsible for meeting federal requirements that ensure accuracy and timeliness of eligibility, benefits and noticing for SNAP. SNAPQA protects the Department from fiscal sanctions, and fraud and waste associated with incorrectly authorized benefits. Food and Nutrition Service (FNS) mandates the number of annual SNAP quality assurance reviews to ensure that Coloradans receiving Food Assistance are eligible, receiving the correct benefit amount, and that the federal dollars are being dispersed appropriately. Colorado has been on a FNS corrective action plan (CAP) for program accuracy, as measured by the Case and Procedural Error Rate (CAPER), since 2010.

FNS further mandates that 95% of all case file reviews are completed and dictates the processes for completing and reporting case file reviews in the FNS Handbook 310. On May 1, 2017, FNS placed SNAPQA on a federal CAP for only completing 88% of all case file reviews in FFY16. The Department expects performance to worsen to 86% in FFY 2016-17.

On October 1, 2016, FNS published a revised FNS Handbook 310 requiring more documentation, verification and follow-up resulting in increased work per case for SNAPQA staff. In summary, Colorado will remain under FNS corrective action plans until its CAPER and case completion performance improves and risks a fiscal sanction of at least \$71,000 if it fails to comply with these new federal requirements. This sanction amount would increase exponentially if performance worsened.

Ultimately exiting these corrective action plans is partly dependent on the Department's SNAPQA staff's ability to produce timely, accurate quality assurance data used to continue to improve county performance. In fact, the SNAPQA staff's efforts have already contributed to significant improvements in accuracy performance. In FFY 2012-13, the Payment Error Rate (PER) was 5.59% (\$46,035,305 erroneously authorized benefits annually) and improved to 3.51% in FFY 2015-16 (\$25,803,046 erroneously authorized benefits annually). During the same time period, the CAPER improved from 52.83% to 24.33%. Nevertheless, Colorado needs to continue to improve its accuracy performance in order to avoid fiscal sanctions and come in line with the PER and CAPER national averages.

A case file review requires SNAPQA staff to complete face-to-face interviews at the participant's home or other agreed upon location. In addition, a "field investigation" is required, which includes contact with collateral parties such as employer, landlord, and courts. Field investigations take approximately 92 hours (11.2 hours per staff) per month of travel time in addition to case review time. Within regular work hours, the existing eight SNAPQA reviewers are only able to review 76% of the required minimum active cases and 95% of the required minimum negative cases. With increased federal scrutiny since January 2016, all SNAPQA staff are routinely working more than the regular 40 hour work week to complete 100% of required case reviews. Over the past 12 months, each SNAPQA staff person is working an average of 44 hours per week just to meet minimum case review requirements.

Within these 44 hours, staff are unable to conduct quality improvement efforts, provide technical assistance to state and county staff, engage in professional development, and intensify their efforts to avoid incomplete case reviews. This chronic and uncompensated extra work is causing staff turnover, low

morale, and compromises case review quality and timeliness. Due to this, SNAPQA has had six of the eight reviewers (75%) leave employment within the last 30 months, and three (37%) leave employment within the last 6 months. The cost to recruit, hire, and train new SNAPQA staff is approximately \$35,000 per FTE. The Department would have paid an estimated \$83,000 to compensate the eight SNAPQA staff for the extra hours worked in the last 12 months. The Department is using available data from three assessments of workload and staffing levels, as highlighted in Table 1 below, to provide evidence for the 2.0 FTE request. These include: 1) a workload study produced by an independent contractor; 2) the federal workload estimate; and 3) the Department’s internal SNAPQA workload estimate.

Table 1 illustrates the estimated number of hours it takes for one FTE to complete one case file review, and the number of reviewers recommended to meet the FNS Handbook 310 requirements.

<b>Table 1: Workload Assessments Comparison</b> Time to Complete per Review			
Source	Each Active Review	Each Negative Review	Recommended # of Reviewers
Contractor Workload Study	12 hours	3 hours	9
Federal Workload Estimate	9.42 hours	NA	6.28
SNAPQA Workload Estimate	10.75 hours	4.5 hours	9.78

Contractor Workload Study: In 2015, the General Assembly approved the purchase of a workload analysis to evaluate the SNAPQA process and staffing levels. In November 2015, the Department procured a contract with Osnes Consulting, LLC (Osnes). Osnes recommended “at least one” additional FTE based on twelve hours required to complete each active case file review and three hours to complete each negative case file review. Table 2, provided by Osnes, demonstrates the national staffing benchmarks for states with similar SNAP populations to Colorado. Based on this assessment, Colorado is understaffed compared to Mississippi, Tennessee, New Jersey, and Alaska.

