**Date: August 20, 2025**

**Time: 1:30pm**

**Location: Commissioners Conference Room Second Floor – County Administration Building**

BOARD OF SOCIAL SERVICES MINUTES

This meeting was recorded, broadcast online and archived.

## Introduction and Announcements

- Commissioner John Kefalas, Commissioner Jody Shadduck-McNally, Commissioner Kristin Stephens, County Manager Lorenda Volker, Human Services Director Heather O'Hayre, Division Managers Jill Maasch, Thad Paul, and Business Operations Coordinator Kalene Rowley.

## Additions to the Agenda

- The agenda for the afternoon included:
- Brief federal updates.
- A detailed discussion on the state of the department, including a fiscal update and workload volume, particularly concerning the close of the fiscal year and the start of a new one.
- Discussion on client outcomes and impacts in specific program areas.
- Director Heather O'Hayre invited questions throughout the session.
- No additions were made to the agenda.

## Federal Updates – HR1: "One Big Beautiful Bill Act"

- **Introduction to HR1**
    - Director Heather O'Hayre mentioned a conflicting Colorado Counties, Inc. (CCI) meeting at 2 PM, where a high-level overview of a bill to be introduced as part of the special session would be given. This bill relates to the federal updates.

- Jill Maasch, Division Manager for Operations and Organizational Development, began the federal updates, focusing on HR1, which was approved and voted on July 4th.
- HR1 includes tax cuts that reduce federal government revenue. To compensate, it changes certain government programs, including Medicaid and SNAP.
- Approximately a quarter of Coloradans live in families participating in one or both of these programs.

- **Changes to SNAP**
  - **Cuts and Impacts:**
    - Over $186 billion in SNAP cuts over the next decade.
    - Nearly 3 million individuals are projected to lose access to SNAP.
    - Estimated cost increase to Colorado alone: over $191 million.
  - **High-Level Changes:**
    - **Work Requirements:** Extended to able-bodied adults aged 54 to 64.
    - **Eligibility Limits:** Limited to US citizens or lawful permanent residents, effective October 1st, 2026.
    - **Elimination of SNAP-Ed:** This program, which served 13,000 adults and 17,000 children in 2024 with direct outreach and education, will be eliminated in fiscal year 2026. Approximately 297,000 Coloradans receive benefits through food pantries.
  - **Costs Shifted to States:**
    - **Reduced Federal Administrative Match:** The federal administrative match for SNAP will decrease from 50% to 25%, effective October 2026. Colorado expects to lose approximately $50 million.
    - **State Payment Based on Error Rates (PER):** States will be required to pay a portion of SNAP benefit costs based on their payment error rates (PER), effective October 2027.
      - Colorado's current PER is in the 8% to 9.99% range (around 10%). This implies a 10% match requirement, meaning Colorado will have to pay roughly $125 million to $160 million towards SNAP when this goes into effect.
      - For FY28, states can choose their FY25 or FY26 PER for calculation.
      - Beginning in FY29, states will use their PER from three fiscal years prior to determine the match rate (e.g., FY29 based on FY26 PER).
- **Discussion on SNAP Changes:**
  - **Commissioner John Kefalas's Questions:**

    - Regarding the work requirements for able-bodied adults up to age 64, how many people will lose benefits?
    - Regarding the second bullet point on SNAP eligibility, he recalled that only US citizens and lawful residents could access SNAP, so he sought clarification on the change.
- **Director Heather O'Hayre's Responses:**
    - **Impact of Work Requirements:** The intent of HR1 was to reduce the number of people receiving SNAP and Medicaid, as there was a belief that too many people were on these programs.
        - While there will be people losing benefits, the impact varies by county. 18 counties had full federal waivers for work requirements (due to high unemployment rates), which will stop on October 1st. Pueblo is the only large county among these 18.
        - For Larimer County, the primary impact will be increased workload and fiscal strain to administer the requirements.
        - CDHS estimates up to 75,000 Coloradans might lose SNAP due to work requirements.
        - **SNAP vs. Medicaid Work Requirements:** SNAP allows 90 days of benefits while individuals seek employment, with case management support. Medicaid, however, is a "meet it or don't" requirement *before* receiving services, and there is no sister program providing case management for Medicaid recipients to help them meet employment barriers.
    - **Eligibility for Non-Citizens:** Previously, special populations with certain immigration statuses (e.g., refugees, asylum seekers) were eligible for SNAP. This is no longer the case and was effective immediately on July 4th. States are awaiting federal guidance on implementation.
    - **Estimated Impact:** Approximately 15,000 individuals statewide (refugees/asylum seekers) are estimated to be impacted by the changes in eligibility. Larimer County specific data will be provided on October 8th.
- **Commissioner Jody Shadduck-McNally's Questions:**
    - Clarification on SNAP eligibility (90-day food security vs. immediate loss) and when changes kick in.
    - Questioned how to lower payment error rates (currently 9.97% for Colorado statewide, which is in the lower tier for state-supervised county-administered systems).
    - Concerned that losing administrative dollars could lead to increased error rates.

