

Schedule 13

Department of Human Services

Funding Request for The FY 2019-20 Budget Cycle

Request Title

R-20 Food Service Inflation

Dept. Approval By:

Melissa Warlet

Supplemental FY 2018-19

OSPB Approval By:

J. Schm

Budget Amendment FY 2019-20

X

Change Request FY 2019-20

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total of All Line Items Impacted by Change Request	Total	\$11,392,625	\$0	\$11,335,125	\$150,910	\$150,910
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$8,477,187	\$0	\$8,419,767	\$98,442	\$98,442
	CF	\$613,040	\$0	\$613,040	\$0	\$0
	RF	\$4,302,102	\$0	\$4,302,102	\$52,468	\$52,468
	FF	\$216	\$0	\$216	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
08. Behavioral Health Services, (E) Mental Health Institutes, (1) Mental Health Institutes - Ft. Logan - Operating Expenses	Total	\$1,069,263	\$0	\$1,069,263	\$1,850	\$1,850
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$926,936	\$0	\$926,936	\$1,850	\$1,850
	CF	\$127,371	\$0	\$127,371	\$0	\$0
	RF	\$14,956	\$0	\$14,956	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
08. Behavioral Health Services, (E) Mental Health Institutes, (2) Mental Health Institutes - Pueblo - Operating Expenses	Total	\$6,132,761	\$0	\$6,132,761	\$88,819	\$88,819
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$2,770,146	\$0	\$2,770,146	\$88,819	\$88,819
	CF	\$415,669	\$0	\$415,669	\$0	\$0
	RF	\$2,946,946	\$0	\$2,946,946	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$4,190,501	\$0	\$4,133,101	\$60,241	\$60,241
	FTE	0.0	0.0	0.0	0.0	0.0
11. Division of Youth Services, (B)	GF	\$2,780,085	\$0	\$2,722,685	\$7,773	\$7,773
Institutional Programs, (1) Institutional	CF	\$70,000	\$0	\$70,000	\$0	\$0
Programs - Operating	RF	\$1,340,200	\$0	\$1,340,200	\$52,468	\$52,468
Expenses	FF	\$216	\$0	\$216	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Department of Human Services Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



Cost and FTE

- The Department of Human Services requests \$150,910 total funds including \$98,442 General Fund and \$52,468 reappropriated funds in FY 2019-20 and ongoing to keep pace with an estimated 1.5 percent increase in food costs.

Current Program

- The Department is mandated to provide nutritionally adequate meals to individuals in its care and custody at its various facilities.
- The Colorado Mental Health Institute at Pueblo (CMHIP) operates 449 inpatient psychiatric beds, and the Colorado Mental Health Institute at Fort Logan (CMHIFL) operates 94 inpatient psychiatric beds for adults. Referrals to the MHIs come from the State's community mental health centers, local hospitals and the courts.
- The Division of Youth Services operates ten State-owned secure facilities for detention and commitment which include diagnostic, education, and program services for youth.
- This request does not include the Department's Veteran Living Centers or the Regional Centers. Those facilities' daily rate budgeting methodology accounts for changes to food costs.

Problem or Opportunity

- This request represents a 1.5 percent increase to compensate for the rising costs of food products as projected by the U.S. Department of Agriculture (USDA).

Consequences of Problem

- With insufficient funding, it becomes challenging for the Department to provide adequate and nutritious meals to its residents.
- Without an increase in funding for food costs, the Department will have to divert funding from other critical operating needs such as: medical/laboratory supplies, custodial and laundry supplies, telephone and IT expenses, and patient transportation.

Proposed Solution

- The Department of Human Services requests \$150,910 total funds, including \$98,442 General Fund and \$52,468 reappropriated funds in FY 2019-20 and ongoing to keep pace with an estimated 1.5 percent increase in food costs.
- The funding will allow the Mental Health Institutes and the Division of Youth Services facilities to keep pace with projected raw food inflation.