<b>Table 2: Contractor Staffing Analysis (FFY 2014-15)</b>				
State	# of Reviewers	Total Reviews per Year	PER	CAPER
Colorado	8	2,112	3.90%	40.33%
Mississippi	10	1,967	0.88%	6.60%
Tennessee	15	1,877	1.33%	11.62%
New Jersey	10	1,700	1.09%	46.72%
Alaska	7	1,079	0.44%	40.82%

*Federal Workload Estimate:* In March 2016, FNS issued Federal Register, Volume 81, number 40 detailing the estimated time needed to complete an active quality assurance case file review, including conducting interviews with the household and completing one of the required FNS forms (FNS-380). The FNS evaluation completed prior to the revised FNS Handbook 310's effective date (October 1, 2016) concluded that it requires an estimated 9.4 hours to review each active case file. FNS did not include an analysis for negative case file reviews. The FNS analysis projects Colorado needs 6.2 FTE to complete active case file reviews and does not account for negative case file reviews or other non-review tasks.

*SNAPQA Workload Estimate:* After implementing the more efficient review process and the new October 2016 FNS Handbook 310 requirements, SNAPQA leadership concluded that approximately 1,022 hours per month are required to complete active case file reviews (10.7 hours per case) and 302 hours per month are required to complete negative case file reviews (4.5 hours per case). The total required work hours for the eight SNAPQA review staff are 1,416 per month (177 hours per FTE). This workload indicates that ten FTE dedicated to QA are required to ensure all of the federal processes, timeliness, and accuracy requirements are met.

The SNAPQA staff completed a business process re-engineering project (LEAN) on January 31, 2017 to examine current business practices, identify waste and implement efficiencies. As a result, SNAPQA made several changes to increase the team's efficiency. Some efficiencies include the elimination of one of two supervisory reviews, streamlining the requests for client information, and reduced printing and scanning.

Additionally, in September of 2009 in effort to be fiscally responsible, the Department abolished a SNAPQA reviewer position (IHA 00591) based on lower workload demands at that time.

#### ***Proposed Solution:***

The Department requests \$511,356 total funds, including \$255,680 General Fund, and \$255,676 federal SNAP funds and 6.4 FTE in FY 2018-19, and \$512,495 total funds, including \$256,249 General Fund, and \$256,246 federal funds and 7.0 FTE in FY 2019-20 and beyond. This funding will allow the Department to hire five additional Supplemental Nutrition Assistance Program staff and two Quality Assurance (SNAPQA) staff for the purpose of providing oversight, monitoring, support, and evaluation of county performance.

In 2015, the Department contracted with a third party vendor, Deloitte, to perform an independent study of the Department's SNAP administrative structure, efficiency and effectiveness, as well as peer comparison to other states. This assessment illustrated a significant staffing gap of 11-15 FTE, within the Food and Energy Assistance Division. In response, the General Assembly created three SNAP FTE in FY 2016-17 to address the most critical structural deficiencies: Fiscal Manager, Performance Manager, and SNAP Programs Manager. Although less than a year has passed since these FTE were hired, their presence has already resulted in material accomplishments. For instance, the Performance Manager provides real-time, detailed case data to the counties and external partners for their use in monitoring and improving program efficacy and delivery and validates the integrity of data reported to federal partners to ensure that waivers enacted are sound in practice and utilization. The Fiscal Manager reviews and audits financial data submitted to FNS for federal match and provides a single point of contact for all fiscal issues transpiring

within Colorado's SNAP program. Meanwhile, the SNAP Program Manager provides a single point of oversight for program delivery, including policy and compliance, to both counties and external partners. Before these positions were created, these critical functions were not (or only partially) being accomplished, resulting in counties and external partners criticizing the Department for having insufficient resources to effectively manage the SNAP program.

Despite these important strides accomplished with the three SNAP FTE allotted in FY 2016-17, a gap of 8-12 FTE remains. This staffing deficit has been exacerbated by the additional workload created by policy changes regarding distribution of bonuses and sanctions per SB 16-190 and the additional contract approval requirements prescribed by FNS. The Department still has a significant need for additional staff to review and revise practices to comply with FNS directives, monitor performance and compliance within federal regulations, validate the accuracy of benefit issuance across Colorado, mitigate fraudulent practices, ensure integrity in the use of program funds, and allow better focus on the efficient and effective delivery of the SNAP program to combat food insecurity for the most disadvantaged Coloradans.

