

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Robin J. Smart, JBC Staff (303-866-4955)
DATE March 16, 2017
SUBJECT JBC Staff Comebacks, Department of Human Services, Division of Child Welfare and Office Early Childhood

This memorandum contains decision items that were either tabled by the Joint Budget Committee (JBC) or pended by JBC staff during the Department of Human Services figure setting presentation on February 28, 2017. The following items require JBC action:

DECISION ITEMS TABLED BY THE JOINT BUDGET COMMITTEE

- R12 Two Generations Reaching Opportunity (2GRO)
- B1 Mitigation of CCCAP Waitlists
- Request for Information #9, Regarding Data on Transitions from Part C to Part B of IDEA

DECISION ITEMS PENDED BY JBC STAFF

- Division of Child Welfare Footnotes

R12 TWO GENERATIONS REACHING OPPORTUNITY (2GRO)

REQUEST: The Department requests \$695,268 total funds, including \$385,894 General Fund and \$309,374 federal Temporary Assistance to Needy Families (TANF), and 0.9 FTE in FY 2017-18. This request annualizes to \$933,099 total funds, including \$518,441 General Fund and \$414,658 federal TANF, and 1.0 FTE in FY 2018-19.

RECOMMENDATION: During the figure setting presentation, staff recommended approval of the portion of the request related to FTE, salary, and funding for 2GRO grants (\$681,730 total funds, including \$372,356 General Fund and \$309,374 TANF funds, and 1.0 FTE). Because the FTE identified in this request is less than 20.0 FTE, per JBC policy, staff recommended denial of the portion of the request related to common policy line items (\$13,538 General Fund).

ANALYSIS:

The Two Generations Reaching Opportunity (2GRO) program is an evidence-based, collective impact approach to addressing complex social problems, including poverty. It requires partnering agencies to agree on common goals, measures, and mutually reinforcing activities. Although there are several programs dedicated to combat poverty, including GED services, Pell grants, workforce services, Colorado Works; and other public assistance, such as subsidized child care and home visiting and family support programs, these services are rarely integrated in a way that provides an accessible, coordinated, support model that is intended to result in successful outcomes for both parents and children.

In an effort to increase effectiveness by bundling services to low-income families who have historically had to navigate fragmented systems, the Department requests \$695,268 total funds, including \$385,874 General Fund and \$309,374 federal Temporary Assistance for Needy Families

(TANF) Funds, and 0.9 FTE to provide grants to select communities across the state in order to establish the 2GRO program in FY 2017-18. Integrated, comprehensive services and supports will be provided to low-income families enrolled in evidence-based home visiting programs. These services and supports will be provided in accordance with evidence-based practices of Two Generation and Annie E. Casey Foundation Centers for Working Families. The Department reports that it will be built on the U.S. Department of Labor Strengthening Working Families grant and the federal Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) Innovation grant from the U.S. Department of Health and Human Services. The program will be implemented through a partnership between the Departments of Human Services, Education, Higher Education, Labor and Employment, Health Care Policy and Financing, and the Small Business Association. The request annualizes to \$933,099 total funds, including \$518,441 General Fund and \$414,658 TANF funds, and 1.0 FTE in FY 2018-19 and beyond.

According to the Department, the cost per family results from two categories, including the mitigation of barriers to family employment and economic independence and the costs associated with accountability, oversight, and evaluation of the program. It is estimated that the second category will cost \$206,174 per year, until the completion of the evaluation, after which costs will decrease. The cost of mitigating barriers is estimated at \$6,828 per family. JBC staff estimates that the Department will serve 72 families in FY 2017-18 with the remaining funds. In FY 2018-19, the number of families served may increase to 106. The following table provides information on the calculations for the cost per family.