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COLORADO

Department of Human Services

John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

FY 2019-20 Funding Request | November 1, 2018

Department Priority: R-20
Request Detail: Food Service Inflation

Summary of Incremental Funding Change for FY 2019-20	Total Funds	FTE	General Fund	Reappropriated Funds
Food Service Inflation	\$150,910	0.0	\$98,442	\$52,468
Summary of Incremental Funding Change for FY 2020-21	Total Funds	FTE	General Fund	Reappropriated Funds
Food Service Inflation	\$150,910	0.0	\$98,442	\$52,468

Problem or Opportunity:

The Department of Human Services requests \$150,910 total funds including \$98,442 General Fund and \$52,468 reappropriated funds in FY 2019-20 and ongoing to keep pace with an estimated rate of inflation of 1.5 percent as projected by the United States Department of Agriculture (USDA) for the cost of food. The Department is required to provide nutritiously adequate meals to patients or residents housed at all of its facilities. The meals must meet or exceed guidelines set forth by the Centers for Medicare and Medicaid Services (CMS), the Joint Commission (JHACO), National School Lunch Program (NSLP), Colorado Department of Education (CDE), and Academy of Nutrition and Dietetics Standards.

Mental Health Institutes

The Office of Behavioral Health (OBH) operates two State-owned mental health institutes. The Colorado Mental Health Institute at Pueblo (CMHIP) operates 449 inpatient psychiatric beds, and the Colorado Mental Health Institute at Fort Logan (CMHIFL) operates 94 inpatient psychiatric beds for adults referred from the State's community mental health centers. Patients residing in these two Mental Health Institutes receive food services and meals at these facilities.

Without funding to address increased food costs, the Mental Health Institutes will continue to absorb these costs into the operating expenses appropriation. This will lead to the hospitals being further financially challenged to meet the other operational needs such as medical supplies, patient supplies, patient care and subsistence items, all of which impact patient care and recovery.

Division of Youth Services

The Division of Youth Services (DYS) operates ten State-owned secure facilities for detention and committed youth with a bed capacity of 707. Detained youth are held in detention for short term stays under the jurisdiction of the juvenile court. Detention beds are statutorily capped at 382, which are allocated to Judicial Districts through a formula. Committed youth are in the custody of the Department for an average of 18-24 months in length. DYS provides meals to all youth in their facilities in compliance with the NSLP guidelines that require nutritious, well-balanced, and age-appropriate meals to all the youth they serve.

The mission of DYS Food Services is to provide healthy nutritious meals to the youth. As participants in the National School Breakfast, Lunch, and Snack programs, DYS Food Services is subject to Federal regulations tied to nutrition and recommended daily allowances of vitamins, minerals, and fats. In addition, the Colorado Department of Education (CDE) requires that the youth are served whole grain rich foods, which are more expensive. Weekly menus cycle every four weeks and offer a diverse selection of foods. With a registered dietitian on staff, DYS Food Services has the ability to create menus for any special diets as needed.

An audit was completed by the Colorado Department of Education in FY 2017-18. The Division needs to provide youths with both a soup and salad to fully comply with updated nutritional guidelines. As a result, the initial plate cost increases are nearly \$0.20 a plate.

If DYS absorbs these costs, the Division will need to reduce the snacks provided to youth from two per day to one. Since breakfast and lunch require reduced calories under the National School Lunch program- the snacks are critical in providing the full day's requirement of calorie intake for youth which is 3,400 calories daily. The Division believes that not only are two snacks critical, but a third snack a day would benefit youth but there is insufficient funding.

Without an annual increase for food inflation, the Department will have to divert operating funds from other critical operating expenses, such as medical/laboratory supplies, custodial and laundry supplies, telephone and IT expenses, and patient/youth transportation.

In addition to its own programs, the Department partners with the Department of Corrections (DOC) at the Colorado Mental Health Institute at Pueblo, preparing additional meals each day to feed DOC offenders on the campus. This request does not address the food inflation costs for the DOC meals, as these costs are addressed through a separate funding request submitted by the DOC.

Proposed Solution:

The Department of Human Services requests \$150,910 total funds including \$98,442 General Fund and \$52,468 reappropriated funds in FY 2019-20 and ongoing to keep pace with an estimated 1.5 percent increase in raw food costs for meal preparation. The reappropriated funds requested by DYS will be received from the National School Lunch Program.

Change in raw food costs

Food costs continue to rise throughout the country affecting the raw food costs of the Department. The Consumer Price Indexes (CPI) for food, food-at-home, and food-away-from-home are expected to increase 1.0 percent to 2.0 percent in calendar year 2018 according to the USDA Economic Research Service.