Between program delivery and quality assurance, the Department will allocate new staff to address critical needs and shortfalls in order to ensure Colorado sustains performance, and remains in compliance with FNS directives. Funding 7.0 additional FTE requires no statutory change. In all cases, the FTE will perform mission-critical work that is ongoing in nature, given FNS prescriptive directives and the State's ongoing need to provide a solid foundation for vulnerable, hungry Coloradans to be served with fidelity.

### **Reduce Inaccurate Payments through More Robust County Technical Assistance**

One (1.0) FTE is needed to build upon performance gains made since 2014 and alleviate critical gaps in program management, program support, policy guidance, county support, fiscal management, training, and compliance. This FTE will be responsible for the following ongoing tasks, as detailed in Table 3.

- Analyze SNAP case data and error rates on a regular, ongoing basis to identify program gaps and opportunities for improvements.
- Provide on-going training to counties and community partners in program management, delivery, and support.
- Develop new processes and procedures on a continuous basis to address gaps and improve program delivery. Train county staff on the application and utility of new procedures.
- Proactively identify program deficiencies and resolve them before FNS has a chance to find deficiencies.

An investment of 1.0 FTE will build upon the gains that have been made, while dramatically increasing Colorado's opportunity to earn additional SNAP incentive dollars (likewise, reducing the possibility of a sanction). Moreover, consistent attention to ensuring timely processing and fewer case errors directly affects SNAP benefits paid to the neediest Coloradans.

### **Implement new Federal Regulations regarding Contract and Fiscal Management**

Two (2.0) FTE are required to address long-standing issues, implement new regulations, and provide technical assistance to counties in regards to fiscal and contract oversight, and cost allocation of administrative expenses (including CBMS) as cited by FNS. Also, these FTE will address the significant new workload with the consolidation and submit for FNS approval of all County professional services contracts. As detailed in Table 3, these 2.0 FTE will be responsible for:

- Reviewing, monitoring, and auditing administrative expenses submitted by counties for federal match.
- Reviewing, monitoring, and auditing CBMS expenses submitted monthly by OIT.
- Training county staff in administrative expense monitoring.
- Responding to FNS audit exceptions.
- Developing and monitoring state and county corrective action plans.
- Reviewing, consolidating, and submitting all professional services contracts to FNS.

Accurate cost allocation and accounting practices, combined with better-trained county staff, will contribute directly to nimble, cost-effective programs serving the neediest Coloradans.

### **SB 16-190 Compliance**

Colorado's success in processing cases more timely and accurately has positioned Colorado to receive a performance bonus in FFY 2016-17. To comply with new policies, per SB 16-190, within FNS directives will require the Department to distribute and track funds at a county level. Two (2.0) FTE will be required to compile, monitor, and track 64 counties' plans until the very last dollar has been spent, including distribution and tracking of future incentives. As detailed in Table 3, these FTE will:

- Work closely with 64 counties to develop plans to utilize incentives.
- Consolidate county plans into a statewide plan for FNS approval.
- Monitor performance and execution of 64 county plans; work with counties to update or modify plans and seek FNS approval.
- Report on each county's results and progress in achieving its plan to FNS; track and monitor county spending in accordance with each county's plan.
- Monitor professional services contract approval from federal partners on behalf of counties plans to invest incentive dollars.
- Calculate and distribute any sanctions to counties and ensure all are recovered before returning total sanction payment to FNS.

Failure to comply with all FNS requirements in distributing and monitoring incentives will result in the withdrawal of incentive funds along with possible penalties associated with the perceived misuse of funds. Due to the multi-year nature of the incentive investments, complexity of the SNAP program, time required to train new staff, transitory nature of contractors, and the fact that FNS requires only state employees to be responsible for results (i.e. not contractors), these positions are far more suited as State FTE.

### **Comply with Federal Case File Review and Accuracy Requirements**

Not only do hungry Coloradans benefit from accurate and timely benefits by investing in two (2.0) SNAPQA FTE, the State can avoid being at-risk of financial sanctions and exit two FNS corrective action plans. Improved accuracy performance, as measured by the CAPER in particular, and case completion will facilitate Colorado's exit from two FNS corrective action plans. These staff will be critical for SNAPQA to fully comply with all FNS requirements within regular work hours. Table 3 details the required tasks that will be completed by these FTE.

