COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2010-11 STAFF BUDGET BRIEFING

DEPARTMENT OF HUMAN SERVICES

(Division of Child Welfare, Division of Child Care, Division of Youth Corrections)

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Prepared By:
Amanda Bickel, JBC Staff
December 14, 2009

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

FY 2010-11 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE

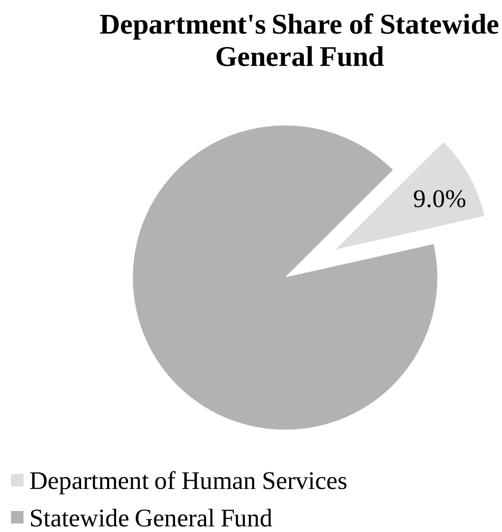
DEPARTMENT OF HUMAN SERVICES

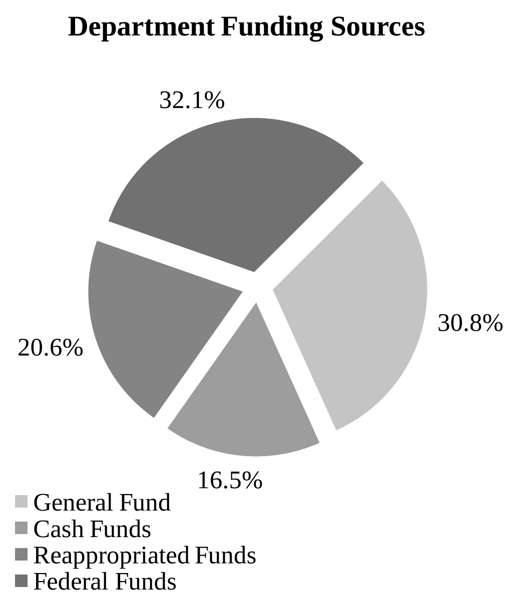
(Division of Child Welfare, Division of Child Care, Division of Youth Corrections)

Table of Contents

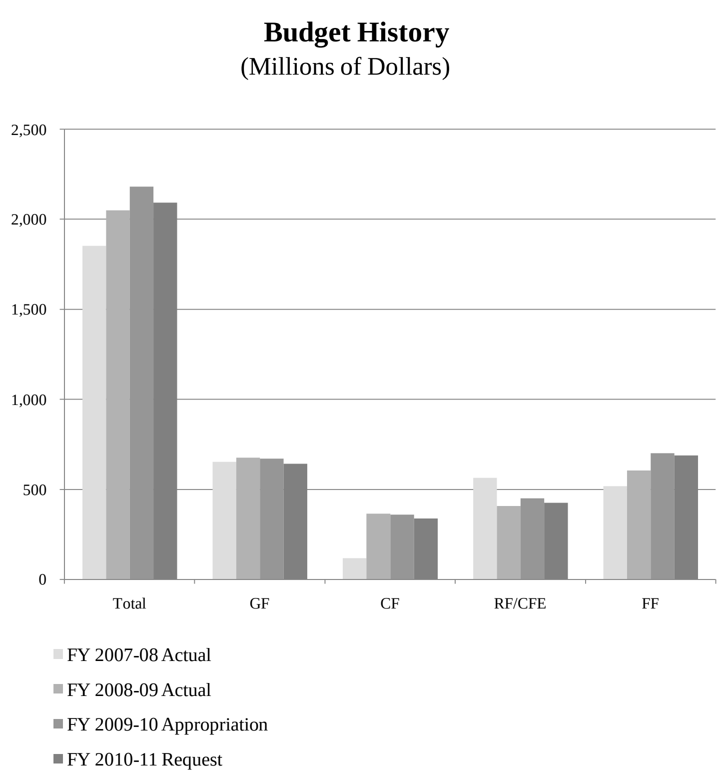
FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services

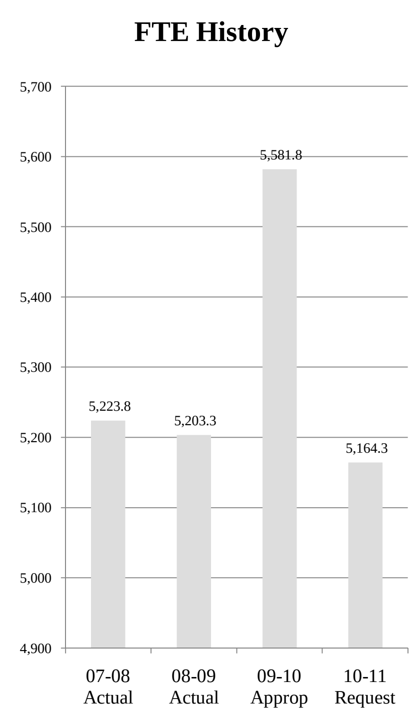
GRAPHIC OVERVIEW





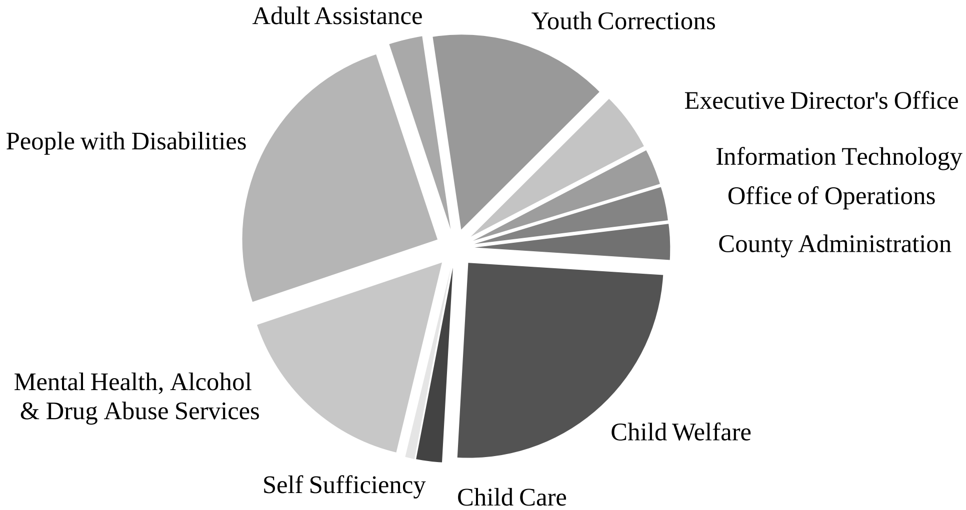
Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.8%.





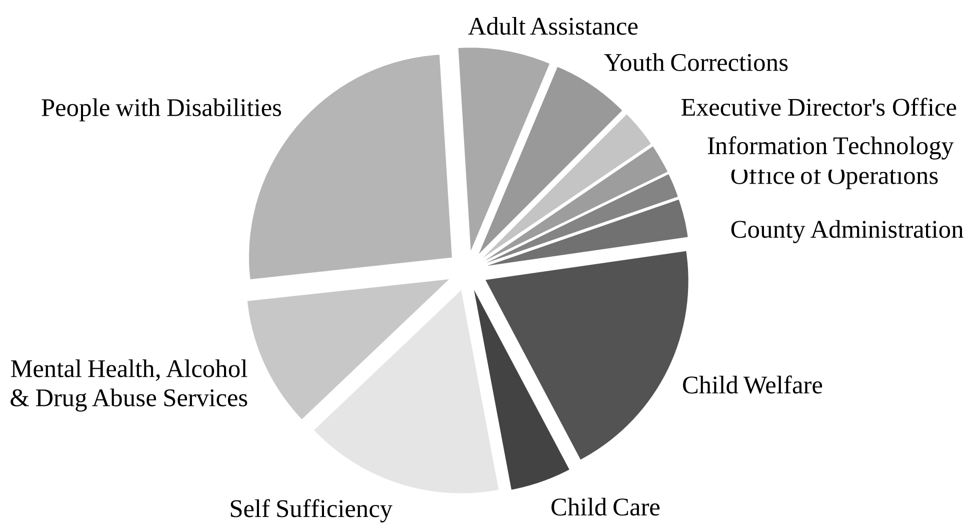
Unless otherwise noted, all charts are based on the FY 2009-10 appropriation.

Distribution of Net General Fund by Division*
FY 2009-10 Appropriation $879.5 million



*Net General Fund includes General Fund appropriated to the Department of Human Services and General Fund appropriated to the Department of Health Care Policy and Financing for human services programs.

Distribution of Total Funds by Division
FY 2009-10 Appropriation $2,180.2 million



FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Division of Child Welfare, Division of Child Care, Youth Corrections)

DEPARTMENT OVERVIEW

Key Responsibilities

Child Welfare: Child welfare programs are administered by 64 county departments of social services under the supervision of the state Department of Human Services. County departments of social services: (1) Receive and respond to reports of potential child abuse or neglect; and (2) Provide necessary and appropriate child welfare services to the child and the family, including providing for the residential care of a child when a court determines this is in the best interests of the child.

Child Care: Child care subsidies for low income children (the Colorado Childcare Assistance Program or CCAP) are administered by Colorado's 64 counties under supervision of the Department. The Department also licenses child care providers, enforces child care regulations, and works to improve the quality of child care in Colorado.

Youth Corrections: The Division of Youth Corrections (DYC) has responsibility for the housing, treatment, and education of juveniles in detention and commitment, and for supervising juvenile offenders who are placed on parole.

Detention -- a short-term hold on youth who are awaiting adjudication (similar to adult jail).

Commitment **--** a longer-term sentence to the custody of the Division (similar to adult prison).

In addition, the Division:

- Supervises juveniles during a six-month mandatory parole period following all commitment sentences;
- Provides technical assistance to local communities and reviews their use of allocated S.B. 91-94 funds for the development of alternatives to incarceration.

Factors Driving the Budget

Child Welfare

County departments of social services receive and respond to reports of potential child abuse or neglect under the supervision of the Colorado Department of Human Services. In FY 2008-09, counties received about 76,000 reports of abuse or neglect. On average, counties conducted an assessment (investigation) in response to about one in three reports received. Following an assessment, a county is required to provide necessary and appropriate child welfare services to the child and the family. About 22 percent of county assessments result in the county providing child welfare services, which may include in-home support or court-ordered placement in a foster care home or 24-hour child care facility. Of the 41,918 children who received child welfare services in FY 2008-09: 19,016 (45.4) percent remained in their own home; 10,560 (25.2 percent) were children who had been adopted out of foster care but whose families continued to receive support from county departments; and 12,342 (29.4 percent) were in foster care.

Appropriations for child welfare programs for FY 2009-10 ($425.5 million) consist of 51.4 percent General Fund, 31.1 percent federal funds, and 17.5 percent county funds and various cash fund sources. The vast majority of funds appropriated (over 97 percent) are made available to county departments for the provision of child welfare services. County expenditures are driven by:

- ✓ the number of reports of abuse or neglect received;
- ✓ the number of children and families requiring child welfare services;
- ✓ the number of children who are removed from the home and placed in residential care; and
- ✓ the cost of providing residential care and other services.

Each year, the General Assembly decides whether to increase child welfare funding to cover caseload increases and inflationary increases in the cost of providing services. A county that overspends its annual share of state and federal funds is required to cover the over-expenditure with other funds, which may include funds transferred from the Temporary Assistance to Needy Families block grant and/or county tax revenue. County child welfare expenditures have exceeded the annual appropriation in each of the last six fiscal years for which data is available.

Child Welfare Allocations to Counties and County Over-expenditures

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Approp. for Child Welfare Services and Family and Children's Programs line items ($ millions)	$341.9	$343.2	$359.3	$370.4	$384.9	$394.9
Percent Change	*n/a*	*0.4%*	*4.7%*	*3.1%*	*3.9%*	*2.6%*
County Expenditures In Excess of Capped Allocations ($ millions)	$12.4	$10.8	$14.2	$12.2	$20.4	$16.6
Shortfall as Percent of Capped Allocations	*3.6%*	*3.1%*	*4.0%*	*3.3%*	*5.3%*	*4.2%*

Note: The FY 2005-06 appropriation excludes $4.5 million for training and administrative costs; this amount was previously included in the Family and Children's Programs line item but was transferred to other line items for FY 2005-06.

Child Care

The *Colorado Child Care Assistance Program* is a state-supervised, county-administered program to provide child care subsidies for low income families. Counties set eligibility guidelines and provider reimbursement levels, subject to state- and federal- guidelines that require access to the program for eligible families on the Temporary Assistance to Needy Families (TANF) program and those earning less than 125 percent of the federal poverty level (FPL). At county option, families earning up to eighty-five percent of the state median income may access the program. Funding is based on a combination of state federal Child Care Development Fund (CCDF) block grant moneys, state General Fund, and county maintenance-of-effort requirements. Although state General Fund and federal CCDF funding is capped, counties may, at their option, transfer up to 20 percent of their capped allocations from the Temporary Assistance to Needy Families (TANF) block grant to supplement these funding sources.

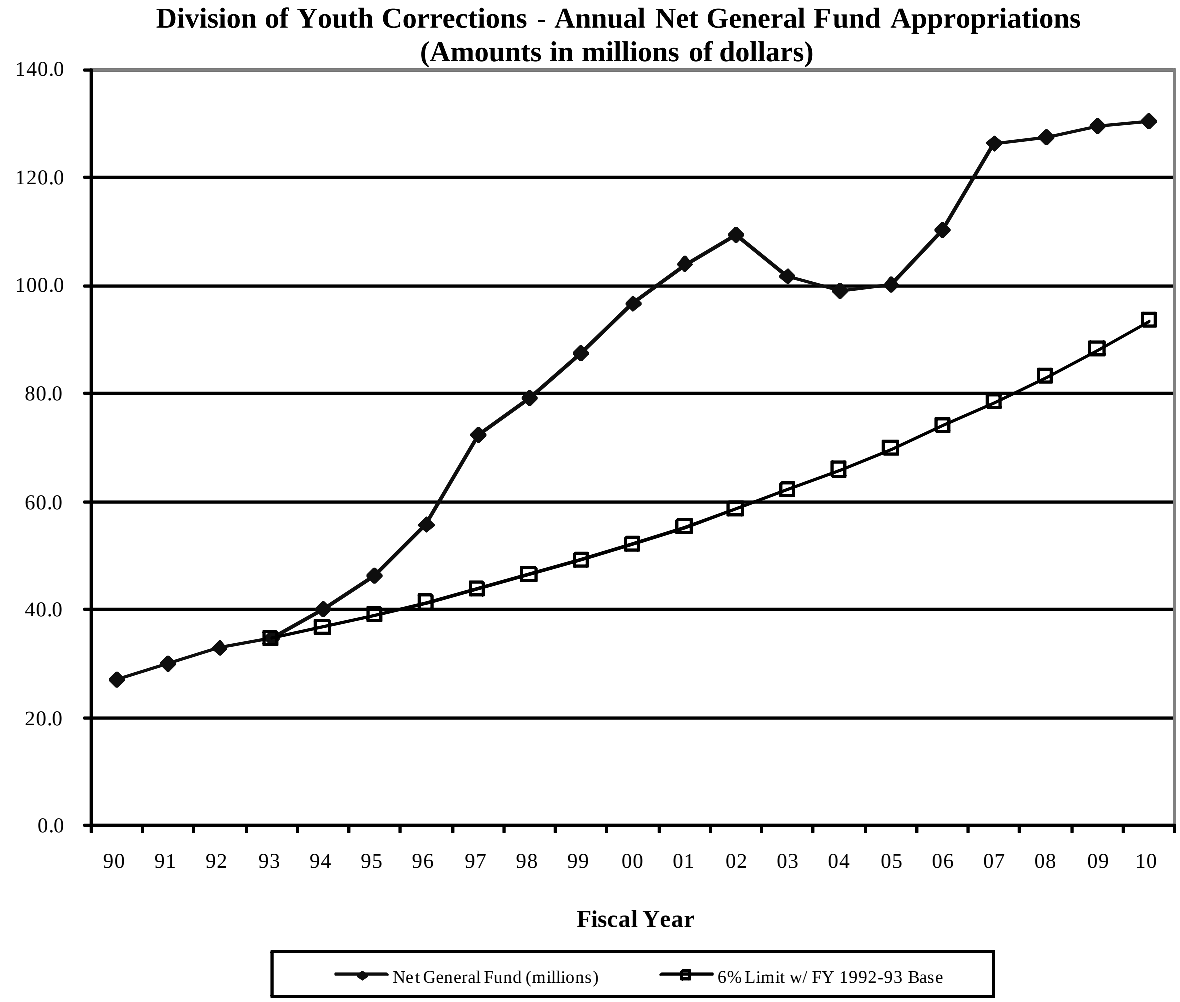
In recent years, actual *expenditures* for the program have cycled between $74 and $98 million, based on eligibility and provider-reimbursement policies that are set at the county-level. The variation has largely reflected the amount of TANF block grant funds transferred by counties and spent for child care subsidies. At the peak, in FY 2001-02, counties transferred and spent $32.1 million of their TANF dollars for child care subsidies, resulting in total expenditures of $98.3 million. By FY 2006-07, transfers had fallen to $866,000, and the initial FY 2006-07 appropriation was reduced by $5.1 million to avoid a reversion, based on total expenditures of $74.3 million. Starting in FY 2007-08, total CCAP expenditures again began to rise. By FY 2009-09, expenditures had reached $96.7 million, based on regular allocations, transfers from the TANF block grant, and special federal allocations from the American Recovery and Reinvestement Act totaling $10.6 million.

	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
CCAP Appropriations ($ millions)	$66.2	$72.5	$73.4	$73.7	$74.9	$74.7	$75.7	$86.9
Percent Change		*9.5%*	*1.2%*	*0.4%*	*1.6%*	*-0.3%*	*1.3%*	*14.8%*
CCAP Expenditures (including TANF $$) ($ millions)	$98.3	$94.5	$86.3	$81.1	$76.3	$74.3	$86.4	$96.7
Percent Change		*-3.9%*	*-8.7%*	*-6.0%*	*-5.9%*	*-2.6%*	*16.3%*	*11.9%*

Youth Corrections

Historical Growth. The Division of Youth Corrections has grown significantly in the past 20 years, although this growth has slowed in recent years. From FY 1989-90 through FY 2009-10, the *net* General Fund appropriation to the Division grew from $27.1 million to $130.4 million, an increase of $103.3 million. This increase represents a compound annual growth rate of 8.2 percent over the

20-year period. The following graph depicts the annual *net* General Fund appropriations to DYC for the past 20 years. From FY 1992-93, the graph also contains a hypothetical line that demonstrates the growth that would have occurred had General Fund appropriations to DYC been limited to an annual growth rate of 6.0 percent, consistent with the statutory limits in place between FY 1992-93 and FY 2008-09.

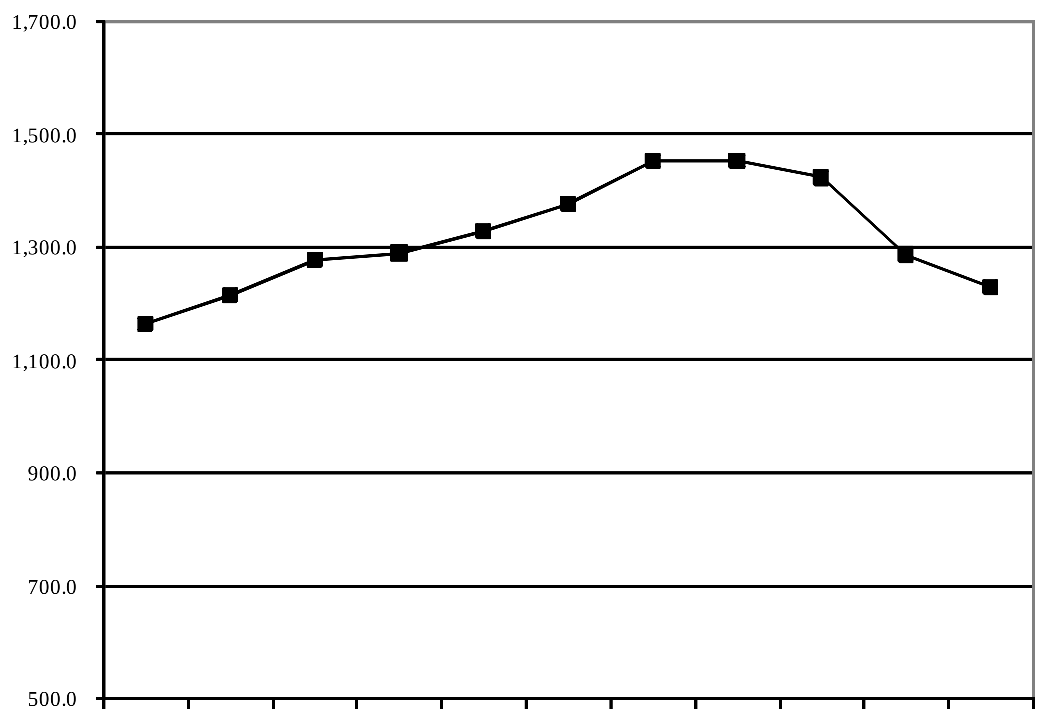


Annual Growth Rate. From FY 1990-91 through FY 2001-02, the annual growth rate in *net* General Fund appropriations to DYC ranged from 6.3 percent to 24.3 percent. From FY 2002-03 through FY 2004-05, appropriations were reduced or were relatively flat, reflecting the shortage of General Fund dollars. From FY 2004-05 through FY 2006-07, the *net* General Fund appropriations increased at a compound annual growth rate of 12.4 percent due in part to overall funding increases and in part to changes in federal policy that reduced the share of costs covered by federal Medicaid funds. However, in the period from FY 2006-07 through FY 2009-10, the compound annual growth rate slowed to just 1.1 percent. This reflects both declines in the numbers of youth committed to the division and funding reductions associated with the FY 2008-09 recession.

Population Growth

Commitment. Fiscal year 2005-06 represented the first year since FY 1986-87 that the Division has seen a negative growth rate in its commitment average daily population (ADP) from the previous year (-0.1 ADP). In addition, the Division experienced negative growth in FY 2006-07 of 2.0 percent, negative growth in FY 2007-08 of 9.6 percent, and negative growth rate in FY 2008-09 of 4.6 percent. The Division attributes these reductions of commitment ADP to its Continuum of Care Initiative, which is a program designed to transition youth from residential placements into the community. Residential commitment length of stay (LOS) increased by 3.3 percent to 19.0 months, (the same level as FY 2006-07) following a decrease to 18.4 months in FY 2007-08. The graph below reflects the changes in commitment beds.

Division of Youth Corrections - Commitment Average Daily Population (ADP)



	99	00	01	02	03	04	05	06	07	08	09
Commitment ADP	1,164.2	1,215.6	1,277.7	1,290.0	1,327.8	1,377.4	1,453.5	1,453.4	1,424.5	1,287.4	1,228.3
Percent Growth	10.9%	4.4%	5.1%	1.0%	2.9%	3.7%	5.5%	0.0%	-2.0%	-9.6%	-4.6%

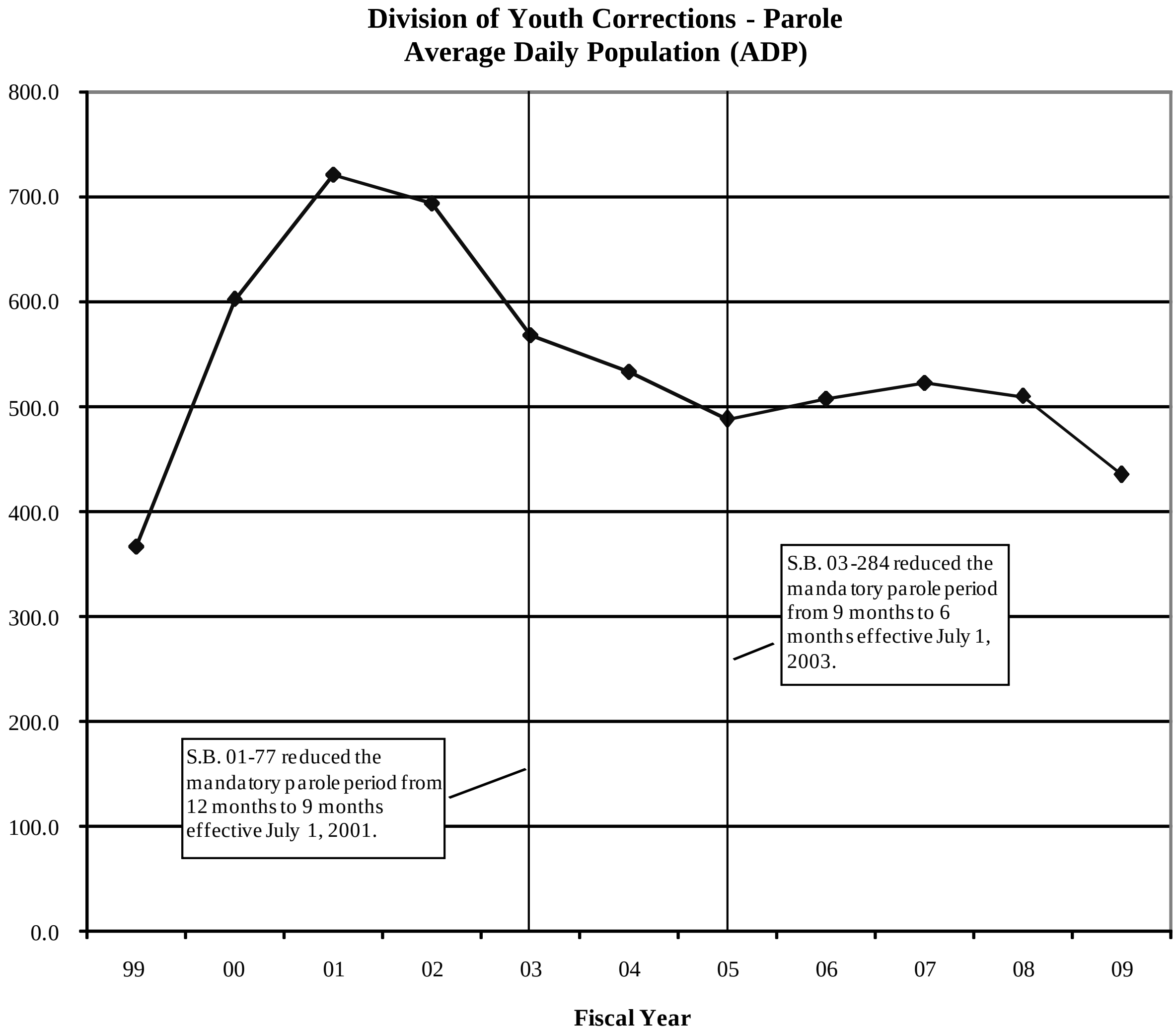
Fiscal Year

Commitment ADP   Percent Growth

Parole. Legislation requiring mandatory parole for all committed juveniles produced a large increase in the parole population in the late 1990s. Changes in the period of mandatory parole have resulted in significant changes in the average daily population (ADP) of paroled youths. Additional paroled youth require more case managers, as well as monitoring and transitional services.

Fiscal Year 2008-09 was also the fifth full year following the implementation of S.B. 03-284, which shortened the mandatory parole length from nine to six months, effective May 1, 2003. However, since the passage of S.B. 03-284, the parole length of stay (LOS) has consistently exceeded the mandatory parole period of 6 months. For many high-risk youth, the Parole Board has the statutory authority to extend parole for 90 days if its determined to be "within the best interest of the juvenile and the public to do so" or for an additional 15 months if there is a "finding of special circumstances" for youth adjudicated for certain offenses (e.g., violent offense, sex offenses, etc.). The parole LOS declined from 8.0 months in FY 2003-04 to 7.1 months in FY 2004-05 to 6.4 months in FY 2005-06. After increasing to an LOS of 6.7 months in FY 2007-08, parole LOS again fell to 6.6 months in FY 2008-09.

There was a period of time during FY 2003-04 when youth who had been sentenced under the old 9-month mandate were being released at the same time as youth who were being released under the new six-month parole sentence. This precipitous increase in parole discharges resulted in a statewide decline in parole ADP, and a very large number of discharges. The graph below depicts the changes in the parole population.



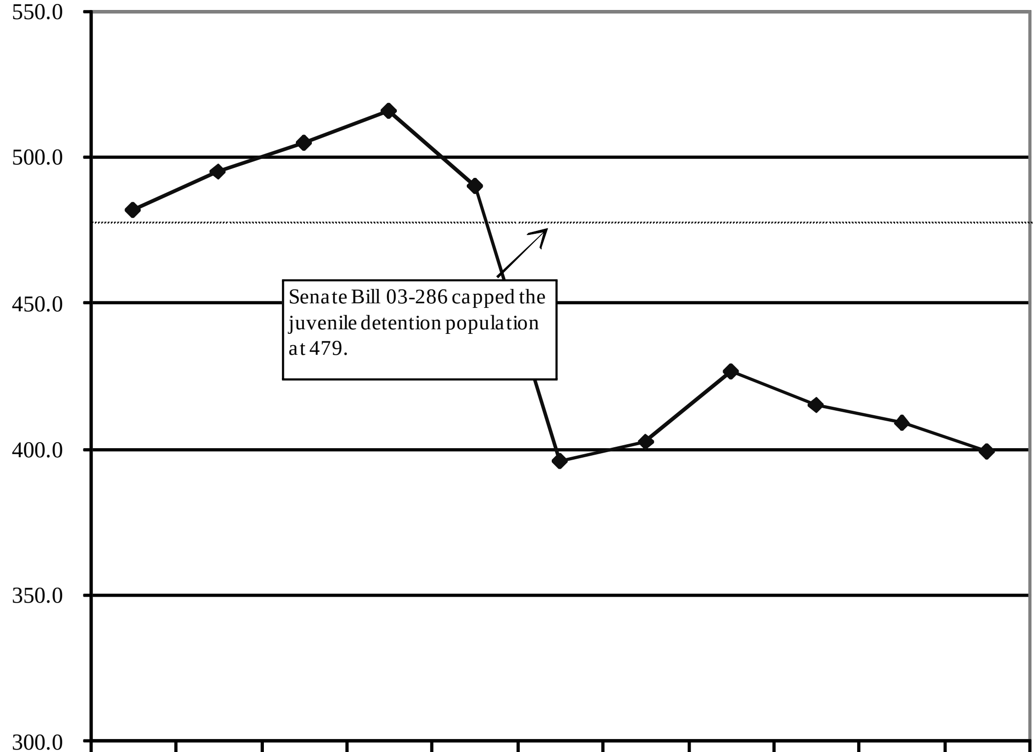
Detention. Detention facilities hold youth while awaiting a hearing. Judges can also sentence adjudicated youth to a period of up to 45 days in a detention facility (Section 19-2-911, C.R.S.). The average length of stay in detention has ranged from 10.4 days to 15.7 days from FY 1992-93 through FY 2008-09. In FY 2008-09, the most recent year for which data is available, the average length of stay was 13.9 days.

The growth in detention beds was relatively high in the early 1990s. Senate Bill 91-94 provided authorities with alternatives to detention, including electronic monitoring and day treatment, which helped to reduce the growth. Funds for the S.B. 91-94 programs were reduced significantly from FY 2002-03 through FY 2004-05 due to the shortage of General Fund revenues. The FY 2004-05 Long Bill appropriation of $8.0 million was 34.8 percent lower than the FY 2002-03 Long Bill appropriation of $12.3 million. The FY 2009-10 Long Bill appropriation of $13.3 million is a 8.1 percent increase from the FY 2002-03 level.

Senate Bill 03-286 established a 'cap' or limit of 479 on the number of state-funded detention beds. Each of the State's 22 judicial districts has been allocated a portion of the 479 beds. Statutory language provides that districts may borrow beds within an established 'catchment' area. Statutes also mandate that districts have procedures in place for emergency release of detained youth in the event that a district is unable to borrow a bed. Fiscal year 2008-09 was the sixth full year of operation under the new cap.

The FY 2004-05 detention population reflects the impact of the prior year's detention cap legislation. Declines in detention admissions were expected following the implementation of the statewide capping legislation. Prior to the cap, local jurisdictions were given substantial discretion as to which youth could be admitted into detention. Currently, local jurisdictions still have this level of discretion, but now it must be balanced by the reality of a finite number of allocated beds. As a result, detention is now experiencing a reduction in usage particularly in the admission of truants, status offenders, and other less serious offenders.