Other Department Facilities

This request does not include the Department's Veteran Community Living Centers or the Regional Centers. The Veteran's Community Living Centers are an enterprise and funded by resident payments and federal funds. The Regional Centers are funded by a Medicaid daily rate. Statute requires the daily rate (25.5-6-204 (I) (b), C.R.S (2018)) to include the actual costs of the facility therefore any increases in food costs are accounted for in the Medicaid daily rate.

Meals prepared for DOC Offenders

The Department of Corrections will submit a separate request for the raw food cost increases related to the meals prepared by CMHIP for DOC offenders located on the CMHIP campus. Both Departments' requests use an estimated 1.5% increase in raw food costs based on the US Department of Agriculture website, citing statistics from the CPI and the Bureau of Labor Statistics.

Anticipated Outcomes:

The funding request will allow the Department to keep pace with estimated food inflation. The Department will be able to provide nutritionally adequate meals to patients and residents, while simultaneously maintaining the funding levels for other operating functions that help ensure a high level of patient and resident care. This request runs parallel to the Department of Corrections' food inflation request, using the 1.5 percent increase in raw food costs based on the 2018 CPI, published on June 25, 2018. Raw food cost increases related to meals prepared for the DOC will be submitted by the DOC, and reimbursed to the Department through the Inter-agency agreement.

Assumptions and Calculations:

The Department is projecting actual food costs to exceed the food budget by \$150,910 in FY 2019-20 and ongoing. The last time the Department received an increase in appropriations for food cost was in FY 2015-16. The Department can no longer absorb these costs or it will negatively impact other critical operating expenses by diverting funds. Table 1 details the DHS food budget with actual costs or projected costs, broken out by facility.

Table 1: DHS Food Service Inflation Projections

Facility	Food Budget FY 2017-2018	Projected Food Costs FY 2017-18	FY 2017-2018 Deficit	Projected Number of Meals Served FY 2017-18	Number of Snacks Served FY 2017-18	Number of Patients/ Residents Served FY 2017-2018	Food Budget FY 2018-19	FY 2018-19 Projected Food Costs with 1.5% Inflation	FY 2018-19 Deficit	FY 2019-20 Projected Food Costs with 1.5% inflation	FY 2019-20 Deficit	FY 2020-21 Projected Food Costs	FY 2020-21 Deficit
Adams	\$ 57,000	\$ 56,546	\$ 454	26,627	4,750	23.0	\$ 57,000	\$ 57,394	\$ (394)	\$ 58,255	\$ (1,255)	\$ 58,255	\$ (1,255)
Grand Mesa	\$ 123,000	\$ 160,813	\$ (37,813)	67,374	12,018	21.0	\$ 145,000	\$ 163,225	\$ (18,225)	\$ 165,674	\$ (20,674)	\$ 165,674	\$ (20,674)
Gilliam	\$ 100,000	\$ 85,945	\$ 14,055	45,663	8,145	82.5	\$ 93,000	\$ 87,234	\$ 5,766	\$ 88,543	\$ 4,457	\$ 88,543	\$ 4,457
Lookout	\$ 325,000	\$ 309,388	\$ 15,612	154,128	27,493	147.4	\$ 315,000	\$ 314,029	\$ 971	\$ 318,739	\$ (3,739)	\$ 318,739	\$ (3,739)
Footnote	\$ 95,000	\$ 93,309	\$ 1,691	46,533	8,300	40.9	\$ 90,000	\$ 94,709	\$ (4,709)	\$ 96,129	\$ (6,129)	\$ 96,129	\$ (6,129)
Mount View	\$ 150,000	\$ 216,903	\$ (66,903)	97,575	17,405	95.9	\$ 190,000	\$ 220,157	\$ (30,157)	\$ 223,459	\$ (33,459)	\$ 223,459	\$ (33,459)
Platte Valley	\$ 200,000	\$ 189,563	\$ 10,437	96,918	17,288	90.2	\$ 180,000	\$ 192,406	\$ (12,406)	\$ 195,293	\$ (15,293)	\$ 195,293	\$ (15,293)
Pueblo	\$ 45,000	\$ 54,179	\$ (9,179)	18,606	3,319	17.2	\$ 55,000	\$ 54,992	\$ 8	\$ 55,817	\$ (817)	\$ 55,817	\$ (817)
Spring Creek	\$ 165,000	\$ 109,756	\$ 55,244	52,830	9,424	47.0	\$ 135,000	\$ 111,402	\$ 23,598	\$ 113,073	\$ 21,927	\$ 113,073	\$ 21,927
Zebulon Pike	\$ 90,000	\$ 92,465	\$ (2,465)	46,932	8,372	38.6	\$ 90,000	\$ 93,852	\$ (3,852)	\$ 95,260	\$ (5,260)	\$ 95,260	\$ (5,260)
DYS Total	\$ 1,350,000	\$ 1,368,867	\$ (18,867)	653,186	116,514	603.7	\$ 1,350,000	\$ 1,389,400	\$ (39,400)	\$ 1,410,241	\$ (60,241)	\$ 1,410,241	\$ (60,241)
CMHIFL	\$ 279,628	\$ 285,000	\$ (5,372)	99,098*	33,033	303.0**	\$ 291,764	\$ 289,275	\$ 2,489	\$ 293,614	\$ (1,850)	\$ 293,614	\$ (1,850)
CMHIP	\$ 2,464,179	\$ 2,707,000	\$ (242,821)	441,176*	147,059	918.0**	\$ 2,700,000	\$ 2,747,605	\$ (47,605)	\$ 2,788,819	\$ (88,819)	\$ 2,788,819	\$ (88,819)
OBH Total	\$ 2,743,807	\$ 2,992,000	\$ (248,193)	540,273	180,091	1,221.0	\$ 2,991,764	\$ 3,036,880	\$ (45,116)	\$ 3,082,433	\$ (90,669)	\$ 3,082,433	\$ (90,669)
TOTAL	\$ 4,093,807	\$ 4,360,867	\$ (267,060)	1,193,459	296,605	1,824.7	\$ 4,341,764	\$ 4,426,280	\$ (84,516)	\$ 4,492,674	\$ (150,910)	\$ 4,492,674	\$ (150,910)
*Number of Meals Served: Breakfast, Lunch, Dinner, Snack x Average Daily Attendance in FY 2017-18 x365 days													
**MHI Number of Patients Served: This number represents the unique number of patient episodes. If Patient A was admitted 5 times, the patient is counted 5 times. Source: IM census reports													
Avg Daily Attendance CMHIFL: 90.5													
Avg Daily Attendance CMHIP: 402.9													

Table 2 is from the U.S. Department of Agriculture website, citing statistics from the Consumer Price Index and the Bureau of Labor Statistics. The 2018 forecast predicts a 1.0 percent to 2.0 percent inflation rate.

Table 2: USDA CPI Indicator

Changes in Food Price Indexes, 2016 through 2018						
Item	Relative importance ¹	Month-to-Month	Year-over-Year	Year-to-Date	Annual	Forecast
		Apr 2018 to May 2018	May 2017 to May 2018	Avg 2017 to Avg 2018	2017	2018
Consumer Price Indexes	<i>Percent</i>	<i>Percent change</i>				
All food	100.0	0.0	1.2	1.0	0.9	1.0 to 2.0
Food away from home	42.3	0.3	2.7	1.9	2.3	2.0 to 3.0
Food at home	57.7	-0.4	0.1	0.4	-0.2	0.5 to 1.5
Meats, poultry, and fish	12.0	-0.6	1.2	0.5	-0.1	0.5 to 1.5
Meats	7.6	-0.8	1.4	0.4	-0.6	0.25 to 1.25
Beef and Veal	3.4	-1.1	2.6	0.9	-1.2	0.5 to 1.5
Pork	2.3	-0.1	0.4	-0.4	0.6	-1.0 to 0.0
Other meats	1.9	-1.2	0.5	0.4	-0.9	0.5 to 1.5
Poultry	2.5	0.0	0.5	0.5	0.2	1.5 to 2.5
Fish and seafood	1.9	-0.7	1.4	0.9	1.2	0.5 to 1.5
Eggs	0.7	-5.8	21.6	15.3	-9.5	6.0 to 7.0
Dairy products	6.0	-0.6	-0.6	-0.4	0.1	-0.5 to 0.5
Fats and oils	1.7	-0.5	-0.2	0.4	0.8	-1.5 to -0.5
Fruits and vegetables	9.8	0.1	-0.4	0.7	-0.2	0.5 to 1.5
Fresh fruits & vegetables	7.6	0.2	-0.3	1.0	0.2	1.0 to 2.0
Fresh fruits	4.1	0.1	1.1	1.5	0.5	2.0 to 3.0
Fresh vegetables	3.5	0.2	-1.9	0.4	-0.1	-0.5 to 0.5
Processed fruits & vegetables*	2.1	-0.1	-0.9	-0.4	-1.6	-1.0 to 0.0
Sugar and sweets	2.1	0.0	0.5	0.7	-0.1	0.0 to 1.0
Cereals and bakery products	7.8	0.1	-0.2	0.1	-0.5	0.5 to 1.5
Nonalcoholic beverages	6.9	-0.4	-1.3	-0.1	0.2	-0.25 to 0.75
Other foods	10.7	-0.2	-0.4	0.0	0.1	0.25 to 1.25
Orange indicates an adjustment downward and black indicates no change from last month's forecast.						
¹ BLS estimated expenditure shares, December 2016. Food prices represent approximately 13.7 percent of the total						
Note: The most recent forecast was published on June 25, 2018.						
*Annual data for processed fruits and vegetables are only available from 1999. This is a 19-year historical average.						
Source: Bureau of Labor Statistics' Consumer Price Index. Forecasts by Economic Research Service.						

Table 3 illustrates the Long Bill appropriation and requested funding for FY 2019-20 and ongoing.

Table 3: Long Bill Appropriation and Requested Funding for FY 2018-19 Through FY 2020-21

Line Item: (11) Division of Youth Services, (B) Institutional Programs,	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2018-19 Appropriation (HB 18-1322)	\$4,190,501	\$2,780,085	\$70,000	\$1,340,200	\$216
Requested Funding (or Spending Authority)	\$60,241	\$7,773	\$0	\$52,468	\$0
FY 2019-20 Total Requested Appropriation	\$4,250,742	\$2,787,858	\$70,000	\$1,392,668	\$216
FY 2020-21 Annualization of Prior Year Funding	\$0	\$0	\$0	\$0	\$0
FY 2020-21 Total Requested Appropriation	\$4,250,742	\$2,787,858	\$70,000	\$1,392,668	\$216
FY 2021-22 Total Requested Appropriation	\$4,250,742	\$2,787,858	\$70,000	\$1,392,668	\$216
Line Item: (8) Office of Behavioral Health, (E) (1) Mental Health Institute at Ft. Logan, Operating	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2018-19 Appropriation (HB 18-1322)	\$1,069,263	\$926,936	\$127,371	\$14,956	\$0
Requested Funding (or Spending Authority)	\$1,850	\$1,850	\$0	\$0	\$0
FY 2019-20 Total Requested Appropriation	\$1,071,113	\$928,786	\$127,371	\$14,956	\$0
FY 2020-21 Annualization of Prior Year Funding	\$0	\$0	\$0	\$0	\$0
FY 2020-21 Total Requested Appropriation	\$1,071,113	\$928,786	\$127,371	\$14,956	\$0
FY 2021-22 Total Requested Appropriation	\$1,071,113	\$928,786	\$127,371	\$14,956	\$0
Line Item: (8) Office of Behavioral Health, (E) (2) Mental Health Institute at Pueblo, Operating	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2018-19 Appropriation (HB 18-1322)	\$6,132,761	\$2,770,146	\$415,669	\$2,946,946	\$0
Requested Funding (or Spending Authority)	\$88,819	\$88,819	\$0	\$0	\$0
FY 2019-20 Total Requested Appropriation	\$6,221,580	\$2,858,965	\$415,669	\$2,946,946	\$0
FY 2020-21 Annualization of Prior Year Funding	\$0	\$0	\$0	\$0	\$0
FY 2020-21 Total Requested Appropriation	\$6,221,580	\$2,858,965	\$415,669	\$2,946,946	\$0
FY 2021-22 Total Requested Appropriation	\$6,221,580	\$2,858,965	\$415,669	\$2,946,946	\$0