For all 7.0 FTE required, the Department plans to execute a quick implementation plan to hire these critical staff. Positions will be created and posted upon approval of funding with a goal to have positions filled in July and August 2018.

#### ***Anticipated Outcomes:***

Sustained performance in timeliness and improved performance in accuracy will ensure Coloradans are receiving the right amount of benefits in a timely manner in order to improve health and well-being outcomes. Finally, compliance with FNS fiscal and contract monitoring, new Federal regulations for quality assurance, and SB-190 implementation will ensure Colorado is soundly managing the SNAP program. In total, these efforts ensure that vulnerable Coloradans have access to nutrition to meet their families' needs. A food secure population results in improved educational attainment, increased economic output, decreased chronic health issues, and stronger communities.

In addition to the broad-reaching outcomes related to improved food security, additional resources to SNAP will translate into the following key outcomes:

#### **SNAP**

- 1) Decreased risk of errors cited by FNS during Federal re-reviews, thereby mitigating regression penalties on Colorado's performance which could cost Colorado up to \$11 million based on previous penalties levied on the State.
- 2) Coordinated use of data to meet the requirements of SB 16-190, which created a mechanism for the Department and county partners to agree on a methodology for distributing performance incentives and sanctions for the payment error rate (PER) and the Case and Procedural Error Rate (CAPER) based on SNAPQA reported findings.
- 3) Overall support to counties for oversight, training, and guidance in areas affecting performance and case accuracy.
- 4) More timely and accurate issuance of SNAP benefits, ultimately abating hunger among Colorado's most vulnerable populations applying for assistance.
- 5) Decreased focus and attention from FNS, resulting in fewer audit visits and reduced risk of financial sanctions, which historically for Colorado have ranged from \$1 million to more than \$11 million.
- 6) More effective monitoring plans for key SNAP performance measures, which translates into more efficient and effective processes with less exposure to audit findings.
- 7) Training of county staff across the State to ensure timely processing of cases within federal timeframes, error rates (PER and CAPER) that are at or below the national average, and resolution and closure of

outstanding audit findings.

- 8) Increased use of data analytics, for both SNAP benefits and administrative costs, to coincide with Colorado's goal of being more data-driven and transparent in our fiscal operations.

#### SNAPQA

- 1) Improve the accuracy and timeliness of benefits issued to hungry Coloradans.
- 2) Prevent payment errors from being made to hungry Coloradans because that reduces their ability to pay their bills such as rent, utilities, food, etc.
- 3) Increase the minimum required number of active case file reviews completed within regular work hours from 76% to 100%.
- 4) Increase the minimum required number of negative case file reviews completed within regular work hours from 95% to 100%.
- 5) Provide more comprehensive SNAPQA data to the SNAP program and counties to devise and implement strategies to reduce the PER and CAPER
- 6) Reestablish quality improvement efforts that translate quality assurance data into technical assistance to counties
- 7) Increase job satisfaction, reduced staff turnover, and increased time for SNAPQA staff to complete non-case review activities.
- 8) Replace the SNAPQA position the Department abolished in 2009 based on the workload at the time.

## Assumptions and Calculations:

Please see the attached FTE chart that details the specific tasks required of each new FTE per a full-time workload.