Division of Youth Corrections - Detention
Average Daily Population (ADP)



	99	00	01	02	03	04	05	06	07	08	09
Detention ADP	481.8	494.8	504.9	515.7	490.0	395.7	402.1	426.3	415.0	408.6	398.8
Percent Growth	10.2%	2.7%	2.0%	2.1%	-5.0%	-19.2%	1.6%	6.0%	-2.7%	-1.5%	-2.4%

Fiscal Year

Detention ADP Percent Growth

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Child Welfare, Child Care, Youth Corrections)

Note: The tables below include all Department of Human Services decision items and base reduction items. However, the full text is shown only for those items that affect the sections of the budget covered in this presentation. In some cases, only a portion of the total amount shown will apply to the budget sections addressed in this packet.

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
1	$303,786	$57,359	$463,422	$406,957	$1,231,524	$533,589	0.0
CBMS Client Correspondence Costs							
2	0	0	0	594,492	594,492	0	0.0
Funding for Community Services for the Elderly							
3	0	116,189	0	0	116,189	0	0.0
Increase County Administration in Old Age Pension							
4	0	0	0	0	0	0	0.0
Child Care Automated Tracking System (CHATS) - Point of Sale Maintenance							
Division of Child Care and Office of Information Technology Services. The request is to transfer $1,135,754 from the Colorado Child Care Assistance Program (CCAP) line item and $103,246 from the CCAP Automated System Replacement line item to a new line item in the Office of Information Technology Services for the Child Care Automated Tracking System. All associated funding would be from the federal Child Care Development Fund block grant, which is appropriated by the General Assembly pursuant to federal law. The Department was first approved funding to build a new child care automated system in the FY 2007-08 Long Bill. The original request specified the need for an ongoing appropriation to maintain a new "point of sale" (swipe-card) technology in child care centers, once the new system was completed. The new system is expected to be rolled-out in FY 2010-11. *Statutory authority: Section 26-6-110 and 26-6-805 (2), C.R.S.; 45 C.F.R. Section 98.11 and 98.54.*							
5	0	0	0	47,267	47,267	0	0.0
Colorado Works County Oversight							
6	0	0	0	1,300,000	1,300,000	0	0.0
TANF-Specific CBMS Changes							
7	0	0	0	3,083,526	3,083,526	0	0.0
Additional TANF Funding for Refugee Services							
8	0	0	0	1,639,784	1,639,784	0	0.0
Enhanced Medical Support, Paternity Establishment, and Education Initiatives for Child Support Enforcement							
9	0	0	0	0	0	0	0.0
Technical Adjustment of Spending Authority for Business Enterprise Program							

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
10 Refinance of National Aging Program Information System	0	0	0	0	0	0	0.0
Total	**$303,786**	**$173,548**	**$463,422**	**$7,072,026**	**$8,012,782**	**$533,589**	**0.0**
Total for Items in this Packet	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**0.0**

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Child Welfare, Child Care, Youth Corrections)

BASE REDUCTION ITEM PRIORITY LIST

Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
1	$11,162	($14,431,134)	$17,028	$14,952	($14,387,992)	$19,606	0.0
Enforcing Sponsorship Commitment for Applicants and Recipients of Adult Financial Programs							
2	(9,150,000)	0	0	0	(9,150,000)	(9,150,000)	0.0
Reduction to the Purchase of Contract Placements Appropriation							
Division of Youth Corrections. The request is for a reduction of $9,150,000 General Fund in the Youth Corrections Purchase of Contract Placements line item. This would hold the FY 2009-10 appropriation level flat for an additional year, rather than restoring a cut included in the FY 2009-10 Long Bill. This will delay plans to reactivate the Community Accountability Program authorized in Section 19-2-309.5, C.R.S. ($6.0 million), a planned investment in H.B. 1451 Collaborative Management Programs ($2.0 million), creation of catastrophic medical reserve ($0.5 million), and physical plant improvements in state-owned facilities ($0.65 million). *Statutory authority: Sections 19-2-410 (1), 19-2-402, and 19-2-403, C.R.S..*							
3	(5,652,654)	0	0	0	(5,652,654)	(5,652,654)	0.0
Eliminate County Tax Base Relief Appropriation							
4	(6,909,421)	(1,749,279)	(6,592,941)	(2,899,603)	(18,151,244)	(10,170,198)	0.0
In this packet:	*(5,376,428)*	*(1,442,934)*	*(341,320)*	*(2,264,355)*	*(9,425,037)*	*(5,547,088)*	*0.0*
Two Percent (2.0%) Community Provider Rate Base Decrease							
Department-wide. The Department requests a 2.0 percent community provider rate reduction to all line items and programs that are traditionally subject to provider rate adjustments, including programs in County Administration, the Division of Child Welfare, the Division of Child Care, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, and the Division of Youth Corrections. The request is for a reduction of $18.1 million total funds from multiple fund sources, including $10.2 million "net" General Fund. *Statutory authority: Various.*							
5	(3,000,000)	0	0	3,000,000	0	(3,000,000)	0.0
Refinance $3,000,000 of Child Welfare Services with TANF							
Child Welfare. The request is to refinance the Child Welfare Services line item (child welfare block), reducing the General Fund appropriation by $3.0 million and providing a federal Temporary Assistance to Needy Families (TANF) appropriation of the same amount. The proposed refinance would be for FY 2010-11 and FY 2011-12. *Statutory authority: Sections 26-5-101, 26-5-104, 26-2-705 (2), and 26-2-706.6, C.R.S.*							
Total	**($24,700,913)**	**($16,180,413)**	**($6,575,913)**	**$115,349**	**($47,341,890)**	**($27,953,246)**	**0.0**
Total for Items in this Packet	**($17,526,428)**	**($1,442,934)**	**($341,320)**	**$735,645**	**($18,575,037)**	**($17,697,088)**	**0.0**

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Child Welfare, Child Care, Youth Corrections)

NON PRIORITIZED CHANGE LIST

Base Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
NP2	39,847	27,903	(662)	4,991	72,079	47,985	0.0
DPA Vehicle Lease Payments Common Policy							
NP3	(805,545)	(40,451)	(198,802)	(673,818)	(1,718,616)	(882,932)	(197.1)
Statewide Information Technology Staff Consolidation							
Total	**($765,698)**	**($12,548)**	**($199,464)**	**($668,827)**	**($1,646,537)**	**($834,947)**	**(197.1)**
Total for Items in this Packet	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**0.0**

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

AUGUST 2009 BASE REDUCTION PRIORITY LIST
Requested FY 2010-11 Annualization of August 24, 2009 Reduction Proposals

Note: Priority numbers 9, 10, 14, 15, 20 and 22 were intentionally left blank in the Department's submission. These items are omitted from the table below. In addition, Item 25 (Aid to Needy Disabled Program Suspension) is not included, based on a subsequent letter from the Governor.

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
1	($346,500)	($9,000)	($36,000)	($58,500)	($450,000)	($355,500)	(7.0)
Information Technology Services - FTE Reduction							
2	(216,000)	0	0	(184,000)	(400,000)	(216,000)	(3.0)
Information Technology Colorado Trails Personal Services Reduction							
3	(193,037)	(24,423)	(135,142)	(26,716)	(379,318)	(221,557)	(6.0)
Office of Operations Personal Services and Operating Reduction							
4	(2,587,996)	(638,838)	0	0	(3,226,834)	(2,587,996)	(0.5)
Eliminate Functional Family Therapy Program							
Division of Child Welfare. The request is to eliminate funding added in the FY 2009-10 Long Bill for four new functional family therapy programs and 0.5 FTE in the Division of Child Welfare. *Statutory authority: Sections 26-5.5-102 and 104, C.R.S.*							
5	(2,527,611)	(779,396)	(4,238,722)	(868,243)	(8,413,972)	(4,646,972)	0.0
Reduction to the Child Welfare Services Block							
Division of Child Welfare. The request is for a reduction of 2.4 percent to the Child Welfare Services block allocation funding for counties. *Statutory authority: Sections 26-5-101 and 104, C.R.S.*							
6	(178,808)	0	0	0	(178,808)	(178,808)	(3.5)
Division of Child Care - Licensing FTE reduction							
Division of Child Care. The request is for a reduction to FTE responsible for inspecting, licensing, and monitoring child care facilities and an associated support position. *Statutory authority: Section 26-6-107, C.R.S.*							
7	(150,000)	0	0	0	(150,000)	(150,000)	0.0
Reduce General Fund in Promoting Responsible Fatherhood Grant							
8	(136,000)	0	0	(264,000)	(400,000)	(136,000)	0.0
General Fund Reduction to Automated Child Support Enforcement (ASCES)							
11	(507,920)	0	0		(507,920)	(507,920)	0.0

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
Eliminate Enhanced Mental Health Pilot Services for Detained Youth							
Mental Health and Alcohol and Drug Abuse Services and Youth Corrections. The request is to eliminate funding for two pilot programs that provide mental health assessments and treatment to youth while in DYC detention facilities. *Statutory authority: Sections 27-1-204 and 19-2-403, C.R.S.*							
12	(3,954,019)	(2,667,715)	(4,296,141)	0	(10,917,875)	(4,211,643)	(126.6)
Close 59 Beds at the Colorado Mental Health Institute at Fort Logan							
13	(195,627)	0	0	0	(195,627)	(195,627)	0.0
Remove General Fund from State and Veterans Nursing Homes Consulting Services							
16	0	0	(7,851,550)	0	(7,851,550)	(3,911,278)	0.0
Medicaid Waivers Provider Rate Retraction							
17	0	0	(6,479,793)	0	(6,479,793)	(2,985,243)	(57.0)
Close 32 bed Nursing Facility at Grand Junction Regional Center							
18	0	(7,033,507)	0	0	(7,033,507)	0	0.0
Old Age Pension Cost of Living and Other Adjustments							
19	(271,421)	0	0	0	(271,421)	(271,421)	0.0
DYC Reduction in Boulder IMPACT Contract							
Division of Youth Corrections. The request is for a 20 percent reduction in a program that enables Boulder County to develop local DYC commitment and placement alternatives. *Statutory authority: Sections 19-2-211 and 19-2-410, C.R.S.*							
21	(1,987,350)	0	989,000	998,350	0	(1,492,850)	0.0
Reclassification of Licensing Category of Ridge View Youth Services Center							
Division of Youth Corrections. The request reflects creating a new licensing category that recognizes the community-based nature of Ridge View Youth Service Center. The licensing change will enable the State to access Medicaid and federal Title IV-E funding and thus allow a partial refinancing of facility costs . *Statutory authority: Sections 19-2-403 and 26-1-109, C.R.S.*							
23	(642,240)	0	0	0	(642,240)	(642,240)	(9.6)
Reduction in Client Management Positions							
Division of Youth Corrections. The request is to re-align the caseload for the client management system. Currently the ratio is 1:20 for the entire population. The Department proposes to change the ratio to 1:25 for clients in residential placement and 1:18 for the parole population. The change results in a net General Fund savings. *Statutory authority: Sections 19-2-403 and 24-102-202, C.R.S.*							
NP1	(320,629)	(1,516)	(193,655)	(23,218)	(539,018)	(320,629)	0.0
Risk Management Reduction of Liability, Property, and Worker's Compensation Volatility							
NP2	(75,544)	(428)	(60,917)	(6,272)	(143,161)	(75,544)	0.0
Risk Management Contract Review and Reduction							

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
NP3	(8,496)	0	0	(8,495)	(16,991)	(8,496)	0.0
Building Maintenance Reductions							
Total	**($14,299,198)**	**($11,154,823)**	**($22,302,920)**	**($441,094)**	**($48,198,035)**	**($23,115,724)**	**(213.2)**
Total for Items in this Packet	**($8,195,426)**	**($1,418,234)**	**($3,249,722)**	**$130,107**	**($12,733,275)**	**($9,820,287)**	**(13.6)**

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare Child Care, Youth Corrections)

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2009-10 appropriation and its FY 2010-11 request. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

Total Requested Change Child Welfare, Child Care, Youth Corrections
FY 2009-10 to FY 2010-11 (millions of dollars)

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 2009-10 Appropriation	$359.4	$85.2	$22.3	$201.0	$667.9	$369.7	1,162.8
FY 2010-11 Request	342.6	86.0	18.7	184.8	632.1	351.1	1,157.1
Increase / (Decrease)	($16.8)	$0.8	($3.6)	($16.2)	($35.8)	($18.6)	(5.7)
Percentage Change	-4.7%	0.9%	-16.1%	-8.1%	-5.4%	-5.0%	-0.5%

The following table highlights the individual changes contained in the Department's FY 2009-10 budget request, as compared with the FY 2008-09 appropriation, for the portion of the Department covered in this briefing packet. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2009-10 to FY 2010-11

Category	GF	CF	RF	FF	Total	Net GF	FTE
Executive Director's Office (line items in this packet ONLY)							
Annualize FY 09-10 adjustments	$20,840	($155)	$0	$12,927	$33,612	$20,840	0.0
Subtotal	**$20,840**	**($155)**	**$0**	**$12,927**	**$33,612**	**$20,840**	**0.0**
Division of Child Welfare							
Annualize FY 09-10 training academy DI	$392,633	$0	$0	$297,247	$689,880	$392,633	3.0
Annulize FY 09-10 CW staffing DI	195,656	0	0	48,913	244,569	195,656	4.5

Category	GF	CF	RF	FF	Total	Net GF	FTE
Annualize SB 09-267 (county share for CW)	(4,028,565)	4,028,565	0	0	0	(4,028,565)	0.0
Refinance CW with TANF (BR 5)	(3,000,000)	0	0	3,000,000	0	(3,000,000)	0.0
Federal Title IV-E fund split adjustments	2,401,316	0	0	(2,401,316)	0	2,401,316	0.0
Reduce Child Welfare block (Aug #5)	(2,527,611)	(779,396)	(4,238,722)	(868,243)	(8,413,972)	(4,646,972)	0.0
Provider rate cut (BR 4)	(3,933,558)	(1,442,934)	(290,164)	(2,185,087)	(7,851,743)	(4,078,640)	0.0
Eliminate Functional Family Therapy FY 09-10 DI (Aug #4)	(2,632,599)	(649,342)	0	0	(3,281,941)	(2,632,599)	(0.5)
Other	(70,196)	(200,000)	2,379	13,205	(254,612)	(69,006)	0.0
Subtotal	**($13,202,924)**	**$956,893**	**($4,526,507)**	**($2,095,281)**	**($18,867,819)**	**($15,466,177)**	**7.0**
Division of Child Care							
Annualize one-time federal ARRA funds	$0	$0	$0	($13,869,538)	($13,869,538)	$0	0.0
Adjust for roll-out new IT system (DI 4)	0	0	0	(1,239,000)	(1,239,000)	0	0.0
Reduce CC licensing staff (August #6)	(178,808)	0	0	0	(178,808)	(178,808)	(3.5)
Provider rate cut (BR 4)	0	0	0	(41,104)	(41,104)	0	0.0
Other	150,516	(99,983)	0	19,815	70,348	150,516	0.4
Subtotal	**($28,292)**	**($99,983)**	**$0**	**($15,129,827)**	**($15,258,102)**	**($28,292)**	**(3.1)**
Division of Youth Corrections							
Restore/annualize FY 09-10 cut to flexible funds	$9,149,992	$0	$0	$0	$9,149,992	$9,149,992	0.0

Category	GF	CF	RF	FF	Total	Net GF	FTE
Annualize FY 10 personal svc. cut	1,044,277	938	4,629	4,812	1,054,656	1,044,703	0.0
Refinance Ridge View (Aug #21)	(1,987,350)	0	989,000	998,350	0	(1,492,850)	0.0
Eliminate FY 10-11 flexible funds (BR 2)	(9,150,000)	0	0	0	(9,150,000)	(9,150,000)	0.0
Provider rate cut (BR 4)	(1,442,870)	0	(51,156)	(38,164)	(1,532,190)	(1,468,448)	0.0
Modify client manager ratios (Aug #23)	(642,240)	0	0	0	(642,240)	(642,240)	(9.6)
Reduce IMPACT funding (Aug #19)	(271,421)	0	0	0	(271,421)	(271,421)	0.0
Eliminate mental health detention pilot (Aug #11)	(265,927)	0	0	0	(265,927)	(265,927)	0.0
Other	(1,542)	0	0	0	(1,542)	(1,542)	0.0
Subtotal	**($3,567,081)**	**$938**	**$942,473**	**$964,998**	**($1,658,672)**	**($3,097,733)**	**(9.6)**
Total Change	**($16,777,457)**	**$857,693**	**($3,584,034)**	**($16,247,183)**	**($35,750,981)**	**($18,571,362)**	**(5.7)**

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Division of Youth Corrections)
BRIEFING ISSUE

ISSUE: Division of Youth Corrections Commitment Population Reductions

The commitment population caseload for the Division of Youth Corrections (DYC) does not appear to be declining as rapidly as previously projected. This could drive additional funding needs for FY 2009-10, as well as FY 2010-11.

SUMMARY:

❏ The LCS December 2008 population projection reflected an anticipated DYC average daily commitment population of 1,206 in FY 2008-09 and 1,175 in FY 2009-10. Actual population figures thus far been higher: 1,228.3 for FY 2008-09 and 1,223.5 for FY 2009-10 through October 2009.

❏ The Division's commitment population began to fall starting in FY 2006-07--attributed in many reports to the Division's Continuum of Care initiative. The impact of the Continuum of Care on the commitment population may now be lessening, or other factors, beyond the Division's control, may be affecting the trend.

❏ Although the new LCS projection is not yet available, staff anticipates it will reflect higher population projections that could require budget adjustments. Options for addressing a shortfall range from reallocating funding among line items to legislative changes that might both save money and improve practice.

DISCUSSION:

Background
The Division of Youth Corrections (DYC) has responsibility for the housing, treatment, and education of juveniles in detention and commitment, and for supervising juvenile offenders who are placed on parole. This includes detention, a short-term hold on youth who are awaiting adjudication (similar to adult jail) and commitment, a longer-term sentence to the custody of the Division (similar to adult prison). The Division also provides funding and technical assistance to local communities and reviews their use of allocated S.B. 91-94 funds for the development of community-based detention services.

Costs for the division have historically been driven by average daily population (ADP) of youth in commitment, as well as parole and detention. In FY 2008-09, the Division served an ADP of 478 youth in state-operated commitment beds at an average daily rate of $232 per youth per day, 447 youth in state-operated detention beds at an average daily rate of $161 per youth per day, and 771 youth in privately contracted commitment beds at an average daily rate of $161. In recent years, the Division has requested, and the General Assembly approved, using some savings from lower ADP rates to improve treatment services and provide a better "Continuum of Care".

Commitment Population Projections Used to Calculate DYC Budget

The General Assembly typically receives commitment population projections from the Division of Criminal Justice (DCJ) in the Department of Public Safety and from the Legislative Council Staff (LCS). These population projections are typically taken into consideration by the General Assembly when determining the appropriations for the Division of Youth Corrections. New population projections are expected to be released December 18, 2009.

After peaking in FY 2004-05 and FY 2005-06, the DYC commitment population began to decline in FY 2006-07 and proceeded to drop sharply in FY 2007-08. Based on this trend, and related data, both LCS and DCJ staff projected ongoing substantial population declines for commitment and parole populations in their December 2008 projections. The 2008 LCS forecast, which projected less aggressive declines than DCJ for the commitment population and more aggressive declines than DCJ for juvenile parole, was used to set FY 2008-09 supplemental and FY 2009-10 budget figures.

2008 Commitment ADP Projections						
	FY 07 Actual	FY 08 Actual	FY 09 Proj.	FY 10 Proj.	FY 11 Proj.	FY 12 Proj.
Legislative Council Staff						
December 2008 Projection	1,425	1,286	1,206	1,175	1,113	1,076
ADP Growth From Prior Year	n/a	(139)	(80)	(31)	(62)	(37)
Percent Growth From Prior Year	n/a	-9.8%	-6.2%	-2.6%	-5.3%	-3.3%
Division of Criminal Justice						
December 2008 Projection	1,425	1,286	1,197.1	1,074.8	1,041.1	1,047.8
ADP Growth From Prior Year	n/a	(139.0)	(88.9)	(122.3)	(33.7)	6.7
Percent Growth From Prior Year	n/a	-9.8%	-6.9%	-10.2%	-3.1%	0.6%

2008 Parole ADP Projections						
	FY 07 Actual	FY 08 Actual	FY 09 Proj.	FY 10 Proj.	FY 11 Proj.	FY 12 Proj.
Legislative Council Staff						
December 2008 Projection	517	508	485	460	443	429
ADP Growth From Prior Year	n/a	(9)	(23)	(25)	(17)	(14)
Percent Growth From Prior Year	n/a	-1.7%	-4.5%	-5.2%	-3.7%	-3.2%
Division of Criminal Justice						
December 2008 Projection	517	508	505.8	499.1	456.1	461.2
ADP Growth From Prior Year	n/a	(9.0)	(2.2)	(6.7)	(43.0)	5.1
Percent Growth From Prior Year	n/a	-1.7%	-0.4%	-1.3%	-8.6%	1.1%

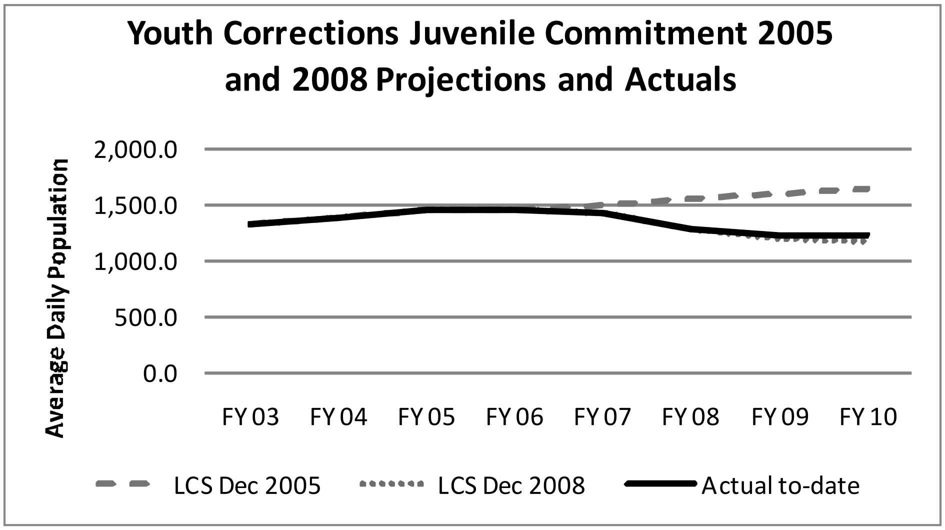
Actual Population To-Date

Final actual population figures for FY 2008-09 and FY 2009-10 (through October 2009) indicate that the level of population decline for the commitment population has been less than anticipated, although the decline for the parole population has been greater. From a budget perspective, the commitment population change is far more significant, as the parole population is both smaller and far less expensive on a per-person basis. The table below compares the population projections used to set FY 2008-09 and FY 2009-10 appropriation levels for the Division with the final actual populations experienced in FY 2008-09 and actual data for FY 2009-10 through October 2009.

Comparison December 2008 Projections and
YTD Actuals for Commitment and Parole Populations

December 2008 Projections v. Actuals to Date	December 2008 LCS Projection (basis for appropriations)	Actual (YTD through October 2009 for FY 2009-10)	Actual above/ (below) LCS Projection	Difference as Percent LCS Projection
FY 2008-09				
Commitment ADP	1,206.0	1,228.3	22.3	1.8%
Parole ADP	485.0	434.9	(50.1)	-10.3%
FY 2009-10				
Commitment ADP	1,175.0	1,223.5	48.5	4.1%
Parole ADP	460.0	410.8	(49.2)	-10.7%

Recent Year Trends in the Youth Corrections Population and the Continuum of Care
Recent actual figures, although above 2008 projections, are still substantially below 2005 projections, when the State appeared to face steady growth in the commitment population. The following figure compares the December 2004 LCS projection with the December 2008 LCS projection and actual average daily placements (ADP) to-date.



The decline in the DYC population that started in FY 2006-07 has been attributed to the Division's Continuum of Care initiative. The 2008 Legislative Council Staff population projection for the Division of Youth Corrections, as well as a number of reports (*e.g.*, the FY 2008-09 Continuum of Care Initiative Evaluation Annual Report by the Triwest Group) have all tied the population reduction to this initiative.

The "Continuum of Care" is less a particular program than a general change in the department's philosophy, designed to ensure the right service for the right individual. According to the Department, this initiative, launched in the Spring of 2006, "seeks to provide an integrated set of strategies involving state-of-the-art services, and approved transitions to appropriate community-based services throughout the length of services for all youth in the DYC system."

To the extent Continuum of Care represents a philosophy as opposed to a specific program, related funding may, to some extent, be found throughout the Division's line items. However, there are several key budget areas where this funding appears. In particular:

Parole Program Services. As the Division's commitment ADP declined, it requested, and received approval, to move funds saved to the Parole Program Services line item. As of FY 2008-09, this included $5,267,532 used for treatment services, based on the Triwest Continuum of Care Evaluation. These increases allowed the Division to re-build parole treatment services which had been cut back to just over $1.0 million in FY 2002-03 and to extend additional treatment services for committed youth. Most recently, $779,763 was moved from the Contract Placements line item to the Parole

Program Services line item for FY 2009-10, based on the projected lower ADP for purchase of contract placements. This increase for relevant services was maintained, even when a larger amount of $9.15 million was reduced from the budget for both FY 2008-09 and FY 2009-10.

S.B. 91-94 and H.B. 04-1451 Collaborative Initiatives. Senate Bill 91-94 authorized the creation of local, judicial-district based programs designed to provide appropriate community based services. These programs work to reduce the incarcerated population by impacting the number of admissions into DYC facilities, or by reducing the length of stay for youths placed in DYC facilities. The appropriation for S.B. 91-94 has been restored from about $8.0 million after budget cuts in FY 2002-03 to $13.0 million in FY 2009-10. Department evaluations have also noted that its increasing involvement in cross-system collaborative initiatives, *e.g.*, through H.B. 04-1451, are a significant component of keeping youth out of placements in the youth corrections system.

Purchase of Contracts Placement Line Item. In the 2003 Long Bill, the Committee added a footnote to the Purchase of Contract Placements line item authorizing the Division to spend up to 5.0 percent of the appropriation on treatment services for youth in state-operated facilities. This percentage was increased to 10.0 percent in FY 2005-06, to 15.0 percent in FY 2007-08, and to 20.0 percent for FY 2008-09 and FY 2009-10. However, due to budget constraints, excess funding (funding beyond the minimum required on a per-bed) was eliminated from the contracts placement line item for FY 2008-09 and FY 2009-10.

The current budget request reflects annualizing (restoring) the reduction of $9,149,992--but then temporarily eliminating $9,150,000 again via Base Reduction #2. Thus, for the moment, flexibility in the Contracts Placement line item does not appear to be yielding funding for Continuum of Care; however the Department continues to see this as providing an important funding opportunity for the future.

The Department's **Base Reduction #2** indicates that it is planning to delay implementation of the following Continuum of Care initiatives as a result of the base reduction.

Base Reduction #2: Continuum of Care Initiatives Proposed to be Delayed

	Estimated Cost of Initiative
Community Accountability Program	$6,000,000
House Bill 1451 Collaboratives	2,000,000
Catastrophic Medical Reserve	500,000
Physical Plant Improvements in state owned facilities	650,000
Total Deferred Investments:	$9,150,000

Basis for Trends in Youth Population
The declining trend in the DYC commitment population appears to have flattened. This may be because the benefits of the initiative in affecting the population size have reached their limit--or due to other factors. The Continuum of Care likely does not fully explain all DYC population trends, although it is undoubtedly a significant factor. Several points to note from some of the most recent data and reports:

- The primary driver of declines in the youth corrections population since FY 2006-07 has been the decline in new commitments.
- There has not been a noticeable impact on post-discharge recidivism rates or length of stay for youth in commitment (apart from parole length of stay).
- The Division has experienced a decline in pre-discharge recidivism and recommitment rates.

Department practice can have an impact on youth corrections trends. For example, to the extent the Division is able to work collaboratively with other local agencies, *e.g.*, through the S.B. 91-94 and Collaborative Management initiatives, it can limit the likelihood that a youth will be committed to the Division in the first place. Further, the Department's new approach appears to have had an impact on the likelihood that a youth already in the Division's custody will end up with a new charge or new sentence to the Division before completing his or her first commitment. These should be contributing factors to the decline in new commitments. However, the Department's ability to influence the "front door" to the system is not comprehensive, so there may be other factors contributing to new commitment trends.

For example, juvenile court filings have been in decline in Colorado since 2003 (an estimated decline of 16.2 percent from 2003 to 2009) and juvenile probation cases have also been falling since 2003 (an estimated decline of 26.4 percent from 2003 to 2009). While Colorado's commitment population did not begin to fall until FY 2006-07, it is possible that trends in the commitment population have been in part driven by the same factors driving declines in juvenile filings and probation. Such factors could as easily reverse the trend.

Potential Fiscal Implications of Higher Average Daily Placements
New LCS and DCJ projections are not yet available. However, the following table provides a rough estimate of the fiscal impact of the change in FY 2009-10 average daily population for commitment populations to-date, if the General Assembly were to provide additional funding to cover the shortfall.

Staff has some concern about the Division's ability to absorb such an increase in population, particularly given the Governor's one-time August 2009 budget action to require that state-owned facilities go to 120 percent of capacity in FY 2009-10. This initiative reduced the need for contract beds by an estimated 86.9 ADP and was expected to provide net General Fund saving of $3,812,327 after offsetting increases in Division food and medical costs. However, the Division noted the risk of over-crowding in its facilities, including compromising youth safety, reductions in ability to provide clinical treatment services, and a likely increase in critical incidents. Given that this action has already been taken for FY 2009-10, staff is uncertain of the Division's ability to safely manage an even higher population within the existing appropriation.

	Contract Beds for Commitment	FY 2009-10 Avg. Funded Daily Rate	Total Appropriation/ Need
FY 2009-10 Long Bill Funding to Purchase of Contract Placements Line Item	733.5	$151.00	$40,426,853
Actual FY 2009-10 Need, based October 2009 YTD (Less State Facilities and Boulder IMPACT)	782.0	151.00	43,099,930
Total Under-Appropriation	**(48.5)**		**($2,673,078)**

Options for Addressing Potential Budget Shortfall

Given what appears to be an increase in the DYC commitment population above projected levels, the Committee will need to consider how this should be addressed. Some options to consider might include:

Move funding back from Parole Program Services to Purchase of Contract Placements. $799,763 appropriated for purchase of contract placements in FY 2008-09 was moved to the parole program services line item for FY 2009-10, based on the projected demand for commitment beds for FY 2009-10. Based on a revised estimate of the demand for commitment beds, this amount could be restored to the commitment line item. Staff also notes that the parole treatment line item has not been reduced, even as parole populations have been falling. Thus, there is arguably excess funding in this line item that could be reallocated to commitment beds if needed.

Continue to require even more intensive use of existing DYC facilities, *i.e.*, require the Department to go to an even higher percent of capacity in state facilities than the 120 percent planned in August 2009. *Staff has concerns about the safety implications of such an action and is also concerned that insufficient programing might lead to even higher commitment populations* by reversing progress thus far in limiting pre-release recidivism.

Explore statutory and program changes that might result in system savings while achieving better practice. For example:

- **Explore changes to the law regarding mandatory six-month parole for the Division of Youth Corrections**. For example, could the law be modified to ensure that individuals who need *less* than six months of parole services do not continue to absorb Department funds and attention. Pursuant to Section 19-2-902, C.R.S., any youth committed to the Division is required to receive six months of parole service in addition to his or her sentence, except for certain classes of offenders who may be subject to up to 18 months of parole services. Section 19-2-1002 (9) (c), C.R.S., allows discharge before completion of six months parole subject to very stringent conditions, including graduation from high school and payment 100 percent restitution, in addition to certification by a parole officer that the youth is ready for early discharge. Possibly a change to these requirements would provide savings.

- **Consider changing judicial authority to sentence youth to up to 45 days in detention for violation of a court order.** At present, 13 percent of detention beds are used for youth who receive a detention sentence of up to 45 days. Use of secure beds for this purpose is not, overall, a recommended practice. In particular, a total of 3 percent of beds (about 14.0 ADP) were used for youth violating a valid court order (truancy). Mixing truant youth with more severe populations is considered contrary to best practice at it exposes youth with less severe issues to those with more severe issues. Eliminating court authority to sentence to detention, particularly for violation of court order, could provide modest savings and would be better practice.

- **Consider whether a further reduction in the secure detention cap might be paired with an expansion of alternative community detention placements, providing some savings**. The Department's S.B. 91-94 study found that the 470 detention beds were under strain--but also found that 41 percent of youth screened to be sent home with services (595) were instead placed in secure detention because of the lack of appropriate alternatives. Community treatment services are likely to be considerably less costly than detention beds.

- **Explore changes in the role of the Juvenile Parole Board.** Colorado is one of the only states in the nation that has a Juvenile Parole Board. In FY 2008-09, 34.7 percent of parole board hearings were for "mandatory" hearings, *i.e.*, the youth in question had reached the end of his or her sentence to the Division. While the parole board may parole a youth in this situation "with prejudice" (indicating that they are not satisfied with the discharge situation), there is no real impact on whether or not the youth is paroled. Remaining parole hearings in FY 2008-09 were comprised of 48.8 percent "discretionary", meaning that the parole board does have discretion on whether the youth is discharged and other kinds of hearings (*e.g.*, violation, review of parole).

