

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING ASSISTANCE TO THE ELDERLY, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Acree and Kefalas

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**Summary of Amendments Made to the Bill After the 03/29/12 Legislative Council Staff Revised Fiscal Note Was Prepared**

None.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

Concurs

Does Not Concur

Updated Analysis

**Reason for the Non-Concurrence / Update**

There are two updates to the March 29, 2012 Legislative Council Staff Revised Fiscal Note.

1. Staff has developed an estimate of the fiscal impact if the Department of Human Services accepts the encouragement from the General Assembly to increase the Old Age Pension (OAP) grant standard from \$699 to \$725 per month effective July 1, 2012. This is anticipated to increase expenditures from the OAP Cash Fund by \$6,695,581 for FY 2012-13. Further, this increase in OAP Cash Fund expenditures will *reduce* General Fund revenue available for other programs by the same amount.
2. The Joint Budget Committee has included, as part of its FY 2012-13 budget package, an appropriation of \$3,022,800 General Fund (rather than \$3,000,000) for the Dental Assistance Program in this bill. The amount set aside for the Dental Assistance Program is discretionary: the program will serve as many people as feasible with whatever dollars are appropriated.

*OAP Assumptions:* The OAP Cash Fund receives 85 percent of most sales and excise taxes. Any amount not required for OAP (the vast majority) then "spills over" into the General Fund. Thus, any increase in OAP expenditures equates to a decrease in General Fund revenue. The OAP adjustment is based on the difference between the OAP cash assistance projection of \$77,577,660 incorporated in the Office of State Planning and Budgeting March 2012 General Fund revenue forecast (in which no OAP rate increase was assumed) and a projection of \$84,273,24, which includes an increase in the grant standard to \$725 per month.

*Dental Program Assumptions:* It is assumed that the Department of Public Health and Environment will serve as many individuals as possible with any appropriation provided and that it will serve no less than the 4,000 people identified in the Legislative Council Staff Revised fiscal note.<sup>1</sup> It is further anticipated that the Department of Public Health and Environment will have administrative costs related to implementing this bill consistent with the amounts outlined in the Legislative Council Staff Revised Fiscal Note and that grants to dental providers will be reduced by the amount required for administration.

The table below reflects the allocation between administration and grants to dental providers *if* the \$3,022,800 included in the budget package is appropriated for this program.

<b>Dental Assistance Program - Department of Public Health and Environment Updated for Budget Package Set-aside</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Program Administration Costs	\$168,490	\$162,936
FTE	2.2	2.3
Grants to Dental Providers	<u>2,854,310</u>	<u>2,859,864</u>
Total	\$3,022,800	\$3,022,800

*Summary of Updated Fiscal Note:* With the above adjustments, the revised fiscal impact of this bill is as follows. Legislative Council Staff concurs with this analysis.

<b>Summary of H.B. 12-1326 Updated Fiscal Note <i>including</i> Dental Assistance Budget Package Set-aside</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<b>State Revenue</b>		
General Fund	(\$6,695,581)	(\$6,695,581)
Cash Funds - OAP Cash Fund	<u>6,695,581</u>	<u>6,695,581</u>
Total	\$0	\$0
<b>State Expenditures</b>		
General Fund	\$3,022,800	3,022,800

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<sup>1</sup>For comparison, the Old Age Pension program is estimated to serve 22,566 individuals in FY 2012-13.

<b>Summary of H.B. 12-1326 Updated Fiscal Note <i>including</i> Dental Assistance Budget Package Set-aside</b>		
	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Cash Funds - OAP Cash Fund	<u>6,695,581</u>	<u>6,695,581</u>
Total	\$9,718,381	\$9,718,381
FTE Position Change	2.2 FTE	2.3 FTE

**Amendments/Appropriation Status**

The bill includes an appropriation clause that appropriates \$3,000,0000 General Fund to the Department of Public Health and Environment for FY 2012-13. Staff has prepared two amendments:

**Amendment J.001 (attached):**

- increases the amount shown in the Long Bill for informational purposes for the Old Age Pension Cash Assistance Programs by \$6,695,581 cash funds; and
- changes the existing appropriation clause to appropriate \$3,022,800 General Fund and 2.2 FTE to the Department of Public Health and Environment for the Dental Assistance Program.

**Amendment J.002 (attached):**

- increases the amount shown in the Long Bill for informational purposes for the Old Age Pension Cash Assistance Programs by \$6,695,581 cash funds; and
- changes the existing appropriation clause to add an appropriation of 2.2 FTE to the Department of Public Health and Environment for the Dental Assistance Program. (This leaves the current \$3,000,000 General Fund appropriation for the Dental Assistance Program unchanged.)

**The Committee may adopt J.001 or J.002, but not both.**

**Bill Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

**Points to Consider**

The Joint Budget Committee (JBC) has introduced a balanced budget package for FY 2012-13 based on the March 2012 Office of State Planning and Budgeting revenue forecast. The JBC has included as part of its FY 2012-13 budget package:

- a \$3,022,800 General Fund appropriation for implementation of the Dental Assistance component of this bill;
- the \$6,695,581 General Fund revenue decrease that is assumed to result from the passage of this bill if the State Board of Human Services increases the OAP grant standard.