FTE Calculation Assumptions:						
<b>Operating Expenses</b> -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.						
<b>Standard Capital Purchases</b> -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473).						
<b>General Fund FTE</b> -- New full-time General Fund positions are reflected in Year 1 as 0.9166 FTE to account for the pay-date shift. This applies to personal services costs only; operating costs are not subject to the pay-date shift.						
Expenditure Detail			FY 2018-19		FY 2019-20	
<b>Personal Services:</b>						
Classification Title	Monthly	FTE		FTE		
SOC SERVICES SPEC III	\$4,117	4.6	\$226,419	5.0	\$247,020	
PERA			\$22,981		\$25,073	
AED			\$11,321		\$12,351	
SAED			\$11,321		\$12,351	
Medicare			\$3,283		\$3,582	
STD			\$430		\$469	
Health-Life-Dental			\$39,636		\$39,636	
<b>Subtotal Position 1, 6.0 FTE</b>		<b>4.6</b>	<b>\$315,391</b>	<b>5.0</b>	<b>\$340,482</b>	
Classification Title	Monthly	FTE		FTE		
SOC SERVICES SPEC IV	\$5,115	1.8	\$112,522	2.0	\$122,760	
PERA			\$11,421		\$12,460	
AED			\$5,626		\$6,138	
SAED			\$5,626		\$6,138	
Medicare			\$1,632		\$1,780	
STD			\$214		\$233	
Health-Life-Dental			\$15,854		\$15,854	
<b>Subtotal Position 2, 2.0 FTE</b>		<b>1.8</b>	<b>\$152,895</b>	<b>2.0</b>	<b>\$165,363</b>	
<b>Subtotal Personal Services</b>		<b>6.4</b>	<b>\$468,285</b>	<b>7.0</b>	<b>\$505,845</b>	
<b>Operating Expenses:</b>						
		FTE		FTE		
Regular FTE Operating	\$500	7.0	\$3,500	7.0	\$3,500	
Telephone Expenses	\$450	7.0	\$3,150	7.0	\$3,150	
PC, One-Time	\$1,230	7.0	\$8,610	7.0		
Office Furniture, One-Time	\$3,473	7.0	\$24,311	7.0		
Other - Software	500.0	7.0	\$3,500	7.0		
Other						
Other						
Other						
<b>Subtotal Operating Expenses</b>			<b>\$43,071</b>		<b>\$6,650</b>	
<b>TOTAL REQUEST</b>		<b>6.4</b>	<b>\$511,356</b>	<b>7.0</b>	<b>\$512,495</b>	
<i>General Fund:</i>			<i>\$255,680</i>		<i>\$256,249</i>	
<i>Cash funds:</i>						
<i>Reappropriated Funds:</i>						
<i>Federal Funds:</i>			<i>\$255,676</i>		<i>\$256,246</i>	



Table 3 shows the FTE hour breakdown by positions.

<b>Table 3: FTE Detailed Hour Breakdown by Activities</b>	
<b>SNAP Positions</b>	<b>Hours</b>
<b>Sustain Performance (1 FTE) = 2,080 hours</b>	
Develop training for counties and community partners in program management, delivery and support.	314
Conduct training for counties and community partners in program management, delivery and support.	450
Review, revise and develop processes and procedures to address gaps and improve program delivery.	432
Proactively identify program deficiencies and resolve them.	332
Respond to questions from counties and community partners.	192
Develop, monitor and provide update on performance plans.	168
Division meetings, other staff obligations	96
Training	96
<b>Subtotal</b>	<b>2080</b>
<b>Fiscal and Contract Oversight (2 FTE) = 4,160 hours</b>	
Review, monitor and audit administrative expenses submitted by counties.	720
Review, monitor and audit CBMS expenses submitted by OIT.	720
Develop training for counties in administrative expense monitoring .	152
Conduct training for counties in administrative expense monitoring .	336
Research and respond to FNS audit exceptions.	160
Develop remediation plans for audit exceptions.	160
Monitor Corrective Action Plans until complete.	200
Review, consolidate, and submit all professional services contracts to FNS.	960
Track budget, attend fiscal meetings.	240
Division meetings, other staff obligations	192
Training in state procurement, CORE, eClearance and administrative procedures	128
Other Training	192
<b>Subtotal</b>	<b>4160</b>
<b>SB-190 Compliance (2 FTE) = 4,160 hours</b>	
Work with counties to develop incentive plans that meet federal requirements.	320
Consolidate county plans into a statewide plan for FNS approval.	80
Work with FNS to obtain approval of statewide plan.	236
Monitor performance and execution of county plans	500
Work with counties to update or modify plans	460
Work with FNS to obtain approval of revised plans.	360
Report on county results and progress.	340
Track and monitor county spending in accordance with their approved plan.	240
Monitor professional services contracts	720
Calculate and distribute any sanctions to counties	180
Ensure that all sanctions are recovered	340
Division meetings, other staff obligations	192
Training in Administrative procedures	192
<b>Subtotal</b>	<b>4160</b>

Table 3: FTE Detailed Hour Breakdown by Activities (continued)	
SNAPQA Positions	Hours
<u>Comply with Federal Case Review and Accuracy Requirements (2 FTE) = 4,160 hours</u>	
Administrative Tasks (copies, email, etc.)	36
Prep work for case/situation review	768
Review Time includes interview, field investigation, paperwork, research, data entry, etc	1724
Statewide travel to complete face-to-face interviews and collateral contacts	240
Peer/team/supervisory review of findings	624
Correct or update findings after review or rebuttal	180
Recommend quality improvement and error prevention strategies to county partners	60
Provide QA technical assistance to county staff	60
Monthly conference with supervisor re: performance	36
Weekly unit meetings for FNS updates/policies/other items	192
Division meetings, other staff obligations	192
Attend and participate in professional development	48
<i>Subtotal</i>	<b>4160</b>