  Staff requested information on whether parole board dismissal "with prejudice" was indicative of a higher propensity to recidivate. In response, the Department provided data on the most recent cohort available (youth discharged in FY 2006-07). Of the 944 youth discharged from parole in this period, there was, overall, a 37.2 percent post-discharge recidivism rate. Those discharged "with prejudice" recidivated at a slightly higher rate (38.4 percent versus 36.9 percent for others). However, the Department reported that the group of differences was not statistically significant. Overall, the Division has not been particularly successful at reducing post-discharge recidivism; however, it is also not clear whether the parole board has had or can have a useful role in improving this performance.

BRIEFING ISSUE

ISSUE: Overview of FY 2010-11 Child Welfare Request

The Department's overall request for the Division of Child Welfare reflects a decrease of 4.4 percent in total funding and 7.1 percent in General Fund. The request continues and expands proposed FY 2009-10 reductions to child welfare allocations for counties but includes no reductions to child welfare staff or training funds added in recent years.

SUMMARY:

- ❑ The Department's overall request for the Division of Child Welfare reflects a decrease of 4.4 percent in total funding, and 7.1 percent in net General Fund.

- ❑ In a break from prior years, the request includes no increase for child welfare caseload. Instead, it continues and expands proposed FY 2009-10 reductions to the child welfare services allocations for counties. As a result, counties will need to find ways to provide services more efficiently or make up for reductions in state spending with increased spending from county sources.

- ❑ The request includes no reductions to state child welfare staffing or training funds added in recent years. The Department's expenditure of new administrative funds has not always been consistent with the legislative expectations when funds were appropriated.

- ❑ The request includes significant short-term refinancing of child welfare services amounts. The State will likely be faced with a "cliff effect" (a shortfall of $14.5 million) when these funds are no longer available in FY 2011-12.

DISCUSSION:

Background - the Role of the State and Counties in Child Welfare Services. Pursuant to Article 5 of Title 26, C.R.S., and the Colorado Children's Code (Title 19, C.R.S.), Colorado serves abused and neglected children through a state-supervised, county administered child welfare system.

The State Division of Child Welfare has 50.0 FTE with responsibilities that include:

- ‣ Recommending overall policy direction for the state, including through the development of rules that are subject to the review and approval of the State Board of Human Services
- ‣ Managing allocation of funds and contracts with counties

- Providing technical assistance and oversight for the various county administered child welfare programs
- Coordinating training for county staff
- On-site monitoring of 24 hour facilities and county foster homes

Counties deliver direct services, and decisions about which children will receive which services in the home or in out-of-home placement lies with counties and the courts. Counties make many key decisions about which reports of abuse will be investigated or identified as founded, when in home supports are appropriate for the family of a child "at imminent risk of out of home placement", and when legal action is recommended to remove a child from the custody of his or her parents. Courts make final determinations about when a child or adolescent is "dependent or neglected" and should thus be removed from parental custody. Pursuant to Title 19 of the Colorado Revised Statutes, counties are assigned legal responsibility for children found dependent and neglected.

Funding for the Division of Child Welfare. Appropriations for child welfare programs for FY 2009-10 ($425.5 million) consist of 49.2 percent General Fund, 28.9 percent federal funds, 17.5 percent county funds and various cash fund sources, and about 4.4 percent reappropriated funds. Federal funds include funding under Title XX of the Social Security Act (the Social Services Block Grant), Title IV-B of the Social Security Act, the Temporary Assistance to Needy Families (TANF) Block Grant, and Title IV-E of the Social Security Act. Under Title IV-E, which constitutes the majority of federal funding, the state receives partial federal reimbursement for qualifying child welfare expenditures for low-income children in the child welfare system. The reimbursement is usually at the rate of $.50 on each $1.00 spent by the state. The Division's reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing.

About 3 percent of the Division's appropriation covers state administrative activities and training for county casework staff. The training itself is contracted with various institutions of higher education, with the exception of a new training staff that will support on-the-job training in counties..

The vast majority of the appropriation for the Division of Child Welfare (97 percent) is allocated to counties. This includes amounts in the $353.6 million Child Welfare Services line item which counties may spend flexibly for a wide array of child welfare services, $45.7 million in the Family and Children's Programs line, which provides funding for services generally designed to reduce out of home placement (also known as "core services"), and other, smaller allocations designed to improve county performance, such as the Performance-based Collaborate Management Incentives program.

FY 2010-11 Budget Request. The components of the FY 2010-11 budget request for the Division of Child Welfare are detailed in the table below.

Division of Child Welfare FY 2010-11 Budget Request			
Division of Child Welfare	**FTE**	**Total**	**Net General Fund**
FY 2009-10 Appropriation	50.0	$425,470,722	$218,850,152
FY 2009-10 Request	57.0	406,602,903	203,383,977
Total Change	7.0	($18,867,819)	($15,466,175)
Percent Change	*14.0%*	*-4.4%*	*-7.1%*
Requested Changes from FY 2009-10 Base:			
Adjustments to Administrative Line Items			
Annualize FY 2009-10 Training Academy Decision Item	3.0	$689,880	$392,633
Annualize FY 2009-10 Child Welfare Staffing Decision Item	4.5	244,569	195,656
Annualize other FY 2009-10 one-time funding adjustments	0.0	(254,612)	(69,006)
Subtotal	7.5	$679,837	$519,283
Percent Change	*15.0%*	*0.2%*	*0.2%*
Adjustments to County Allocations			
Reduce Child Welfare Block (August Base Reduction #5)	0.0	(8,413,972)	(4,646,972)
Provider rate cut (Base Reduction #4)	0.0	(7,851,743)	(4,078,640)
Annualize SB 09-267 - Increase county share for Child Welfare	0.0	0	(4,028,565)
Refinance Child Welfare with TANF (Base Reduction #5)	0.0	0	(3,000,000)
Federal Title IV-E fund split (reduce FF; increase GF)	0.0	0	2,401,316
Subtotal	0.0	*(16,265,715)*	*(13,352,861)*
Percent Change	*n/a*	-3.8%	-6.1%
Other Adjustments			
Eliminate Functional Family Therapy (August Base Reduc. #4)	(0.5)	(3,281,941)	(2,632,599)
Percent Change	*-1.0%*	*-0.8%*	*-1.2%*

- In a break from prior years, the request includes no increase for child welfare caseload. Instead, it includes the continuation and expansion of cuts to the child welfare services allocations for counties. As a result, counties will need to find ways to provide services more efficiently or make up for reductions in state spending with increased county spending from reserves.
- The request includes significant short-term refinancing of child welfare services amounts, that may create a "cliff effect" in out-years.
- The request includes no reductions to state child welfare staffing or training funds added in recent years.

County allocations and financial responsibility. As noted above, the vast majority of the appropriation for child welfare services (97 percent) is allocated to counties as "capped allocations" pursuant to 26-6-104, C.R.S. Capped allocations incorporate a required county share of expenditures (20 percent for most costs). In addition, a county that overspends its annual capped allocation is required to cover the over- expenditure with other funds. County over-expenditures are commonly covered through a combination of county-transfers from their Temporary Assistance to Needy Families (TANF) block grant allocations (up to 10 percent of the annual TANF allocation) and, as needed, county tax revenues.

Pursuant to Section 26-5-103.5 and 26-5-104 (3) and (4), C.R.S., an eight-member Child Welfare Allocations Committee determines the formula for allocation of capped funds among counties.[1] For most of this decade, the Child Welfare Allocations Committee used an "optimization model" to allocate capped allocations among counties. Use of the model was suspended in FY 2007-08 due to a variety of concerns and funding has been allocated in similar proportions to FY 2006-07, pending final recommendations of a subcommittee regarding modifying the model or otherwise changing the allocation process. Nonetheless, the Department has continued to populate the allocation model, and this model sheds light on how counties use child welfare funds.

County cost drivers for Child Welfare Services. County expenditures for child welfare services are partially within their control but do include drivers beyond their control, such as the number of reports of abuse or neglect, the number of founded incidents, and judicial decisions about appropriate placements. County costs to provide child welfare services are driven by:

(1) the number of reports of abuse or neglect received;
(2) the number of children and families requiring child welfare services;
(3) the number of children who are removed from the home; and
(4) the cost of providing residential care and other services.

About half of county expenditures are for families and providers who care for children who have been removed from their homes, including subsidies to families who have adopted children previously in foster care. The balance of expenditures are for county staff and administrative costs, as well as direct services (life skills training, mental health services, etc.) to children and families. The chart below demonstrates the basic drivers and types of services provided.

---

[1]If the Department of Human Services and the Allocations Committee do not reach agreement on the allocation formula, they must submit alternatives to the Joint Budget Committee, from which the JBC must select an allocation formula.

FY 2008-09 Colorado Child and Adolescent Population - Ages 0-17: 1,258,823

Child Welfare Referrals: 76,144 [families]

Child Welfare Investigations: 64,745 [children]

Children in Open Child Welfare Cases: 41,918

Of these:

Served in Own Home: 19,016	Out of Home Placement: 12,342	Adopted, Receiving Subsidies: 10,560.

The table below demonstrates how, statewide, service patterns for child welfare services changed between FY 2003-04 and FY 2007-08. As reflected, in recent years, the use of out-of-home placement has declined sharply, while counties have increased children served and expenditures for adoption placements and services provided in the family home. The data is derived from the child welfare allocation model.

Significance and Impact of Allocation Reductions/Freezes. The Department proposal is to reduce child welfare allocations by $16.3 million or 3.8 percent from the current FY 2009-10 appropriation. In addition, the Department has not requested an increase for caseload. The Department reported that its initial calculation of the caseload funding increase it would have requested was for $7,271,230, based on a 2.0 percent projected increase in the state's child and adolescent population. **Including a foregone caseload increase, the overall allocation request is down by $23.5 million or 5.8 percent**. Key points related to this:

- **Counties have consistently over-spent their child welfare allocations** in recent years, making up for shortfalls in state funding with other funds. Counties have largely addressed shortfalls through the transfer of funds from their TANF block grants but have had to contribute county tax revenue as well in some cases. The FY 2008-09 over-expenditure was $16.6 million.

- As discussed above, **counties assume legal responsibility for children found dependent and neglected by the courts, regardless of the cost. However, they have some ability to control expenditures**. Counties have considerable ability to decide how to respond to allegations of abuse and design appropriate services for children, including those that help to reduce or shorten out-of-home placement or keep children out of court-ordered placement altogether.

- **The active child welfare caseload has increased less than the state population in recent years.** For the five year period between FY 2004-05 and FY 2008-09, the state child and adolescent population (ages 0-17) increased by 7.5 percent. At the same time, child welfare open involvements increased by just 4.8 percent and child welfare out-of-home open involvements *decreased* by 10.9 percent.

- **Overall, budget increases for caseload have often exceeded actual caseload growth; however, over a five year period, the overall increase in county expenditures for child welfare services of 16.6 percent has been less than the combined increase in the Denver-metro consumer price index (12.4 percent) and caseload (7.5 percent).** Counties have managed to available funds by limiting the use of out-of-home placement. At the same time, lower costs in some areas--such as out-of-home placements have been made up for in increases in other areas, most notably in a category known as "Program Costs" which incorporates county staff costs and other services. The Department is not currently able to determine how much of such increases simply reflect county staff salary increases and how much may reflect new programming for children.

The tables below provide more detailed information on these topics. Table 2 summarizes six years of county allocations and over-expenditures. Table 3 provides detail on FY 2008-09 actual expenditures and over-expenditures by county. Table 4 provides information on historic child welfare caseload increases and comparison indicators, and Table 5 provides information from the Child Welfare Allocation model comparing county spending patterns in FY 2004-05 versus FY 2008-09

Table 2
Child Welfare Allocations to Counties and County Over-expenditures

	FY 03-04	**FY 04-05**	**FY 05-06***	**FY 06-07**	**FY 07-08**	**FY 08-09**
Approp. Child Welfare Services and Family and Children's Programs line items ($ millions)	$341.9	$343.2	$359.3	$370.4	$384.9	$394.9
Percent Change	*n/a*	*0.4%*	*4.7%*	*3.1%*	*3.9%*	*2.6%*
County Expenditures In Excess of Capped Allocations ($ millions)	$12.4	$10.8	$14.2	$12.2	$20.4	$16.6
Shortfall as Percent of Capped Allocations	*3.6%*	*3.1%*	*4.0%*	*3.3%*	*5.3%*	*4.2%*

*The FY 2005-06 appropriation excludes $4.5 million for training and administrative costs; this amount was previously included in the Family and Children's Programs line item but was transferred to other line items for FY 05-06

Table 3: FY 2008-09 Child Welfare Services Expenditures by County							
					Funds Used to Cover Deficit/Surpluses Retained		
County	Total FY 2008-09 Child Welfare Services Expenditure	Total FY 2008-09 Allocation from Child Welfare Services Line Item[2]	(Deficit) / Surplus	(Deficit)/ Surplus as Percent of Allocation	Close-out Funds	TANF Transfer	County Funds
Adams	$32,217,687	$32,217,687	$0	0.0%	$0	$0	$0
Arapahoe	29,449,093	29,449,093	0	0.0%	0	0	0
Boulder	18,937,500	16,148,609	(2,788,891)	-17.3%	0	2,399,335	389,556
Denver	73,128,321	65,362,018	(7,766,303)	-11.9%	0	7,766,303	0
El Paso	40,536,465	40,536,465	0	0.0%	0	0	0
Jefferson	31,179,370	29,726,765	(1,452,605)	-4.9%	0	1,452,605	0
Larimer	17,899,871	17,090,978	(808,893)	-4.7%	0	808,893	0
Mesa	13,121,964	12,159,844	(962,120)	-7.9%	0	448,884	513,236
Pueblo	15,159,069	15,159,069	0	0.0%	0	0	0
Weld	20,878,587	18,373,209	(2,505,378)	-13.6%	0	2,354,992	150,386
Other Counties	61,475,930	61,197,047	(278,883)	-0.5%	0	278,883	0
Total	**353,983,857**	**337,420,784**	**(16,563,073)**	**-4.9%**	**0**	**15,509,895**	**1,053,178**

[2] The allocation and spending shown is for the Child Welfare Services line item only (not Family and Children's Programs), so the net shortfall as a percent of total funding appears lower than in the prior table. It applies all over- and under-expenditure adjustments to the Child Welfare Services line item and ignores any transfer of funds from this line item to Family and Children's Programs. The Total Allocation includes reductions for federal Medicaid funds allocated for TRCCF, PRTF and CHRP placements that were not used because counties spent less on such care than anticipated. A portion of the Child Welfare Services appropriation is used to pay for statewide expenses not reflected here.

Table 4 Child Welfare Budget Increase for Caseload and Comparison Indicators							
	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11 Request
Budget Increase for Caseload /a	*2.3%*	*2.5%*	*0.6%*	*1.9%*	*3.2%*	*1.3%*	*0.0%*
Percent Change Open Involvements /b	*1.7%*	*0.6%*	*1.5%*	*0.7%*	*0.2%*	*n/a*	*n/a*
CO ages 0-17 Population increase /b	*1.0%*	*1.4%*	*1.7%*	*1.6%*	*1.1%*	*1.1%*	*1.4%*

a/ FY 2005-06 increases for caseload included both amounts generated by the allocation model and a large increase to address county expenditures for child welfare services. FY 2008-09 increase includes a correction adopted through an 2009 session supplemental. Does not reflect an FY 2009-10 restrictions on child welfare allocations imposed by the Governor.
b/ Open involvements from child welfare allocation model data; population from state demographer population estimate data, December 8, 2009.

Table 5 Child Welfare Allocation Model - County Expenditure Changes FY 2004 to FY 2009			
	FY 2003-04	**FY 2008-09**	**Percentage Change**
Child/adolescent Population 0-17	**1,170,722**	**1,258,823**	**7.5%**
Denver-metro CPI (inflation) FY 03-04 to FY 08-09	**n/a**	**n/a**	**12.4%**
Referrals (Families)	62,548	76,144	21.7%
Assessments	51,974	64,745	24.6%
Total new involvements	**16,181**	**14,459**	**-10.6%**
Total open involvements	**40,016**	**41,918**	**4.8%**
Out of home open involvements	13,855	12,342	-10.9%
Total cost for out of home placements	$143,783,916	130,760,470	-9.1%
Total paid days for out of home placements	**2,259,541**	**1,912,476**	**-15.4%**
Average cost per day for out of home placements	**$63.63**	**$68.37**	**7.4%**
Program services costs (case management, administration, in-home interventions)	$119,050,942	174,268,650	46.4%
Children receiving adoption subsidy	**8,183**	**10,560**	**29.0%**
Average cost per child per day for adoption	**$16.83**	**$15.14**	**-10.0%**
Total annual adoption subsidy paid days	2,358,325	2,956,789	25.4%
Total annual adoption subsidy cost	$39,700,508	44,770,265	12.8%
Total expenditure	**$303,616,944**	**$353,983,857**	**16.6%**

Source: Department of Human Services Child Welfare Allocation Model, except (1) inflation data provided by Legislative Council, December 2009; and, (2) for purposes of comparison, total FY 2008-09 expenditure incorporates funds transferred from the Child Welfare Services line item to the Family and Children's Programs line item.

Child Welfare Financing and Refinancing and the Cliff Effect. The Department proposes a 7.1 percent decrease in net General Fund Support for the Division, which is a far greater reduction than the 4.4 percent proposed reduction to total division funding. This incorporates a variety of adjustments:

- Annualization of a 2008 legislation (S.B. 09-267) that required counties to pay a full 20 percent share of costs for placement in residential child care facilities, instead of 10 percent. The full-year impact of this adjustment is to transfer $8.0 million in costs formerly assigned to the State to counties, making county financial responsibility for the highest cost placements consistent with county responsibility for lower cost placements.

- Adjust funding splits for Title IV-E to annualize the impact of additional federal Title IV-E funding provided pursuant to the American Recovery and Reinvestment Act (ARRA), as well as to reverse a fund split adjustment included in the FY 2009-10 Long Bill.

- Refinance of an additional $3.0 million in child welfare General Fund with federal Temporary Assistance to Needy Families (TANF) Block Grant. This would be in addition to a $9.5 million refinance already approved starting in FY 2009-10.

Title IV-E Fund Splits. Under the American Recovery and Reinvestment Act, the State was eligible for a higher federal reimbursement rate for certain qualified expenditures under Title IV-E of the Social Security Act. As for the Medicaid federal match adjustment (FMAP) the adjustment applied to three-quarters in FY 2008-09, a full year in FY 2009-10, and six months in FY 2010-11. As a result, $2.0 million in additional federal funding available in FY 2009-10 is not expected to be available in FY 2010-11.

In addition, as discussed further in a separate issue, the State's overall earning of Title IV-E has been on the decline. A portion of the request is to reverse an FY 2009-10 adjustment ($446,000) that increased the estimated funding from Title IV-E and saved General Fund. The combined impact of the adjustments for FY 2010-11 is to *increase* General Fund required by $2.5 million.

For FY 2011-12 the final $2.0 million in ARRA funding will be eliminated, requiring a further boost in General Fund or a reduction in county funding.

Refinance with Temporary Assistance to Needy Families. For FY 2009-10, the Department requested and the General Assembly approved an adjustment to refinance $9.5 million General Fund in the Division of Child Welfare with TANF dollars. The new request is to increase this adjustment by an additional $3.0 million. While this is clearly feasible for FY 2010-11, as discussed in staff's briefing for Self Sufficiency programs, the Department is projecting a TANF end-of-year reserve balance of negative $17,897,205 for FY 2011-12. This suggests that TANF funding for some activities will need to be restricted by FY 2011-12. Even if the TANF child welfare refinance is maintained in FY 2011-12, the Department has generally described these refinances as temporary, i.e., the implication is that beginning in FY 2012-13, the State will need to replace the TANF funding with General Fund or take a significant further reduction to child welfare funding.

- The combination of the further loss of ARRA enhanced match in FY 2011-12 and the possible loss of TANF funding between FY 2011-12 and FY 2012-13, means that within the next two years Colorado will likely need to provide **$14.5 million in additional General Fund** to maintain funding at current levels or will need to take additional cuts to Child Welfare Services.

- In response to staff questions, the Department has indicated that there is a potential for even greater refinancing with TANF in the Division of Child Welfare. The Department was able to claim $19.5 million in FY 2008-09 as TANF "maintenance of effort" for the Division of Child Welfare. This means that **up to an additional $7.0 million in the Division of Child Welfare could potentially be refinanced with TANF. However, given the limitations on TANF funding, this would only increase the impending "cliff effect**".

Department Staffing and Training. The request includes annualizing (doubling) funding added in FY 2009-10 for two major initiatives: the child welfare training academy and increased child welfare staff. It is notable that, although other new funding added in FY 2009-10 was withdrawn, this funding was not withdrawn by the Governor for FY 2009-10, and the Department request reflects annualized costs for FY 2010-11. Adjustments to administrative costs result in an increase 7.0 FTE (14.0 percent) in the Division's FTE budget. While this represents an increase of just 0.2 percent in total funding for the division, it should be noted that FTE for the division have increased from 32.0 FTE in FY 2007-08 to a requested 57.0 in FY 2010-11--an increase of 78 percent over three years. Continuation of staffing and training initiatives reflects the Executive's intent to provide more robust administrative oversight of the child welfare system.

- Staff is supportive of efforts to improve child welfare training and state oversight; however, staff notes the inconsistency in increasing oversight at a time the State is substantially reducing funding available for local child welfare services.

Staff is also concerned about some recent evidence that the Department may not have used some additional funding provided in a manner consistent with the request for the funding submitted to the Joint Budget Committee. Specifically:

- The Department was approved for 9.0 new positions for six months, based on an FY 2009-10 budget request for increased staffing. In this request, the Department was approved for one new General Professional VII position; the Department emphasized that it was only requesting one position at this level, although two had been recommended by its consultants. Nonetheless, in reviewing the Department's website this fall, staff found it was advertising for two new General Professional VII Associate Director positions for the Division. The Department's response to staff's related questions was as follows:

"After reviewing the re-organization of the division, the PSI organizational assessment, and available internal assessments, determined that in order to fully reorganize the Division, from the top down, this additional GP VII (Associate Director for Operations (ADO)) position needs to be hired. This position is one of three senior leadership positions within the Division. This position will be funded through the current Child Welfare Administrative appropriation." It is not clear to staff from the response how the Department was able to find sufficient funding "within the current appropriation" for such a highly paid new position.

- Through an FY 2008-09 supplemental, the Department was approved for funding to develop a statewide "Level of Care" instrument to assess children's placement needs. This was consistent with the recommendation of a 2008 SAO Performance Audit. When staff requested the results of the study, the Department responded as follows:

  "The Department completed an initial review of Level of Care Assessment literature through Colorado State University in April of 2008. This initial literature review was going to be passed on to the winning recipient of the Rate Setting and Level of Care consultation RFP that was posted last year. SBA #7 (FY 2008-09) "FY 2007 Foster Care Performance Audit Recommendations and Fatality Review Projects" was not completed during FY 2008-09 due to the current state budget situation and timing issues with the hiring freeze. The funding was held within the appropriation and used for other purposes. " It is not clear to staff what is meant by "held for other purposes".

An extraordinary amount of Department, OSPB, and JBC effort goes into the development and review of a budget request. If the Department then spends the associated funds without concern for the contents of the request, the Department's credibility--and the basis for all budget requests--is called into question.

BRIEFING ISSUE

ISSUE: Federal Title IV-E Revenue Trends

Under Title IV-E of the federal Social Security Act, Colorado earns federal reimbursement of at least 50 percent for some foster care and adoption services for low income children. Revenue from this sources has been declining and is likely to decline further, based on the structure of the federal program and out-of-home placement trends. In the absence of budget adjustments, county child welfare allocations will likely fall below the amounts budgeted. Although the impact may not be large in the context of the overall child welfare budget, it will add to budget reductions counties already face.

SUMMARY:

❏ States may earn federal reimbursement under Title IV-E of the federal Social Security Act for some services to low-income children who are placed outside their own homes. In general, Title IV-E reimbursement is provided consistent with a state's federal match for its Medicaid program (usually 50/50 in Colorado).

❏ Colorado's Title IV-E revenues were lower than projected for FY 2008-09, leading to a shortfall of $1.5 million in child welfare block allocations to counties and the elimination of FY 2009-10 funding from the Excess Federal Title IV-E Reimbursements cash fund for county Title IV-E administrative activities.[3]

❏ Budget adjustments for FY 2009-10 and/or FY 2010-11 may be needed to reflect the impact of declining Title IV-E receipts. Alternatively, county child welfare allocations will likely fall below the amounts budgeted. Although the impact may not be large in the context of the overall child welfare budget, it will add to budget reductions counties already face.

DISCUSSION:

Background - Federal Title IV-E. States may earn federal reimbursement under Title IV-E of the federal Social Security Act for some services to low-income children who are placed outside their own homes. In general, Title IV-E reimbursement is provided on a matching basis consistent with a state's federal match for its Medicaid program (usually 50/50 in Colorado). The program is an open-ended entitlement program, so there is no dollar limit on what any state may earn.

[3] The shortfall in child welfare allocations for FY 2008-09 was partially addressed by the Department through an internal funds transfer of $900,000 to the affected line item.

Child's eligibility for Title IV-E reimbursement: Title IV-E requires that the child must have been eligible for Aid to Families with Dependant Children (AFDC) (based on the State AFDC standards that were in place on July 16, 1996) during the month a petition was filed for removal from the home or a voluntary placement agreement was signed. The child must have lived in the home of a person related to them (within 5 degrees of kinship) within six months of the eligibility month and be deprived of parental support. The child's income status, for qualification for AFDC, is thus based on the income level of the family from which the child is being removed. A court order must find that continuation in the child's home would be contrary to the child's welfare, and that reasonable efforts were made to prevent the removal.

Costs eligible for reimbursement: Title IV-E reimbursement is provided for the following types of expenses:

- Maintenance (room and board) costs for children in foster care and for children with special needs who have been adopted;
- Administrative costs; and
- Training costs, associated with training staff and service providers.

Administrative costs includes activities such as referral to services, determination of Title IV-E eligibility, preparation and participation in judicial determinations, placement of the child, case plan, review, management and supervision, recruitment and licensing of foster homes, rate setting, costs related to data collection, and the proportionate share of agency overhead. These administrative costs include costs for children who are "reasonable candidates" for placement, *i.e.*, costs for children at imminent risk of out-of-home placement.

The federal reimbursement rate varies by activity. In Colorado, all activities are generally reimbursed at a 50/50 match rate, except staff training costs, which are reimbursed at the rate of 75 percent. However, federal reimbursement for maintenance (room and board costs) were adjusted under the American Recovery and Reinvestment Act (ARRA) to 62.5 percent for three quarters in SFY 2008-09, full year FY 2009-10, and two quarters in FY 2010-11.

The table below shows, for FY 2008-09, the overall flow of Title IV-E revenue to the State based on qualified expenditures. In total, direct services (*i.e.*, room and board or "maintenance" costs for youth) comprised 42.8 percent of total IV-E qualified expenditures in FY 2008-09. The balance of qualified expenditures were for state and local administrative costs related to Title IV-E qualified youth.

FY 2008-09 Actual earning	**% Match**	**Total Title IV-E Earned**
Administrative	50/50	$46,382,092
Training Costs	75/25	2,139,483
Room and Board /Maintenance (1 qtr)	50/50	5,840,493
Room and Board/Maintenance - ARRA (3 qtrs)	56.2 /43.8	31,951,768
TOTAL		**$86,313,836**

Title IV-E Revenue Earning Mechanisms. Title IV-E revenue is generated in three ways:

- Direct payments for maintenance (room and board) for eligible children.
- Quarterly "random moment sampling" of county administrative activities.
- Direct reimbursement for certain administrative FTE and training activities that are Title IV-E specific.

For direct service line items in the Division of Child Welfare (child welfare services and family and children's programs line items), Title IV-E revenues are driven by actual maintenance (room and board payments) and quarterly "random moment sampling" of county administrative activities. For state child welfare administration, administrative review, and central department administration line items, federal Title IV-E revenues are <u>also</u> driven by quarterly "random moment sampling" of **county** (not state) administrative activities, and, for a limited number of positions and functions, direct Title IV-E support for the Department activity (e.g., for staff responsible for oversight of Title IV-E claims). The State has limited control over the extent to which Title IV-E revenues are or are not earned, as most Title IV-E revenue, including for state administrative activities, is driven by county random moment sampling and the number of children who qualify for Title IV-E reimbursement who are served by counties.

Title IV-E Appropriations , Earnings, and Excess Federal Title IV-E Cash Fund. The Long Bill includes appropriations for Title IV-E funds throughout the Department; however, the vast majority of appropriations are to the Division of Child Welfare. Title IV-E funds are earned against each line item's expenditures, based on the earning mechanisms described above. At the close of the year, the Department makes internal adjustments, so that Title IV-E revenue "over earned" in any line item is transferred to line items that have "under-earned". The Department uses Title IV-E revenue received to cover all appropriated amounts throughout the Department before determining if there is an excess of Title IV-E revenue available.

Pursuant to Section 26-1-111 (2) (d) (II) (C), C.R.S., federal funds earned in excess of appropriated amounts are deposited each year into the Excess Federal Title IV-E Cash Fund. Such funds are appropriated in the subsequent year. Thus, funds available for appropriation in FY 2009-10 are based on the Excess federal Title IV-E funds earned in FY 2008-09. Historically, deposits to the Excess Federal Title IV-E Cash Fund have been substantial, exceeding $6.7 million in one year.

Excess Federal Title IV-E Cash Funds may be appropriated for the following purposes: to help counties defray the costs of performing administrative functions related to obtaining federal Title IV-E reimbursement and for other county activities associated with public assistance, including for activities that count toward the Temporary Assistance to Needy Families maintenance of effort. During the 2009 legislative session, additional statutory authority was provided for the period from July 1, 2008 through July 1, 2011 to allow the General Assembly to transfer moneys in the Excess Federal Title IV-E Cash Fund to the General Fund.

FY 2008-09 Federal Title IV-E Shortfall. For the first time, in FY 2008-09, appropriations of Title IV-E exceeded revenue received. As a result, there were no funds available for deposit to the Excess Federal Title IV-E Reimbursements Cash Fund. Further, because of the insufficient revenue, total disbursements to counties for child welfare services had to be reduced by the shortfall of $1.5 million. The Department partially compensated for this through the transfer of $900,000 federal Title XX funds from the Division of Child Care under the authority for intra departmental transfers of up to $2.0 million provided in Section 24-75-108, C.R.S.; however, a shortfall of about $600,000 still needed to be absorbed in the county FY 2008-09 child welfare allocations.

In staff's figure setting presentations over the last several years, staff has attempted to adjust to declining Title IV-E revenue through the appropriations and to leave at least a minimum amount to continue funding county Federal Title IV-E administrative activities through the Excess Federal Title IV-E Cash Fund. However, **the decline in revenue for FY 2008-09 exceeded both staff and Department expectations.** Revenue received fell below the staff figure setting projection by $2.5 million: staff had projected that there would be sufficient revenue for the direct Title IV-E appropriations and that excess revenue of just under $1.0 million would be available for deposit to the Excess Federal Title IV-E Cash Fund for use in FY 2009-10; instead, revenues were $1.5 million less than the direct FY 2008-09 Title IV-E appropriations, and no excess funds were available for deposit to the Cash Fund.

The table below compares the Title IV-E revenue needed in FY 2008-09, based on Long Bill appropriations and required pass-throughs, and the moneys actually received by line item category.

FY 2008-09 Title IV-E Revenue by Line Item/Category	**Title IV-E Revenue Needed**	**Title IV-E Revenue Received**	**Revenue Over/(Under) Applied**
Department Administration, including Child Welfare.	$3,466,462	$2,875,556	(590,907)
Information Technology (Colorado Trails, CBMS)	2,999,831	3,724,278	724,446
Child Welfare Training	2,340,461	2,668,247	327,786
Child Welfare Services and Family & Children's Services	71,980,362	69,746,975	(2,233,387)
Child Welfare ARRA Revenue	3,335,847	3,519,365	183,518
Youth Corrections	1,090,280	1,186,026	95,746
County Pass-throughs (county indirects; not CW services)	2,593,389	2,593,389	0
TOTAL FY 2008-09 Title IV-E Revenue	**$87,806,633**	**$86,313,836**	**($1,492,796)**

Trends in Title IV-E Earning. The table below reflects recent-year earning of Title IV-E funds. **As shown in the table, starting in FY 2007-08, Title IV-E revenues have been on a downward trend**--or would have been were it not for the temporary enhanced match rate provided in FY 2008-09 pursuant to ARRA. This is despite steady increases in the total appropriation for the Division of Child Welfare, which might have been expected to spur increased expenditures and thus increased Title IV-E revenue.

