



Legislative
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**FINAL
FISCAL NOTE**

Drafting Number: LLS 18-1049 **Date:** June 20, 2018
Prime Sponsors: Sen. Lambert; Moreno **Bill Status:** Signed into Law
 Rep. Young; Rankin **Fiscal Analyst:** Aaron Carpenter | 303-866-4918
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Bill Topic: CHILD WELFARE REFORMS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill makes several changes to how the state funds child welfare services. The bill increases state revenue and expenditures and affects local governments revenue, expenditures, and workload on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires and includes net appropriations of \$18.4 million to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under SB 18-254**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$14,546,680	\$14,549,317
	Cash Funds	(\$1,208,177)	(\$1,208,177)
	Federal Funds	\$5,030,284	\$5,030,824
	Centrally Appropriated	\$27,747	\$30,830
	Total	\$18,396,534	\$18,402,794
	Total FTE	1.8 FTE	2.0 FTE
Transfers		-	-
TABOR		-	-

Summary of Legislation

This bill makes several changes to how the state funds child welfare services through the Department of Human Services (DHS) including:

- requiring the DHS to contract with an outside entity to develop a funding model for child welfare services and determining the amount of total funding required;
- requiring the state to retain any unspent capped allocation money and creating the Child Welfare Prevention and Intervention Services Cash Fund to receive these funds;
- allowing the DHS to provide funding to small and medium counties from the Child Welfare Prevention and Intervention Services Cash Fund;
- reducing the county share of adoption and relative guardianship assistance payments from 20 to 10 percent;
- changing the negotiation process for how counties negotiate with providers; and
- clarifying how certain appropriations should be spent.

The bill also changes the structure of the Child Welfare Allocation Committee and creates the Child Welfare Services Task Force to give recommendation to the committee, Governor, General Assembly, and the DHS. The bill also establishes reports to be prepared by DHS and counties for the Joint Budget Committee (JBC). Finally, the bill creates a program for out-of-home placement for children with intellectual and developmental disabilities.

State Revenue

The bill allows the DHS to accept gift, grants and donations for the Child Welfare Prevention and Intervention Services Cash Fund. Starting in FY 2018-19, state revenue may increase to the extent that the DHS accepts gifts, grants and donations. No source of gifts, grants, and donations have been identified at this time. Gifts, grants, and donations are exempt from TABOR.

State Expenditures

The bill will increase net DHS expenditures in FY 2018-19 by \$18.4 million and 1.8 FTE and by \$18.4 million and 2.0 FTE in FY 2019-20. These expenditures, which are paid with a mix of General Fund, cash funds, and federal funds, are shown in Table 2 and discussed below.

**Table 2
Expenditures Under SB 18-254**

	FY 2018-19	FY 2019-20
Department of Human Services		
Funding Model	\$150,000	\$150,000
Foster and Adoptive Parent Recruitment	\$1,271,903	\$1,271,903
Residential/ Group Home Placement Rate Increases	\$14,583,334	\$14,583,334
Residential Placements for Children with intellectual Disabilities Program	\$2,363,550	\$2,366,727
Centrally Appropriated Costs*	\$27,747	\$30,830
FTE – Personal Services	1.8 FTE	2.0 FTE
FTE – Legal Services		
Total Cost	\$18,396,534	\$18,402,794
Total FTE	1.8 FTE	2.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Funding model. The bill requires the DHS to contract with a provider to develop a funding model to determine the total funding needs for child welfare spending. It is estimated that expenditures will increase by \$150,000 per year, starting in FY 2018-19, to contract with a provider.

Foster and adoptive parent recruitment. Expenditures will increase in the DHS by \$1.3 million per year starting in FY 2018-19 and by 0.9 FTE and 1.0 FTE in FY 2019-20 to fund initiatives to recruit more foster and adoptive parents.

Residential and group home placement rates. A study conducted under House Bill 17-1292 determined that the amount allocated for counties to negotiate placement rates should be increased. In FY 2018-19 and FY 2019-20, the bill increases expenditures by \$14.6 million to increase placement rates to the recommended amount.

Residential placements for children with intellectual and developmental disabilities. Expenditures will increase by \$2.4 million and 0.9 FTE in FY 2018-19 and \$2.3 million and 1.0 FTE in FY 2019-20 to develop a program for residential placements for children with intellectual and developmental disabilities. Costs include contracting with a provider to provide services and to hire a Social Services Specialist to oversee the program.

Reducing county payment rate. The bill reduces the share of costs paid by counties for adoption and relative guardianship assistance payments. By reducing the payment, the local share will be reduced by \$4.1 million per year starting in FY 2018-19, while General Fund expenditures will increase by the same amount for a net impact of \$0.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$27,747 in FY 2018-19 and \$30,830 in FY 2019-20.

Local Government

Starting in FY 2018-19, the bill will decrease the local share to adoption and relative guardianship assistance payments paid by counties from 20 to 10 percent. The bill will also provide additional funds to counties to increase placement rates. Workload will also increase for counties to perform an analysis of the available in-home and out-of-home placement settings within the county or county-region and submit the report to the DHS. Finally, counties will no longer be able to retain any unspent capped allocation money, and this money will be retained by the DHS. Small and medium counties can receive additional funding from these funds.

Effective Date

The bill was signed into law by the Governor and took effect on May 18, 2018.

State Appropriations

For FY 2018-19, this bill requires and includes the following appropriations to the Department of Human Services:

- \$150,000 General Fund for the funding model;
- \$1,271,903 and 0.9 FTE for foster and adoptive parent training, of which, \$925,156 is from the General Fund and \$346,747 is federal funds;
- \$14,583,334 for placement rate increases, of which \$7,000,000 is from the General Fund, \$2,916,667 is cash funds, and \$4,666,667 is federal funds;
- \$2,363,550 and 0.9 FTE for residential placement of children with intellectual and developmental disabilities, of which 2,346,680 is from the General Fund and \$16,870 is from federal funds

The bill also requires and includes a reduction of \$4,124,844 from cash funds for the county of adaption and relative guardian assistance payments share and a corresponding increase in General Fund appropriations.

State and Local Government Contacts

Counties Human Services Information Technology