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Fiscal Note

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Prime Sponsors: Rep. Michaelson Jenet Bill Status: House HHS
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Bill Topic: EMERGENCY TEMPORARY CARE FOR CHILDREN

- Summary of Fiscal Impact:
[X] State Revenue [] TABOR Refund
[X] State Expenditure [X] Local Government
[] State Transfer [] Statutory Public Entity

The bill allows counties to create emergency temporary placements for children in the child welfare system and children who have contact with law enforcement. Starting in FY 2022-23, state revenue may increase, state expenditures will increase, and local revenue and expenditures will increase.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$4.2 million to the Department of Human Services.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1056

Table with 3 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill allows county departments of human services to establish emergency temporary shelters for neglected or dependent children, children taken into temporary custody, or children who have had contact with law enforcement and are homeless, considered abandoned, or are unable to return home. Emergency temporary shelter is temporary care for a child in a physically unrestricted setting for no more than 5 days pending a child's return to home or an alternative setting. If a county chooses to establish an emergency temporary shelter, they must submit a plan to the Colorado Department of Human Services (DHS) for approval. The DHS must allocate money to counties that establish an emergency shelter.

Assumptions

While the exact number of children who may be served by the bill is unknown, available data and anecdotal evidence on children who are released from detention facilities, who are turned away from home youth facilities, or who are involved in the child welfare system and at risk of homelessness, indicates a need for at least one bed per county. After accounting for additional capacity for metropolitan areas and reserve capacity overall, the fiscal note assumes that 72 beds will be required. Because beds must be available for emergency purposes, the fiscal note assumes that counties will purchase beds for 365 days. Finally, the fiscal note assumes allocations will not occur until January 1, 2023.

State Revenue

The bill permits the Department of Human Services to accept gifts, grants, and donations for the purposes of this bill, which may increase state revenue from these sources starting in FY 2022-23. The fiscal note has not identified any source for gifts, grants, and donations; therefore any increase in revenue is assumed to be minimal. Gifts, grants, and donations are not subject to the state's TABOR limit.

State Expenditures

The bill increases state expenditures in the DHS by \$4.2 million in FY 2022-23 and \$8.3 million in FY 2023-24, paid primarily from the General Fund and some federal funds. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under HB 22-1056**

	FY 2022-23	FY 2023-24
Department of Human Services		
Personal Services	\$125,761	\$213,542
Operating Expenses	\$2,700	\$4,050
Capital Outlay Costs	\$18,600	-
Contract Beds	\$4,007,700	\$8,015,400
TRAILs Maintenance	\$21,352	\$21,352
Centrally Appropriated Costs ¹	\$29,312	\$49,208
Total Cost	<u>\$4,205,425</u>	<u>\$8,303,552</u>
<i>General Fund</i>	\$4,148,051	\$8,216,408
<i>Federal Funds</i>	\$28,062	\$37,936
<i>Centrally Appropriated</i>	\$29,312	\$49,208
Total FTE	1.8 FTE	3.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staffing costs. Starting in FY 2022-23, the DHS requires 3.0 FTE to oversee emergency temporary shelters. Staff includes:

- 1.0 FTE to approve county plans, make annual visits to contracted shelters, ensure compliance with rules and statutes, and to track length of stay to ensure that placements do not exceed 5 days;
- 1.5 FTE to conduct licensing and complaint investigations, provide technical assistance to providers, review critical incident reports, and draft inspection reports and to review any responses; and
- 0.5 FTE to develop a program allocation model, monitor expenditures, report on appropriations, and oversee the allocation of funds to counties.

Staffing costs include personnel costs, standard operating, and capital outlay costs, as shown in Table 1. The fiscal note assumes that half of the required staff will start on September 1, 2022, to promulgate rules, establish plan requirements, review plans, and establish an allocation formula. The remaining staff will start on January 1, 2023. Staffing costs are eligible for a 14 percent federal match. Costs in FY 2022-23 are prorated for the General Fund payday shift.

Contract beds. Based on the assumptions laid out in the Assumptions section above, costs in the DHS will increase by \$4.0 million in FY 2022-23 and \$8.0 million in FY 2023-24 to pay for the cost of 72 contracted beds at a rate of \$305 per day. Currently, it is unknown if federal Title IV-E funds can be used for this type of emergency shelter; therefore, the fiscal note assumes costs will be covered from the General Fund. Costs may be lower than this fiscal note estimate if not all counties develop plans or choose to use available state funding to create the temporary placement type created in the bill. Also, if federal Title IV-E funds can be used, General Fund costs would be reduced and use of federal funds would increase. The fiscal note assumes that any adjustments in appropriation amounts or funding sources will be made through the annual budget process, if needed.

TRAILS modifications. Starting in FY 2022-23, the bill will require modifications to the TRAILS system to allow counties and the state to track temporary emergency placements. Modifications are expected to occur yearly as practice and rules change over time. Yearly modifications are estimated at \$157 per hour at 136 hours per year. TRAILS modifications are covered by a 35 percent match in federal funds.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to **increase** the amount of General Fund held in reserve by in \$622,208 in FY 2022-23 and \$1.2 million FY 2023-24, which will decrease the amount of General Fund available for other purposes.

Local Government

Starting in FY 2022-23, workload will increase in county departments of human services that create a plan for temporary emergency placements. For counties that submit a plan, revenue to the county will increase from the state's allocation of funding for temporary emergency placements, and expenditures will increase to contract with providers for temporary emergency services.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$4,176,113 and 1.0 FTE to the DHS, of which:

- \$4,148,051 is from the General Fund;
- \$29,312 is from federal funds.

State and Local Government Contacts

Child Welfare
Human Services

Counties
Information Technology

District Attorneys
Judicial