The earlier large funding jump from FY 2005-06 to FY 2006-07 was associated with the elimination of the former "residential treatment center" system that funded a substantial portion of out-of-home placements using Medicaid funds. Once Medicaid was no longer earned, Title IV-E was accessed for room and board costs.

Trends in Title IV-E Revenue versus Division of Child Welfare Appropriations

Year	Title IV-E Earnings	Percentage Change from Prior Year	Appropriation for Division of Child Welfare	Percentage Change from Prior Year
FY 2003-04	$73,444,437		$354,042,709	
FY 2004-05	79,101,735	7.7%	359,375,678	1.5%
FY 2005-06	80,211,690	1.4%	385,504,451	7.3%
FY 2006-07	88,777,718	10.7%	397,992,160	3.2%
FY 2007-08	84,463,547	-4.9%	410,908,592	3.2%
FY 2008-09 *without ARRA*	82,790,470	-2.0%	419,288,194	2.0%
ARRA Enhanced Match	3,523,366			
FY 2008-09 with ARRA	$86,313,836	2.2%		

The table below compares the history Excess Federal Title IV-E earnings with the present situation. In prior years Excess Federal Title IV-E funds were deposited to the Excess Federal Title IV-E Cash Fund for distribution in the subsequent fiscal year. As a result of the FY 2008-09 shortfall, there will not be Excess Federal Title IV-E funds available for distribution in FY 2009-10. This is problematic as the Excess Funds help to ensure that counties perform the administrative activities needed to maintain Title IV-E funding on an ongoing basis.

Title IV-E Appropriations, Earning and Title IV-E Excess Revenue

Year	Appropriation of Title IV-E Funds	Title IV-E Earnings	Title IV-E Excess /(Shortfall)
FY 2003-04	$69,564,846	$73,444,437	$3,879,592
FY 2004-05	72,441,851	79,101,735	6,659,885
FY 2005-06	74,712,056	80,211,690	5,499,635
FY 2006-07	84,571,156	88,777,718	4,206,562
FY 2007-08	82,124,990	84,463,547	2,338,556
FY 2008-09 (including ARRA)	87,806,633	86,313,836	(1,492,797)

Drivers Behind Decline in Title IV-E Revenue. Two drivers are commonly cited for the decline in Title IV-E revenue.

- Reductions in use of out-of-home placement in favor of services provided in the home; and
- Use of the 1996 AFDC income levels for determining Title IV-E eligibility.

Title IV-E can only be earned for children who are in out-of-home placement and who are very poor, based on the income level of the child's family of origin. By tying Title IV-E to the 1996 AFDC need standards, Congress ensured that, over time, the number of children who would qualify for Title IV-E would decline. For example, in Colorado, the countable family income, less various deductions and disregards, must not exceed $510 per month for a family of three with one caretaker. Given the current minimum wage, even a part-time working parent may easily exceed this standard.

The planned-decline in federal support has been further pushed by federally-supported efforts to maintain children in the family home in lieu of out-of-home placement. If a child is not removed from the family home, the child does not qualify for Title IV-E.

In addition to these basic trends, there are other drivers that may exacerbate or ameliorate the general trend:

- Administrative activities to identify children as Title IV-E eligible. To the extent children who could qualify are not identified as Title IV-E eligible or qualified expenditures are not identified, state Title IV-E earning declines. If administrative procedures are improved to identify additional children or qualified expenditures, earnings increase.

- Overall trends in child welfare spending. Higher or lower levels of child welfare appropriations often drive the level of expenditure for qualified Title IV-E administrative activities and maintenance costs.

The table below shows the average number of Title IV-E eligible clients per year for whom maintenance was claimed for the last five years. As can be seen, numbers have steadily declined.

Average Number of Title IV-E Eligible Children in Foster Care for Which Foster Care Maintenance was Claimed, Per State Fiscal Year

State Fiscal Year	Average Clients / year #	Percent Change
SFY 05	2,601	
SFY 06	2,590	-0.4%
SFY 07	2,389	-7.8%
SFY 08	2,203	-7.8%
SFY 09	2,116	-3.9%

Average based on quarterly Federal ACF-IV-E-1 reports; includes both Division of Child Welfare and Division of Youth Corrections.

Opportunities for Enhancing or Stabilizing Title IV-E Revenue. For FY 2009-10, the Department requested and received a decision item for $321,250 General Fund, with expected ongoing annual funding of $220,000 General Fund, to implement administrative claiming for federal Title IV-E funds for child placement agencies (CPAs). This was identified in a 2007 State Auditor's Office report as an untapped source of federal revenue. In order to implement administrative claiming for CPAs, the Department must implement random moment sampling surveys of child placement agencies, for which contractor assistance is needed. The Department's cost-benefit analysis for the decision item projected additional federal revenue of $758,032 starting in FY 2010-11 associated with this initiative.

FY 2009-10 and 2010-11 Title IV-E Funding. With the exception of the initiative described above, most indicators suggest that Title IV-E revenue will continue to decline. For FY 2010-11 enhanced ARRA match will only be available for 50 percent of the year, and reductions in funds provided to counties for child welfare services will likely drive further reductions in out-of-home placement and Title IV-E earnings. Finally, the lack of available funding from the Excess Federal Title IV-E Cash Fund for Title IV-E administrative activities may negatively affect county efforts to identify children as Title IV-E eligible. If there are not associated budget adjustments for Title IV-E revenue, counties will likely face an even greater reduction in their child welfare block allocations than the cuts formally taken through the budget process. **Based on the FY 2008-09 actuals, the minimum shortfall is likely to be $1.5 million in FY 2009-10.** Although the impact may not be large in the context of the overall child welfare budget, it will add to budget reductions counties already face. More detailed projections will be provided as more actual revenue data for FY 2009-10 becomes available.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare, Child Care, and Youth Corrections)

BRIEFING ISSUE

ISSUE: Child Welfare Expenditures and Outcomes by County

Counties that spend more for child welfare services tend to have worse results on child welfare outcome measures. This in part reflects the fact that high rates of poverty correlate with high rates of child welfare expenditure and, to a lesser extent, with poor results on child welfare outcome measures. A more comprehensive analysis by Department consultants has pointed to county decision making as the primary driver in different outcomes among counties.

SUMMARY:

- ❏ In response to Long Bill RFI #6 and other data requests, the Departments of Human Services and Health Care Policy and Financing provided data on county-by-county expenditures and outcomes for child welfare and information on related systems such as mental health capitation and youth corrections.

- ❏ The data provided suggest that counties that spend more for child welfare services tend to have worse results on child welfare outcomes, based on statewide indicator data from the federal Child and Family Services Review (CFSR).

- ❏ This in part reflects the fact that high rates of poverty correlate with high rates of child welfare expenditure and, to a lesser extent, with poor results on child welfare outcome measures.

- ❏ A more comprehensive statistical analysis of 27 county's spending and outcomes by Policy Studies Inc. and American Humane found a statistically consistent pattern of funding among counties, but little or no correlation between funding and performance--indicating the variance is driven by decision-making at the county level.

- ❏ To understand whether variable spending for other systems might help explain different child welfare outcomes, staff examined the relationship between spending and utilization for child welfare and some other systems. Expenditures for mental health capitation services for children, based on encounter data, correlate closely with expenditures for child welfare. In contrast, the relationship between rates of commitment to the division of youth corrections and out of home placement for child welfare is less clear.

DISCUSSION:

Background. In an effort to understand how adding--and subtracting--funding in child welfare and related areas may affect child welfare results, staff requested a variety of information about expenditures and outcomes for the counties that use largest share of such funding: Adams, Arapahoe, Boulder, Denver, El Paso, Jefferson, Larimer, Mesa, Pueblo and Weld. Together, expenditures for these ten counties represent about 84 percent of state expenditures for child welfare and for most other public benefits programs.

FY 2009-10 Long Bill Request for Information #6 solicited a variety of information on spending by county from the Departments of Human Services and Health Care Policy and Financing for child welfare, mental health, alcohol and drug abuse, and youth corrections systems. Staff subsequently augmented this data with additional information on outcomes and program utilization from the Department of Human Services, as well as Colorado population data from the State Demographer's Office and the federal Census bureau. Ultimately, staff sought to answer the following questions:

- What is the relationship between total county child welfare expenditures and county child welfare outcomes?
- How might spending (or lack of spending) in related systems, such as mental health capitation or youth corrections, affect child welfare spending and child welfare outcomes?

What is the Relationship between County Child Welfare Expenditures and Child Welfare Outcomes? To examine this, staff examined the following sets of data:

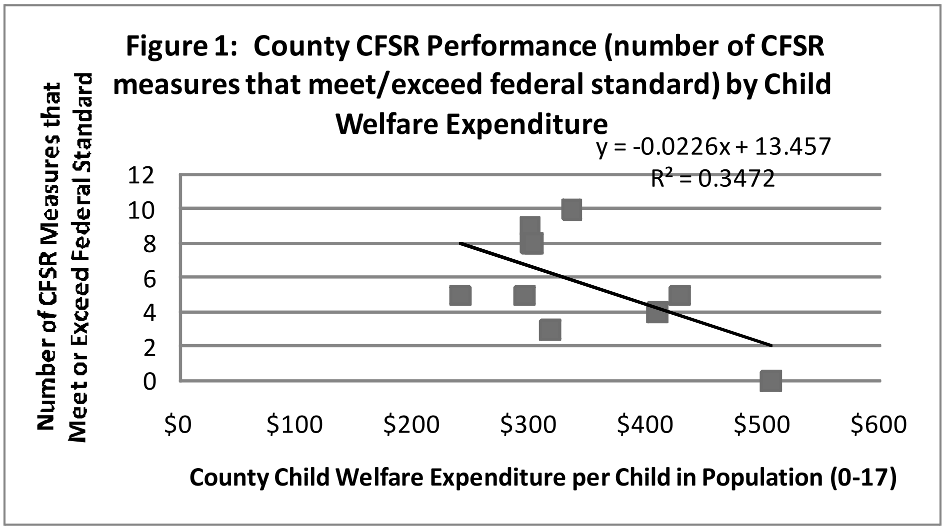
- Final FY 2008-09 expenditures by county for Child Welfare Services [$233.3 million for the ten counties], "Core" Services (Family and Children's Programs) [$38.3 million], and Alcohol and Drug Abuse "Additional Family Services" funding specifically targeted to the same population [$2.0 million]. This data was included in the response to Footnote #6 and was consistent with other data reports from the Department's County Financial Management System (CFMS).

- Population of children ages 0-17, by county, as reflected in Child Welfare Allocation model data for 2009.

- Child and Family Services Review (CFSR) Statewide Indicators data provided by the Department of Human Services for each of the 10 counties for the year long look-back period from 10/1/2007 to 9/30/2008.[4] This included 17 measures of safety and permanency, which are set against a federal standard which represents the 75th percentile of national performance on the measure. For example, the first measure of safety reads as follows: "*Of all children who were victims of substantiated abuse or neglect during the first 6 months of the reporting year, what percent did not experience another incident of substantiated abuse or neglect within a 6-month period?*" These measures are usually expressed in percentages, but two measures are

[4] Reflects the most recent data available as of the briefing.

expressed in months. Further, while the usual score desired is the federal 75th percentile or higher, for two measures performance is based on the federal standard or lower.



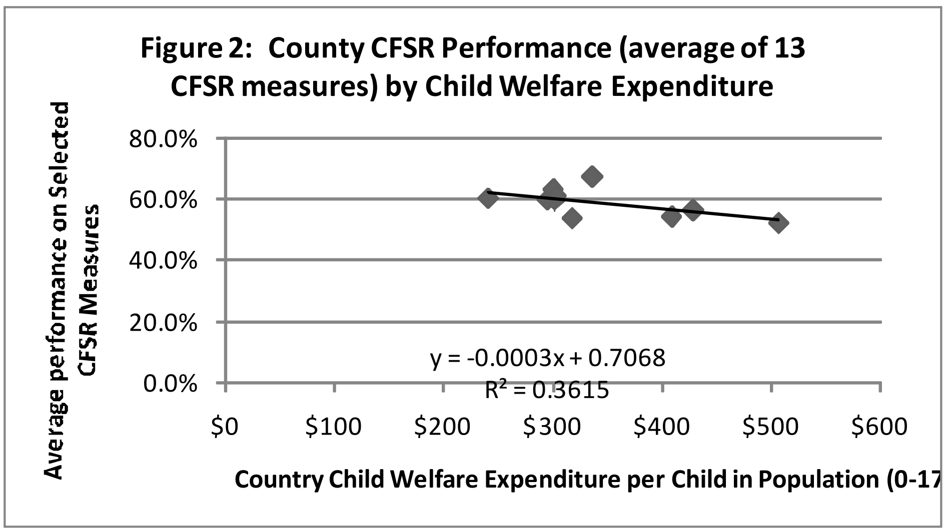


Figure 1 and Figure 2 plot the relationship between county performance on the CFSR based on the data measures provided by the Department and county child welfare expenditures per child (sum of child welfare block, core services, and alcohol and drug abuse allocations divided by county population age 0-17).

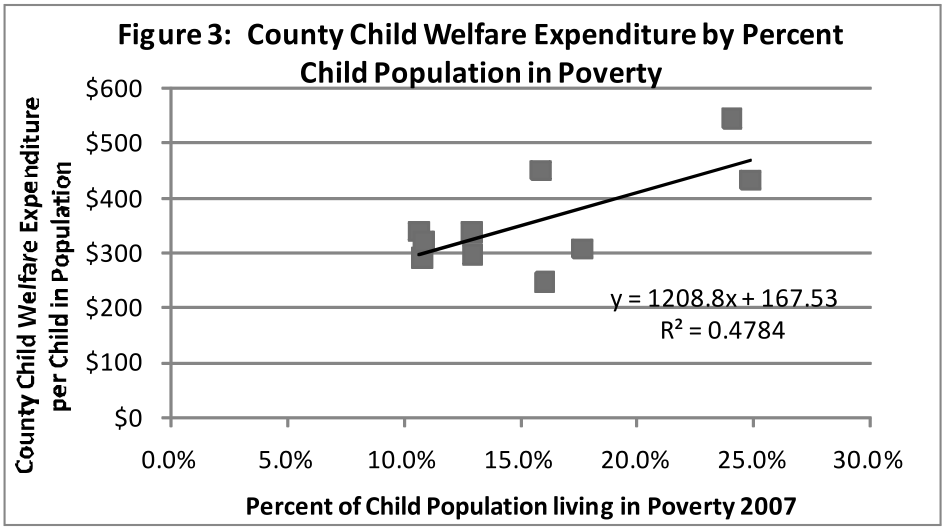
The outcome data is expressed in two ways. Figure 1 shows outcomes as the number of indicators out of the 17 for which the county had a "passing" score, based on the federal 75th percentile. Figure 2 show a county's outcomes as the average of its result for the 13 CFSR measures that are expressed as a percentage, where the federal standard is based on performance of a set percentage or higher. **The results are counter-intuitive: counties that spend more for child welfare services appear to have <u>worse</u> child welfare outcomes. It's an improbable result, since it's unlikely that if we took spending to $0, any county's child welfare performance would be better than it is now.**[5]

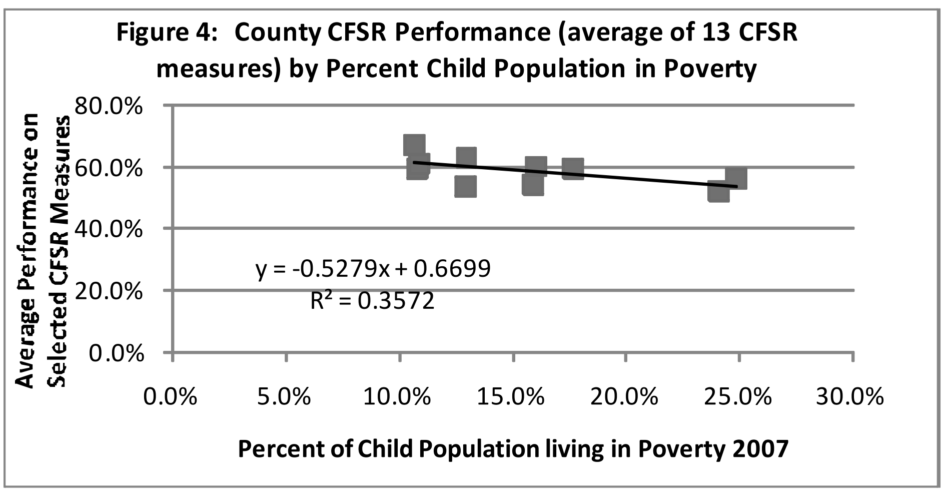
Possible Explanations for the Counter-Intuitive Results. To try to explain why spending more for child welfare services might correlate with worse child welfare outcomes, staff examined different factors that seemed likely to provide explanations:

[5] Relationships that appear at a high level, such as aggregated total spending per total population, might also appear different at the individual child level.

- The role of poverty in driving both child welfare outcomes and expenditure levels;
- The role of county-level decision-making; and
- The role of funding for other systems that serve the same or similar child population (*e.g.*, mental health capitation, youth corrections) in the various counties, *i.e.*, if Medicaid mental health spending is higher in some counties, can this explain better child welfare outcomes in the county, even when child welfare expenditures in the county are comparatively low?

The Role of Poverty. Figure 3, below, shows the relationship between the percent of children living in poverty in a county and county spending for child welfare activities. Figure 4 shows the relationship between the percent of children living in poverty in the county outcomes on CFSR measures, based on the average of 13 CFSR measures used for Figure 2. As can be seen:





There is a moderately strong positive correlation between the percentage of a county's child population that lives in poverty and county spending for child welfare, *i.e.*, the greater the percentage of children who live in poverty in a county, the higher the county's child welfare expenditures are likely to be.

There is a weaker negative correlation between the percentage of a county's child population that lives in poverty and county results on the Child and Family Services Review measures (based on a county's average score for 13 CFSR measures that are expressed as a percentage, where the federal standard is based on performance of a set percentage or higher).

In other words, **based on funding and outcomes for the ten largest counties, higher levels of poverty appear to correlate with higher levels of county child welfare spending and poorer child welfare outcomes**. However, while poverty helps to explain the relationship between county expenditures and outcomes, it is far from the only factor.

The role of county decision-making: the Colorado Child Welfare Organizational Structure and Capacity Analysis Project findings. This September 2009 study by Policy Studies Inc. and American Humane (submitted to the Department for consideration by the Child Welfare Action Committee) incorporated a more comprehensive statistical analysis of Colorado's 27 larger counties. It considered the correlation between county budget and performance, as assessed on four CFSR measures: child safety, reunification within 12 months of removal, child permanency within 24 months of removal, and fewer than two placement moves in a year. The study concluded that: (a) funding is consistently applied to child welfare service delivery across counties; (b) counties are responding in a consistent manner to incidents of child maltreatment; (c) the level of funding in each county corresponds to the level of effort expended by the county; and (d) none of these variables is a significant factor in the safety and permanency of outcomes being achieved. Having isolated and eliminated these variables as the prime movers of outcomes, as well as controlling for factors such as child poverty and ethnicity, **the researchers were left with service delivery procedures, determined at the county level and lower, as the main driver of variance in safety and permanency outcomes among counties.**

Staff's examination of data from the ten largest counties supports this:

- **There are counties with similar levels of poverty and outcomes that spend widely varying amounts on child welfare services**. For example, Arapahoe and Mesa counties have very similar levels of poverty: about 16 percent of the child population in each fell below the federal poverty level in 2007. Arapahoe county spent $247 per child in its total population on child welfare services in FY 2008-09, while Mesa county spent $451, or almost double. Araphoe met or exceeded federal CFSR standards for five measures; Mesa met or exceeded federal CFSR standards for 4, so their outcome results did not differ greatly.
- **There are counties with similar levels of poverty and expenditure and substantial variation in outcomes**. For example, Weld and El Paso counties had similar levels of child poverty in 2007 (about 12.9 percent of the child population). They also had fairly similar levels of expenditure ($317 per child in the population for Weld and $300 for El Paso). Weld county met or exceeded federal standards on just three measures, making it one of the lower performers; El Paso county met or exceeded federal standards for nine measures, making it one of the highest performers.

How might spending (or lack of spending) in related systems, such as mental health capitation or youth corrections, affect child welfare spending and child welfare outcomes? Children in the child welfare system are often touched by multiple systems.

- **The Medicaid mental health capitation budget is significantly driven by the historic utilization of mental health services by children in foster care**. Of the total Medicaid mental health capitation budget, funding associated with eligibility for foster care and subsidized adoption comprises $55.2 million, or about 24 percent of the total FY 2009-10 mental health capitation budget. However, the 18,584 children in this Medicaid category comprise only 4.1 percent of Medicaid-eligibles: the state spends almost $3,000 per year for Medicaid mental health services for every child in foster care or subsidized adoption (regardless of whether those services are accessed).

- **The Divisions of Youth Corrections and Child Welfare have reported that, of the 760 new DYC commitments in FY 2008-09, 70.7 percent had been served by county child welfare services in the last three years**. Of these, 45.3 percent had been served in "core services" (in-home treatment services) and 35.2 percent had been served in out of home services; the balance had received other casework or case services. At court discretion, youth who are beyond parental control and who commit a significant juvenile offense may be placed in the custody of a county child welfare department **or** may be committed to the Division of Youth Corrections. Counties may be represented in court proceedings and help to direct youth into one system or the other, although the level of involvement varies by county.

- **Children dually-involved in the child welfare and Temporary Assistance to Needy Families (TANF) systems represent a relatively small share of TANF involvements, but a large share of child welfare involvements**. According to the *Colorado Works Evaluation 2008 Annual Report* by the Lewin Group, 10.8 percent of children on Colorado Works in FY 2006-07 had at least one allegation of abuse in the prior 12 months, and about one-third of these were founded. The approximately 25,700 children receiving TANF for whom child welfare investigations were conducted appear to represent about 45 percent of the 57,545 children for whom child welfare investigations were conducted in FY 2006-07. According to the Lewin report, studies have found that nationally 70 to 90 percent of children who receive child welfare services while remaining in their homes also receive cash assistance from TANF, and more than half of children with out-of-home placement are eligible for TANF cash assistance.

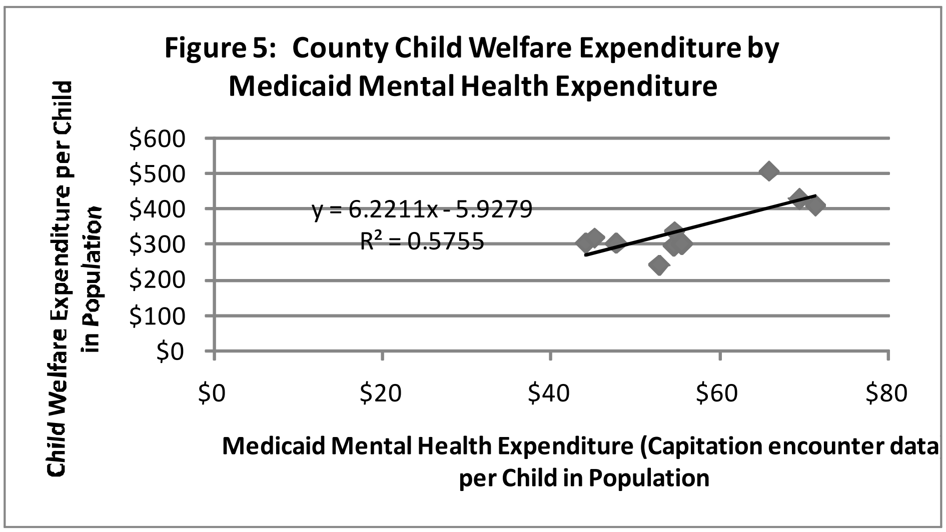
Because of these interactions, spending levels in other systems might help to explain some child welfare outcomes. If mental health expenditures are higher in areas where child welfare expenditures are lower, this might help explain excellent child welfare outcomes in the face of low levels of child welfare expenditures. Similarly, if a local court system relies disproportionately on the youth corrections system to address troubled adolescents--rather than the child welfare system--child welfare expenditures might be lower.

The FY 2009-10 Long Bill request for information solicited information on the expenditures across multiple systems that might help to support child welfare. This specifically included Department of Human Services expenditures for mental health services and Youth Corrections expenditures, and Medicaid mental health capitation expenditures in the Department of Health Care Policy and Financing. The response to the RFI included information on mental health and Medicaid capitation expenditures but indicated that youth correction expenditure information by county was not available. However, in response to further questions, the Department provided the Division of Youth Corrections'

Judicial District Profile Report for FY 2007-08, which provided insight into differing patterns of behavior among judicial districts.

Ultimately, the information provided is not sufficient to clearly indicate the impact of other systems on child welfare outcomes or spending levels, although it sheds light on some of the relationships. Child welfare spending is much larger than the other spending categories for which the Departments provided spending information by county, including both Human Services mental health and Medicaid mental health programs. Thus, variations in spending on these other programs does not substantially change the overall spending picture, for purposes of comparing spending between counties. Nonetheless, some relationships are worth noting.

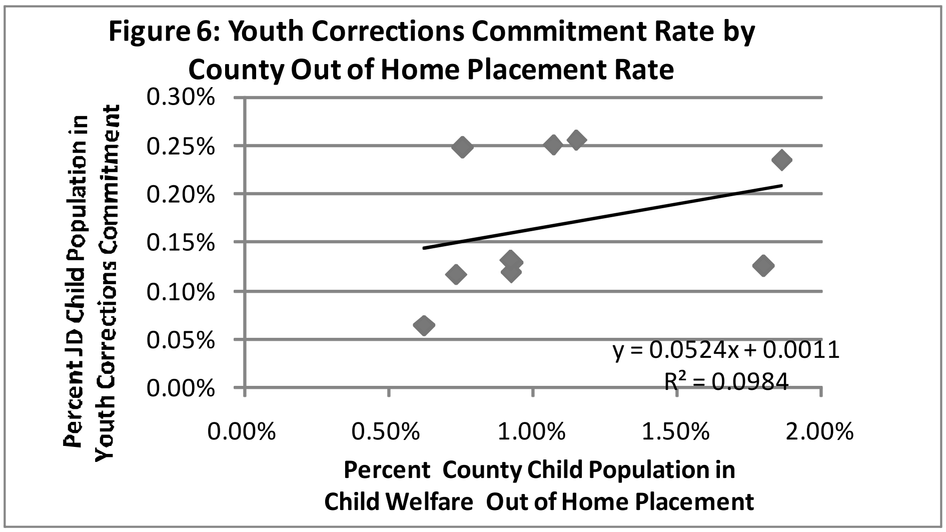
There is a positive correlation between child welfare expenditures by county and mental health capitation expenditures by county based on FY 2007-08 Medicaid encounter data for children (foster care and low income populations). Thus, overall, Medicaid mental health expenditures are less likely to compensate for low child welfare expenditures than to mirror them. This makes sense, given that child welfare expenditures are correlated with poverty and that eligibility for Medicaid is also correlated with poverty (Medicaid for low income children) and with high levels of out-of-home placement (Medicaid based on foster care status).



The relationship between youth corrections placements and child welfare placements by county is far less clear. Given the lack of county-by-county youth corrections cost data, staff examined judicial district data on commitment placement rates. The judicial districts that serve the ten counties addressed in this issue each serve either one of the counties alone or in conjunction with one or more smaller counties. For each of these judicial districts, staff calculated the percentage of new commitments in FY 2007-08 as a share of the overall youth population (0-17) in the judicial district. Staff then matched each of these districts to the largest county in its service area and compared the rate of new youth commitment for these areas with the rate of child welfare out of home placement in the respective counties (out of home placements as a share of the overall youth population 0-17 in the county).

• For many counties, the relatively high or low use of out-of-home placement for child welfare matches a similar level of relatively high or low use of youth commitment.

• In other areas, low to moderate use of out-of-home placement for child welfare is matched with very high levels of use of youth commitment. For youth beyond parental control, judges often have a choice as to whether to refer such children to child welfare. When low levels of child welfare use are paired with high levels of youth commitment, it raises the possibility that there is a deliberate effort to steer youth from the child welfare system into the youth corrections system and thus "cost shift". However, this pattern does not appear to be consistent across counties.



Appendix - Source Data

Data used for Figures 1-5					
	Child Welfare expenditures per child in population /1	Mental Health Capitation expenditures per child in population /1	Child and Family Services Review data number measures at or exceeding federal standard -2009 /2	Child and Family Services Review - average of performance on 13 measures /2	Children (0-17) in poverty as percent child population /3
Adams	$294	$55	5	59.7%	17.6%
Arapahoe	$240	$53	5	60.2%	16.0%
Boulder	$335	$55	10	67.3%	10.6%
Denver	$506	$66	0	52.2%	24.1%
El Paso	$300	$55	9	62.9%	12.9%
Jefferson	$301	$48	8	59.6%	10.8%
Larimer	$302	$44	8	61.0%	10.9%
Mesa	$408	$71	4	54.3%	15.9%
Pueblo	$428	$59	5	56.4%	24.9%
Weld	$317	$45	3	53.7%	12.9%
Average of 10	$337	$55	7	58.7%	15.8%

Data Used for Figure 6		
	Division of Youth Corrections new FY 2007-08 commitments as percent judicial district youth population /4	**Child Welfare out of home placements as percent county child population /5**
Adams	0.13%	0.93%
Arapahoe	0.12%	0.73%
Boulder	0.06%	0.62%
Denver	0.24%	1.86%
El Paso	0.12%	0.92%
Jefferson	0.13%	0.92%
Larimer	0.25%	0.76%
Mesa	0.26%	1.15%
Pueblo	0.13%	1.79%
Weld	0.25%	1.07%
Average of 10	0.15%	1.07%

Source data:

1/ 2009 child population data from Department of Human Services child welfare allocation model. FY 2008-09 expenditure data from Response to FY 2009-10 Long Bill Request for Information #6, Departments of Human Services and Health Care Policy and Financing, November 23, 2009. Note that Mental Health Detail reflected in table below reflects mental health capitation encounter data, as opposed to mental health capitation payments to Behavioral Health Organizations (BHO). In general, capitation encounter data reflects far lower expenses than total capitation payments to the BHOs. This may partially reflect the fact that revenues associated with children have been redirected to serve other populations; however, it may also simply reflect the limited incentives for reporting encounter data accurately.

	2009 Child Population (0-17)	FY 2008-09 Child Welfare	FY 2008-09 Core Services	FY 2008-09 ADAD Additional Family Services	Total	Child Welfare Cost Per Child
Adams	126,358	$31,957,822	$5,024,840	$222,715	$37,205,377	$294
Arapahoe	141,428	29,449,093	4,181,634	291,746	33,922,473	$240
Boulder	64,434	18,937,500	2,543,545	110,640	21,591,685	$335
Denver	161,171	73,128,321	7,973,700	473,618	81,575,639	$506
El Paso	152,396	40,536,465	4,876,770	254,798	45,668,033	$300
Jefferson	117,678	29,515,656	5,659,768	224,381	35,399,805	$301
Larimer	65,140	16,091,238	3,510,372	90,732	19,692,342	$302
Mesa	35,499	13,121,964	1,258,543	114,292	14,494,799	$408
Pueblo	38,776	14,994,505	1,509,316	86,623	16,590,444	$428
Weld	70,896	20,590,892	1,760,774	120,838	22,472,504	$317
Total TLC	973,776	$288,323,456	$38,299,262	$1,990,383	$328,613,101	$337

	2009 Child Population (0-17)	FY 07-08 Mental Health Capitation Encounter data -AFDC children	FY 07-08 Mental Health Capitation Encounter data -Foster Care children	Total Mental Health Capitation Expenditures	Mental Health Capitation Expenditures per Child
Adams	126,358	$4,476,312	$2,413,824	$6,890,136	$55
Arapahoe	141,428	3,715,344	3,754,335	7,469,679	$53
Boulder	64,434	2,228,250	1,291,944	3,520,194	$55
Denver	161,171	4,317,029	6,294,394	10,611,423	$66
El Paso	152,396	5,149,607	3,307,745	8,457,352	$55
Jefferson	117,678	3,078,096	2,537,231	5,615,327	$48
Larimer	65,140	1,689,544	1,187,362	2,876,906	$44
Mesa	35,499	1,211,813	1,319,619	2,531,432	$71
Pueblo	38,776	1,775,658	914,826	2,690,484	$69
Weld	70,896	1,533,688	1,672,470	3,206,158	$45
Total TLC	973,776	$29,175,341	$24,693,750	$53,869,091	$55

2/ Child and Family Services Review data provided by the Department of Human Services, November 2009. Described in Department communication as Child and Family Services Review Statewide Data Indicators, SFY 2009. This reflects data collected during the first quarter of federal fiscal year 2009 for the year-long look-back period of 10/1/2007 through 9/30/2008. Includes a total of 17 safety and permanency measures for each of the 10 counties. The 13 measures used for the "average performance" statistic were all of the measures that were expressed as a percentage, where the federal standard was based on a specified percentage or higher (as opposed to lower). Detail available upon request.

3/ Sources: (1) 2007 child and adolescent child population data from the Child Welfare Allocation model; and (2) U.S. Census Bureau, 2007 Small Area Income and Poverty Estimates (for children in poverty figures).