- **Director Heather O'Hayre's Responses:**
    - **SNAP Eligibility:** The 90-day benefit period for SNAP while seeking work remains unchanged under HR1. Work requirements were effective upon signing, but states are awaiting federal guidance.
    - **Payment Error Rates (PER):** PER measures overpayments and underpayments exceeding $50. Colorado's rate (9.97% in 2024) is among the lowest for its system type.
        - Errors stem from three main buckets: client errors (~30%), Colorado Benefit Management System (CBMS) errors (~30%), and county errors (~40%).
        - A statewide committee is working to reduce PER to below 5%, but it will be challenging.
        - Federal auditors sample only 2,000 cases statewide (out of 700,000), rework them, and provide data 6-9 months later, making timely corrections difficult.
        - She emphasized that payment error rates are *not* fraud; they reflect the complexity of administering the program.
    - **Administrative Dollars:** Yes, losing administrative dollars is likely to increase error rates.
- **Commissioner John Kefalas's Follow-up:**
    - Recalled a memo/briefing paper on the PER issue. Director Heather O'Hayre confirmed it was created by the Larimer County team with Weld County peers and offered to resend it.

- **Changes to Medicaid**
    - **Eligibility Limits:** Limited to US citizens or lawful permanent residents after a 5-year waiting period.
    - **Redeterminations:** Will occur every 6 months, doubling the workload.
    - **Activity Requirements:** Enacted for individuals aged 19-64, with some exceptions (this was not previously a requirement).
    - **Provider Taxes:** Limits will be placed on provider taxes.
    - **Cuts and Impacts:** HR1 estimates
- **Federal Monitoring and State Special Session**
    - The department is closely monitoring Colorado's special session, which was set to begin the next day.
    - The special session would focus on revenue shortfalls caused by HR1 tax policy changes, impacts to Medicaid and SNAP, healthcare, and AI regulations.
    - A work session was scheduled for October 8th at 1:30 PM to delve deeper into HR1 and present data gathered from look-backs.

- Additional federal actions are being monitored, including the President's proposed budget, which suggests significant cuts to human services programs.
- HR 3156, a pending bill, proposes drastic changes to the Temporary Assistance for Needy Families (TANF) program.
- Two documents have been created: a federal updates tracker (maintained by Hannah Ditzenberger) to log meetings and executive orders, and a one-pager (developed with Shane) detailing county-specific impacts related to HR1.
- A special session overview document was also available.

- **Healthy School Meals for All**
  - Director Heather O'Hayre announced a bill to be introduced the next day in the Senate Health and Human Services Committee.
  - This bill aims to modify the "Healthy School Meals for All" language approved by voters.
  - **Proposed Modifications:**
    - Allow the state to retain more revenue from the program, as initial revenue was higher than anticipated, exceeding TABOR limits. This would ensure full funding for Healthy School Meals for All, which currently requires school districts to cover significant costs.
    - Once Healthy School Meals for All is fully funded, any remaining revenue could be used to help cover additional state impacts for SNAP.
  - **Estimated Impact:** Initial estimates from Hunger-Free Colorado suggested this could generate an additional $95 million, with approximately $25 million needed to fully fund Healthy School Meals for All. This could leave $70 million in the first year to offset SNAP match requirements.
  - The fiscal note for the bill was not yet available.
  - Kevin Nieman, CCI's contract lobbyist, was scheduled to provide an update on this bill during the CCI call that afternoon.
  - Director Heather O'Hayre was scheduled to testify the following morning before the Senate committee on this topic.
  - **Commissioner John Kefalas's Question:** He asked if the voter referral related to TABOR implications would require a constitutional or statutory change. Director Heather O'Hayre believed it would be a statutory change, but Kevin Nieman was confirming this.
  - **Commissioner Jody Shadduck-McNally's Question:** She sought clarification on Director Heather O'Hayre's testimony topic. Director Heather O'Hayre confirmed she would be testifying specifically on the Healthy School Meals for All bill, highlighting how HR1 would create more administrative costs and

workload for counties in administering SNAP. She also mentioned coordinating with the CDHS SNAP director, who would also be testifying.

- Director Heather O'Hayre concluded the federal updates by reiterating that more information would become available in the coming week due to the special session and during the October 8th work session.

**Fiscal Update and Activity Report**

- Director Heather O'Hayre transitioned to the annual fiscal update, typically presented in August.
- She noted the complexity of navigating different fiscal years: the county's calendar year, the state's July-June fiscal year, and some federal programs operating on an October 1st fiscal year.
- The state's fiscal year 2024-2025 had recently closed.
- **Funding Overview:**
    - Programs have dedicated budgets ("allocations") with strict usage restrictions; funding generally cannot be used across different programs.
    - Approximately 82.5-83% of the department's funding comes from state and federal sources, with the remaining 17.5% from county funding.
    - County funding often serves as a required match or "maintenance of effort" contribution.
    - **Reserves and Fund Balance:**
        - TANF reserves are used to cover overspending in TANF, Child Welfare, or Child Care Assistance programs.
        - The department's fund balance is used for other program overspending when no other dedicated funding is available.
- **SFY 2024-2025 Budget:** The total department budget was just over $62 million, across 18 different funding allocations. Key programs are braided federal, state, and county dollars, with only two smaller programs being exceptions.
- **Closeout Process:** At the end of the state fiscal year, a "closeout process" occurs where the state identifies unspent funds from other counties or the state and redistributes them to counties that have overspent. Any remaining overspending after closeout must be covered by TANF reserves or the department's fund balance.
- **Commissioner John Kefalas's Question:** He inquired if the $8.4 million Colorado Child Care Assistance Program (CCAP) allocation for SFY 2025 included the additional $15 million secured from the Joint Budget Committee (JBC).

- Director Heather O'Hayre confirmed it did and would specify it in the relevant slide. She also noted an additional $25 million appropriated by the JBC for county administration.

**Economic Security Programs - Benefits and Community Support**

- Director Heather O'Hayre presented the Benefits and Community Support division, led by Vanessa Fewell.
- **SNAP (Food Assistance) and TANF Caseloads and Benefits:**
  - The presentation focused on the dollar amount of benefits issued.
  - Larimer County received over $18.7 million in SNAP benefits in Q2 2025 (April-June), continuing a steady increase since 2020.
  - Colorado statewide saw $1.2 billion in SNAP benefits for calendar year 2024. Based on the current payment error rate, the state would collectively have to cover 10% of this.
  - TANF had a smaller caseload but still issued over $1.2 million in basic cash assistance in Q2 2025.
  - **Caseload Perspective:**
    - Q1 2025 marked Larimer County's highest SNAP caseload in its history, exceeding 19,000 households (up from 12,500 in 2019).
    - Statewide SNAP caseloads also saw significant increases.
    - Reasons for increase: Intentional outreach efforts (including partnerships with the food bank and CSU) to enroll eligible individuals, and increased cost of living statewide leading to more eligible residents.
  - Other financial assistance programs (Old Age Pension, Aid to the Needy and Disabled) were grouped due to smaller caseloads, but were also seeing growth (1,800 in the last quarter).
  - Child Support: The team managed nearly 5,700 cases, collecting and redistributing child support.
- **Welcome Center Traffic:**
  - The welcome centers primarily serve individuals accessing the previously mentioned programs.
  - 1501 Blue Spruce was the busiest location, with almost 1,800 individuals in June alone.
  - Loveland was the second busiest, and the Midpoint welcome center, while the slowest, still served over 400 individuals in June.