2GRO PER FAMILY COST			
	TANF	GENERAL FUND	TOTAL FUNDS
Community college enrollment and streamlining enrollment in state and federal social, education, and employment services	\$0	\$802	\$802
GED test fees & community college tuition	982	517	1,499
Travel reimbursement for families	1,950	0	1,950
Financial coaching for families	500	287	787
Drop-out prevention	0	237	237
Support group for first generation parents	0	91	91
Child care	0	794	794
Employment acquisition: uniforms, tools, resume writing, etc.	585	83	668
TOTAL	\$4,017	\$2,811	\$6,828

The program is intended to provide: home visiting; access to quality education for both the caregiver and child; economic supports that connect families to affordable housing, transportation, health insurance, utility assistance, food assistance, cash assistance, employment services, and other programs intended to improve self-sufficiency and financial literacy; and opportunities to capitalize on support from peers, family members, neighbors, faith-based organizations, and other community organizations. Evaluation of the program through a quantitative, quasi-experimental design will be conducted to assess the impact of the program, specifically in the areas of educational attainment, employment, wages, and improved financial capacities. The Department is negotiating final details of the evaluation component of 2GRO with the External Evaluation Branch at the Colorado Department of Public Health and Environment (CDPHE), Center for Health and Environmental Data, which is led by an economist. The External Evaluation Branch currently provides evaluation on federal home visiting programs administered by the Department as well as a program related to

education and workforce training. The Department reports that CDPHE has a high level of expertise and experience in these areas and that CDPHE's participation as the 2GRO evaluator will generate cost savings. For families enrolled in the Colorado Works program, outcomes will be tracked for work participation, family stabilization, and other outcomes monitored through the TANF program. Evaluation of the program over a three year period will most likely ensure enough data to determine whether or not the program should continue.

BA1 MITIGATION OF CCCAP WAITLISTS TO ADDRESS EQUAL ACCESS

REQUEST: The Department requests a continuation of funds appropriated during the FY 2016-17 supplemental process. This request is made in conjunction with the Department's S1 supplemental request. This request is for an increase of \$1,947,000 federal Child Care Development Funds.

RECOMMENDATION: Staff recommends continuation of the funding increase approved by the Committee during the FY 2016-17 supplemental process, consisting of an increase of \$2,471,482 total funds, including \$524,482 General Fund and \$1,947,000 Child Care Development Funds (CCDF), in the Colorado Child Care Assistance Program in FY 2017-18.

ANALYSIS:

The Colorado Child Care Assistance Program (CCCAP) is the largest single component of the Office of Early Childhood's budget (44.9 percent). The FY 2016-17 appropriation totals \$91.2 million of which \$24.5 million is General Fund and \$57.0 million is Child Care Development Funds. CCCAP was established through Senate Bill 97-120, and was expanded during the 2014 legislative session through H.B. 14-1317. In addition to aligning the program with the federal reauthorization of the Child Care and Development Block Grant Act of 2014, H.B. 14-1317 expanded program eligibility requirements. In addition, the federal reauthorization required that states conduct a market rate study of child care provider rates. As a part of H.B. 14-1317, the results of the market rate study conducted in the State of Colorado were used to develop county or community tiered reimbursement rates based on provider quality rating. Tiered reimbursement rates are intended to incentivize quality child care providers to accept children receiving the CCCAP subsidy and to encourage lower quality child care providers to improve the quality of care, thereby supporting equal access to high quality child care across the state. According to the Department, the tiered reimbursement rates were established based on collaboration with counties and child care providers through the H.B. 14-1317 joint task group.

Based on the federal government guideline that identifies the 75th percentile of funding as the mark of equal access, the Department recommends that counties reimburse providers receiving the highest quality ratings (Colorado Shines levels 4 and 5) at the 75th percentile of each market rate. For those child care providers receiving a level 3 quality rating, the Department recommends that counties pay at the 50th percentile. For infant and toddler child care providers at levels 1 and 2, the Department recommends paying at the 25th percentile; and for level 1 and 2 quality rated preschool and school-age child care providers, the recommendation is for a reimbursement rate starting at the 10th percentile of the market rate. As of June 1, 2016, the State of Colorado has 398 level 4 and 5 quality rated licensed providers, 226 level 3 quality rated licensed providers, and 3,699 level 1 and 2 quality rated licensed providers.