	2007 Total Child Population (0-17)	2007 Children in poverty (0-17)	Percentage in Poverty
Adams	121,287	21,380	17.6%
Arapahoe	137,537	22,053	16.0%
Boulder	63,595	6,763	10.6%
Denver	149,220	35,919	24.1%
El Paso	153,698	19,899	12.9%
Jefferson	121,469	13,115	10.8%
Larimer	61,614	6,697	10.9%
Mesa	32,150	5,107	15.9%
Pueblo	38,324	9,530	24.9%
Weld	66,601	8,607	12.9%
Total TLC	945,495	149,070	15.8%

4/ Source: Judicial District Profile Report, FY, 2007-08, Division of Youth Corrections, Department of Human Services, March 2009.

Judicial District	Associated "Big 10" County	New DYC commitments from Judicial District FY 2007-08	Juvenile Population in Judicial District (10-17)	New commitments as percent juvenile population
17th JD	Adams	74	57,117	0.13%
18th JD	Arapahoe	119	101,285	0.12%
20th JD	Boulder	18	27,773	0.06%
2nd JD	Denver	126	53,528	0.24%
4th JD	El Paso	84	69,918	0.12%
1st JD	Jefferson	75	56,712	0.13%
8th JD	Larimer	69	27,756	0.25%
21st JD	Mesa	37	14,460	0.26%
10th JD	Pueblo	22	17,426	0.13%
19th JD	Weld	71	28,294	0.25%
Total		695	454,269	0.15%

/5 Source: Child Welfare Allocation Model, 2009 Data, Division of Child Welfare, Department of Human Services

	2009 Out of Home Child Welfare Placements	Child Population 0-17	Child Welfare Out of Home Placements as Percent Child Population
Adams	1,175	126,358	0.93%
Arapahoe	1,036	141,428	0.73%
Boulder	400	64,434	0.62%
Denver	2,997	161,171	1.86%
El Paso	1,407	152,396	0.92%
Jefferson	1,083	117,678	0.92%
Larimer	492	65,140	0.76%
Mesa	408	35,499	1.15%
Pueblo	696	38,776	1.79%
Weld	758	70,896	1.07%
Total	10,452	973,776	1.07%

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare, Child Care, and Youth Corrections)

BRIEFING ISSUE

ISSUE: Federal Child and Family Services Review 2009

The State has received the final federal report from the 2009 Child and Family Services Review (CFSR) of child welfare services. There are a number of problem areas that a new Performance Improvement Plan (PIP) is expected to address. Colorado was recently found in substantial compliance with its previous PIP (associated with its 2002 CFSR results).

SUMMARY:

❑ Pursuant to the federal Adoption and Safe Families Act of 1997, the federal government has identified specific outcome measures that will be used to determine whether states are complying with federal law and whether states' child welfare systems are meeting the needs of children and families.

❑ The federal government conducted its second Child and Family Services Review (CFSR) for Colorado in 2009. Colorado was not in substantial conformity with any of the seven CFSR outcomes. It was also not in substantial conformity with five of the seven systemic factors that affect the State's capacity to deliver services leading to improved outcomes. Like all states that have been reviewed, Colorado will be required to submit and implement a performance improvement plan (PIP) in order to avoid financial sanctions.

❑ Colorado's CFSR performance on systemic factors appears to be worse than most other states that have undergone "second round" CFSR reviews; however its outcomes results appear to similar to or somewhat better than the average for other states.

❑ Colorado underwent its first CFSR review in 2002 and completed an a associated PIP in 2007. After more than two years of discussion, the federal government has determined that Colorado is in substantial compliance with the 2002 PIP requirements and thus is not subject to fiscal sanction.

DISCUSSION:

Background. Approximately 31 percent of the Child Welfare appropriation originates as federal funds.[6] This includes fairly stable grant funding, including the Title XX Social Services Block Grant and funding provided under Title IV-B of the Social Security Act, the federal portion of Medicaid funding transferred from the Department of Health Care Policy and Financing, and Temporary Assistance to Needy Families block grant amounts that are currently being used in place of General Fund. The largest component of the Division's federal funding is authorized under Title IV-E of the Social Security Act. Under IV-E, the state receives partial federal reimbursement for qualifying child welfare expenditures for low-income children in the child welfare system. Most of the reimbursement is at the rate of $.50 on each $1.00 spent by the state.[7]

Key federal Child Welfare Legislation

Adoption Assistance and Child Welfare Act (1980) Emphasis on limiting foster care placements. Promoted permanency planning, reducing unnecessary separation of children and families, and "reasonable efforts" to prevent out-of-home placement.

Multi-ethnic Placement Act (1994 amend 1996) Aimed at removing barriers to permanency for children in foster care and ensuring that adoption and foster placements are not delayed or denied based on race, color or national origin.

Adoption and Safe Families Act (1997). Emphasis on speeding permanency planning, including streamlining placements, increasing adoptions and terminating parental rights, where appropriate. Emphasis on outcomes. Provided the legal basis for Child and Family Service Reviews (CFSRs) of states that began in 2000.

Fostering Connections to Success and Increasing Adoptions Act (2008). Emphasis is to support relative care givers, improve outcomes for children in foster care, provide for tribal foster care adoption access, and improve incentives for adoption.

As a condition for receipt of federal funds, states agree to comply with a wide range of federal requirements, many of which were authorized under the 1997 Adoption and Safe Families Act (ASFA). This legislation reflected an attempt to balance between the competing goals of reunifying families, ensuring children's safety, and moving children into permanent placement within reasonable time frames. In particular, ASFA reflected a federal reaction to evaluations that had revealed long delays in the court process for terminating parental rights and making children eligible for adoption. A significant number of children in foster care nationally were awaiting adoption, and many children waited three to five years for an adoptive home.[8] ASFA made significant changes to the federal Title IV-E program, attempting to streamline placement with changes that included clarifying what comprised "reasonable efforts" to prevent out-of-home placement. This included:

---

[6] Including Title IV-E reimbursements to counties that are reflected as cash funds and Medicaid federal funds reflected as reappropriated funds.

[7] Excludes adjustments to federal share included in the American Recovery and Reinvestment Act of 2009.

[8] Geen, Rob and Karen Tumlin. October 1999. *State Efforts to Remake Child Welfare: Responses to New Challenges and Increased Scrutiny.* Washington D.C.: Urban Institute. Occasional Paper Number 29.

- detailing instances in which states are <u>not</u> required to make efforts to reunify families;

- requiring states to initiate or join proceedings to terminate parental rights for children who have been in foster care for 15 of the most recent 22 months;

- providing financial incentives for states to increase the number of adoptions; and

- reducing the time by which states are required to hold permanency hearings from 18 to 12 months after the date a child enters foster care.

One of the key principles of ASFA was a focus on results, requiring states to not only ensure that procedural safeguards are in place, but to determine whether their efforts are leading to positive outcomes for children and families. ASFA required the federal Department of Health and Human Services (DHHS) to identify useful outcome measures to evaluate states' progress in meeting the needs of children and families in the child welfare system. In January 2000, the federal DHHS issued final regulations governing foster care, adoption, and child welfare programs (Titles IV-B and IV-E of the Social Security Act). The new rules, which became effective March 27, 2000, provided further guidance for states in implementing both ASFA and the Multiethnic Placement Act.

The federal DHHS was required to review each state's child welfare programs over a four-year period, starting in FFY 2000-01. In these reviews, known as Child and Family Services Reviews (CFSRs), each state was examined in two areas: (a) outcomes for children and families related to safety, permanency, and child and family well being; and (b) systemic factors that have an impact on the state's capacity to deliver services. These reviews consisted of a statewide assessment and an on-site review to determine whether a state was in compliance with federal requirements.

The federal government launched a second round of CFSRs starting in FFY 2006-07. As for the first-round, states are assessed based on safety, permanency, and child and family well being outcomes and systemic factors. Also, as for the first round, states are assessed based on statewide data submitted to federal authorities and case reviews conducted during an on-site visit. However, various changes were made to the CFSR measures and processes, making comparison between first- and second-round CFSR results difficult.

2002 Child and Family Services Review. Colorado's first CFSR was completed by federal authorities in August 2002. The 2002 initial review determined that Colorado did not achieve substantial compliance with six of the seven safety, permanency, and well-being outcomes that were evaluated and with one of the seven systemic areas evaluated. Colorado was required to complete a Performance Improvement Plan (PIP), based on a 2003 agreement. The PIP extended through March 2007. Data available at the end of this period indicated that problem areas remained. Colorado subsequently entered into negotiations with federal authorities concerning whether or not it had substantially complied with the 2003 PIP. More than two years later, federal authorities have determined that the State did substantially comply, and thus Colorado will not be subject to fiscal sanction.

2009 Child and Family Services Review. Colorado's second CFSR on-site review was completed by federal authorities in March 2009 and the resulting report was received September 2009. The 2009 review was based on the following data: (a) a statewide assessment, prepared by the state department; (b) a state data profile prepared by federal authorities based on child welfare data for federal FY 2006-07; (c) detailed on-site review of 65 child welfare cases (40 foster care and 25 in-home service) in Denver, Fremont, and Larimer counties; and (d) interviews and focus group conducted at the state level and the three counties. The results include an **outcomes assessment**, and a **systemic factors** assessment.

2009 Outcomes Assessment. The CFSR assesses the State performance with regard to its substantial conformity with seven child and family outcomes. Each outcome incorporates one or more of 23 items included in the review, and each item is rated as a strength or an area needing improvement, based on the results of case reviews. For a state to be in substantial conformity with an outcome, 95 percent or more of the cases reviewed must be rated as having substantially achieved the outcome. Two outcomes (Safety Outcome 1 and Permanency Outcome 1) are also evaluated based on state performance with regard to national data indicators.

The table below summarizes the state's outcomes. As shown, Colorado was not in substantial conformity for any of the seven outcomes measures. Performance was particularly weak for safety item 2 (children are safely maintained in their homes when possible and appropriate), permanency item 1 (children have permanency and stability in their living situations), and well being item 1 (families have enhanced capacity to provide for children's needs). The national standards Colorado failed to meet were for absence of maltreatment of children in foster care by foster parents or facility staff; and placement stability of children in foster care.

2009 CFSR Outcomes	**Outcomes Ratings**			**Item Ratings**	
	Substantial conformity?	**Percent substantially achieved***	**Met National standards?**	**Rating****	**Percent strength**
Safety					
1. Children are, first and foremost, protected from abuse and neglect	**NO**	**73.0%**	Met 1 of 2		
Item 1. Timeliness of investigations				ANI	73.0%
Item 2. Repeat maltreatment				Strength	100.0%
2. Children are safely maintained in their homes when possible and appropriate.	**NO**	**66.2%**			
Item 3. Services to protect children in home				ANI	80.0%
Item 4. Risk of harm				ANI	68.0%

2009 CFSR Outcomes	Outcomes Ratings			Item Ratings	
	Substantial conformity?	**Percent substantially achieved***	**Met National standards?**	**Rating****	**Percent strength**
Permanency					
1. Children have permanency and stability in their living situations	**NO**	**37.5%**	Met 3 of 4		
Item 5. Foster care reentry				strength	93.0%
Item 6. Stability of foster care placements				ANI	67.5%
Item 7. Permanency goal for child				ANI	75.0%
Item 8. Reunification, guardianship , and placement with relatives				ANI	65.0%
Item 9. Adoption				ANI	65.0%
Item 10. Other planned living arrangement				ANI	87.5%
2: The continuity of family relationships and connections is preserved	NO	75.0%			
Item 11. Proximity of placement				Strength	100.0%
Item 12. Placement with siblings				ANI	67.5%
Item 13. Visiting with parents and siblings in foster care				ANI	69.0%
Item 14. Preserving connections				ANI	77.5%
Item 15. Relative placement				ANI	65.0%
Item 16. Relationship of child in care with parents				ANI	68.0%
Well-Being					
1: Families have enhanced capacity to provide for children's needs	**NO**	**47.7%**			
Item 17. Needs/services of child, parents, and foster parents				ANI	51.0%
Item 18. Child/family involvement with case planning				ANI	62.0%
Item 19. Caseworker visits with child				ANI	69.0%
Item 20. Caseworker visits with parent				ANI	59.0%
2. Children receive services to meet their educational needs	NO	86.0%			
Item 21. Educational needs of child				ANI	86.0%

2009 CFSR Outcomes	Outcomes Ratings			Item Ratings	
	Substantial conformity?	Percent substantially achieved*	Met National standards?	Rating**	Percent strength
3. Children receive services to meet their physical and mental health needs	NO	82.0%			
Item 22. Physical health of child				strength	94.0%
Item 23. Mental health of child				ANI	81.0%

*95 percent of the applicable cases reviewed must be rated as having substantially achieved the outcome for the State to be in substantial conformity with the outcome.
**Items may be rated as Strengths or as Areas Needing Improvement (ANI). For an overall rating of strength, 90 percent of the cases must be rated as a strength.

The report notes that although there is no clear causal relationships to explain Colorado's performance, the State low performance on key outcomes may be attributed in part to the following issues:

- Lack of accessability and quality of some key services throughout the State, particularly mental health services.
- Shortage of foster parents, that creates challenges in placing children.
- The agency is not consistently seeking termination of parental rights in a timely manner, and judges are not consistent in meeting federal time frames for termination.
- Caseworkers are not consistently engaging parents, particularly fathers, in case planning and related services.

Performance Variations among Counties. CFSR case reviews and interviews occurred in three counties in the State. As reflected in the table below, there was substantial variation in strengths and weaknesses. The top performer for each outcome category below is shown in bold; the weakest is underlined. As shown, Fremont performed best in 5 of 7 areas, but worst in one. Larimer performed best in two areas, but worst in four. Denver was not a top performer in any area but only performed worst in two. Given the limited number of cases reviewed (32 in Denver, 16 in Fremont, and 17 in Larimer), findings are not "statistically significant", but the performance variations are nonetheless indicative of the range of practice in various parts of the State.

Outcomes by County	Percent Substantially Achieved		
	Denver	Fremont	Larimer
Safety 1: Children are, first and foremost, protected from abuse and neglect	<u>65.0%</u>	**87.5%**	75.0%
Safety 2: Children are safely maintained in their homes when possible and appropriate	62.5%	**94.0%**	<u>62.0%</u>
Permanency 1: Children have permanency and stability in their living situations	<u>20.0%</u>	45.0%	**67.0%**
Permanency 2: The continuity of family relationships and connections is preserved	75.0%	<u>64.0%</u>	**89.0%**

Outcomes by County	Percent Substantially Achieved		
	Denver	Fremont	Larimer
Well-Being 1: Families have enhanced capacity to provide for children's needs	44.0%	**69.0%**	35.0%
Well-Being 2: Children receive services to meet their educational needs	85.0%	**100.0%**	60.0%
Well-Being 3: Children receive services to meet their physical and mental health needs	84.0%	**86.0%**	73.0%

2009 Systemic Assessment. The CFSR also assesses the State performance with regard to its substantial conformity with seven systemic factors that have an impact on the state's ability to deliver child welfare services. For the systemic assessment, 22 items are considered in assessing substantial conformity. As shown, Colorado was not in substantial conformity for five of the seven measures.

2009 CFSR Systemic Factors	Substantial conformity?	Score*	Item Rating**
Statewide Information System	**NO**	**2**	
Item 24. The State is operating a statewide information system that, at a minimum , can readily identify the status, demographic characteristics, location, and goals for the placement of every child who is or within the preceding 12 months, has been, in foster care			ANI
Case Review System	**NO**	**2**	
Item 25. The State provides a process that ensures that each child has a written case plan developed jointly with the child's parents that includes the required provisions.			ANI
Item 26. The State provides a process for the periodic review of the status of each child, no less frequently than once every 6 months, either by a court or by administrative review.			Strength
Item 27. The State provides a process that ensures that each child in foster care under the supervision of the State has a permanency hearing no later than 12 months from the date the child entered foster care and every 12 months thereafter.			Strength
Item 28. The State provides a process for termination of parental rights in accordance with the provisions of the Adoption and Safe Families Act.			ANI
Item 29. The State provides a process for foster parents, pre-adoptive parents, and relative caregivers of children in foster care to be notified of , and heard in, any review or hearing held with respect to the child.			Strength
Quality Assurance System	**NO**	**2**	
Item 30. The State has developed and implemented standards to ensure that children in foster care are provided quality services that protect the safety and health of the children.			Strength

2009 CFSR Systemic Factors	Substantial conformity?	Score*	Item Rating**
Item 31. The State is operating an identifiable quality assurance system that evaluates the quality of services, identifies system strengths and needs, provides relevant reports, and evaluates program improvements			ANI
Staff and Provider Training	**NO**	**2**	
Item 32. The State is operating a staff development and training program that supports goals and objectives of the child and family services plan (CFSP) and federal law and provides initial training for staff.			ANI
Item 33. The State provides for ongoing training of staff that addresses skills and knowledge base needed for to carry out duties with respect to the CFSP.			Strength
Item 34. The State provides needed training for current or prospective foster parents, adoptive parents, and staff of state approved facilities that care for children receiving foster care ro adoption assistance.			ANI
Service Array and Resource Development	**NO**	**2**	
Item 35. The State has in place an array of services to assess child and family strengths and needs and to provide associated services			Strength
Item 36. The services in item 35 are accessible to families and children in all political jurisdictions covered.			ANI
Item 37. The services in item 35 can be individualized to meet the unique needs of children and families served.			ANI
Agency Responsiveness to the Community	YES	4	
Item 38. The State engages in ongoing consultation with Tribal representatives, consumers, providers, juvenile courts and other relevant agencies and includes their concerns in the CFSP			Strength
Item 39. The agency develops annual progress and services reports.			Strength
Item 40. The State's services under the CFSP are coordinated with services or benefits of other federal or federally-assisted programs serving the same population.			Strength
Foster and Adoptive Parent Licensing Recruitment, and Retention	YES	3	
Item 41. The State has implemented standards for foster family homes and child care institutions that are in accord with national standards			Strength
Item 42. The standards are applied to all licensed or approved foster homes and institutions receiving federal IV-E or IV-B funds.			Strength
Item 43. The State complies with federal requirements for criminal background checks and has a case planning process that addresses the safety of placements.			Strength

2009 CFSR Systemic Factors	Substantial conformity?	Score*	Item Rating**
Item 44. The State has in place a process for ensuring the diligent recruitment of potential foster and adoptive families that reflect ethnic and racial diversity of children needing placements.			ANI
Item 45. The State has in place a process for the effective use of cross-jurisdictional resources to facilitate timely adoptive or permanent placements.			Strength

*Scores range from 1 to 4. A score of 1 or 2 means that the factor is not in substantial conformity. A score of 3 or 4 means that the factor is in substantial conformity.
**Items may be rated as Strength or as Areas Needing Improvement (ANI).

Program Improvement Plan. Based on these results, Colorado will be required to commit to a program improvement plan. This plan is due December 28, 2009 (90 days from receipt of the courtesy copy of the CFSR Report), and thus is still under development. Failure to comply with the terms of the performance improvement plan may result in fiscal sanction. Federal authorities note that states are not required to attain the 95 percent standard established for the CFSR Onsite Review or the national standards for data indicators by the end of the Program Improvement Plan implementations. Instead, for each outcome that is not in substantial conformity or item rated as needing improvement, each State specifies: (1) how much improvement the State will demonstrate and/or the activities it will implement to address areas needing improvement; and (2) the procedures for demonstrating achievement of these goals.

Comparison with Other States. Although Colorado's performance appears poor, information provided on the federal website for the Agency for Families and Children indicates that its performance on outcomes measures was, on average, somewhat better than other states (higher on four measures and lower on three measures).[9] Colorado did perform more poorly on systemic factors than other states, and its performance was worse than its performance on the 2002 CFSR, when it was in substantial conformity for six out of seven measures. Colorado failed to achieve substantial conformity on five of seven systemic measures in 2009. On three of these measures, the majority of other states achieved substantial conformity.

2009 CFSR Outcomes	Outcomes Percent Achieved		
	Colorado Percent substantially achieved	Average Percent Achieved Across 32 States	Colorado higher/(lower) than average
Safety			
1. Children are, first and foremost, protected from abuse and neglect	73.0%	72.0%	1.0%
2. Children are safely maintained in their homes when possible and appropriate.	66.2%	68.0%	-1.8%
Permanency			0.0%

[9] Data based on power point presentation on the Agency for Families and Children website (http://www.acf.hhs.gov/programs/cb/cwmonitoring/results/agencies_courts.ppt)

2009 CFSR Outcomes	Outcomes Percent Achieved		
	Colorado Percent substantially achieved	Average Percent Achieved Across 32 States	Colorado higher/(lower) than average
1. Children have permanency and stability in their living situations	37.5%	40.0%	-2.5%
2: The continuity of family relationships and connections is preserved	75.0%	67.0%	8.0%
Well-Being			
1: Families have enhanced capacity to provide for children's needs	47.7%	45.0%	2.7%
2. Children receive services to meet their educational needs	86.0%	87.0%	-1.0%
3. Children receive services to meet their physical and mental health needs	82.0%	76.0%	6.0%

2009 CFSR Systemic Factors	Colorado in Substantial conformity?	Number of 32 states in substantial conformity	Colorado better/worse/ similar to majority states
Statewide Information System	NO	27	Worse
Case Review System	NO	1	Similar
Quality Assurance System	NO	28	Worse
Staff and Provider Training	NO	22	Worse
Service Array and Resource Development	NO	8	Similar
Agency Responsiveness to the Community	YES	31	Similar
Foster and Adoptive Parent Licensing Recruitment, and Retention	YES	22	Similar

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare, Child Care, and Youth Corrections)

BRIEFING ISSUE

ISSUE: The Child Welfare Action Committee Recommendations

Various studies have highlighted weaknesses in Colorado's state-supervised county-administered child welfare system. The Child Welfare Action Committee, created by the Governor in 2008, has made extensive recommendations for system change. The Governor has accepted most of the Committee's recommendations, and some have already been implemented. Two recommendations, which would move the state away from the current state-supervised, county-administered structure, have not been accepted pending further study.

SUMMARY:

❏ For the last 2.5 years various studies, as well as media attention, have highlighted weaknesses in Colorado's state-supervised county-administered child welfare system.

❏ Some associated recommendations were implemented through the FY 2008-09 and FY 2009-10 budgets and new legislation.

❏ The second interim report of the child welfare action committee includes additional recommendations for system improvement, including two controversial recommendations that would increase the role of the state in directly administering the child welfare system. All of the recommendations have been accepted by the Governor except these last two, on which he has requested further study.

❏ An important source of information for the Child Welfare Action Committee recommendations was a study by Policy Studies Inc. and American Humane, which found large variations in outcomes among counties, based on county practice, and limited state oversight.

❏ Colorado clearly needs to improve the current system. However, there would be substantial fiscal implications in moving to a more state-administered system. Colorado must be prepared to take on these additional costs, as well as improve its state administrative capacity, if the state plans to take a more direct role in child welfare administration.

DISCUSSION:

Background: Child Welfare System Studies

Over the last 2.5 years, child abuse fatalities and a growing number of reports have highlighted weaknesses in Colorado's child welfare system and recommended a variety of changes.[10] In response to these studies, the Governor and the General Assembly have taken a variety of steps, ranging from providing funding for additional studies and research (*e.g.*, creation of the Child Welfare Action Committee) to adding new Division of Child Welfare staff and expanded funding for caseworker training. **This process is ongoing and is expected to drive changes to the system, and related budget requests, in future years.**

The studies and reports thus far have included a wide array of data and recommendations, but there have been some consistent themes. Many of the studies have pointed to the challenges of a county-administered system, inadequate state oversight of the system, the need for additional training throughout the system, the need for a workload study of county staffing, and problems with the state's case management system for child welfare (Colorado Trails), among other issues.

Colorado Child Welfare Action Committee

The Child Welfare Action Committee is serving as an organizing point for proposed system changes. The Child Welfare Action Committee was created by executive order in April 2008 to provide recommendations on how to improve Colorado's child welfare system.[11] The Committee submitted 13 recommendations in October 2008 and 16 new recommendations in October 2008. The Governor has accepted 27 of the Action Committee's recommendations but requested further study over the next year of two more controversial recommendations. An attached appendix summarizes all of the recommendations. Of particular interest from a budget committee perspective:

❏ Recommendations from both the first and second interim reports for increased **training** for caseworkers and other child welfare staff, studying county staff workloads, and promoting use of **evidence based practice** by counties such as "differential response" to reports of abuse;

❏ Recommendations to improve **transparency and accountability** for both state and county actors, ranging from clarifying a set of "guiding principles" for a statewide system of care to establishing an Office of the Child Advocate;

❏ Recommendations to **improve state department capacity to oversee counties**. This includes increased staffing and development of new units such as an Office of Quality Improvement Assurance (to determine outcome and performance measures and develop random sampling of performance audits for county departments) , as well as establishing a system of corrective action and sanctions for counties not meeting standards;

---

[10]See attachment for a list of the most relevant reports.

[11]The Committee was created through executive order but then funded through H.B. 08-1404.

- ❑ Two recommendations that would **shift direct service responsibilities from counties to the State**. The Governor did **<u>not</u>** accept these two recommendations but requested further study.

Recommendations Related to the Role of the State versus Counties

The Child Welfare Action Committee recommendations that **have not** been accepted by the Governor have been the basis of extensive political debate and discussion. For background, these are described in more detail below.

Recommendation 29 - Hybrid Structure: The Committee recommended Colorado move to a hybrid structure of human services delivery. This differs from the recommendation of the American Human and Policy Studies Inc. report described below, which recommended a fully state-administered system.

The proposal was to create two new types of entities - state regional offices and county regional offices. *Subject to further fiscal analysis*, counties within a state regional office would be required to contribute 5 percent of the base year funding for child welfare services. Counties would only be responsible for their five percent share in the event of an over-expenditure.
Any county with a child and adolescent population of 30,000 or more <u>could elect</u> to become a county regional office. This currently includes 11 counties. *Subject to further fiscal analysis*, counties choosing to operate as county regional offices would be required to contribute 25 percent of the total funding for services. They would be 100 percent responsible for any over-expenditures. County and state regional offices would receive fiscal incentives related to performance and would use regional advisory groups comprised of various stakeholders to inform them. Because child welfare services cannot be isolated from the many other services provided under the department's supervision, the recommendation contemplates that all social services programs would be moved under this structure.

Recommendation 14 - Centralized Call Center: The recommendation is to create a centralized call center that would receive all incoming child abuse/neglect calls on a 24/7 basis. The call center would be staffed with state employees and trained and qualified as social workers with a bachelors degree and training from the Child Welfare Training Academy.

Child Welfare Organizational Structure and Capacity Analysis Project

The Department contracted for this report from Policy Studies Inc. and American Humane on behalf of the Child Welfare Action Committee. It was released on September 24, 2009 and provided one of the important sources of data for the Action Committee's recommendations on the state's administrative structure. Although the Governor has not accepted the Action Committee recommendations concerning administrative structure, the report's analysis and recommendations provide helpful background on systems issues. The study incorporated two surveys of state and county staff, structured interviews with key stakeholders in nine counties, extensive analysis of the state's data on funding and outcomes by county, and a review of organizational structure and effectiveness of other state child welfare systems.

Key findings.

- The State Child Welfare Division and county child welfare office are disconnected. The State has limited impact on county-level practice.
- County child welfare performance in Colorado is highly inconsistent.
- Counties have unmet data management needs and have frequently developed additional systems to address inadequacies of the Trails system.

The report found that Colorado needs greater statewide consistency, particularly around the following issues: safety and risk assessment, fair access to services, performance assessment, outcomes monitoring, quality assurance and improvement, collaboration, resources, and data usage.

Recommendations. Its recommended response is a state-supervised, regionally administered child welfare system for Colorado. The report emphasized that the specific structure of a state system will require additional discussion with stakeholders and that a transition process would need to be identified. However, at a high level, the report recommended a phased approach to transition the State from county- to state- administered system that would start with regionalizing functions of the Division around individual large counties and groups of smaller counties, proceed to regionalizing Department staff consistent with this structure, and ultimately regionalize all social service delivery functions under department oversight (not just child welfare). Specific practice recommendations were also provided, *e.g.*, "make data a decision driver", with suggestions for how to implement this.

Information in the report on other states. Two states have a privatized system, thirteen (including Colorado) are state administered and county-run, thirty-two are state-administered and run, and two (California and Nevada) use a hybrid model of state, regional, and local involvement. The report included considerable information on other state systems. Of particular note was a description of Indiana, which began a transition from a county-administered to a state-administered system in 2005, culminating in the formal adoption of the new structure January 1, 2009.

The report noted that Indiana worked with a national organization in making the changes. New staff members are now trained for three months before they go in the field. The State doubled the child welfare caseload, hired 800 new case managers, and 140 new supervisors. Previously there was significant variation among counties. Now there is consistency. Indiana staff interviewed indicated that the current system clearly costs the state more, but there is more efficiency because there is consistency and kids are safer. They expect dramatic improvement in their federal CFSR results.

County Response to System-change Recommendations

Counties were supportive of all the Child Welfare Action Committee recommendations apart from the two recommendations on which the Governor has requested further study. Most counties were vehemently opposed to these final two recommendations, although Denver remained neutral on them. The county response has included the following points:

- National data from 2007 indicate that the rate of child abuse fatalities is higher for state-administered than county-administered systems (2.12 versus 2.56 per 100,000 children. The 13 county-administered systems represent 43 percent of the total child population served.
- County administered systems have average response times to reports of abuse that are faster than state administered systems (48.4 hours versus 90.9 hours).
- Colorado's performance on federal CFSR measures of maltreatment reoccurrence has been consistently above the federal standard. Further, both the number of Colorado child fatalities and the number with a prior social services involvement have been declining, from 32 (including 16 known to the system) in 2003 to 23 (including 5 known to the system) in 2009.

Staff Observations

After 2.5 years of reports and review, the evidence on problems with the state's current child welfare system is considerable. **The case for far more extensive state oversight and more consistent statewide practice and outcomes is convincing**. While some counties may be performing well, others are not.

The specific recommendation of the Child Welfare Action Committee regarding change to a hybrid system "subject to further fiscal analysis" seems problematic from a budget perspective. Although the Action Committee gives larger counties the option of remaining county-supervised, it creates substantial fiscal incentive for them to transfer to state administration, since they would only need to cover 5.0 percent of costs, rather than 25.0 percent and would not be at 100 percent risk in over-expenditures. In FY 2008-09, total expenditures for county-administered portions of the child welfare system were $354.4 million. Counties contributed $60.2 million, or about 17.0 percent, to these expenditures with county dollars. In addition, they used $15.8 million in TANF transfer funds to address over-expenditures (an additional 4.0 percent of expenditures). Assuming the total cost of services did not change, and counties were only responsible for 5.0 percent of expenditures, the state contribution to the cost of care would increase by about $58.3 million.

Setting aside the Action Committee recommendations, it seems likely any substantial system change will be costly and will increase state financial risk. At present, Colorado transfers the risk of over-expenditures to counties. In a state-administered system, the State will be fully responsible. Notably, Indiana, which recently switched to a state-run system, added substantial new funding for child welfare services as part of this transition. Colorado needs to be sure it is prepared to take on the additional costs and additional financial risks associated with a state-run system, as an under-funded state-run system could lead to worse, rather than better, outcomes.

Issues of state institutional capacity must be addressed. Much of the research completed thus far on Colorado has pointed to the disconnect between the state administration and county activities and, overall, the weakness of state supervision. Although the state has been taking steps to strengthen its capacity, it has not yet demonstrated its ability to provide effective oversight or direct services. Thus, any moves toward more direct state administration need to be carefully phased, and perhaps even "piloted", so the state has the opportunity to develop the necessary capacity and prove its ability. The proposed move to a centralized "hotline" might give the state the ability to develop such capacity.

Appendix - Child Welfare System Studies

Note: Full copies of most the following reports may be accessed at the Department of Human Services website (www.cdhs.state.co.us). State Auditor's Office reports are available from the Auditor's Office.

- State Auditor's Office Performance Audit of Foster Care Services - May 2007 and Foster Care Financial Services - September 2007: Identified many concerns about the quality of care provided to children in foster care, the Department's supervision of county foster care programs, and the Department's financial oversight of foster care services.
- Child Maltreatment and Fatality Report - April 2008: Explored the specific circumstances surrounding the 13 child abuse fatalities that occurred in Colorado in 2007 and made associated recommendations for system changes.
- Senate Bill 07-64 Foster Care and Permanency - May 31, 2008: Included analysis and 16 recommendations designed to improve foster care and permanency outcomes.
- Interim Report of the Child Welfare Action Committee - October 31, 2008: The Action Committee was established by Executive Order, and funded via H.B. 08-1404, to provide recommendations on improving the Colorado child welfare system.
- Organizational Assessment and Recommendations for Improvements for the Colorado Division of Child Welfare (Policy Studies Inc. and American Humane) -- February 19, 2009: Recommended changes to the Division of Child Welfare's organizational structure, staffing, leadership model and culture, and the establishment of clear "operational boundaries" (role in relationship to the counties).
- Colorado Child Welfare Organization Structure and Capacity Analysis Project (Policy Studies Inc. and American Humane)--September 24, 2009: Examined the effectiveness of the child welfare system in its current structure and made recommendations for re-structuring the state-supervised county-administered system.
- The Child Welfare Action Committee's Second Interim Report --September 28, 2009. Makes an additional 29 recommendations for changes to the child welfare system.
- Federal Child and Family Services Review (second round)--March 2009 onsite, with final report released in December 2009.