**County Administration Allocation**

- This allocation funds the administration of eligibility for all programs except TANF.
- Director Heather O'Hayre noted that the name "county administration" is misleading; it pays for program staff administering public benefits, not general county administrative costs.
- **Funding Streams:** It combines funding from CDHS for most programs and two pots from Healthcare Policy and Financing specifically for Medicaid.
- **Formula Calculation:** The allocation is calculated based on program activity (applications and recertifications) and the time required for each. The formula is complex.
- **Underfunding and Advocacy:**
    - For many years, counties advocated for increased funding for county administration due to underfunding.
    - Senate Bill 22-235 aimed to create a new funding model, look at best practices nationwide to reduce administrative burden, and ensure policy alignment across integrated programs.
    - The first annual report to the JBC in November 2024 revealed a $30 million statewide underfunding to counties for administering these programs.
    - The JBC appropriated an additional $25 million for county administration for the current state fiscal year

**TANF / Colorado Works Update**

- **Introduction to TANF Budget Pressures:** Director Heather O'Hayre explained that the Temporary Assistance for Needy Families (TANF) program, known as Colorado Works in Colorado, has faced significant budget pressures, largely due to increases in basic cash assistance.
- **Cost of Living Increase:**
    - A legislative bill passed in 2022 mandates a 4.8% (approximately 5%) cost of living increase to basic cash assistance for the next state fiscal year.
    - The challenge is that no additional funding has been provided to TANF to cover this increase; it must be absorbed within existing allocations.
- **Decreasing Allocation:**
    - The TANF allocation for Larimer County has decreased by 5% for the second consecutive year.
    - This reduction is attributed to higher spending in basic cash assistance by larger counties, effectively shrinking the "pie" for other counties.
- **Emergency Resources and Supportive Service Payments:**

- Due to budget constraints, Larimer County has not been able to provide any emergency resources or "supportive service payments" in TANF for the past 18 months.
- **SFY 2024-2025 Closeout:**
  - Larimer County stayed within its TANF budget for the last fiscal year.
  - The allocation was just over $7.3 million, and expenditures were just under $7.3 million, resulting in an underspend of approximately $53,000, which will go to TANF reserves.
  - This represents a different closeout process compared to other programs.
- **SFY 2025-2026 Projections:**
  - The allocation has decreased to $6.9 million for the current fiscal year (a 5% reduction).
  - Estimated expenditures are expected to increase due to the basic cash assistance increases.
  - The department anticipates having to use as much as $700,000 from TANF reserves this current year.
- **Discussion on Allocation Shrinkage and Sustainability:**
  - **Commissioner Jody Shadduck-McNally's Concern:** She expressed concern that larger counties might continue to consume a larger share of the shrinking pie, leaving smaller and smaller portions for the other counties. She asked if there's a mechanism to prevent this.
  - **Director Heather O'Hayre's Response:** Confirmed that this trend is indeed occurring, and there is currently no mechanism to prevent it. She highlighted that some large counties have entirely depleted their TANF reserves while expenditures increase.
  - **Commissioner Kristin Stephens's Input:** As a member of the Works Allocation Committee, Commissioner Stephens affirmed the ongoing conversations about the fairness of the formula. She clarified that TANF is an entitlement at the state level (though not federally), and previous legislative increases to basic cash assistance (e.g., HB 22-1259) were beneficial for recipients but strained county budgets, making it difficult to onboard new people. She noted that a freeze on new TANF recipients is not currently possible due to the state entitlement status.
  - **Future Sustainability and Advocacy:**
    - Commissioner Kristin Stephens stressed the need for state-level changes to ensure the program's sustainability, mentioning past suggestions that were not adopted but might be re-evaluated as budgets tighten.
    - Director Heather O'Hayre added that a "request for information" is going to the Joint Budget Committee from the Governor's office by September

1st, examining constraints in TANF, Child Care Assistance, and Child Welfare. The department has been actively involved in proposing ideas for this report. The JBC will then deliberate on solutions in the coming months.