Section 26-2-203 (1), C.R.S. requires the Department to establish provider rates for each county every other year. However, Section 26-2-203 (4), C.R.S. provides counties the ability to opt out of adhering to the state-established provider rates and allows counties to negotiate their own rates with providers. If a county elects to opt out of the state rate, the county is required to consult with its local early childhood council, any relevant child care resource and referral agency and child care providers in the county serving or wanting to serve children receiving the CCCAP subsidy in order to help inform county-established rates. State established rates are the recommended minimum for provider reimbursement in each county; however a county may elect to pay a higher rate than that which the Department establishes. As of September 2016, 50 of the 64 Colorado counties accepted the State-recommended rates for FY 2016-17. Federal regulation requires the state to certify equal access to quality child care for children receiving CCCAP by September 30, 2016. As a result, the impact of the H.B. 14-1317 and the tiered reimbursement rates will be experienced during FY 2016-17.

In addition to tiered provider reimbursement for high-quality early childhood programs, the bill expanded CCCAP to include (but did not limit it to): a requirement that counties provide child care assistance to families with incomes up to 165% of the FPL; broader eligibility for a parent who is not employed but enrolled in a post-secondary education program or workforce training program; a requirement that counties reimburse providers for up to a specified number of absences and holidays; and a 12-month eligibility requirement. While H.B. 14-1317 does not forbid a county from establishing a waiting list, it does require each county to maintain a current and accurate waiting list if such a waiting list needs to exist.

The fiscal note prepared by Legislative Council Staff during the 2014 session indicated the FY 2014-15 minimum cost of H.B. 14-1317 to be \$3.2 million General Fund; the FY 2015-16 minimum cost to be \$7.8 million General Fund; and the FY 2016-17 minimum cost (when tiered reimbursement went into effect) to be \$9.8 million General Fund. The bill included an appropriation to the CCCAP line item of \$8.3 million General Fund for FY 2014-15. The following table provides a comparison of the fiscal note for H.B. 14-1317 and the actual appropriations to the CCCAP line item.

H.B. 14-1317 CHILD CARE ASSISTANCE PROGRAM APPROPRIATION			
	FY 2014-15	FY 2015-16	FY 2016-17
H.B. 14-1317 Fiscal Note (minimum cost)	\$3,150,000	\$7,750,000	\$9,750,000
H.B. 14-1317 Appropriation	8,279,903	7,750,000	9,750,000
Variance	\$5,129,903	\$0	\$0

In addition to the appropriations necessary to fund required policies, the fiscal note for H.B. 14-1317 also indicates that \$5.1 million General Fund in FY 2014-15 was required to cover the cost of services to all eligible populations *subject to available appropriations*. While this figure was included in the FY 2014-15 appropriation to the CCCAP line item, it was not included in the appropriation for the subsequent years. The Department did not submit a budget request in FY 2015-16 or FY 2016-17 for the \$5.1 million to fund those activities subject to available appropriations. In each of those years, the bill was annualized consistent with the minimum cost identified in the fiscal note. Had the \$5.1 million been requested in the two years following the initial appropriation, the FY 2016-17 appropriation for H.B. 14-1317 would have been \$14,879,903 General Fund.

In FY 2015-16, the appropriation to the CCCAP line item was \$87.3 million total funds, including \$21.9 General Fund and \$55.6 federal CCDF. Of this amount, \$86.4 million was allocated to counties to serve 30,848 children. Counties spent \$74.7million on direct services resulting in an average annual subsidy of \$2,422 per child. While several counties overspent their allocation, combined expenditures across the state were less than the total allocation, providing an opportunity for all counties to be made whole during the county close-out process. In FY 2015-16, 99.7 percent of county allocations were expended as compared with FY 2014-15 expenditures of 86.7 percent. It is anticipated that counties will fully expend the current CCCAP allocation in FY 2016-17. With the implementation of tiered reimbursement pursuant to H.B. 14-1317, counties will likely establish waiting lists or over-expend CCCAP allocations. If a county overspends its allocation, the county is responsible for covering remaining over expenditures after the state-wide close-out process.