Appendix - Child Welfare Action Committee Recommendations

The October 2008, recommendations included the following, among others:

Training: Recommendations for pre-services training for caseworkers, supervisors, case-aides, and hotline staff, expansion of an educational stipend program, and evaluation of training effectiveness, increased support to kinship care givers, and additional training on the Colorado Safety Assessment Instrument.

Domestic Violence: Adding domestic violence representation in collaborative management programs, assessing domestic abuse in child welfare abuse and neglect reports, expanded use of Temporary Assistance to Needy Families to support domestic violence prevention.

Improve State Oversight of Counties: Add staff and funding for a Division research and performance improvement team, improve county oversight, and conduct a county workload study.

Cultural Diversity: Develop and implement a program to work with counties on issue related to cultural diversity.

The September 2009 recommendations address the following:

Transparency and accountability for the State and county departments: create a centralized call center to receive all child abuse calls, establish protocols to clarify county department and state accountability for consistent child welfare services, create a statewide system of care following a set of specified guiding principles, ensure specified feedback to certain mandatory reporters of child abuse.

Evidence-based practice standards: create a differential response pilot program, expand in-service training for caseworkers, supervisors, and case-aides, use a family centered engagement method, establish statewide training related to cultural competency, increase the number of kinship care homes and culturally appropriate foster homes, recruit faith based resource families.

Increase accountability and monitor evaluation of practice: create a new Office of Child Advocate, evaluate expansion of data-collection to incorporate race and ethnicity into state data systems, establish a Corrective Action Process to address areas where counties fail to meet federal standards, amend statutes to ensure adequate speed for change of venue from one court to another in child welfare cases, establish an Office of Quality Improvement and Assurance in the Department to oversee data analysis, determine outcome and performance measures, and develop a random sampling of performance audits, adopt a state-supervise, regionally directed and regionally and locally implemented system for delivery of social services.

BRIEFING ISSUE

ISSUE: The Division of Child Care and the Colorado Child Care Assistance Program

The majority of the state's child care budget is allocated to the county-administered Colorado Child Care Assistance Program (CCAP), which provides child care subsidies for low income families. The program has a significant history of rapid expansion, followed by rapid contraction when counties have become concerned about their spending levels or funds availability. With the elimination of federal stimulus funding in FY 2010-11, counties are likely to again constrict eligibility and establish waiting lists.

SUMMARY:

❑ The majority of the state's child care budget is allocated to the Colorado Child Care Assistance Program (CCAP), which provides child care subsidies for low income Colorado families and those transitioning from the Colorado Works program. Funding for this program comes largely from federal Child Care Development Funds (CCDF). These federal funds may be appropriated by the General Assembly consistent with federal rules and regulations governing the funds.

❑ The CCAP program is administered by counties, which are responsible for establishing local eligibility for the program and setting provider reimbursements in their geographic area. Counties may also, at their option, transfer funds from the Temporary Assistance to Needy Families (TANF) block grant to their CCDF block grant allocations.

❑ The program has a significant history of rapid program expansion, followed by rapid program contraction when counties have become concerned about their spending levels or funds availability. After hitting a low point in FY 2006-07, the program began to expand again in FY 2007-08. Bolstered with funds from the American Recovery and Reinvestment Act, the program approached its all time high in FY 2008-09. However, with the elimination of ARRA funding in FY 2010-11, counties are likely to again constrict eligibility and establish waiting lists.

DISCUSSION:

The Division of Child Care. The Division of Child Care has three primary responsibilities:

- The Division oversees the Child Care Assistance Program (CCAP), which funds counties to provide child care subsidies to low-income families and families transitioning off of the Colorado Works program.

- The Division is also responsible for child care facility licensing (including for 24-hour facilities such as treatment residential child care facilities); and

- The Division is responsible for promoting statewide child care quality improvements, including the Child Care Councils authorized in Section 26-6.5-101, C.R.S.

There are five sources of funding for Division activities. The largest single share of Division funding is the federal Child Care Development Funds block grant (72 percent of the FY 2009-10 budget of $105.1 million). State General Fund of $18.8 million comprises about 18 percent of the budget, and local county match and licensing fees from child care facilities comprise the remaining 10 percent. In addition Temporary Assistance to Needy Families (TANF) funds that are authorized by counties (but are not appropriated in this part of the budget) have been a major funding source for child care subsidies.

Federal funds are used primarily for child care subsidies and quality improvement initiatives. Federal Child Care Development Funds (CCDF), like Temporary Assistance to Needy Families funds, are unusual in that the General Assembly is authorized under federal law to appropriate them. There are three types of CCDF funds: *mandatory* funds are received by all states based on historic expenditures prior to federal welfare reform; *matching* funds are based on the number of state's children who are under 13. These require a 1:1 non-federal match ; and *discretionary* funds were added as part of Welfare Reform. Funding is based on various state populations in need. Federal funding comes with various "strings", including maintenance of effort requirements, a requirement that 4.0 percent of expenditures from all sources be tied to quality initiatives and that, of the federal discretionary funds, certain portions be targeted for particular functions, including infant and toddler care and school-age care and resource and referral services.

For many years, the Department has held substantial reserves of CCDF funds. A significant portion of these reserves are now being spent down, largely associated with a $14.7 million Child Care Automated Tracking System (CHATs) rebuild approved during the 2007 legislative session (primarily located in the capital construction budget). This project is scheduled for completion in early FY 2010-11.

Colorado Child Care Assistance Program. Senate Bill 97-120 established the Colorado Child Care Assistance Program (CCCAP) in statute at Section 26-8-801 through 806, C.R.S. Child care subsidy programs, such as CCCAP, were promoted under 1996 federal welfare reform legislation to help families become financially independent. Subject to available appropriations, counties are *required* to provide child care assistance (subsidies) to any person or family whose income is less than 130 percent of the federal poverty level. Recipients of assistance are responsible for paying a portion of child care costs. Counties are also *authorized* to provide child care assistance for a family transitioning off the Works Program or for any other family whose income is between 130 percent of the federal poverty level ($23,803 for a family of three in 2009) and 85 percent of the state median income ($50,194 for a family of three in 2008).[12] This program comprises 82 percent of the appropriation for the Division of Child Care in FY 2009-10.

---

[12]The income level cap was revised upward from 225 percent of the federal poverty level to the federal maximum of 85 percent of the state median income pursuant to H.B. 08-1265.

Pursuant to Sections 26-1-11 and 26-1-201, C.R.S., the Department supervises CCCAP services administered by county departments of human/social services. As for other public assistance programs, counties serve as agents of the State and are charged with administering the program in accordance with Department regulations

Effectively, this program serves three groups of low income families: (1) families receiving cash and other assistance through the Colorado Works Program; (2) families transitioning off of cash assistance; and (3) low income families. Low income families have always comprised the largest group receiving child care subsidies (about 85 percent in FY 2007-08). Children in families earning 130 percent or less of the federal poverty level make up about 70 percent of cases (includes those who qualify based on family enrollment in Colorado Works and those who qualify based on income).

Department of Human Services
Colorado Child Care Assistance Program
Expenditures and Children Served
Fiscal Years 2004 through 2009[1]

Category	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	Percent Change FY 04-09
Direct Child Care Expenses	73,200,000	67,100,000	66,100,000	76,800,000	82,964,205	13.3%
County Administration	8,200,000	8,500,000	8,300,000	9,400,000	10,413,168	27.0%
Recovery Act Funding	n/a	n/a	n/a	n/a	11,064,462	n/a
Total	81,400,000	75,600,000	74,400,000	86,200,000	93,377,373	14.7%
Children Served[2]	38,200	35,600	33,900	35,100	37,837	-1.0%
Cost per Child	2,130	2,120	2,190	2,460	2,468	15.9%

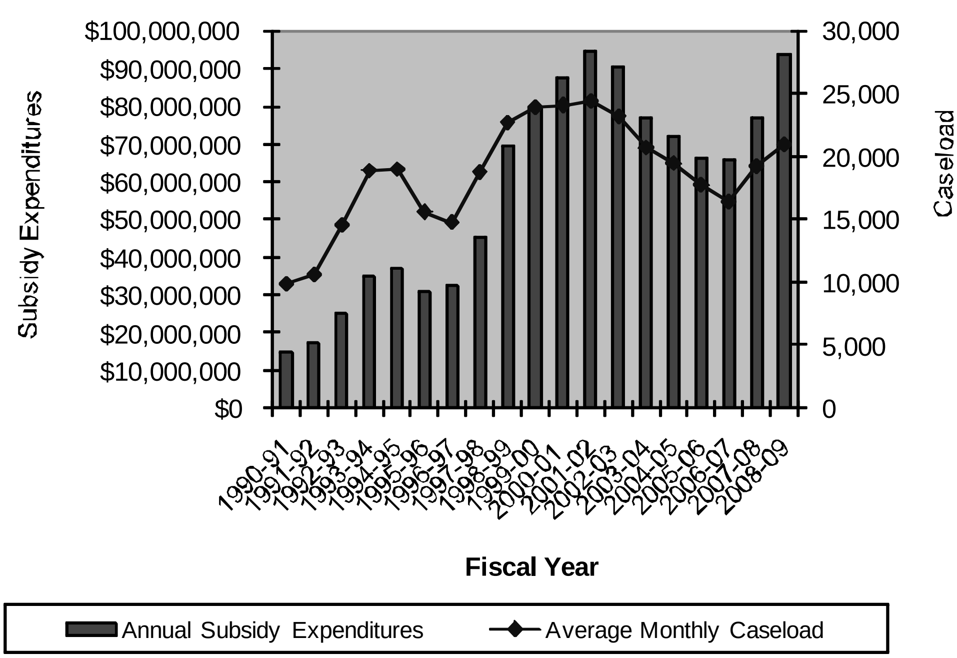
Source: 2008 SAO Child Care Assistance Program Performance Audit, citing DHS County Financial Management System and annual CCCAP reports, updated with FY 2008-09 data from the same sources.
(1) Expenditures and children served reflect low income and Colorado Works child care funded by CCCAP
(2) Children served represents total children served in the year, regardless of length of time served

The funding provides for a block grant to each county for child care subsidies following an allocation formula that includes: (1) the number of children in the county ages 0-12; (2) the number of county children in the Food Stamp program; and (3) the previous year's CCCAP utilization. State statute provides counties substantial flexibility in structuring their child care subsidy programs. Specific county eligibility policies do vary and have changed over time. Variations include the income levels served up to 85 percent of the median income, reimbursement rates for child care providers, and whether students in higher education programs are eligible. An analysis contracted by the State Auditors in 2008 estimated that in

FY 2004-05 the program served about 27 percent of those eligible; however, individual county coverage rates varied from 2 percent to 58 percent.[13]

The appropriation is comprised of state-appropriated federal Child Care and Development Fund (CCDF) block grant amounts, state General Fund, and county maintenance of effort and administrative amounts. Each county is required to spend, as a maintenance of effort, its share of an amount identified in the Long Bill each year. The Long Bill also reflects the estimated county share of program administration costs ($1.7 million of total county amounts).

CCAP Subsidy Expenditures and Average Monthly Caseload

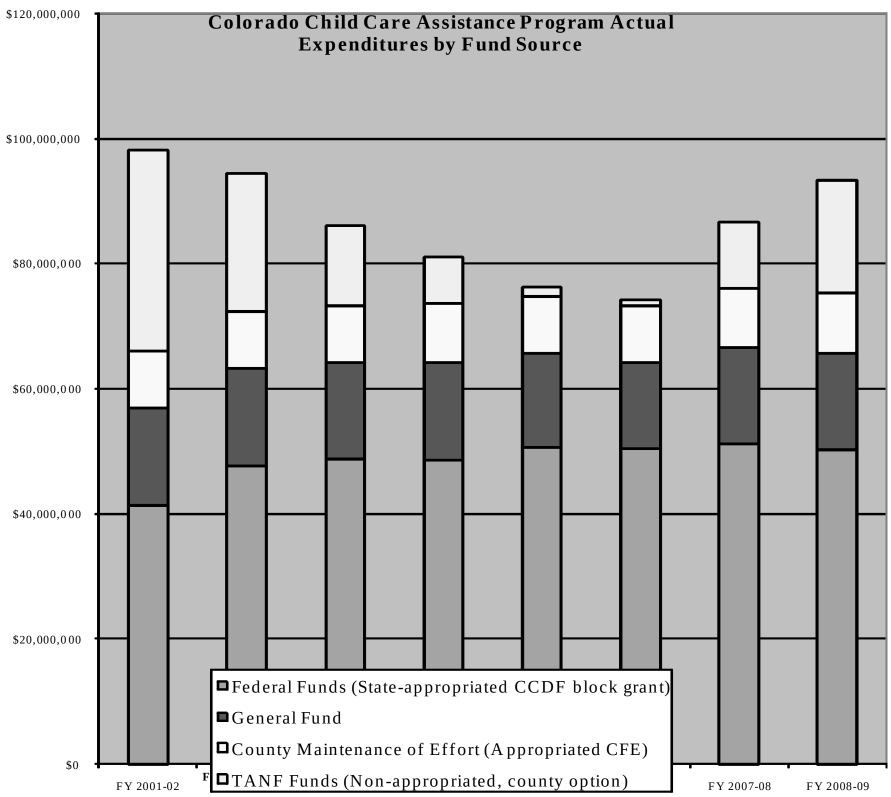


Overall funding sources for the program may include large county transfers from their Temporary Assistance to Needy Families (TANF) block grants. Counties are permitted to transfer up to 30 percent of their TANF allocations into CCDF and Title XX Child Welfare Funding. As the maximum of 10 percent is generally transferred to Title XX, 20 percent is generally available for transfer into Child Care. Funds expended for child care that are transferred from TANF are shown for actual years, but are not reflected in the appropriation for the Child Care Assistance Program.

Appropriations and Expenditure History. The chart illustrates the history of expenditures for CCCAP, as well as the average monthly number of children for whom subsidies are provided through CCCAP. As

[13]Analysis by Berkeley Policy Associates, cited in SAO Colorado Child Care Assistance Program Performance Audit, December 2008

reflected in the chart, the history of the program reflects bursts of funding and caseload expansion, followed by rapid contraction. Both the annual appropriation for CCCAP and the number of children for whom subsidies were provided increased rapidly in the early 1990s. However, the caseload increased at a faster rate than appropriations, requiring the Department to institute a caseload freeze in January 1995. In July 1995, this caseload freeze was replaced with specific allocations to individual counties. The new allocation method reduced utilization temporarily. However, both state and local funding then increased substantially until federal welfare reform in FY 1997-98. At this point, growth in the program began to be fueled by a combination of federal CCDF block grant funds and transfers to this block grant from the TANF block grant.



Expenditures for the program peaked in 2001-02, with county expenditures of TANF transfer dollars for the program totaling almost $32 million. However, beginning in FY 2000-01, counties began spending more TANF funds for the Works Program to address an increasing Works Program caseload. As counties depleted their reserves of TANF funds, they again took action to reduce their CCAP caseloads (*e.g.,* reducing income eligibility standards, instituting waiting lists).

Through FY 2004-05, the declines were seen solely in reductions in the expenditures of TANF transfer dollars. However, by FY 2006-07, expenditures had dropped below the level that required TANF transfers, and the program reverted almost $840,000 General Fund at year end. For FY 2007-08, prior year reductions were partially restored, but an additional reduction of $2.0 million was taken through H.B. 07-1062 in order to fund creation and expansion of Child Care Councils . At the same time, counties began to increase program expenditures through increased provider reimbursement rates and eligibility caps, as well as increased administrative spending. This trend continued in FY 2008-09, with counties projected to spend close to the FY 2001-02 peak by the end of the year.

American Recovery and Reinvestment Act Child Care Funding. The American Recovery and Reinvestment Act provided a substantial temporary increase in Child Care Development Fund support.

The additional funds were appropriated through the FY 2009-10 Long Bill and an FY 2008-09 supplemental for the Child Care Assistance Program and quality initiatives. The table below reflects the amounts in the Long Bill and final federal allocations (which were only estimated in the Long Bill, and which will require adjustment).

	Federal Stimulus Funding Included in Appropriations	Final Federal Stimulus Figures	Difference final federal figures and Long Bill
FY 2008-09			
Child Care Assistance Program - American Recovery and Reinvestment Act Funding.	$11,064,462	$10,569,228	($495,234)
FY 2009-10			
Child Care Assistance Program - American Recovery and Reinvestment Act Funding.	$11,064,462	$10,569,227	($495,235)
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements - American Recovery and Reinvestment Act Funding.	$2,805,076	$3,173,850	$368,774
TOTAL	$24,934,000	$24,312,305	($621,695)

As reflected in the table, the bulk of FY 2008-09 and FY 2009-10 ARRA funding was used for the Child Care Assistance Program. The increase ensured that counties did not apply restrictions on the program and reduced the need for transfer of TANF funds to support Child Care for two years. To support use of the funds, the Department issued a rule to change the length of time that families could receive child Care assistance while in job search from 30 days to 180 days. As the federal law required that a portion of the funds be set aside for quality initiatives, this was also reflected in the appropriation for FY 2009-10.

FY 2010-11 Funding Picture. This program faces a significant funding decline in FY 2010-11. Further, based on past history, as well as the funding picture for the TANF block grant (need projected to exceed funds available in FY 2011-12), funding and utilization of the Child Care Assistance Program may well continue to fall over the next several years. The table below reflects actual history of the program and an estimate of FY 2009-10 and FY 2010-11 expenditures.

Child Care Assistance Program - Expenditure and Appropriation History and Projection				
Fiscal Year	Closeout Expenditure	Percent Change	Appropriation	Percent Change
SFY 02	$98,291,475		$65,048,209	
SFY 03	94,481,674	-3.9%	71,336,427	9.7%
SFY04	85,850,643	-9.1%	71,336,427	0.0%
SFY05	80,426,556	-6.3%	73,135,525	2.5%
SFY06	76,299,719	-5.1%	75,768,237	3.6%
SFY 07	74,301,618	-2.6%	74,739,132	-1.4%
SFY 08	86,589,306	16.5%	75,668,323	1.2%
SFY 09	93,377,372	7.8%	86,933,041	14.9%
SFY 10*	*102,229,573*	9.5%	86,682,657	-0.3%
SFY 11*	*85,000,000*	-16.9%	*74,452,719*	-14.1%

.*Closeout expenditure amounts shown for FY 2009-10 reflect the Department's projection, based on four months of expenditure data. The figure for FY 2010-11 reflects a rough, preliminary staff estimate based on the program's expenditure history. FY 2010-11 "appropriation" amount shown reflects the Department's request.

- The ARRA funding provided a helpful--but very short term--funding increase, which is eliminated for FY 2010-11. It is now very likely that counties, facing impending reductions in available child care funding for FY 2010-11 and restrictions on their ability to retain reserves pursuant to S.B. 08-177, will explore program cuts. Denver county has already imposed restrictions on the program for FY 2009-10 and has established a waiting list, due to large demand and the exhaustion of its reserves of TANF funds.

- The history of this program has been one of large expenditure swings; it now appears we are entering yet another down-swing. Given limitations on state General Fund, there is no prospect for addressing the shortfalls through increases from that source. There may be an opportunity for a modest increase in spending from federal block grant funds currently in reserves (about $7.5 million projected to remain at the end of FY 2010-11); however, and such adjustment would also be temporary and limited.

- The current situation highlights the ongoing financial instability of the program. Staff continues to support efforts to establish more state control over components such as program eligibility, and believes the State may ultimately wish to consider setting TANF transfers for Child Care at the state, rather than county level, which would set a more dependable funding level. (The Department rejected a proposal along these lines from the State Auditor's Office.) Some systemic changes to the program are currently being addressed in a workgroup (in response to a 2008 SAO performance audit). However, the nature of any changes and whether such changes will improve funding stability for the program remains to be seen.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests

DEPARTMENT OF HUMAN SERVICES
Executive Director: Karen Beye

(1) EXECUTIVE DIRECTOR'S OFFICE

The primary function of this division is general department administration. This document includes Executive Director's Office, Special Purpose line items that are specifically related to child welfare services and youth corrections. This includes: staff responsible for periodically assessing all Colorado children placed in residential care as a result of a dependency and neglect or a delinquency proceeding to ensure counties' statutory and regulatory compliance; funding to support staff who conduct background/employment screenings using records and reports of child abuse or neglect; and staff and operating costs for the Juvenile Parole Board. Cash funds are from fees paid by those requesting background/employment checks. Reappropriated funds are transferred from the Department of Public Safety. *The balance of Executive Director's Office line items are covered in other Department of Human Services briefing and figure setting documents.*

(B) Special Purpose

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Administrative Review Unit	1,859,239	2,000,821	2,211,586	2,245,353	
FTE	20.9	22.2	25.2	25.2	
General Fund	1,160,911	1,196,083	1,440,439	1,461,279	
Federal Funds	698,328	804,738	771,147	784,074	
Records and Reports of Child Abuse or Neglect	426,787	566,937	585,746	585,591	
FTE	6.5	6.2	7.5	7.5	
Cash Funds	73,771	566,937	585,746	585,591	
Cash Funds Exempt/Reappropriated funds [reserves]	353,016	0	0	0	
Juvenile Parole Board	186,907	247,971	252,582	252,582	
FTE	2.2	3.0	3.0	3.0	
General Fund	186,907	196,097	206,814	206,814	
Reappropriated Funds	0	51,874	45,768	45,768	
					Request v. Approp.
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	2,472,933	2,815,729	3,049,914	3,083,526	1.1%
FTE	29.6	31.4	35.7	35.7	0.0
General Fund	1,347,818	1,392,180	1,647,253	1,668,093	1.3%
Cash Funds	73,771	566,937	585,746	585,591	0.0%
Cash Funds Exempt/Reappropriated funds	353,016	51,874	45,768	45,768	0.0%
Federal Funds	698,328	804,738	771,147	784,074	1.7%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests

(5) DIVISION OF CHILD WELFARE

This division provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. Funding also supports training for county and state staff, direct care service providers (e.g. foster parents), and court personnel. Cash funds sources include county tax revenues, grants and donations, federal Title IV-E funds, and amounts from the Collaborative Management Incentives Cash Fund (primarily from civil docket fees). Reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Administration	2,380,105	2,426,087	3,557,876	3,748,857	
FTE	22.3	25.8	36.5	41.0	
General Fund	1,481,846	1,676,095	2,777,172	2,903,616	
Cash Funds Exempt/Reappropriated funds	118,794	57,100	135,198	137,577	
Federal Funds	779,465	692,892	645,506	707,664	
*Medicaid Funds**	*118,794*	*90,100*	*135,198*	*137,577*	
*Net General Fund**	*1,541,243*	*1,721,145*	*2,844,770*	*2,972,405*	
Training	4,878,536	4,931,859	5,862,581	6,552,060	
FTE	0	0	3.0	6.0	
General Fund	2,245,129	2,341,374	2,844,781	3,237,013	
Cash Funds	0	37,230	37,230	37,230	
Cash Funds Exempt/Reappropriated funds	37,230	0	0	0	
Federal Funds	2,596,177	2,553,255	2,980,570	3,277,817	
Foster and Adoptive Parent Recruitment, Training, and Support	297,020	323,859	337,717	337,134	
FTE	1.0	1.0	1.0	1.0	
General Fund	230,902	257,115	270,310	269,727	
Federal Funds	66,118	66,744	67,407	67,407	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Child Welfare Services /a	337,446,740	345,340,609	353,575,261	338,258,062	Aug #5, BR 4, BR 5
General Fund	168,846,941	171,716,693	171,949,309	161,438,561	
Cash Funds	0	62,775,661	61,947,571	63,892,803	
Cash Funds Exempt/Reappropriated funds	75,949,417	12,872,178	18,746,950	14,218,064	
Federal Funds	92,650,382	97,976,077	100,931,431	98,708,634	
*Medicaid Funds**	*13,778,035*	*13,865,508*	*18,746,950*	*14,218,064*	
*Net General Fund**	*175,735,959*	*178,649,447*	*181,322,784*	*168,547,593*	
Total Expenditures for Child Welfare Block [non-add]			Not appropriated;	Not appropriated;	
Transfer to Title XX from TANF (10 percent TANF)	11,542,622	15,509,896	see note a/ below	see note a/ below	
County Funds	9,427,280	1,053,178			
Total Child Welfare Expenditures [non-add]	$358,416,642	$361,903,683			
Excess Federal Title IV-E Distributions for Related County Administrative Functions					
Cash Funds	0	1,735,971	1,735,971	1,701,252	BR 4
Cash Funds Exempt/Reappropriated funds	1,710,316				
Excess Federal Title IV-E Reimbursements					
Cash Funds	0	813,856	0	0	
Cash Funds Exempt/Reappropriated funds	3,106,669				
Family and Children's Programs	46,094,857	50,042,150	45,689,850	44,776,053	BR 4
General Fund	38,896,453	42,735,769	28,883,469	28,305,800	
Cash Funds		5,213,955	5,213,955	5,109,676	
Cash Funds Exempt/Reappropriated funds	5,136,901	0	0	0	
Federal Funds	2,061,503	2,092,426	11,592,426	11,360,577	
*Medicaid Funds**	*0*	0	*0*	0	
*Net General Fund**	*38,896,453*	*42,735,769*	*28,883,469*	*28,305,800*	
Performance-based Collaborative Management Incentives					
Cash Funds	0	3,167,603	3,555,500	3,555,500	
Cash Funds Exempt/Reappropriated funds	1,358,989		0	0	
Integrated Care Management Program - Cash Funds Exempt	0	0	0	0	
Independent Living Programs - Federal Funds	2,142,031	2,468,806	2,826,582	2,826,582	
FTE	0.0	0.0	4.0	4.0	

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Divisions of Child Welfare, Child Care, Youth Corrections)
APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Promoting Safe and Stable Family Programs	4,980,103	4,445,190	4,461,376	4,461,376	
FTE	2.0	1.5	2.0	2.0	
General Fund	30,605	27,926	51,439	51,439	
Cash Funds	0	1,064,160	1,064,160	1,064,160	
Cash Funds Exempt/Reappropriated funds	1,064,160	0	0	0	
Federal Funds	3,885,338	3,353,104	3,345,777	3,345,777	
Federal Child Abuse Prevention and Treatment Act Grant - Federal Funds	553,757	469,908	386,067	386,027	
FTE	3.0	3.0	3.0	3.0	
Child Welfare and Mental Health Services Pilot (H.B. 08-1391)					
General Fund	n/a	0	0	0	
Child Welfare Action Committee (H.B. 08-1404)	n/a	346,216	200,000	0	
General Fund		340,907	0	0	
Cash Funds		5,309	200,000	0	
Child Welfare Functional Family Therapy	n/a	n/a	3,281,941	0	Aug #4
FTE			0.5	0.0	
General Fund			2,632,599	0	
Cash Funds			649,342	0	
					Request v. Approp.
TOTAL - (5) CHILD WELFARE b/	404,949,123	416,512,114	425,470,722	406,602,903	-4.4%
FTE	28.3	31.3	50.0	57.0	7.0
General Fund	211,731,876	219,095,879	209,409,079	196,206,156	-6.3%
Cash Funds	0	74,813,745	74,403,729	75,360,621	1.3%
Cash Funds Exempt/ Reappropriated Funds	88,482,476	12,929,278	18,882,148	14,355,641	-24.0%
Federal Funds	104,734,771	109,673,212	122,775,766	120,680,485	-1.7%
*Medicaid Funds**	*13,896,829*	*13,955,608*	*18,882,148*	*14,355,641*	*-24.0%*
*Net General Fund**	*218,680,291*	*226,073,683*	*218,850,152*	*203,383,977*	*-7.1%*

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

a/ Staff has reflected the actual expenditure of county funds and federal TANF funds that were transferred from Colorado Works County Block Grants or from County Reserve Accounts to the federal Title XX Social Services Block Grant in order to cover county expenditures related to child welfare. Associated appropriations of TANF funds are reflected in the Office of Self Sufficiency.

b/ Actual expenditures include multiple transfers, including those authorized pursuant to Long Bill footnote and transfers to and from the Department of Health Care Policy and Financing pursuant to Section 24-75-106, C.R.S.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests

(6) DIVISION OF CHILD CARE

This division includes funding and state staff associated with: (1) licensing and monitoring child care facilities; (2) the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program; and (3) the administration of various child care grant programs. Cash funds sources reflect fees and fines paid by child care facilities and county tax revenues.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Child Care Licensing and Administration	6,225,439	6,280,823	6,810,584	6,690,742	Aug #6, BR 4
FTE	63.0	58.6	67.1	64.0	
General Fund	2,275,147	2,431,287	2,377,226	2,348,934	
Cash Funds (fees and fines)	459,748	626,868	859,539	760,841	
Cash Funds Exempt/Reappropriated Funds (local funds)	666	0	0	0	
Federal Funds (CCDF and Title IV-E)	3,490,544	3,222,668	3,573,819	3,580,967	
Fines Assessed Against Licensees - (CF)	0	18,000	32,000	32,000	
Child Care Assistance Program Automated System Replacement (FF-CCDF)	0	47,675	103,246	0	DI 4
Child Care Assistance Program /a	75,668,324	74,968,579	75,618,195	74,452,719	DI 4
General Fund	15,319,582	15,354,221	15,354,221	15,354,221	
Cash Funds (local funds)	0	9,201,753	9,183,907	9,182,622	
Cash Funds Exempt/Reappropriated Funds (local funds)	9,181,497	0	0	0	
Federal Funds (CCDF and Title XX)	51,167,245	50,412,605	51,080,067	49,915,876	
Child Care Assistance Program - ARRA Funding - FF	n/a	11,064,462	11,064,462	0	
Total County Child Care Assistance Program Expenditures [non-add]					
Transfer to Child Care from TANF block grant (including expenditures from county reserves created by prior-year TANF transfers) (FF)	10,650,807	10,731,866	Not appropriated; see note a/ below	Not appropriated; see note a/ below	
Total Child Care Assistance Program expenditures [non add]	$86,319,131	$96,764,907			

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements (FF-CCDF)	3,453,140	3,473,583	3,473,633	3,473,633	
Comply with Federal Targeted Funds Requirements - ARRA Funding (FF-CCDF)	n/a	0	2,805,076	0	
Early Childhood Councils Cash Fund - General Fund	1,022,168	0	0	0	
Early Childhood Councils [formerly Pilot for Community Consolidated Child Care Services]	3,016,775	2,979,597	2,985,201	2,985,201	
FTE	0.7	0.7	1.0	1.0	
General Fund	0	1,006,161	1,006,161	1,006,161	
Cash Funds Exempt/Reappropriated Funds (E.C. Councils Cash Fund)	1,022,168	0	0	0	
Federal Funds (CCDF)	1,994,607	1,973,436	1,979,040	1,979,040	
School-readiness Quality Improvement Program [formerly School-readiness Child Care Subsidization Program] - (FF - CCDF)	2,205,150	2,226,834	2,229,305	2,229,305	
FTE	0.7	0.5	1.0	1.0	
					Request v. Approp
(6) TOTAL - DIVISION OF CHILD CARE	87,115,688	101,059,553	105,121,702	89,863,600	-14.5%
FTE	63.7	59.8	69.1	66.0	(3.1)
General Fund	17,594,729	18,791,669	18,737,608	18,709,316	-0.2%
Cash Funds	459,748	9,846,621	10,075,446	9,975,463	-1.0%
Cash Funds Exempt/Reappropriated Funds	9,181,497	0	0	0	n/a
Federal Funds	59,879,714	72,421,263	76,308,648	61,178,821	-19.8%

a/ Staff has reflected the actual expenditure of federal TANF funds that were transferred from County Block Grants or from County Reserve Accounts (both associated with the ColoradoWorks Program) to federal Child Care Development Funds in order to cover county expenditures related to child care. Associated appropriations of TANF funds are reflected in the Office of Self Sufficiency.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(11) DIVISION OF YOUTH CORRECTIONS					
(A) Administration					
This section provides funding and state staff associated with providing policy direction for the DYC and					
Personal Services - General Fund	1,221,723	1,303,755	1,382,127	1,382,127	
FTE	15.0	11.5	15.4	15.4	
Operating Expenses - General Fund	30,071	30,285	30,432	30,294	
Victims Assistance - Reappropriated Funds	25,294	28,224	29,599	29,599	
FTE	0.4	0.0	0.5	0.5	
					Request v. Approp
(11) DIVISION OF YOUTH CORRECTIONS					
Subtotal - (A) Administration	1,277,088	1,362,264	1,442,158	1,442,020	0.0%
FTE	15.4	11.5	15.9	15.9	0.0
General Fund	1,251,794	1,334,040	1,412,559	1,412,421	0.0%
Reappropriated Funds	25,294	28,224	29,599	29,599	0.0%