**Child Care Assistance Program (CCAP) Update**

- **Additional Funding:** Director Heather O'Hayre highlighted that CCAP received an additional $15 million appropriation from the Joint Budget Committee for the last fiscal year, and $10 million for the current year and every year moving forward.
- **Program Freeze and Impact:**
    - Larimer County has been on a CCAP program "freeze" for 18 months, since February 1st, 2024, being the first county to implement it.
    - Currently, 19 counties have a freeze, and 5 have a waitlist.
    - Larimer County is serving 527 families (796 children), a significant reduction from over 1,000 children at the time the freeze was implemented.
    - The department has successfully come within its budget for CCAP during these 18 months.
- **Applications During Freeze:**
    - Despite the freeze, the department still receives 200 or more applications each quarter.
    - The community is encouraged to apply so that if the program moves to a waitlist system or is able to add families, their applications are already complete, streamlining the process for families.
- **Current Families Served:**
    - The 527 families currently being served represent 796 children. This is a significant reduction from over 1,000 children served when the freeze was initiated.
    - Director Heather O'Hayre reiterated that the department has successfully stayed within its CCAP budget for the 18 months the freeze has been in effect.
- **Continued Applications and Encouragement:**
    - Despite the freeze, the department continues to receive a substantial number of applications, typically 200 or more per quarter.
    - The department encourages families to continue applying for CCAP even with the freeze in place. This is because if the program transitions to a waitlist system or if additional funding becomes available, having completed applications on file will expedite the process for families.

- **Outlook for CCAP:**
  - The additional state appropriations for CCAP are crucial for the program's sustainability.
  - However, the increased caseloads and the cost of living continue to put pressure on the program.
  - Discussions are ongoing at the state level (as part of the request for information to the JBC regarding TANF, CCAP, and Child Welfare) to explore more sustainable funding models and policy changes for CCAP that would allow counties to serve more families.
  - The goal is to move from a "freeze" to a "waitlist" and eventually to fully open the program again as resources allow, to better meet the community's needs.
  - The department is actively involved in advocacy efforts and providing data to the state to inform these discussions.
- **Child Welfare Update:**
  - Director Heather O'Hayre shifted to the Child Welfare program, noting its significantly different structure.
  - **Funding Model:** Unlike other programs, Child Welfare is an open-ended entitlement at the state level, meaning that whatever counties spend, the state is obligated to provide matching funds. There is no set allocation like in other programs.
  - **Cost Drivers:** The primary cost drivers in Child Welfare are out-of-home placement costs (e.g., foster care, residential treatment) and staff salaries. The number of children in out-of-home placement directly impacts costs.
  - **Larimer County Data:**
    - For SFY 2024-2025, Larimer County's child welfare budget was projected at $17.8 million.
    - Actual expenditures were $17.4 million, resulting in an underspend of $394,000.
    - This underspend was attributed to successful efforts to reduce the number of children in out-of-home care, focusing on keeping children safely with their families or in kinship placements.
    - This marks the first time in several years the department has been under budget in Child Welfare, a significant achievement.
    - The county's contribution (match) for SFY 2024-2025 was $6.7 million.
  - **SFY 2025-2026 Projections:**
    - The projected budget for the current fiscal year is $17.6 million, with a county match of $6.8 million.

- The department aims to continue its positive trend in reducing out-of-home placements and maintaining fiscal responsibility while ensuring child safety.
- New legislative changes related to child welfare are also being monitored, which could impact future trends.
- The long-term goal is to strengthen families and keep children safely in their homes, which inherently reduces the need for costly out-of-home placements.

**Next Steps and Adjournment**

- Commissioner Kristin Stephens thanked Director Heather O'Hayre, Jill Maasch, Thad Paul, and the entire Human Services team for their detailed presentation and ongoing work.
- She reiterated the importance of the October 8th work session for deeper dives into the data and impacts of federal changes.
- Commissioner John Kefalad and Commissioner Jody Shadduck-McNally expressed their gratitude for the transparency and comprehensive information provided.
- The meeting was then formally adjourned.