<b>Table 4: Long Bill Appropriation and Requested Funding for FY 2018-19 Through FY 2020-21</b>			
<b>Line Item: (1) Executive Director's Office, Health, Life and Dental</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
FY 2017-18 Appropriation (SB 17-254)	\$79,271	\$39,636	\$39,635
Requested Funding (or Spending Authority)	\$55,490	\$27,745	\$27,745
<b>FY 2018-19 Total Requested Appropriation</b>	<b>\$134,761</b>	<b>\$67,381</b>	<b>\$67,380</b>
FY 2019-20 Annualization of Prior Year Funding	\$0	\$0	\$0
<b>FY 2019-2020 Total Requested Appropriation</b>	<b>\$134,761</b>	<b>\$67,381</b>	<b>\$67,380</b>
<b>FY 2020-2021 Total Requested Appropriation</b>	<b>\$134,761</b>	<b>\$67,381</b>	<b>\$67,380</b>
<b>Line Item: (1) Executive Director's Office, Short-term Disability</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
FY 2017-18 Appropriation (SB 17-254)	\$1,002	\$501	\$501
Requested Funding (or Spending Authority)	\$644	\$322	\$322
<b>FY 2018-19 Total Requested Appropriation</b>	<b>\$1,646</b>	<b>\$823</b>	<b>\$823</b>
FY 2019-20 Annualization of Prior Year Funding	\$58	\$29	\$29
<b>FY 2019-2020 Total Requested Appropriation</b>	<b>\$1,704</b>	<b>\$852</b>	<b>\$852</b>
<b>FY 2020-2021 Total Requested Appropriation</b>	<b>\$1,704</b>	<b>\$852</b>	<b>\$852</b>
<b>Line Item: (1) Executive Director's Office, Amortization Equalization Disbursement</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
FY 2017-18 Appropriation (SB 17-254)	\$26,414	\$13,207	\$13,207
Requested Funding (or Spending Authority)	\$16,947	\$8,474	\$8,473
<b>FY 2018-19 Total Requested Appropriation</b>	<b>\$43,361</b>	<b>\$21,681</b>	<b>\$21,680</b>
FY 2019-20 Annualization of Prior Year Funding	\$1,542	\$771	\$771
<b>FY 2019-2020 Total Requested Appropriation</b>	<b>\$44,903</b>	<b>\$22,452</b>	<b>\$22,451</b>
<b>FY 2020-2021 Total Requested Appropriation</b>	<b>\$44,903</b>	<b>\$22,452</b>	<b>\$22,451</b>

<b>Table 4: Long Bill Appropriation and Requested Funding (cont.)</b>			
<b>Line Item: (1) Executive Director's Office, Supplemental Amortization Equalization Disbursement</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
FY 2017-18 Appropriation (SB 17-254)	\$26,414	\$13,207	\$13,207
Requested Funding (or Spending Authority)	\$16,947	\$8,474	\$8,473
<b>FY 2018-19 Total Requested Appropriation</b>	<b>\$43,361</b>	<b>\$21,681</b>	<b>\$21,680</b>
FY 2019-20 Annualization of Prior Year Funding	\$1,542	\$771	\$771
<b>FY 2019-2020 Total Requested Appropriation</b>	<b>\$44,903</b>	<b>\$22,452</b>	<b>\$22,451</b>
<b>FY 2020-2021 Total Requested Appropriation</b>	<b>\$44,903</b>	<b>\$22,452</b>	<b>\$22,451</b>
<b>Line Item: (7) Office of Self Sufficiency (C)Special Purpose Welfare Programs</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
FY 2017-18 Appropriation (SB 17-254)	\$1,378,363	\$690,624	\$687,739
Requested Funding (or Spending Authority)	\$421,328	\$210,665	\$210,663
<b>FY 2018-19 Total Requested Appropriation</b>	<b>\$1,799,691</b>	<b>\$901,289</b>	<b>\$898,402</b>
FY 2019-20 Annualization of Prior Year Funding	(\$2,003)	(\$1,002)	(\$1,001)
<b>FY 2019-2020 Total Requested Appropriation</b>	<b>\$1,797,688</b>	<b>\$900,287</b>	<b>\$897,401</b>
<b>FY 2020-2021 Total Requested Appropriation</b>	<b>\$1,797,688</b>	<b>\$900,287</b>	<b>\$897,401</b>