According to the Department, as of September 2016, county waitlists for CCCAP totaled nearly 300 families. The Department projects that the number of waitlisted families will be 680 by the end of FY 2016-17. The cost of serving these families is \$2,471,482; however the Department has requested \$1,947,000 federal CCDF to help mitigate the waitlist. This reduced request is intended to prevent CCDF monies from being expended at a higher rate than the annual federal grant. Had the Department requested an ongoing appropriation of \$5.1 million to fund activities subject to available appropriations, projected data provided by the Department indicate that there would have been an excess of \$2.7 million General Fund appropriated to the program in FY 2016-17.

During the FY 2016-17 supplemental process, the JBC approved an increased appropriation of \$2,471,482 total funds, including \$524,482 General Fund and \$1,947,000 federal CCDF. This budget amendment is a continuation of the FY 2016-17 S1 request.

REQUESTS FOR INFORMATION

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Staff recommends **DISCONTINUING** the following requests for information:

- 9 Department of Human Services, Office of Early Childhood, Division of Community and Family Support, Early Intervention Services – The Department is requested to work with the Department of Education, Community Centered Boards, and other relevant stakeholders and provide to the Joint Budget Committee, by November 1 of each fiscal year, aggregate data on all children aging out of early intervention services in each community centered board region each year, including:
 - The number of 3-, 4-, and 5-year olds who are identified as needing ongoing support services, and who are:
 - Receiving Part B of the Individuals with Disabilities Education Act (IDEA) Services through a Part B child care provider;
 - Receiving child care services from a non-Part B provider;
 - Being cared for by a parent, guardian, or other family member and not receiving Part B services;
 - The types and cost of services delivered to those children; and
 - The types of services that those children need but are not receiving.

In addition, the Department is requested to provide information on:

- the number of 3-, 4-, and 5-year-old children who did not receive early intervention services prior to turning 3 years of age, but who have been identified by a Part B provider as needing similar supports as children aging out of early intervention services; and
- the number of those children who received a Child Find evaluation prior to the age of 3, including the number of evaluations resulting in a referral for early intervention services and the number of evaluations that indicated ineligibility for services.

COMMENT: This request for information (RFI) was added during the FY 2015-16 figure setting process and continued in FY 2016-17. In the Department's response to this RFI, it reported the following:

Early Intervention Services, known as Part C of IDEA, discontinue on a child's third birthday. Therefore, the Office of Early Childhood (OEC) does not collect information on children who receive services through Part B of IDEA or child care settings.

There is not currently an integrated system through which information on the transition of children from Part C to Part B of IDEA is available. The Department did not report that it contacted the Department of Education or Community Centered Boards to gather any relevant transition data. Staff is concerned that the Department will continue to fail to gather information from relevant stakeholders without legislation requiring it to do so. The Joint Budget Committee has requested a bill draft concerning early childhood suspensions and expulsions, including the development of a transitional program for children aging out of Part C of IDEA services in the Department of Human Services to Part B services in the Department of Education. This potential legislation contains a component related to information gathering, however it is specific to suspension and expulsion data and does not address the type of data defined above.

LONG BILL FOOTNOTES

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Staff recommends **CONTINUING** the following footnotes:

- 41 Department of Human Services, Division of Child Welfare, Family and Children's Programs – It is the General Assembly's intent that \$4,006,949 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 demonstrated to be effective in reducing the need for higher cost residential services.

- 42 Department of Human Services, Office of Early Childhood, Division of Community and Family Support, Early Childhood Mental Health Services – It is the General Assembly’s intent that this appropriation be used for the purpose of supporting early childhood mental health specialists in each community mental health center.