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(B) Institutional Programs					
This section provides funding and state staff associated with providing detention services and institutional care,					
Personal Services - General Fund	40,682,391	42,267,224	43,576,875	44,350,972	BR 4
FTE	776.9	779.3	794.3	794.3	
Operating Expenses	3,485,826	3,494,857	3,412,311	3,411,434	
General Fund	2,078,067	2,076,957	2,082,111	2,081,234	
Reappropriated Funds	0	0	1,330,200	1,330,200	
Federal Funds	1,407,759	1,417,900	0	0	
Capital Outlay - General Fund	0	0	0	0	
Medical Services - General Fund	7,810,391	7,934,777	8,017,892	8,061,580	
FTE	35.0	36.2	39.0	39.0	
Enhanced Mental Health Services Pilot for Detention - General Fund	261,533	260,726	265,927	0	Aug #11
Educational Programs	5,837,378	5,916,443	5,861,480	5,854,679	BR 4
FTE	33.8	35.0	40.8	40.8	
General Fund	5,201,939	5,353,439	5,521,364	5,510,786	
Reappropriated Funds	0	563,004	340,116	343,893	
Federal Funds	635,439	0	0	0	
Prevention / Intervention Services	49,215	48,965	49,693	49,693	
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	49,215	48,965	49,693	49,693	
Federal Funds	0	0	0	0	
					Request v. Approp
(11) DIVISION OF YOUTH CORRECTIONS					
Subtotal - (B) Institutional Programs	58,126,734	59,922,992	61,184,178	61,728,358	0.9%
FTE	845.7	850.5	875.1	875.1	0.0
General Fund	56,034,321	57,893,123	59,464,169	60,004,572	0.9%
Reappropriated Funds	49,215	611,969	1,720,009	1,723,786	0.2%
Federal Funds	2,043,198	1,417,900	0	0	n/a

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(C) Community Programs					
This section provides funding and state staff associated with providing case management services for committed					
Personal Services	7,382,843	7,929,462	8,097,328	7,613,632	Aug #23
FTE	114.4	114.3	117.0	107.4	
General Fund	7,053,403	7,585,467	7,740,718	7,250,420	
Cash Funds	48,728	48,850	50,669	51,607	
Reappropriated Funds	30,712	44,520	46,008	46,860	
Federal Funds	250,000	250,625	259,933	264,745	
**Medicaid Cash Funds*	*30,712*	*44,520*	*46,008*	*46,860*	
**Net General Fund*	*7,068,759*	*7,607,727*	*7,763,722*	*7,273,850*	
Operating Expenses	341,709	359,898	351,377	344,210	Aug #23
General Fund	339,261	357,410	348,929	341,762	
Cash Funds	2,448	2,488	2,448	2,448	
Capital Outlay - General Fund	0		0	0	
Purchase of Contract Placements	45,508,487	42,774,182	42,463,536	41,431,258	Aug #21, BR 2, BR 4
General Fund	43,657,783	41,274,243	40,928,081	37,978,909	
Reappropriated Funds	1,850,704	1,499,939	1,535,455	2,473,966	
Federal Funds	0	0	0	978,383	
**Medicaid Cash Funds*	*1,850,704*	*1,499,939*	*1,535,455*	*2,473,966*	
**Net General Fund*	*44,583,135*	*42,024,213*	*41,695,809*	*39,215,892*	
Managed Care Pilot Project	1,365,094	1,390,441	1,390,441	1,096,639	Aug #19, BR 4
General Fund	1,316,084	1,357,105	1,357,105	1,063,970	
Reappropriated Funds	49,010	33,336	33,336	32,669	
**Medicaid Cash Funds*	*49,010*	*33,336*	*33,336*	*32,669*	
**Net General Fund*	*1,340,589*	*1,373,773*	*1,373,773*	*1,080,305*	
S.B. 91-94 Programs - General Fund	12,458,030	13,228,039	13,297,559	13,031,458	BR 4
Parole Program Services	5,134,846	6,433,220	5,983,517	5,863,847	BR 4
General Fund	4,235,526	5,529,773	5,073,661	4,972,188	
Federal Funds	899,320	903,447	909,856	891,659	
Juvenile Sex Offender Staff Training	84,373	40,175	47,060	47,060	
General Fund	52,243	8,810	8,810	8,810	
Cash Funds	32,130	31,365	38,250	38,250	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
					Request v. Approp
(11) DIVISION OF YOUTH CORRECTIONS					
Subtotal - (C) Community Programs	72,275,382	72,155,417	71,630,818	69,428,104	-3.1%
FTE	114.4	114.3	117.0	107.4	(9.6)
General Fund	69,112,330	69,340,847	68,754,863	64,647,517	-6.0%
Cash Funds	83,306	82,703	91,367	92,305	1.0%
Reappropriated Funds	1,930,426	1,577,795	1,614,799	2,553,495	58.1%
Federal Funds	1,149,320	1,154,072	1,169,789	2,134,787	82.5%
**Medicaid Cash Funds*	*1,930,426*	*1,577,795*	*1,614,799*	*2,553,495*	*58.1%*
**Net General Fund*	*70,077,543*	*70,129,745*	*69,562,263*	*65,924,265*	*-5.2%*

					Request v. Approp
TOTAL - (11) DIVISION OF YOUTH CORRECTIONS	131,679,204	133,440,673	134,257,154	132,598,482	-1.2%
FTE	975.5	976.3	1,008.0	998.4	(9.6)
General Fund	126,398,445	128,568,010	129,631,591	126,064,510	-2.8%
Cash Funds	83,306	82,703	91,367	92,305	1.0%
Reappropriated Funds	2,004,935	2,217,988	3,364,407	4,306,880	28.0%
Federal Funds	3,192,518	2,571,972	1,169,789	2,134,787	82.5%
**Medicaid Cash Funds*	*1,930,426*	*1,577,795*	*1,614,799*	*2,553,495*	*58.1%*
**Net General Fund*	*127,363,658*	*129,356,908*	*130,438,991*	*127,341,258*	*-2.4%*

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

					Request v. Approp
TOTAL - HUMAN SERVICES - CHILD WELFARE, CHILD CARE, YOUTH CORRECTIONS (INCLUDING RELATED LINE ITEMS IN EXECUTIVE DIRECTOR'S OFFICE)	626,216,948	653,828,069	667,899,492	632,148,511	-5.4%
FTE	1,097.1	1,098.8	1,162.8	1,157.1	(5.7)
General Fund	357,072,868	367,847,738	359,425,531	342,648,075	-4.7%
Cash Funds	616,825	85,310,006	85,156,288	86,013,980	1.0%
Cash Funds Exempt/Reappropriated Funds	100,021,924	15,199,140	22,292,323	18,708,289	-16.1%
Federal Funds	168,505,331	185,471,185	201,025,350	184,778,167	-8.1%
*Medicaid Funds**	*15,827,255*	*15,533,403*	*20,496,947*	*16,909,136*	*-17.5%*
*Net General Fund**	*364,986,496*	*375,614,440*	*369,674,004*	*351,102,643*	*-5.0%*

* These amounts are included for informational purposes only. Medicaid funds are classified as reappropriated funds. These moneys are transferred from the Department of Health Care Policy and Financing where generally half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 09-068 (Morse/McCann):** Increases fees for marriage licenses and for divorce filings, with the additional revenue directed to the Colorado Domestic Abuse Fund and the Family Violence Justice Fund. The Department of Human Services administers the Colorado Domestic Abuse Fund. The additional funding will be used to provide grants to local organizations to provide counseling, advocacy, and educational programs to victims of domestic violence. Increases the appropriation to the Department of Human Services for FY 2009-10 by $843,430 cash funds and 0.7 FTE from the Colorado Domestic Abuse Fund. For additional information on S.B. 09-068, see the "Recent Legislation" section at the end of the Judicial Department.

- ❑ **S.B. 09-164 (Newell/Miklosi)**: Authorizes the Department of Human Services to establish a child welfare training academy and to establish minimum standards of competence that must be certified by the Department prior to employment in the child welfare system. Specifies that the bill shall only be effective if an increase of not less than $880,718, including $496,325 General Fund, $384,393 federal funds, and 3.0 FTE is included in the FY 2009-10 Long Bill for child welfare training. This level of increase was included in the Long Bill, as enacted. Senate Bill 09-164 was, therefore, also enacted.

- ❑ **S.B. 09-207 (White/Marostica):** Delays implementation of the child welfare mental health pilot program created in H.B. 08-1391 by seven years, so that initial activities related to the pilot must occur by July 1, 2015, instead of July 1, 2008. Associated with this, eliminates the FY 2008-09 appropriation to the Department of Human Services included in H.B. 08-1391 ($2,100,169 General Fund) and eliminates the need for a related appropriation in FY 2009-10 (estimated to be $3,472,530 General Fund).

- ❑ **S.B. 09-245 (Sandoval/Schafer S.):** Modifies state statute to conform to 2008 federal child welfare legislation. Shortens the time frames for identifying and notifying kin who could care for children removed from the family home. Establishes a kinship guardianship assistance program, and provides an associated appropriation of $86,000 General Fund to the Department of Human Services for FY 2009-10. Implementation of kinship guardianship in FY 2009-10, and the associated $86,000 appropriation, is contingent upon enactment of House Bill 09-1366 with a final fiscal note that projects a state income tax revenue increase of at least $86,000 that is not otherwise appropriated by H.B. 09-1366.

- ❑ **S.B. 09-267 (Tapia/Ferrandino):** For children involved in the child welfare system who are placed in residential child care facilities, requires counties to contribute 20 percent, effective January 1, 2010. Under prior statute, counties were required to pay 10 percent of these service costs in FY 2008-09 and FY 2009-10, with the county share increasing to 20 percent July 1, 2010; this bill moves the date for the higher contribution forward by six months. Provides for a decrease in the General Fund appropriation to the Department of Human Services for FY 2009-10 of $4,028,564 and an increase in the cash funds appropriation to the Department from county share of the same amount. This adjustment is expected to annualize to a General Fund decrease of $8,057,128 in FY 2010-11 and a cash funds increase of the same amount.

- **H.B. 09-1321 (Levy/Carroll M.):** Requires the district attorney and the defense counsel to make a reasonable attempt to consider the appropriate place of confinement for juvenile offenders who are charged as adults for criminal offenses (known as direct filing of charges) within 30 days after charges are direct filed. Specifies factors that must be considered by the district attorney and defense counsel when considering the place of confinement. Unless the district attorney and defense counsel agree otherwise, the juvenile offender will be detained in county jail facilities pending trial.

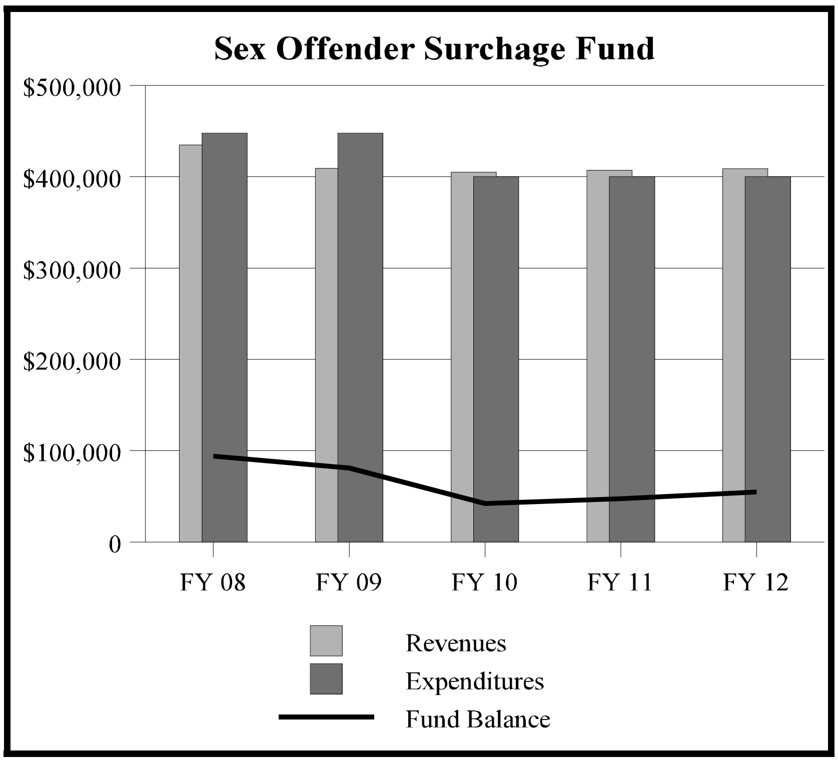
APPENDIX C: UPDATE OF FY 2009-10 LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

1 **Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice; and Colorado Bureau of Investigation** -- State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from the Drug Offender Surcharge Fund, the Offender Identification Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Program Fund, among other programs.

Comment: The Division of Youth Corrections is in compliance with this footnote. The Division shares only one fund with other state agencies: the Sex Offender Surcharge Fund created in Section 18-21-103, C.R.S. According to the budget request submitted by the Judicial Department for FY 2010-11, this fund balance is projected to be sustainable for the foreseeable future. The table below reflects the anticipated fund balance for the Sex Offender Surcharge Fund.

Sex Offender Surcharge Fund Balance (Section 18-21-103, C.R.S.)					
	FY 2007-08 Actual	**FY 2008-09 Actual**	**FY 2009-10 Projected**	**FY 2010-11 Projected**	**FY 2011-12 Projected**
Beginning Fund Balance	$94,147	$81,178	$42,469	$47,600	$54,756
Plus Revenue	434,902	409,108	405,017	407,042	409,077
Minus Expenditures					
Judicial	(253,704)	(258,272)	(302,029)	(302,029)	(302,029)
Corrections	(24,621)	(24,035)	(29,311)	(29,311)	(29,311)
Public Safety	(137,416)	(134,145)	(163,591)	(163,591)	(163,591)
Div. of Youth Corrections	(32,130)	(31,365)	(38,250)	(38,250)	(38,250)
Total Expenditures	(447,871)	(447,817)	(533,181)	(533,181)	(533,181)
SOMB Spending Restrictions	0	0	133,295	133,295	133,295
Ending Fund Balance	**$81,178**	**$42,469**	**$47,600**	**$54,756**	**$63,947**
Balance increase /(decrease)	($12,969)	($38,709)	$5,131	$7,156	$9,191



This appropriation to the Division of Youth Corrections is used to support the Division's responsibilities to train its staff to implement the provisions of H.B. 00-1317 (Rep. Tool / Sen. Anderson), which requires standards for the evaluation and identification of juvenile sex offenders.

22 **Department of Human Services, Division of Child Welfare** -- It is the intent of the General Assembly to encourage counties to serve children in the most appropriate and least restrictive manner. For this purpose, the Department may transfer funds among all line items in this long bill group total for the Division of Child Welfare.

Comment: The Department is in compliance with this footnote and has annually transferred moneys when necessary. The following table details transfers that have occurred in the last four fiscal years under the authority of this footnote. Please note that, in addition to these transfers, a variety of other transfers were made associated with Medicaid funds (transfers to and from the Department of Health Care Policy and Financing) and based on the Governor's authority to transfer funds at end of year.

Transfers of General Fund and Federal Funds (Title IV-E) Spending Authority Among Division of Child Welfare Line Items				
Line Item	**FY 05-06**	**FY 06-07**	**FY 07-08***	**FY 08-09***
Administration	($55,613)	($39,318)	$86,306	($316,200)
Training	(119,441)	(84,968)	(49,883)	(6,681)
Foster and Adoptive Parent Recruitment, Training, and Support	(23,378)	(31,070)	(33,665)	(9,953)
Child Welfare Services	(804,665)	166,148	(1,682,843)	(4,019,467)
Excess IV-E Reimbursements	0	0	306,669	0
Family and Children's Programs	1,003,097	(10,792)	1,373,416	4,352,301
Net Transfers	$0	$0	$0	$0

*In addition to amounts shown, the Department transferred $714,357 net General Fund in FY 2007-08 and $165,005 net General Fund in FY 2008-09 to the Department of Health Care Policy and Financing for Administrative Case Management. It also transferred $900,000 federal funds (Title XX) into Child Welfare Services from the Division of Child Care.

23 **Department of Human Services, Division of Child Welfare, Family and Children's Programs** -- It is the intent of the General Assembly that $4,088,723 of the funds appropriated for this line item be used to assist county departments of social services in implementing and expanding family- and community-based services for adolescents. It is the intent of the General Assembly that such services be based on a program or programs that have been demonstrated to be effective in reducing the need for higher cost residential services.

Comment: This targeted funding was added by the General Assembly between FY 2003-04 and FY 2005-06 with the intent of ensuring that new child welfare funding be used as effectively as possible.

In Colorado, youths between the ages of 10 and 17 who have been adjudicated on a delinquency petition and require residential placement out of the home can be served through either the child welfare system or the Division of Youth Corrections. The Judicial Branch makes the determination, on a case-by-case basis, which system is appropriate for the youth.

Studies that have been conducted to date indicate that the youths served by the child welfare and youth corrections systems are more similar than dissimilar. Further, far more adolescents are served by the child welfare system than the youth corrections system. This targeted funding is designed to conform to research recommendations to: (1) encourage agencies to serve youths in their homes and communities whenever possible; (2) reduce unnecessary placements of delinquents to group homes and residential treatment centers; and (3) discourage the commitment of non-dangerous youths to state correctional facilities.

Counties were required to apply for this new funding when it first became available. The services offered were required to be evidenced-based services for adolescents, and counties were required to provide a 20 percent funding share. Applications were reviewed by a panel comprised of staff from multiple department divisions. For the last several years, ongoing funding for the approved programs has been provided, along with any annual provider rate increases.

The following table details the Department's allocation of the funds earmarked to date.

Allocation of Funding Earmarked for Community-based Services for Adolescents		
County Department(s)	**Amount Awarded**	**Program**
Adams	$292,897	Youth intervention program
Alamosa	63,837	Mentoring
Arapahoe	571,345	Multi-systemic therapy
Archuleta	83,970	Moral recognition therapy and responsibility training
Broomfield	56,707	Multi-systemic therapy
Chaffee	98,147	Mentoring
Conejos	62,436	Mentoring
Costilla	39,514	Mentoring
Denver	226,173	Multi-systemic therapy and strengthening families
Elbert	157,035	Multi-systemic therapy
El Paso	248,639	Multi-systemic therapy
Fremont	92,992	Functional family therapy
Garfield	22,427	Adolescent mediation services

Allocation of Funding Earmarked for Community-based Services for Adolescents		
County Department(s)	**Amount Awarded**	**Program**
Gunnison / Hinsdale	39,186	Functional family therapy
Huerfano	11,938	Reconnecting youth
Jefferson	424,801	Multi-systemic therapy and team decision-making
Kit Carson	19,629	Functional family therapy
La Plata / San Juan / Montezuma / Dolores / Archuleta	314,233	Multi-systemic therapy and adolescent dialectical behavioral therapy
Larimer	196,833	National Youth Program Using Mini-bikes and family group conferencing
Mesa	290,522	Rapid response and day treatment for adolescents
Montrose	64,995	Multi-systemic therapy
Pueblo	182,605	Youth outreach
Summit	21,810	Mentor-supported substance abuse treatment
Teller	115,159	Multi-systemic therapy
Weld	390,894	Reconnecting youth
TOTAL	$4,088,723	

24 **Department of Human Services, Division of Child Welfare, Performance-based Collaborative Management Incentives –** The total appropriation in this line item exceeds the projected ongoing revenue stream for the Collaborative Management Incentives Cash Fund. Therefore, appropriations at the current level may not be available when reserves are exhausted.

Comment: The current projection for this cash fund, reflected below, indicates that reserves can continue to support the program through FY 2010-11, if current appropriations levels remain constant. However, **reductions in spending or increases in revenue are anticipated to be required by FY 2011-12,** when the Department projects that spending at the current level will exceed funds available by $94,649 (and, staff believes, likely more). **By FY 2012-13, when reserves will be entirely exhausted, staff anticipates that appropriations will need to be reduced, or additional revenue sources identified, to address a gap of $750,000 to $1.0 million between the annual revenue and expenditure levels.**

Performance-based Collaborative Management Incentive Cash Fund					
	Actual FY 07-08	**Actual FY 08-09**	**Estimated FY 09-10**	**Projected FY 10-11**	**Projected FY 11-12**
Cash balance beginning of year	3,543,493	3,070,676	2,171,861	1,416,361	660,861

Performance-based Collaborative Management Incentive Cash Fund					
	Actual FY 07-08	Actual FY 08-09	Estimated FY 09-10	Projected FY 10-11	Projected FY 11-12
Actual/anticipated cash inflow	2,686,172	2,568,788	2,800,000	2,800,000	2,800,000
Actual/appropriated cash outflow	3,158,989	3,467,603	3,555,500	3,555,500	3,555,500
Actual/anticipated liquid fund balance	3,070,676	2,171,861	1,416,361	660,861	(94,639)
Difference - cash inflow less outflow	(472,817)	(898,815)	(755,500)	(755,500)	(755,500)

25 **Department of Human Services, Division of Child Care, Child Care Assistance Program Automated System Replacement --** It is the intent of the General Assembly that this project: 1) have a steering committee that includes a county commissioner, a county human services director, and a user of the system; 2) that the Department pilot the program before rolling it out; 3) that the steering committee, including the county representatives, should decide whether the system is "go" or "no go" at the roll out stages; and 4) that ongoing costs for maintenance and administration of this system be covered through savings in or reductions to the Colorado Child Care Assistance Program and remaining Child Care Development Fund reserves. The new system will not drive additional costs to the state General Fund.

Comment: This footnote, first added in FY 2007-08, was vetoed for FY 2007-08, FY 2008-09, and FY 2009-10, but the Department was directed to comply to the extent feasible. In his veto message, the Governor indicated that he felt that the footnote goes beyond expressing legislative intent and violates the separation of powers by attempting to administer the appropriation. However, he indicated that he would ask the Department to consider the General Assembly's suggestions during the implementation of the project. The Department has indicated that it intends to comply, with the exception that the Executive Director will make the final "go/no go" decision, taking into consideration the recommendation of the steering committee.

The Department is in compliance with this footnote with respect to its actions thus far. The Department assembled the requested steering committee (including the requested county representation), which meets regularly regarding project development. The Department's plans include a pilot phase, and its FY 2010-11 Decision Item #4 requests transfers of federal Child Care Development Funds from the Child Care Assistance Program line item to support ongoing system maintenance.

Additional Background. Most funding associated with this project is appropriated in the Capital Construction budget. Funding for the project was first appropriated in the FY 2007-08 budget. In June and September 2008, the JBC authorized interim supplemental adjustments to address project cost increases and a delay in development. Cost estimates and the capital construction appropriation increased from $8.5 million to $14.7 million federal Child Care Development Funds, and the project's official "start date" for purposes of the three-year capital construction appropriation became June 23, 2008. Following further delays, active development finally began in May 2009. The project is now expected to be piloted in late FY 2009-10 and to roll-out to all parts of the state in the fall of 2010, as reflected in the schedule below.

	Month/Year
System Test	11/2009
User Acceptance Test	01/2010
End User Training	06/2010
Pilot	04/2010
Phased Implementation	06/2010
Full Implementation	09/2010

The Department's budget request for FY 2010-11 includes Decision Item #4, which requests a transfer of funds within the operating budget to support ongoing system maintenance costs. The request is to transfer $1.2 million federal Child Care Development from the Child Care Assistance Program line item and the CCAP Automated System Replacement line items in the Division of Child Care to a new line item in the Office of Information Technology Services. This amount is consistent with estimates for a full year of ongoing costs included in the project's feasibility study. Staff anticipates that amounts may be adjusted in the future based on updated cost and project schedule data.

30 **Department of Human Services, Division of Youth Corrections, Community Programs, Purchase of Contract Placements** -- It is the intent of the General Assembly that up to 20.0 percent of the General Fund appropriation to this line may be used to provide treatment, transition, and wrap-around services to youths in the Division of Youth Correction's system in residential and non-residential settings.

Comment: The Division of Youth Corrections has used the flexibility afforded in this line item to fund its Continuum of Care Initiative. This initiative is based on principles of effective juvenile justice strategy such as: (1) state-of-the-art assessment; (2) enhanced treatment services within residential facilities; and (3) improved transitions to appropriate community-based services. As part of this strategy, the Continuum of Care Initiative seeks to provide the optimal length of stay in each stage of service as juvenile offenders move from secure residential to community-based parole services. Additional information related to the Department's Continuum of Care initiative is discussed pursuant to RFI #42. For FY 2008-09 and FY 2009-10, funding the Department was authorized to retain for the Continuum of Care in this line item was eliminated due to statewide budget constraints (a reduction of $9.15 million in each year). The Department's budget request for FY 2010-11 further delays restoration of these funds per Base Reduction #2. However, for several years, funding related to the Continuum of Care has been transferred from the Contract Placements line item to the Parole Program Services line item. The Department's response to FY 2008-09 RFI #41/FY 2009-10 RFI #42 reflects FY 2008-09 Continuum of Care expenditures of $5,267,532 from the Parole Program Services line item.

Requests for Information

2. **Department of Corrections, Totals; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division, and Division of Youth Corrections; Department of Public Safety, Division of Criminal Justice** -- It is the intent of the Joint Budget Committee that the impacts of the Governor's Recidivism Reduction and Offender Diversion Package funded by the General Assembly in 2007, be analyzed using contract funding appropriated for this purpose to the Department of Public Safety, Division of Criminal Justice. The evaluation should specifically address: the Short-term Intensive Residential Remediation Treatment Program (STIRRT) in the Department of Human Services, Diversion Community Corrections Beds in the Department of Public Safety, Mental Health Beds in the Department of Public Safety, and any new programs or services created or implemented through additional budgetary flexibility provided to the Division of Youth Corrections in the Department of Human Services. It is the intent of the General Assembly that the contractor compare the outcomes for offenders who participate in these programs with outcomes for offenders in predetermined control groups. The Department of Public Safety, Division of Criminal Justice, in conjunction with other state departments, is requested to submit an annual progress report to the Joint Budget Committee by November 1 of each year. This report is requested to include a summary of the number of offenders served by each program and a summary of the program evaluation techniques that will be used to examine the effectiveness of each program. The Department of Public Safety, Division of Criminal Justice, is requested to submit a final report to the Joint Budget Committee on or before November 1, 2012. The final report should specifically address whether any of the interventions funded were cost-effective and, based on this, recommendations for continuation, modification or elimination of each program.

   Comment: As of December 11, 2009, the Division of Criminal Justice (DCJ) had not submitted a recidivism reduction report. In prior years, DCJ has referenced evaluations of the Continuum of Care initiative by the TriWest group. Additional data regarding this evaluation is discussed pursuant to RFI #42.

6. **Department of Health Care Policy and Financing, Medicaid Mental Health Services; and Department of Human Services, Division of Child Welfare, Mental Health and Alcohol and Drug Abuse Services, and Division of Youth Corrections** - The Departments are requested to provide the following data by October 1, 2009, by county, for the state's ten largest counties, using the most recent actual data consistently available:

   (1) county child welfare expenditures, including both child welfare block and core services expenditures;
   (2) youth corrections expenditures;
   (3) mental health capitation payments to BHOs for children, identifying amounts for children in foster care and children served based on income (AFDC);

(4) number of children eligible for mental health capitation payments, identifying children based on foster care status and children eligible based on income (AFDC);

(5) mental health capitation encounter data (numbers receiving services and estimated expenditures) for children in foster care and children eligible based on income (AFDC);

(6) expenditures of Alcohol and Drug Abuse treatment dollars, by county, for children receiving child welfare services, specifying, at a minimum, funding allocated by the state for this specific purpose;

(7) Any other data, readily available, that might shed light on the extent to which multiple state funding sources support services for children currently in the child welfare system and those who exhibit similar needs to children in the child welfare system, although they may be served in other systems (such as youth corrections).

Comment: *Due to the complex reporting requirements, the Governor directed the Department to comply to the extent feasible by November 2, 2009.* The Departments of Human Services and Health Care Policy and Financing submitted the requested report on November 23, 2009. The data provided is discussed in an issue in this briefing packet.

32. Department of Human Services, Division of Child Welfare; and Totals – The Department is requested to provide a report to the Joint Budget Committee by October 1 of each fiscal year concerning the amount of federal revenues earned by the State for the previous fiscal year, pursuant to Title IV-E of the Social Security Act, as amended; the amount of money that was expended for the previous state fiscal year, including information concerning the purposes of the expenditures; and the amount of money that was credited to the Excess Federal Title IV-E Reimbursements Cash Fund created in Section 26-1-111(2) (d) (II) (C), C.R.S.

Comment: The Department submitted the requested report. In total, Colorado earned $86,313,836 in Title IV-E revenue during FY 2008-09. A total of $87,806,633 was needed (based on amounts budgeted in the Long Bill plus "pass through" amounts for counties). The total shortfall of $1,492,796 was based on the amount budgeted in the Long Bill that was not fully earned. In the past, earnings have exceeded budgeted amounts and this excess was deposited to the Excess Federal Title IV-E Reimbursements Cash Fund; this is the first year a shortfall occurred instead.

As a result of the shortfall in revenue, the balance of the Excess Federal Title IV-E Reimbursements Cash Fund as of July 1, 2009 is $31,502. Distributions to counties from the Excess Federal Title IV-E Cash Fund are based on revenue from the prior year. As this revenue was virtually $0, no FY 2009-10 disbursements from the Cash Fund are anticipated.

Excess Federal Title IV-E Reimbursements Cash Fund		
Cash Fund Balance, July 1, 2008		$2,519,265
FY 2008-09 Expenditures		
Title IV-E County Administration	1,735,971	
Excess Title IV-E Reimbursements - TANF MOE eligible	783,294	
Excess Title IV-E Reimbursements - Other	30,562	
Total SFY 2008-09 Expenditures		2,549,827
FY 2008-09 Revenue		
SFY 2008-09 Excess Federal Revenues	0	
Interest	62,064	
Total Revenue		62,064
Excess Title IV-E Reimbursement Cash Fund, July 1, 2009		$31,502

33. **Department of Human Services, Division of Child Welfare** -- The Department is requested to provide to the Joint Budget Committee, by November 1 of each year, information concerning the gross amount of payments to child welfare service providers, including amounts that were paid using revenues other than county, state, or federal tax revenues. The Department is requested to identify amounts, by source, for the last two actual fiscal years.

Comment: The Department provided a report on November 2, 2009. The Long Bill appropriation for Child Welfare Services does not reflect the *gross* amount of payments anticipated to be paid to out-of-home care providers. Instead, the gross payments are reduced by the amount of revenue counties collect through various sources and the appropriation simply reflects the *net* amount of county, state, and federal funds anticipated to be paid to providers. This footnote requests that the Department annually report information regarding these other revenue sources. The information provided by the Department for the last four years is detailed in the following table.

Payments to Service Providers From Non-Appropriated Revenue Sources				
Description	**FY 05-06**	**FY 06-07**	**FY 07-08**	**FY 08-09**
Parental Fees	$3,828,619	$3,515,732	$3,795,059	$4,134,645
Federal Supplemental Security Income (SSI)	3,588,002	3,658,661	3,580,594	3,740,812
Child Support	2,349,991	2,263,407	2,286,038	2,607,480

Payments to Service Providers From Non-Appropriated Revenue Sources				
Description	**FY 05-06**	**FY 06-07**	**FY 07-08**	**FY 08-09**
Federal Social Security Death Benefit (SSA)	1,395,175	1,370,546	1,195,936	1,059,784
Provider Recovery	128,644	140,088	155,324	113,041
Federal Social Security Disability Income (SSDI)	173,843	143,058	165,628	154,711
Other	228,956	99,699	134,618	266,806
Total Offsets	$11,693,230	$11,191,191	$11,313,197	$12,077,279

The "Other" category above includes offsets for veteran's benefits, medical adjustments, and miscellaneous items.

34. **Department of Human Services, Division of Child Welfare, Training** -- The Department is requested to provide additional information on the State's child welfare training efforts and the need for child welfare training funds, including the following: (1) the number of individuals employed and annual rate of turnover, by county, for child welfare caseworkers and supervisors and any other job classification for which the Department provides training; and (2) the number of training sessions provided and anticipated to be required annually, based on the data provided on county employees and turnover. This report is requested to be submitted by June 30, 2010.

Comment: *Due to the complex reporting requirements, the Governor directed the Department to comply to the extent feasible by November 2, 2009* [before the date specified in the request].

In response to staff questions, the Department reported the following:

- The Department plans to submit a report by June 30, 2010, consistent with the JBC's original request. However, the Department will not be able to provide information related to county turnover, because there is no centralized repository for that information.

With respect to the current status of the project:

- The Training Academy is projected to begin on or about January 19, 2010.

- Curriculum content: State, county, stakeholder task groups met for two months to define core competencies (August and September 2009). Initial drafts of structure and preliminary training modules were completed at the end of October and are expected to be finalized November 2009.

- Regional training FTE: Positions were posted and written and oral boards completed by November 4. As of November 19, four candidates had accepted positions, and the

Department was waiting for responses from the other two candidates. The administrative assistant position had been filled through the lay off process. All those who have accepted positions thus far will begin work in early December.

- Rules: The Office of Legislative Legal Services overturned the first set of rules developed for the training academy, on the grounds that they were not detailed enough to meet the requirements of S.B. 09-164. A new rulemaking package is being developed and will be submitted to the State Board of Human Services for first reading on December 4, 2009.

35. **Department of Human Services, Division of Child Welfare, Child Welfare Services** -- The Department is requested to provide to the Joint Budget Committee, by November 1 of each year, information concerning actual expenditures for the last two fiscal years for services that are now funded through this consolidated line item. Such data should include the following: (a) program services expenditures and the average cost per open involvement per year: (b) out-of-home placement care expenditures and the average cost per child per day; and (c) subsidized adoption expenditures and the average payment per child per day.

Comment: The Department provided the requested report on November 2, 2009. As indicated in the table below, annual expenditures for program services (a category that encompasses county-administered services and county administration) increased by 6.9 percent in FY 2008-09, with the cost per case in both large and small counties increasing even more sharply. Overall expenditures for out of home placements decreased by 4.2 percent, but cost per case was flat (large counties) or increasing (smaller counties)--indicating fewer children received more expensive services in both small and large counties. Expenditures for subsidized adoptions increased by 1.3 percent, with cost per case increasing in small counties and decreasing in larger counties.

Child Welfare Expenditures and Caseloads: FY 2004-05 through FY 2008-09			
Program Services	**Cost Per Case - Small and Mid-sized Counties**	**Cost Per Case - 10 Large Counties**	**Annual Expenditures**
FY 2004-05	$3,332	$3,099	$123,267,880
FY 2005-06	3,004	2,812	135,258,521
Percent Change FY 05 to	*-9.8%*	*-9.3%*	*9.7%*
FY 2006-07	$3,838	$4,237	$155,110,458
Percent Change FY 06 to	*27.8%*	*50.7%*	*14.7%*
FY 2007-08	$4,221	$3,949	$162,981,696
Percent Change FY 07 to	*10.0%*	*-6.8%*	*5.1%*
FY 2008-09	$4,677	$4,304	$174,268,650

Child Welfare Expenditures and Caseloads: FY 2004-05 through FY 2008-09			
Program Services	**Cost Per Case - Small and Mid-sized Counties**	**Cost Per Case - 10 Large Counties**	**Annual Expenditures**
Percent Change FY 08 to	*10.8%*	*9.0%*	*6.9%*
Out-of-Home Placement Care Expenditures	**Average Daily Cost Per Child - Small and Mid-sized Counties**	**Average Daily Cost Per Child - 10 Large Counties**	**Annual Expenditures**
FY 2004-05	$65.99	$60.17	$135,971,686
FY 2005-06	60.11	56.31	129,851,094
Percent Change FY 05 to	*-8.9%*	*-6.4%*	*-4.5%*
FY 2006-07	$65.68	$59.64	$130,260,933
Percent Change FY 06 to	*9.3%*	*5.9%*	*0.3%*
FY 2007-08	$72.43	$66.38	$136,471,454
Percent Change FY 07 to	*10.3%*	*11.3%*	*4.8%*
FY 2008-09	$84.21	$66.52	$130,760,470
Percent Change FY 08 to	*16.3%*	*0.2%*	*-4.2%*
Subsidized Adoption	**Average Daily Cost Per Child - Small and Mid-sized Counties**	**Average Daily Cost Per Child - 10 Large Counties**	**Annual Expenditures**
FY 2004-05	$14.89	$15.19	$40,876,335
FY 2005-06	14.08	14.69	41,264,647
Percent Change FY 05 to	*-5.4%*	*-3.3%*	*1.0%*
FY 2006-07	$14.52	$14.61	$42,773,976
Percent Change FY 06 to	*3.1%*	*-0.5%*	*3.7%*
FY 2007-08	$13.90	$14.52	$44,178,436
Percent Change FY 07 to	*-4.3%*	*-0.6%*	*3.3%*
FY 2008-09	$14.46	$14.32	$44,770,265
Percent Change FY 07 to	*4.0%*	*-1.4%*	*1.3%*

36. **Department of Human Services, Division of Child Care, Child Care Assistance Program** -- The Department is requested to submit a report to the Joint Budget Committee by January 15, 2010 concerning the Child Care Assistance Program. The report is requested to address whether the Department, after consultation with counties and other interested parties, would recommend

that eligibility for this program and/or provider reimbursement rates be set by the State. This recommendation could include eligibility/reimbursement rates that vary by region (metro, rural, mountain resort), even if they were set by the state. The Department is requested to include in the report: (1) an analysis of the programmatic and fiscal implications of such a change on program participants, providers, counties and state government; (2) how any recommended changes might be phased-in; and (3) what statutory modifications would be required. The report is requested to take into account the results of the State Auditor's Office audit of the Child Care Assistance Program required pursuant to H.B. 07-1062.

Comment: As reflected, the requested report is not due until January 15, 2010 and therefore no report has yet been received. A December 8, 2008 Child Care Assistance Program audit recommended that the Department consider a more unified eligibility process (consistent with the JBC staff recommendation in prior years). In response, the Department agreed to convene a committee to examine this and related recommendations that might drive substantial changes in this program. The Department convened the committee October 15, 2009, and it hopes to have the work of this committee completed in time to provide a response to the JBC by January 15, 2010.

40. **Department of Human Services, Division of Youth Corrections, Administration** -- The Division is requested to continue its efforts to provide outcome data on the effectiveness of its programs. The Division is requested to provide to the Joint Budget Committee, by January 1 of each year, an evaluation of Division placements, community placements, and nonresidential placements. The evaluation should include, but not be limited to, the number of juveniles served, length of stay, and recidivism data per placement.

Comment: The Department provided a report on January 1, 2009. The report incorporated the response to RFI 40 and RFI 41, and Section 19-2-411.5, C.R.S., the legislation authorizing the construction and operation of the Ridge View Youth Services Center. Results are summarized below.

In Colorado, recidivism is defined as a new misdemeanor or felony offense filing prior to discharge (pre-discharge recidivism) or within one year of discharge (post-discharge recidivism. Because this is a retrospective measure, the data available in January 2009 could only look back to youth discharged in FY 2006-07. The recidivism rates reported by the Division are summarized in the following table.

DYC Recidivism One-Year Rate - January 2009 Report					
	FY 02-03	**FY 03-04**	**FY 04-05**	**FY 05-06**	**FY 06-07**
Pre-discharge Recidivism	35.8%	33.1%	39.1%	38.5%	33.5%
Post-discharge Recidivism	34.4%	38.0%	37.9%	35.5%	37.2%

- ❑ **Pre-discharge recidivism has declined since FY 2004-05.** There was a statistically significant decrease in pre-discharge recidivism rates for youth discharged from FY 2005-06 to FY 2006-07;
- ❑ **Post discharge recidivism rates have remained fairly stable over the last four discharge cohorts.** There was a decrease in post-discharge recidivism for youth discharged from FY 2004-05 to FY 2005-06 and an increase in post-discharge recidivism rates for youth discharged from FY 2005-06 to FY 2006-07.

Other findings

- Half of pre-discharge recidivism filings (50.9 percent) were for criminal offenses and 49 percent were juvenile filings.
- Eighty-three percent of post-discharge recidivism filing were for criminal adult offenses.
- Males were more likely to receive a post-discharge filing (40.7 percent) than females (17.0 percent).
- The Southern region had the highest rate of pre-discharge recidivism (43.8 percent). Post-discharge recidivism was highest in Northeast (45.1 percent) and Wester (45.3 percent) regions.
- 57 percent of youth who received a new filing committed at least one of their offenses while in residential placement, while 54.7 percent committed at least one offense on parole status.
- Risk factors for recidivism included the number of prior detention admissions, number of prior adjudications, prior commitments, prior out-of home placements, age at first adjudication and the composite risk score on the CJRA.
- Youth employed or enrolled in school at the time of discharge were less likely to receive a new filing within a year (35.3 percent) than other youth (44.4 percent)
- Receiving a pre-discharge filing was not a predictor of post-discharge recidivism.
- The average amount of time to first offense post-discharge was less than 5 months.

Ridge View Youth Services Center Recidivism Results

The Ridge View sample consisted of 332 males discharged from DYC who spent at least 90 days at the Ridge View Youth Services Center. These were compared with results for 471 other males discharged from DYC who did not attend Ridge View.

- **Ridge View youth had higher risk factors for recidivism than the comparison group.** Ridge View Youth were more likely to have been committed for a property offense (48 percent) than other DYC males (40 percent). (Property offenders recidivate at higher rates than youth who commit person offenses.) A higher percentage of the Ridge View sample scored high for risk of re-offense (33 percent) on the CYO-LSI, when compared with other males discharged (24 percent). Finally, the Ridge View group had significantly more prior adjudications and detention admission than youth in the comparison group.
- **The post-discharge recidivism rate for Ridge View youths was 41.3 percent, compared with 40.3 percent for other DYC males.**

Substance Abuse and Treatment Results
A subgroup of 233 youth discharged in FY 2006-07 who were assessed with intervention or treatment level substance abuse needs at the time of commitment and spent at least six months in a state-secure treatment facility were analyzed. Of this sample, 71 percent (166) received treatment. Fifty-seven percent received at least five sessions a month, with significantly more services provided to youth assessed at the treatment level.

- **Treatment had a statistically significant impact on pre-discharge recidivism rates**. The pre-discharge recidivism rate for youth in the sample was 40.4 percent for those youth receiving drug and alcohol treatment versus 56.7 percent for those not receiving treatment.
- **There were no differences in post-discharge recidivism rates** between the group receiving treatment and the group not receiving treatment.

41. **Department of Human Services, Division of Youth Corrections, Administration** -- The Department is requested to provide a report to the Joint Budget Committee on January 1, 2010 that tracks and compares recidivism rates between those juveniles receiving drug and alcohol treatment and those not receiving treatment, while sentenced to commitment.

Comment: The Department has consolidated this report with the Division's overall recidivism report required by Request for Information #40. This overall report is submitted annually on January 1, and is discussed above in the discussion for RFI #40.

42. **Department of Human Services, Division of Youth Corrections, Community Programs, Purchase of Contract Placements** -- The Division is requested to provide a report to the Joint Budget Committee on November 1, 2009. This report should include the following information: (1) the amount spent serving youths in residential and non-residential settings from this line item in FY 2008-09; (2) the type of services purchased with such expenditures; (3) the number of committed and detained youths treated with such expenditures; (4) baseline data that will serve to measure the effectiveness of such expenditures; and (5) an evaluation of the effectiveness of this footnote in addressing the need for flexibility in treating and transitioning youth from residential to non-residential settings.

Comment: The Department submitted a report on November 1, 2009. As discussed above, the Division has used the flexibility within this line item to implement its Continuum of Care Initiative. This initiative is based on principles of effective juvenile justice strategy such as: (1) state-of-the-art assessment; (2) enhanced treatment services within residential facilities; and (3) improved transitions to appropriate community-based services. As part of this strategy, the Continuum of Care Initiative seeks to provide the optimal length of stay in each stage of service as juvenile offenders move from secure residential to community-based parole services.

In order to ensure accurate and targeted information to support individualized case planning, the Division has developed a new risk assessment instrument, the Colorado Juvenile Risk Assessment (CJRA), which is a modified version of the Washington State Juvenile Risk Assessment. The Division is using this instrument to assess the individual criminogenic risks and needs of juveniles and utilizing the results to provide appropriate evidence-based treatments.

The Continuum of Care Initiative is organized around the following strategies of effective practice:

- *Assess risk*: identify and respond to high-risk juvenile offenders.
- *Target needs*: identify and treat risk factors that contribute to offending behavior.
- *Evidence-based treatment*: provide treatment that is proven to work.
- *Individualized case management*: match youth to the most effective placement and treatment.
- *Data-driven quality assurance (fidelity)*: maintain high-quality treatment.

Expenditures. For the period covered by the Division's report (FY 2008-09), the total expenditures for the Continuum of Care Initiative were $5,267,532, compared with $4,462,553 in FY 2007-08 and $3,790,116 in FY 2006-07. These funds were spent across 1,715 youth served, for an average of $3,071 per youth.

The table below summarizes the types and number of treatment services purchased with Continuum of Care Initiative funds (84 percent of total expenditures). The remaining 16 percent of expenditures went toward additional youth supervision and support services, which include electronic monitoring and independent living expenses. The expenditure pattern reflected below differs significantly from the FY 2007-08 expenditure pattern.

Expenditures by Type of Service July 2008 - June 2009		
Type of Service	**Amount Spent**	**Percent of Spending**
Community Living and Social Skill Development	$1,810,370	40.9%
Family Therapy	559,054	12.6%
Job/Skills Training	528,108	11.9%
Provider Network Maintenance	367,409	8.3%
Case Management and Planning	367,282	8.3%
Offense-Specific Treatment	234,434	5.3%
Individual Therapy	132,488	3.0%
Youth Mentoring	85,221	1.9%
Day Treatment	84,732	1.9%
Art-Recreational Therapy	74,617	1.7%
Restorative Community Justice	66,933	1.5%
Evidence Based Behavior Training	40,977	0.9%
Substance Abuse	34,366	0.8%
Group Therapy	28,976	0.7%
Assessment	14,586	0.3%
Total	**$4,429,553**	**100.0%**

Youth Served. A total of 1,715 individual youths received services under the Continuum of Care Initiative. Youth mainly received Continuum of Care Initiative services during their time on parole, rather than during their stay in residential facilities. A total of 1,082 youth received continuum of care services while on parole (83 percent of all youth receiving parole services); and 633 youth received continuum of care services while in residential placement (52 percent of all youth in residential placements). The majority of the youth served in the Continuum of Care Initiative (86 percent) were male. The average age for a youth served through the Continuum of Care Initiative was 16.5 years old, and the majority of youth served were identified as Caucasian (42 percent), Hispanic (36 percent), and African-American (19 percent). The population served closely reflects the overall population of committed youth.

CJRA scores. The Department uses the Colorado Juvenile Risk Assessment (CJRA) to evaluate factors contributing to youth offending behavior. All youth committed in FY 2008-09 had a CJRA completed at the time of initial assessment and, in cases where a youth is discharged, at the time of discharge. Initial scores indicated that more than half of committed youth fall into the highest third of possible scores (high risk) in the criminal history, relationships, family, substance abuse, attitudes, aggression, and skills domains. Further, over the past three years, the proportion of committed youth with scores in the highest risk range has steadily increased across many of the domains measured by the CJRA. The increase in all but three of nine domains indicates that, on average, youth committed have a higher risk of reoffending. Overall, the initial CJRA assessment is predictive of general pre-discharge recidivism, and the parole referral CJRA assessment is predictive of recidivism occurring once a youth enters parole.

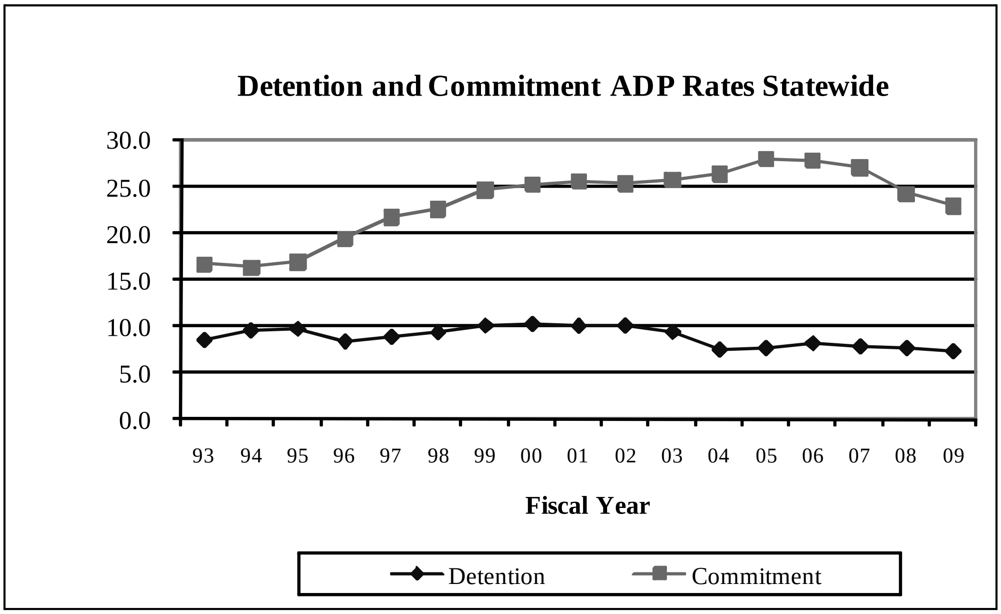
Outcomes. The report makes the following conclusions: (1) Since the implementation of Continuum of Care in FY 2005-06, the previous trend of increase in the commitment population (average daily placement or ADP) has been reversed; (2) Continuum of Care youth showed a significant decrease in risk scores and an increase in protective factors on the CJRA assessment between initial assessment and discharge; (3) Currently available data do not allow a true analysis of cost-benefit or return on investment for the Continuum of Care. However, data does offer encouragement for efficiency and cost effectiveness, because initiative funds are being deployed in a way supported by local data and national research; (4) Pre-discharge recidivism for FY 2008-09, while slightly higher than recent years, is still lower than the baseline (pre-initiative) year. Rates of recommitment have also declined, although the decline is not statistically significant. In the context of a population that appears to bring greater complexity and multiple risk areas, this stability may represent a meaningful success.

43. **Department of Human Services, Division of Youth Corrections, Community Programs, S.B. 91-94 Programs --** The Department is requested to submit to the Joint Budget Committee no later than November 1 of each year a report that includes the following information by judicial district and for the state as a whole: (1) comparisons of trends in detention and commitment incarceration rates; (2) profiles of youth served by S.B. 91-94; (3) progress in achieving the performance goals established by each judicial district; (4) the level of local funding for alternatives to detention; and (5) identification and discussion of potential policy issues with the types of youth incarcerated, length of stay, and available alternatives to incarceration.

Comment: The Department provided a report on November, 1, 2009, addressing each of the items requested.

Context: There are two continuing major system changes that affected the S.B. 91-94 Programs in FY 2008-09. First, FY 2008-09 was the sixth fiscal year in which a statutory detention bed cap was enforced (479.0 ADP). Second, the Division has continued with its systematic reorientation of its detention and commitment resources around the concept of the Continuum of Care Initiative. The history of this effort is as follows: FY 2003-04, national best practice review begins the effort and H.B. 04-1451 passed, supporting interagency collaboration; FY 2005-06, initial funding for Continuum of Care and reinstatement of funding for extended detention continuum (S.B. 91-94); FY 2006-07 and FY 2007-08 Colorado Juvenile Risk Assessment (CJRA) implemented for both detention and commitment continuum.

Trends in Detention and Commitment Rates. Trend data with regard to detention and commitment incarceration rates are reflected in the chart below. This reflects the third year of decrease in detention use and the fourth year of decrease in commitment use.



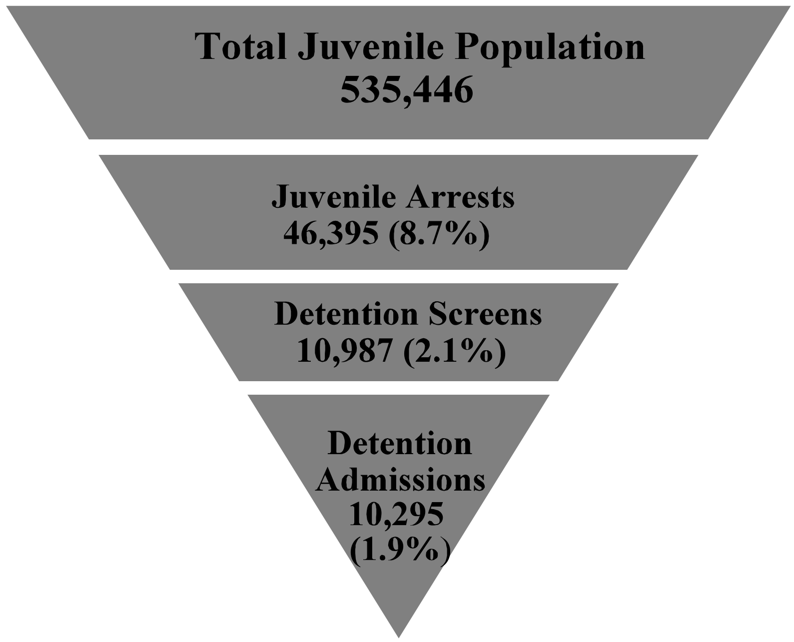
Average daily population (ADP) rates in the above graph are calculated in terms of the number of youths in detention or commitment for every 10,000 youths in the general population. In FY 2008-09, the commitment ADP fell from 24.3 to 23.0 and the detention ADP decreased from 7.7 to 7.4.

The report emphasizes that there are multiple useful measures for understanding detention bed use, including: the maximum bed use at any given point in the day; days on which maximum use is at or above 90% of capacity; average length of stay; average daily population; and total client load, which represents the total number of youth served per day and thus provides a measure of the flow of youth into and out of detention. The total client load reached an operational level of 98.5 percent (471.9/479) of the cap per day.

There is a high level of strain on a daily basis at any given facility: on average 37.5 percent of facilities were at or above 90 percent of ADP capacity on any given day. Nonetheless, maximum bed use at the statewide level was never exceeded on any day. Daily use has been declining since FY 2005-06, and facility use appears to be increasingly well managed. As reflected in the chart, commitment use has also declined, coinciding with the continuum of care redesign for both detention and commitment beds.

Profiles of Youths Served by S.B. 91-94. The following depicts the reported profile of youths served by the Division of Youth Corrections in FY 2008-09.

Juvenile Justice Filtering Process to Detention
FY 2008-09



FY 2008-09 was the first year of the mandated CJRA assessment for detention admissions and the use of TRAILS to capture that assessment data; future evaluations will use the CJRA data, along with other types of data, to identify detention continuum needs.

The most frequently used initial placement is secure detention (82.7 percent of the total), an increase from 77.6 percent in FY 2007-08. The next highest placement level is placement at home with services (8.0 percent), a slight increase over 7.8 percent in FY 2007-08. Youth released to the custody of parents/guardians fell from 12.0 percent in FY 2007-08 to 6.7 percent in FY 2008-09.

Most youth are ultimately placed in the community: 83 percent of placements for youth in detention are S.B. 91-94 community based, while only 17 percent are secure or staff-secure. This includes the total continuum of youth in detention: 40 percent of these are preadjudicated, 42 percent reflect warrants/remands for youth who failed to appear for court appearances, 13 percent are sentenced to detention placement, and less than 5 percent are detained for other reasons.

Among the reports key findings:

- The largest group of youth placed in settings contrary to that suggested by the screening instrument are youth screened to home with services. Only 36.5 percent of youth recommended at this level are placed there. The majority end up either in more secure placements (43 percent) or released (20 percent).

- The vast majority (86 percent) of the 279 youth screened to staff secure detention are placed in secure detention, indicating insufficient staff secure detention options.
- The 246 youth screened to residential shelter placements are most likely to be placed in secure detention (43.9 percent) or released (22.8 percent).

Progress in Achieving Performance Goals. For the fifth year in FY 2008-09, the DYC guidelines required standard goals and objectives for pre-adjudicated youth and youth sentenced to detention. Fiscal year 2008-09 was the third year that judicial districts were also required to specify one or more additional goals, related objectives, and performance outcomes for additional aspects of their programs. Each individual district is allowed to set its own performance levels within each standardized goal area as the criteria for success in achieving its objectives. Progress in achieving goals and objectives is shown in the table below.

Goals and Objectives for Pre-adjudicated and Sentenced Youth
FY 2008-09

Service Area Goal	Measurable Objectives	Performance
Pre-adjudicated Youth - To successfully supervise pre-adjudicated youth placed in community-based detention services.	1. Percent of enrolled pre-adjudicated youth that complete S.B. 91-94 services without FTAs (Failure to Appear for Court).	95.5% of youth had no FTAs
	2. Percent of enrolled pre-adjudicated youth that complete S.B. 91-94 services without new charges.	88.3% of youth had no new charges
	3. Percent of pre-adjudicated youth served through S.B. 91-94 that complete the period of the intervention with a positive or neutral leave reason.	92.5% of youth had positive or neutral leave reason
Sentenced Youth - To successfully supervise sentenced youth placed in community-based detention services.	1. Percent of enrolled sentenced youth that complete S.B. 91-94 services without FTAs.	97.4% of youth had no FTAs
	2. Percent of enrolled sentenced youth that complete S.B. 91-94 services without new charges.	96.6% of youth had no new charges
	3. Percent of sentenced youth served through S.B. 91-94 that complete the period of intervention with a positive or neutral leave reason.	88.7% of youth had positive or neutral leave reason

The definition used in the report for pre-adjudicated youth is youth receiving any S.B. 91-94 funded services due to being at imminent risk of being placed in detention after arrest or remaining in detention after a detention hearing, but who are not sentenced to detention or commitment and not on probation or parole. Sentenced youth are defined as youth receiving S.B. 91-94 services as an alternative to a sentence to detention and/or youth on probation who are at imminent risk of revocation or in danger of reoffending that would result in detention without the use of intervention services.

Program Resources and Practices. Funding for FY 2008-09 reflected a level of 8.5 percent above the FY 2002-03 funding level (the level in place prior to the previous funding reduction). Currently, supervision makes up 42 percent of expenditures, and assessments make up 28 percent of expenditures; treatment comprises 11.5 percent. Funding increases have focused on statewide implementation of the CJRA, evidence-based programming, expanding the scope of services under S.B. 91-94, and further development of the detention continuum.

In addition to state funds, many judicial districts have taken the initiative to access other funds or program services for S.B. 91-94 youth. Through district-specific approaches and coordination with other youth-serving agencies and resources, S.B. 91-94 programs have continued to try to leverage additional resources to augment their ability to meet the needs of youths and accomplish the programs' goal of reducing reliance on secure detention placements. These approaches includes blended funds from one or more other community agencies to place and treat S.B. 91-94 youths, e.g., through the H.B. 1451 Collaborative Management initiatives. For these initiatives, an interagency team works collaboratively to review youths' needs and assist in meeting those needs. Twenty-nine counties from 20 judicial districts are now involved in this process.

Four major issues related to S.B. 91-94 are assessed in the planning process of each district: (1) service availability; (2) screening youth; (3) placement of youth; and (4) local detention bed allocations. Other issues are also assessed, including releases from detention and bed loaning and borrowing. Results of these surveys were included in the report and contribute to the recommendations below.

Policy Issues - Conclusions and Recommendations. The report finds that the S.B. 91-94 program continues to be successful in reducing the over use of secure detention in DYC facilities. Secure detention and commitment bed use have declined substantially since the implementation of the Continuum of Care. Local S.B. 91-94 programs have also continued to refine program practices, improve the continuum, and better manage bed allocations. To continue to support the development and use of the continuum, the report provides the following recommendations.

- Increase community-based treatment options to more broadly to serve youth who should be released to home with services, given that only 834 of 1,446 assessed as needing this type of service receive it.
- Monitor indicators of strain to determine if increased detention or community-based capacity, or additional adjustments, are needed. In particular, further develop the client load indicator.

- Further improve the reporting of district-specific performance outcome data. Criteria for satisfactory performance in each goal area should be considered.

The report notes that for the first time, performance on the new charges objective for preadjudicated youth fell below 90 percent; it recommends that the Department discuss the reasons for this with districts and assist them in improving performance.

44. **Department of Human Services, Totals --** The Department is requested to submit annually, on or before November 1 of each year, a report to the Joint Budget Committee concerning federal Child Care Development Funds. The requested report should include the following information related to these funds for state fiscal years 2008-09, 2009-10, and 2010-11 (the actual, estimate, and request years): (a) the total amount of federal funds available, and anticipated to be available, to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds.

Comment**:** The Department submitted the requested report on November 2, 2009.

Child Care Development Funds - Requested Appropriations. The table below reflects the estimated/requested FY 2010-11 Child Care Development Fund (CCDF) spending reflected in the footnote report.

Long Bill Section and Line Items	SFY 2010-11 Estimated/Requested CCDF Funds
Executive Director's Office - Personal Services, Workers Comp, Risk Management	$272,481
Information Technology Services - Personal Services/Operating/ Colorado Trails/computer center	658,269
Information Technology Services - CHATS - Child Care Automated System Maintenance (decision item)	1,239,000
Office of Self Sufficiency - Electronic Benefits Transfer Service	35,575
Division of Child Care	
Child Care Licensing and Administration	3,403,428
Child Care Assistance Program (CCAP)	48,841,067

Long Bill Section and Line Items	SFY 2010-11 Estimated/Requested CCDF Funds
Early Childhood Councils, School Readiness, Grants (see numbers pages line items)	10,230,918
Subtotal - Division of Child Care	62,475,413
Capital Construction (FY 07-08 Appropriation) CHATS Replacement expenditure	2,541,471
Total	$64,680,738

Federal funds anticipated to be received, expenditures, and roll-forwards. The table below reflects the total estimated CCDF funds available by category and actual, estimated, and requested expenditures. Note that the primary differences between FY 2008-09, FY 2009-10 and FY 2010-11 expenditures include: the impact of 2009 federal American Recovery and Reinvestment Act (ARRA) funding totaling $24.3 million (spent in FY 2008-09 and FY 2009-10) and costs associated with the development of a new Child Care Automated Tracking System (CHATS) for management and billing of the Child Care Assistance Program ($14.7 million in capital construction costs appropriated in FY 2007-08 and spent in FY 2008-09, FY 2009-10 and FY 2010-11) . This new system will be completed part-way through FY 2010-11, at which point associated capital construction expenditures will end, and ongoing maintenance costs will begin. As reflected below, the Department now estimates that, even after completion of this system, a CCDF fund balance of $7.5 million will remain at the end of FY 2010-11.

Child Care Development Funds - Available and Expenditures

		FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Estimate/Request
Funds Available				
	CCDF Fund Balance	$15,862,584	$30,864,096	$8,741,127
	New Annual CCDF Award	62,933,529	63,455,379	63,424,276
	ARRA CCDF Award 2009	24,312,306	0	0
	Total Available	**$103,108,419**	**$94,319,475**	**$72,165,403**
Components:	Mandatory Funds	10,501,969	10,515,239	10,173,800
	Discretionary Funds	34,978,637	37,187,142	34,461,874
	Matching Funds	33,315,508	33,038,017	27,529,729
	ARRA Discretionary Funds	24,312,305	13,579,077	0
Total Expenditures		**$72,244,323**	**$85,578,348**	**$64,680,738**

Child Care Development Funds - Available and Expenditures			
	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Estimate/Request
Difference (balance to roll forward)	**$30,864,096**	**$8,741,127**	**$7,484,665**

*Note: staff has reflected requested expenditures per the budget request, rather than estimated expenditures shown in the footnote; however, staff does anticipate that requested figures will ultimately be modified to be closer to the FY 2009-10 estimates.

4.0 Percent Quality Requirement. The Department is required to spend 4.0 percent of all federal funds and required match funds on child care quality improvement efforts. The Department provided information indicating that its 4.0 percent quality requirement for FY 2008-09 was greatly exceeded (actual expenditures of $12,216,533, versus a requirement of $3,859,875). The Department's estimate for FY 2009-10 and request FY 2010-11 reflect an anticipated requirement of $3,808,111 versus anticipated/requested expenditures/appropriations of $9,167,386.

Matching Funds. The federal government requires a portion of its annual grant to the state to be matched with non-federal sources. The Department identified $31,109,981 in matching funds for FY 2008-09, and projects the same amounts for FY 2009-10 and FY 2010-11. Data provided by the Department indicated that its sources for matching federal CCDF funds include funds from Mile High United Way, General Fund special education appropriations and General Fund Colorado Preschool Program appropriations. The Department reflects $25,545,639 in matching funds appropriated in the Department of Human Services (primarily General Fund appropriated to the Division of Child Care, but also some indirect amounts), $2,233,300 General Fund for special education and $2,102,987 General Fund for the Colorado preschool program appropriated to the Department of Education, and $1,228,055 in spending by Mile High United Way (off budget).

Maintenance of Effort. In addition to the matching requirement detailed above, the Department is required to comply with federal maintenance of effort (MOE) requirements for receipt of the Child Care Development Funds. The MOE amounts identified are in addition to the matching funds. As in the past, the Department expects to rely on required county maintenance of effort expenditures of $9,584,387 to comply with this requirement.

Targeted Funds. The federal government requires a portion of federal funds provided be expended for "targeted" activities, including quality expansion, school age resource and referral, and infant/toddler program. In FY 2008-09, the Department expended $3,352,791 to comply with targeted funds requirements. For FY 2009-10 and FY 2010-11, the Department projects that it will be required to spend $2,559,672 and $2,695,572, respectively, This is considerably less than the $3,473,633 requested as ongoing funding in the line time for Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements.