COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2013-14 STAFF BUDGET BRIEFING

DEPARTMENT OF HUMAN SERVICES

(Divisions of Child Welfare, Child Care, and Youth Corrections)

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

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DEPARTMENT OF HUMAN SERVICES
(Divisions of Child Welfare, Child Care, Youth Corrections)

Department Overview

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare programs in the State. It supervises programs that are administered at the local level by counties and other agencies and directly operates mental health institutes, regional centers for people with developmental disabilities, and institutions for juvenile delinquents. This presentation focuses on three sections of the Department.

- **Child Welfare:** This section provides funding for programs that protect children from harm and assist families in caring for and protecting their children. Over 97 percent of funding in this division is allocated to counties, which are responsible for administering child welfare services under the supervision of the Department. County departments receive and respond to reports of potential child abuse or neglect and provide 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:** This division includes funding associated with the state supervision and the county administration of the Colorado Child Care Assistance Program (CCCAP). Through CCCAP, counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. In addition, this division is responsible for licensing and monitoring child care facilities and for administering programs that are designed to improve the quality and availability of child care in the state.

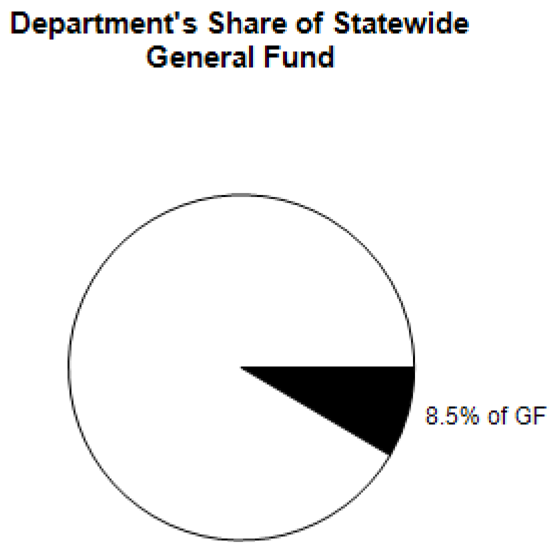
- **Youth Corrections:** The Division of Youth Corrections (DYC) is responsible for the supervision, care, and treatment of: (1) juveniles held in secure detention pre- or post-adjudication (detention facilities are similar to county jails); (2) juveniles committed or sentenced to the Department of Human Services by courts; and (3) juveniles receiving six month mandatory parole services following a commitment to the Division. In addition to treating incarcerated and paroled juveniles, DYC administers the S.B. 91-094 program that provides alternatives to detention and/or commitment in each judicial district. The Division maintains 10 secure institutional centers and augments this capacity with contracts for community placements, staff secure placements, and detention placements.

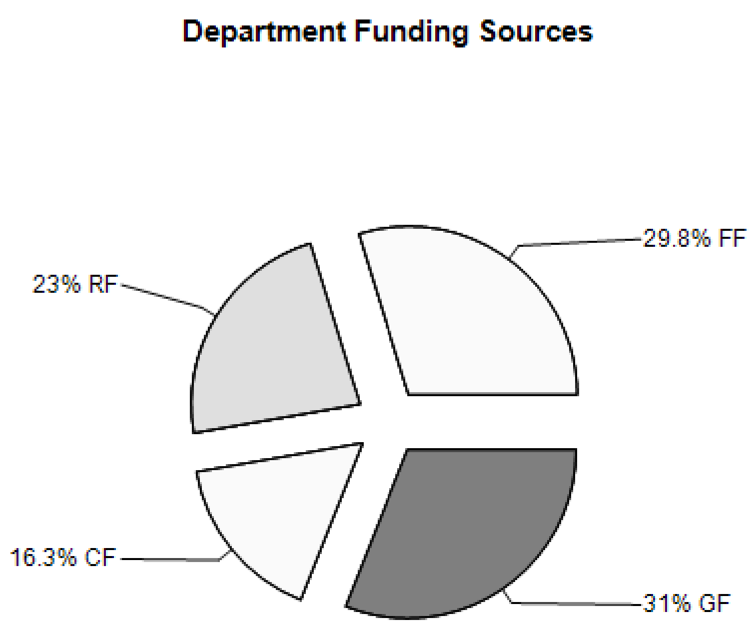
Department Budget: Recent Appropriations

Funding Source	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 *
General Fund	$623,196,849	$619,593,123	$642,011,487	$680,113,157
Cash Funds	341,382,102	329,545,321	336,871,969	333,282,024
Reappropriated Funds	469,989,726	455,037,280	475,870,742	493,399,494
Federal Funds	704,693,428	649,001,182	616,568,241	614,989,282
Total Funds	**$2,139,262,105**	**$2,053,176,906**	**$2,071,322,439**	**$2,121,783,957**
Full Time Equiv. Staff	5,177.4	4,849.6	4,878.6	4,886.7

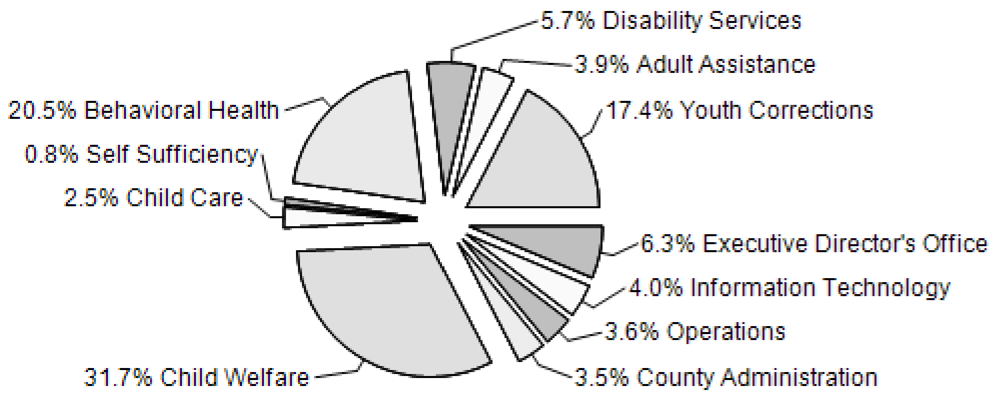
*Requested appropriation.

Department Budget: Graphic Overview

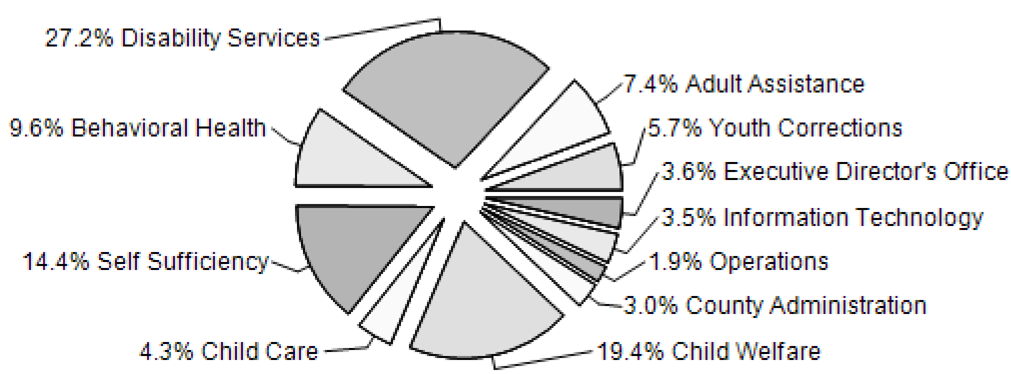




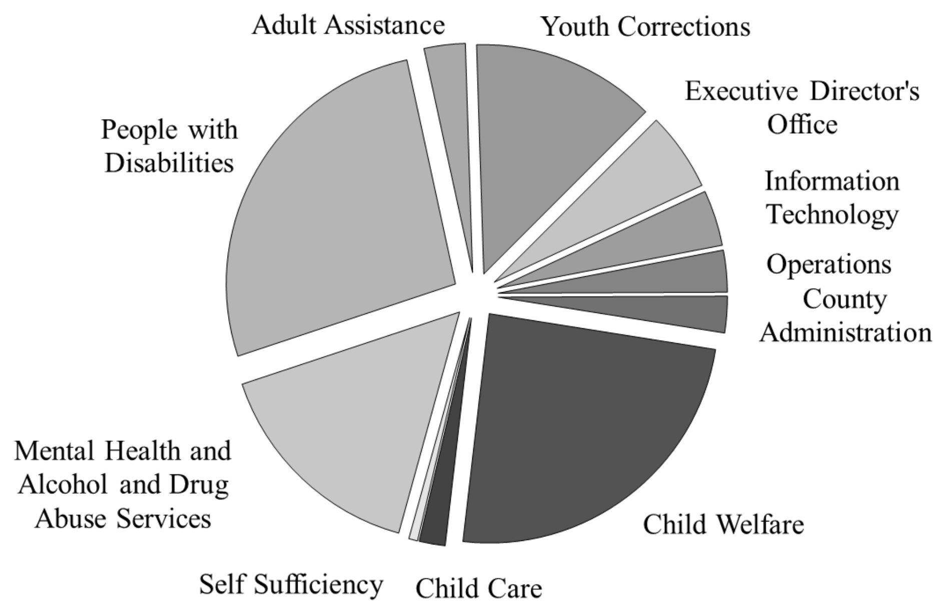
Distribution of General Fund by Division



Distribution of Total Funds by Division



Distribution of Net General Fund* by Division
FY 2012-13 Appropriation = $866.5 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.

General Factors Driving the Budget

Division of Child Welfare

County departments of social/human services receive and respond to reports of potential child abuse or neglect under the supervision of the Department. The General Assembly appropriates funds for child welfare services to support county and state duties. Appropriations for child welfare programs for FY 2012-13 ($401.5 million) consist of 52.5 percent General Fund, 29.7 percent federal funds, and 17.8 percent county funds and various cash fund sources.[1]

Increases and decreases for child welfare services are at the discretion of the General Assembly. However, in setting appropriation levels for child welfare services, the General Assembly takes into consideration the funding required by counties to fulfill their statutory duties in serving abused and neglected children. Appropriations peaked in FY 2008-09, declined through FY 2010-11, and have been relatively flat since that time.

The vast majority of funds appropriated for child welfare (over 97 percent) are made available to county departments as "block allocations" for the provision of child welfare services. Counties are required to cover 20 percent of most child welfare costs, and this share is included in county child welfare allocations. In addition, if counties spend *more* than the capped allocations, they are responsible for covering any shortfall with other funds, which may include federal Temporary Assistance for Needy Families (TANF) block grant funds or county tax revenue.

While state appropriations have been flat or declining in recent years, county *spending* for child welfare services has fallen more than state appropriations. Historically, total spending by counties exceeded state allocations by 3-5 percent per year. However, in net, county expenditures for FY 2010-11 fell below allocations, and counties reverted state-allocated funds in FY 2011-12.

At the county level, expenditures for child welfare services are driven by:

- the number of reports of abuse or neglect received;
- the number of reports that the county determines require further investigation (assessments);
- the number of children requiring child welfare services (open involvements);
- the number of children with open child welfare cases who receive residential services versus alternative services; and
- the costs of the various services provided.

Among these drivers, certain elements are largely beyond county control, such as the number of reports of abuse or neglect, the number of reports that require a child welfare case to be opened

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[1] General Fund and federal funds amounts include Medicaid funds appropriated in the Department of Health Care Policy and Financing that are transferred to the Department of Human Services.

based on the severity of an incident and risk to a child, and judicial decisions regarding client placements. Other drivers are within county control, such as the types of services offered and the rates paid for services.

Over the last several years, counties have made significant changes in how they respond to allegations of abuse and neglect and the kinds of services they offer, based on funding constraints and on changes in what is considered to be best practice. These changes have helped to drive recent reductions in county expenditures.

Division of Child Care

As for most other programs administered by the Department of Human Services, funding for the Division of Child Care is largely driven by discretionary decisions of the General Assembly, as well as the availability of federal block grant funds which support much of this Division's activities.

The vast majority of appropriations to the Division of Child Care (84 percent) are for the Colorado Child Care Assistance Program (CCCAP), which provides subsidized child care for low income families and those transitioning from the Colorado Works program. Funding for CCCAP is allocated to counties, which are responsible for administering the program. The majority of appropriations are comprised of federal Child Care Development block grant funds, which are subject to appropriation by the General Assembly under federal law. In addition to appropriated amounts, counties may transfer a portion of their Temporary Assistance for Needy Families (TANF) federal block grant funding to support child care programs. Such transfers are not reflected in the appropriation, but are a major driver of overall program expenditures.

County spending for CCCAP began to decline in FY 2010-11, as one-time federal funding of over $10 million per year that was available in FY 2008-09 and FY 2009-10 under the American Recovery and Reinvestment Act (ARRA) was no longer available, and counties were under financial pressure to use their TANF funds on basic cash assistance and other recession-related Colorado Works program costs. Spending continued to fall in FY 2011-12 due to the combined impact of county policy changes designed to avoid child care overexpenditures and the new Child Care Automated Tracking System (CHATS), which was implemented in FY 2010-11. This system, which uses a "swipe card" rather than provider reports to create a record of attendance at each child care center, was expected to reduce county expenditures, due to reduced fraud and improper payments. In FY 2011-12, implementation of the new system contributed to a net reversion of $3.7 million appropriated funds for the CCCAP program.

Division of Youth Corrections

The Division of Youth Corrections provides for the housing of juveniles who are detained while awaiting adjudication (similar to adult jail), or committed for a period of time as a result of a juvenile delinquent adjudication (similar to adult prison). The Division also supervises juveniles during a mandatory parole period following all commitment sentences. The vast majority of the appropriation is from the General Fund.

The size of the population of detained, committed and paroled juveniles significantly affects funding requirements. However, funding increases and declines have not always aligned with population changes.

- From FY 2000-01 through FY 2003-04, appropriations declined, despite increases in the population of committed youth, in response to state revenue constraints. Parole services and funding for alternatives to secure detention were cut due to a statewide revenue shortfall. For detained (as opposed to committed) youth, S.B. 03-286 capped the youth detention population at 479, limiting any further funding increases associated with growth in the detention population.

- From FY 2006-07 through FY 2009-10, appropriations remained relatively flat, despite sharp declines in the population of committed youth, based on the redirection of funds within the Division's budget. During this period, savings derived from a reduction in the commitment population were in part used to increase services for youth transitioning to parole, and funding was provided for other program enhancements.

- Beginning in mid-FY 2010-11 and continuing in FY 2011-12, reductions were taken in response to the sharp declines in the population of committed and detained youth, as well as in response to statewide revenue constraints. Division funding was more closely aligned with the youth population, and cuts were taken in parole program services and in funding for alternatives to secure placements. In addition, pursuant to S.B. 11-217, the detention cap was lowered to 422, based on lower arrest rates and a reduction in the number of youth in secure detention.

For FY 2012-13, the General Assembly increased funding to enable the Division to eliminate overcrowding in state facilities and to address some staffing coverage issues, although the population served is projected to continue to decline.

Summary: FY 2012-13 Appropriation & FY 2013-14 Request

Department of Human Services (Divisions of Child Welfare, Child Care, Youth Corrections)	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1335 (Long Bill)	607,287,559	331,246,530	81,585,287	17,808,997	176,646,745	1,061.2
Other legislation	75,605	75,605	0	0	0	0.0
TOTAL	**$607,363,164**	**$331,322,135**	**$81,585,287**	**$17,808,997**	**$176,646,745**	**1,061.2**
FY 2013-14 Requested Appropriation:						
FY 2012-13 Appropriation	$607,363,164	$331,322,135	$81,585,287	$17,808,997	$176,646,745	1,061.2
R-5: Provider rate increase	7,740,439	4,453,007	1,275,096	243,317	1,769,019	0.0
Annualize prior year legislation	102,271	95,734	0	0	6,537	0.0
Annualize prior year funding	0	5,000,000	0	0	(5,000,000)	0.0
TOTAL	**$615,205,874**	**$340,870,876**	**$82,860,383**	**$18,052,314**	**$173,422,301**	**1,061.2**
Increase/(Decrease)	$7,842,710	$9,548,741	$1,275,096	$243,317	($3,224,444)	0.0
Percentage Change	1.3%	2.9%	1.6%	1.4%	(1.8%)	0.0%

R-5 Provider rate increase: The request includes a 1.5 percent increase to selected line items in the Divisions of Child Welfare ($5.7 million including $3.4 million General Fund), Child Care ($1.1 million including $0.2 million General Fund), and Youth Corrections ($0.9 million General Fund).

Annualize prior year legislation: This includes $177,876 to annualize of H.B. 12-1271 (Juvenile Direct File Limitations), partially offset by the annualization of H.B. 12-1246 (Reverse Payday Shift—Employees Paid Biweekly).

Annualize prior year funding: The request replaces $5.0 million federal funds from the Social Services Block Grant with General Fund. The SSBG funding was appropriated to the Division of Child Welfare in FY 2012-13 in lieu of federal Temporary Assistance for Needy Families block grant funds. As the SSBG funding was available for one year only, the General Assembly indicated that it intended to replace this amount with General Fund in FY 2013-14.

Issue: Child Welfare Request and Expenditure Trends

The Division request includes an increase of $5.7 million total funds, including $3.5 million net General Fund, driven largely by a requested provider-rate increase. However, county child welfare expenditures continued to decline in FY 2011-12, contributing to a net General Fund reversion in the Division. First quarter FY 2012-13 expenditures are also low.

SUMMARY:

- The Division request includes an increase of $5.7 million total funds, including $3.5 million net General Fund. These amounts are driven by a 1.5 percent provider rate increase and action to replace $5.0 million federal funds (Social Services Block Grant) with General Fund, based on legislative intent expressed during the 2012 legislative session.

- For the last several years, the state has maintained relatively flat appropriations for child welfare services, while counties, in net, have reduced expenditures more rapidly. County expenditures declined at a slower rate in FY 2011-12. However, this trend contributed to a General Fund reversion in the Division in FY 2011-12. A reversion in FY 2012-13 appears possible, based on first-quarter data.

RECOMMENDATION:

If the downward expenditure trend continues in FY 2012-13, the General Assembly may wish to consider: (1) Reducing FY 2012-13 and/or FY 2013-14 TANF appropriations to Child Welfare; and (2) Using additional General Fund currently requested for a provider-rate increase in other ways, such as to support front-end program innovations and county performance awards. *Not* providing an increase will also be an option.

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 57.0 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.

As part of its oversight role, the State oversees the distribution of *capped allocations* to counties to enable them to fulfill their statutory obligations. *The total capped allocation amount is based on a discretionary decision by the General Assembly*. However, *counties* must ensure that they meet their statutory obligations, spending additional funds if necessary. Further, the *State* must ensure that it meets its legal obligations to *federal authorities* to ensure appropriate services for abused and neglected children in all counties of the State.

Background - The role of the Federal Government in Child Welfare Funding and Oversight. In FY 2012-13, $119.2 million (30 percent) of the Division's budget originates as federal funds. As a condition for receipt of these 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). Through ASFA and related pieces of federal legislation, the federal government has assumed a significant role in

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). Provisions support relative care-giving, improved outcomes for children in foster care, tribal foster care adoption access, and improved incentives for adoption.

Child and Family Services Improvements and Innovation Act (2011). Reauthorizes Title IV-B of the Social Security Act and allows States to again apply for Title IV-E waivers. Also extends the court improvement Program and requires more standardization of data collected from states.

overseeing the work of states and holding states accountable for improving child welfare outcomes in return for federal financial support.

Federal legislation attempts to balance between the competing goals of reunifying families, ensuring children's safety, and moving children into permanent placement within reasonable time frames. 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. More recent federal legislation, including the Fostering Connections to Success and Increasing Adoptions Act of 2008 and the Child and Family Services Improvements and Innovation Act of 2011 have incorporated further changes to promote kinship care and other state and local system improvements.

Federal legislation shapes state policies in part through a focus on outcomes. AFSA 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. This was the beginning of what is now known as the Child and Family Services Reviews (CFSRs).

Pursuant to AFSA, federal DHHS reviews each state's child welfare programs over a four-year period for: (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 consist of a statewide assessment and an on-site review to determine whether a state is in compliance with federal requirements and to push the state toward better performance. Colorado has completed two reviews since the program's inception: one in 2002 and one in 2009. The federal government is now preparing for a third round of reviews. As for other states, both of Colorado's first two CFSRs resulted in "Program Improvement Plans". If states fail to comply with their Program Improvement Plans, they are subject to fiscal sanction from federal authorities.

Division of Child Welfare Appropriations and Services. Appropriations for child welfare programs for FY 2012-13 ($401.5 million) consist of $198.6 million (52.5 percent "net" General Fund (including Medicaid General Fund), 29.7 percent federal funds (including Medicaid federal funds), and 17.8 percent county funds and various cash fund sources.

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 training staff that 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 $334.3 million Child Welfare Services line item which counties may spend flexibly for a wide array of child welfare services, $44.8 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.

The chart below demonstrates the basic types of services provided by counties and the number of children served in FY 2011-12.

FY 2011-12 Child Welfare Referrals Received (Reports of Abuse/Neglect): 81,734 [families]

Children in Open Investigations: 70,225 [children]

Children in Open Child Welfare Cases: 39,172 (13,148 new)
Of these:

Served in Own Home: 17,306	Out of Home Placement: 10,503	Adopted, receiving subsidies due to special needs: 11,363

FY 2013-14 Budget Request

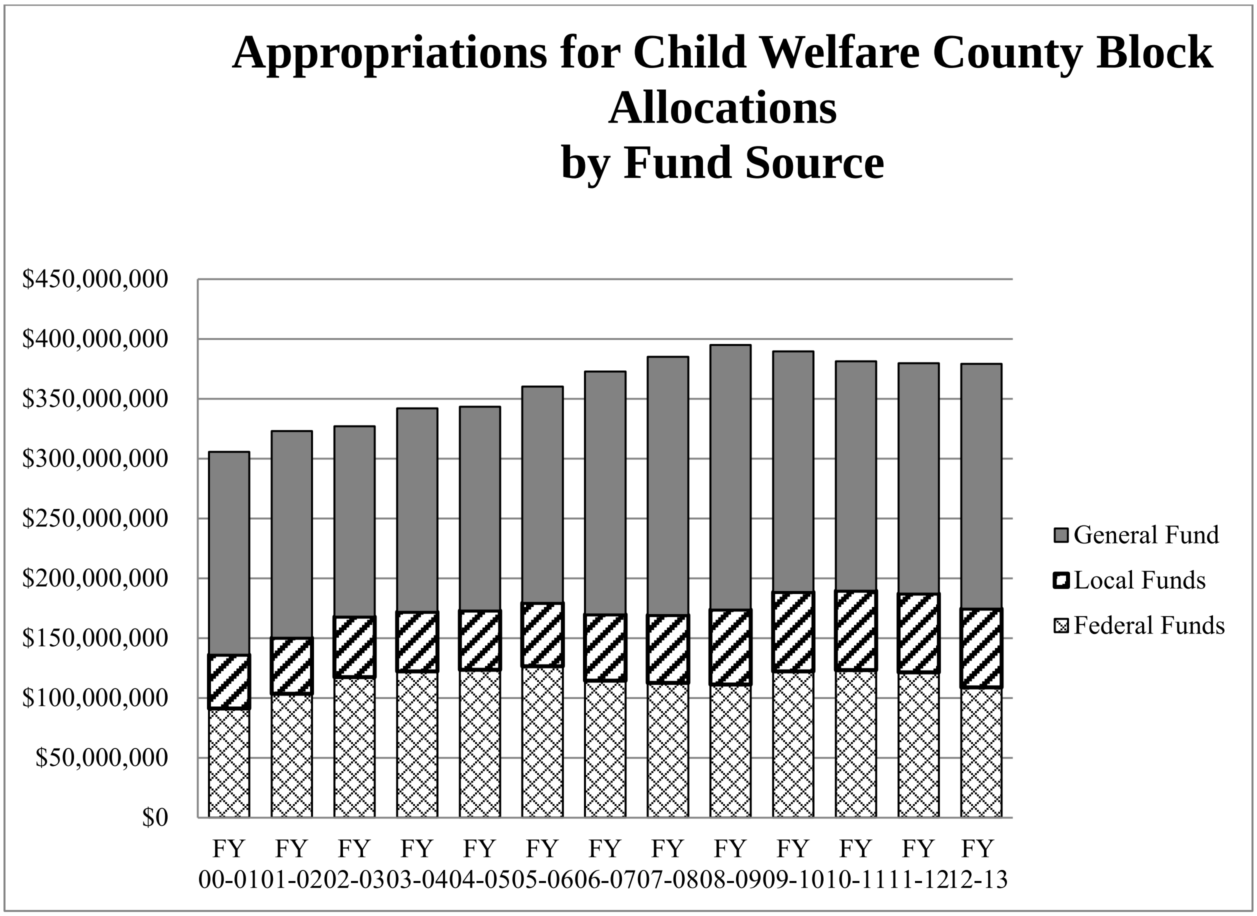
Division of Child Welfare	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	"Net" General Fund	FTE
FY 2012-13 Appropriation:							
HB 12-1335 (Long Bill)	401,527,017	203,614,951	71,520,310	14,426,342	111,965,414	210,828,122	57.0
TOTAL	**$401,527,017**	**$203,614,951**	**$71,520,310**	**$14,426,342**	**$111,965,414**	**$210,828,122**	**57.0**
FY 2013-14 Requested Appropriation:							
FY 2012-13 Appropriation	$401,527,017	$203,614,951	$71,520,310	$14,426,342	$111,965,414	$210,828,122	57.0
R-5: Provider rate increase	5,686,786	3,391,595	1,137,357	214,399	943,435	3,498,795	0.0
Annualize prior year funding	0	5,000,000	0	0	(5,000,000)	0	0.0
TOTAL	**$407,213,803**	**$212,006,546**	**$72,657,667**	**$14,640,741**	**$107,908,849**	**$214,326,917**	**57.0**
Increase/(Decrease)	$5,686,786	$8,391,595	$1,137,357	$214,399	($4,056,565)	$3,498,795	0.0
Percentage Change	1.4%	4.1%	1.6%	1.5%	(3.6%)	1.7%	0.0%

As reflected in the chart, the only changes reflected in this section of the budget are $5.7 million, including $3.5 million “net” General Fund for a 1.5 percent provider rate increase and $5.0 million General Fund to replace $5.0 million federal funds.

During the 2012 legislative session, the General Assembly exchanged $5.0 million Temporary Assistance for Needy Families (TANF) funds in the Division of Child Welfare with Social Services Block Grant (SSBG) funds (one-time reserves). The General Assembly indicated that it intended to replace all TANF and SSBG reserve funds in the Child Welfare budget with General Fund in FY 2013-14 ($11.0) million. However, the Executive Request replaces only the $5.0 million SSBG funds and retains $6.0 million TANF funds in the budget, as outlined during staff’s briefing on Self Sufficiency programs.

Trends in County Allocations and Expenditures
As noted above, the vast majority of child welfare appropriations are allocated to counties. 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]

Total county allocations for child welfare services increased through FY 2008-09, but were subsequently reduced and have been relatively flat for the last several years. Over this period, the county share of allocations has also increased from 14.6 percent to the current 17.4 percent of the total. The chart below includes the county allocations line items for Child Welfare Services and Family and Children's Programs.



Counties have historically spent--in total--more than the annual block allocation, although this has always reflected a combination of over- and under-expenditures by individual counties. However, **for the first time ever, in FY 2010-11, counties, in net, under expended the child**

[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.

welfare allocation. This pattern continued in FY 2011-12. Net county expenditures above and below the required county share are reflected in the table below for the last six years

Appropriations for Child Welfare Allocations to Counties and County Over- and Under -expenditures						
	FY 06-07	**FY 07-08**	**FY 08-09**	**FY 09-10**	**FY 10-11**	**FY 11-12**
County Block Allocations* ($ millions)	$370.4	$384.9	$394.9	$389.4	$381.3	$379.6
Percent Change	*3.1%*	*3.9%*	*2.6%*	*-1.4%*	*-2.1%*	*-0.4%*
County Expenditures In Excess/(Under) Capped Allocations ($ millions)	$12.2	$20.4	$16.6	$12.8	($1.6)	($1.7)
Over/(Under) Expenditure as Percent of Capped Allocations	*3.3%*	*5.3%*	*4.2%*	*3.3%*	*-0.4%*	*-0.4%*

Even in FY 2011-12, some counties over-expended, while others under-expended. However, for the first time, all over-expenditures were fully covered in the end of year close-out process, and no additional county or TANF funds were required.

FY 2011-12 Child Welfare Services Expenditures by County								
					Funds Used to Cover Deficits			
County	**Total FY 2011-12 Child Welfare Services Expenditures***	**Total FY 2011-12 Allocation from Child Welfare Services***	**(Deficit) / Surplus**	**(Deficit)/ Surplus as Percent of Allocation**	**Close-out Funds**	**TANF Transfer**	**County Funds**	**Surplus Retained by County****
Adams	$ 32,114,354	$ 33,108,657	$ 994,303	3.0%	-	-	-	-
Arapahoe	31,067,966	32,269,917	1,201,951	3.7%	-	-	-	961,561
Boulder	15,167,647	14,502,501	(665,146)	-4.6%	665,146	-	-	-
Denver	53,860,610	60,340,911	6,480,301	10.7%	-	-	-	-
El Paso	45,486,750	43,117,516	(2,369,233)	-5.5%	2,369,233	-	-	-
Jefferson	29,076,642	28,339,678	(736,964)	-2.6%	736,964	-	-	-
Larimer	15,892,958	15,808,587	(84,370)	-0.5%	84,370	-	-	-
Mesa	11,342,110	11,666,754	324,644	2.8%	-	-	-	-
Pueblo	13,323,297	15,012,962	1,689,666	11.3%	-	-	-	135,173
Weld	19,624,072	16,627,746	(2,996,327)	-18.0%	2,996,327	-	-	-
Other Counties***	59,933,044	57,800,459	(2,132,585)	-3.7%	2,428,500	-	-	388,123
Total	$ 326,889,449	$ 328,595,688	$ 1,706,239	0.5%	$ 9,280,541	$ -	$ -	$ 1,484,857

*Child Welfare Expenditures include Family and Children's Programs over-expenditures that are transferred to Child Welfare Services at close-out. Allocation amounts reflect solely allocations for Child Welfare Services (not Family and Children's Programs).

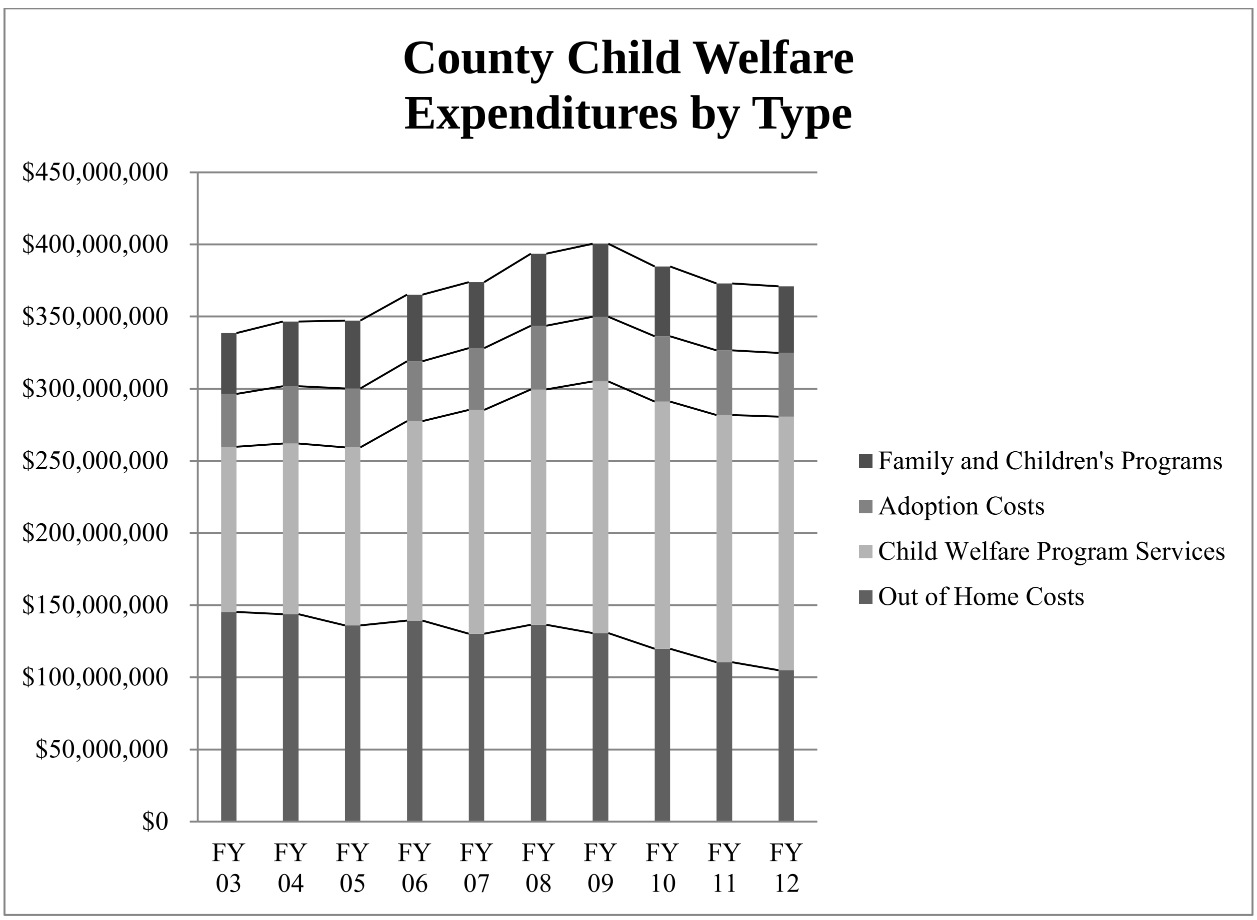
**This reflects amounts counties were allowed to retain if the county: (1) participated in an Integrated Care Management or Collaborative Management agreement; (2) indicated at the beginning of the year that it wished to retain savings in the event of an under-expenditure and thus would not participate in closeout funds redistribution in the event of an over-expenditure; (3) met its Collaborative Management objectives (amount retained depended upon share of objectives met).

***Among other counties, there was a net $4,635,682 in over-expenditures, of which $2,207,182 was addressed through the BOS mitigation distribution.

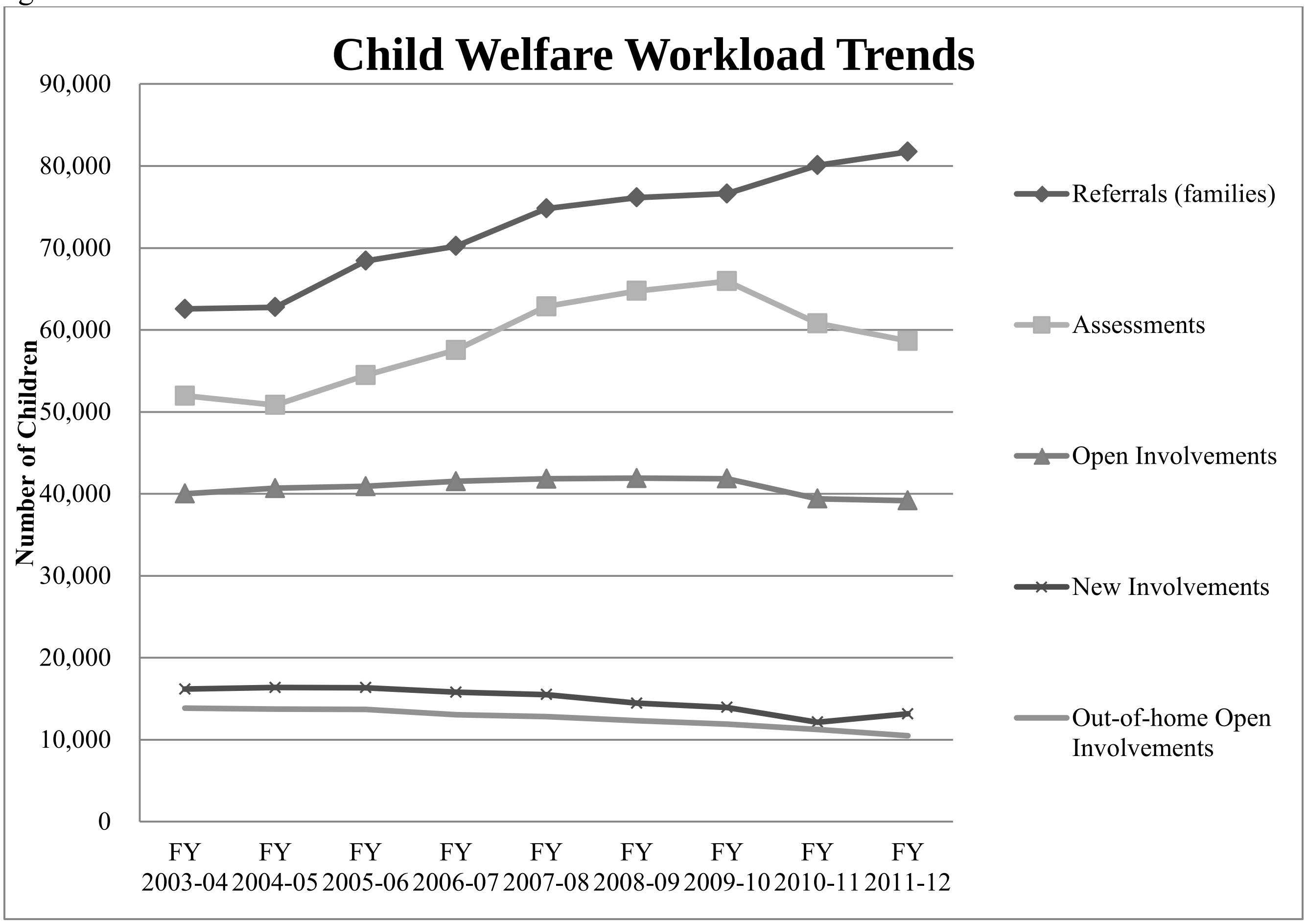
For FY 2011-12, **the Division of Child Welfare reverted $7,190,848 in the Child Welfare Services line item, including $6,391,295 General Fund** and $799,551 un-earned federal Title IV-E funds. While counties did, in-net under-expend, the much larger reversion was driven by amounts transferred from other line items to the Child Welfare Services line item (in anticipation of county over-expenditures) that were then unused; and amounts held out from the Child Welfare Services line item (per Long bill footnote) that were not fully used.

County Workload and Expenditure-Drivers
County expenditures for child welfare services are partially within their control but also 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. Counties assume legal responsibility for children found dependent and neglected by the courts, regardless of the cost. However, they 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. Counties also determine compensation levels for their staff and negotiate rates with providers for placements.

As shown on the chart, **in FY 2011-12, county expenditures for out-of-home costs continued to decline, but in a change from the prior two years, counties increased program services expenditures to compensate for much of the decline in out-of-home placement costs.**



The chart below uses data from the child welfare allocation model to show how the activities that drive county workload have changed over time. As reflected in the chart, the decline in out-of-home placements, assessments and open involvements continues, but counties seem to have again increased new involvements in FY 2011-12.



Child Welfare Expenditures – First Quarter FY 2012-13

Based on first-quarter child welfare expenditure data, there may also be a child welfare underexpenditure in FY 2012-13. The following JBC staff model is rough, and data will change over the course of the year. However, it incorporates the following assumptions:

- Straight-line projection of county expenditures based on first quarter expenditures
- Additional funds available, based on the "Balance of State Mitigation Pool", which is held out from initial allocations
- Counties that are Collaborative Management Program counties that have "opted in" for FY 2012-13 to retain savings instead of fully participating in child welfare close-out will be able to retain 50 percent of their under-expended funds. Based on the current agreements and first-quarter under-expenditures, Arapahoe, Denver, Pueblo, Chaffee and Fremont counties may retain savings. Whether counties will actually be able to retain any savings will depend

upon their actual performance as well as expenditures. Retained amounts were $4.5 million in FY 2010-11 (which included Denver) and $1.5 million in FY 2011-12 (when Denver chose not to participate). Denver is participating again in FY 2012-13.

As reflected below, a straight-line projection plus the mitigation pool would result in an under-expenditure of $10.4 million. Under the current collaborative management incentive structure, counties might be able to retain a substantial share of under-expenditures, but likely not more than the $4.8 million shown. **The resulting under-expenditure might be in the range of $5.6 million.** Assuming the Title IV-E revenue also declines in FY 2012-13, such under-expenditure *might consist of a combination of General Fund and federal funds*. However, **another General Fund reversion appears possible.**

	1st Quarter FY 2012-13 Child Welfare Expenditures	*FY 2012-13 Straight-line Expenditure projection*	*Total FY 2012-13 Initial Allocations*	*Projection Above/(below) allocation*
001 Adams	$ 7,691,158	$ 30,764,631	$ 33,385,030	$ (2,620,399)
005 Arapahoe	7,776,111	31,104,442	31,956,594	(852,151)
013 Boulder	3,923,696	15,694,783	14,809,247	885,537
031 Denver	12,470,442	49,881,766	57,252,417	(7,370,651)
041 El Paso	11,105,767	44,423,068	44,597,589	(174,521)
059 Jefferson	7,489,711	29,958,846	27,145,167	2,813,679
069 Larimer	3,997,133	15,988,531	16,132,270	(143,739)
077 Mesa	2,896,088	11,584,353	11,975,109	(390,756)
101 Pueblo	3,238,858	12,955,431	14,073,150	(1,117,719)
123 Weld	4,843,886	19,375,545	19,040,554	334,992
Other	14,526,807	58,107,226	57,709,388	397,839
Total	79,959,656	319,838,623	328,076,514	(8,237,891)
BOS Mitigation Pool	-	-	2,203,387	(2,203,387)
50% savings retained CMP counties		4,808,360		4,808,360
Projected underexpenditure				**(5,632,918)**

This analysis suggests the potential for:

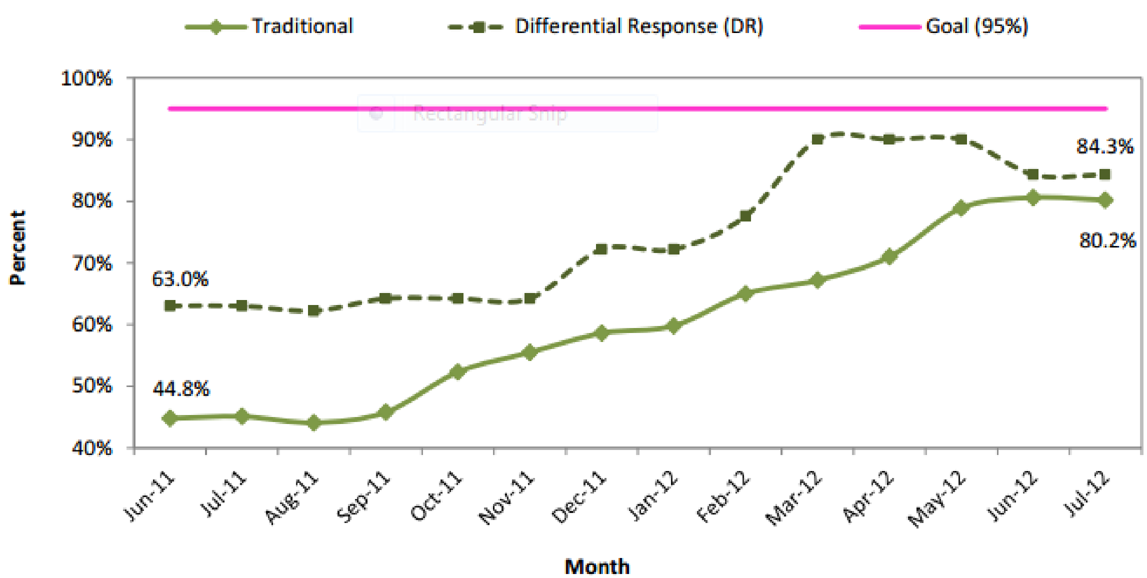
- **An FY 2012-13 and/or FY 2013-14 reduction in the TANF appropriation for Child Welfare.** Such a reduction would ensure that if there are under-expenditures in FY 2012-13, TANF funds are preserved for the Colorado Works program for future years in lieu of a General Fund reversion.

- **An opportunity to shift funds in FY 2013-14 from the Child Welfare Services line item to a new line item targeted to system improvements or performance incentives.** Further information on these proposals is included in a separate briefing issue.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

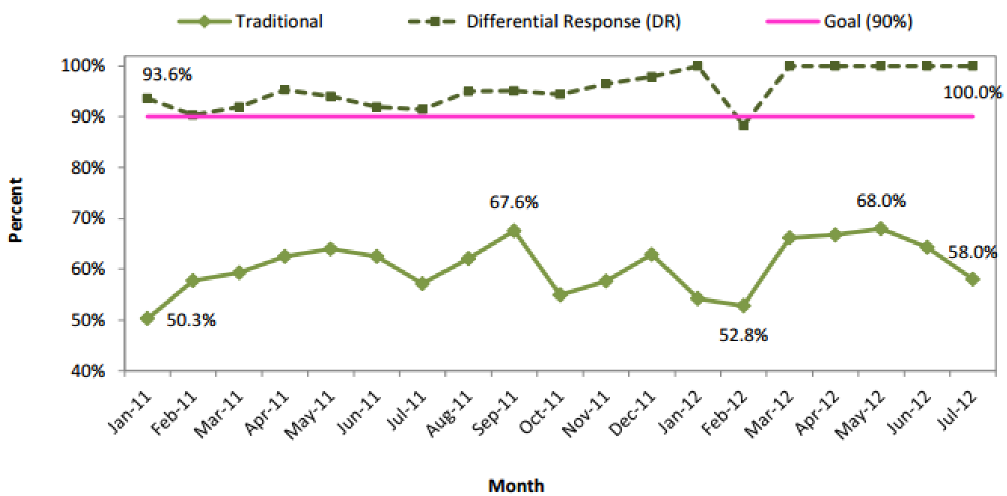
One of the Department's strategic goals is to ensure that Colorado children have the opportunity to thrive in safe, nurturing and stable families. The Department's C-stat system includes 12 performance measures related to child welfare. The three measures that are also included in the Department's Strategic Plan are included below.

Safety Assessment Forms Completed Accurately by County Child Welfare Workers



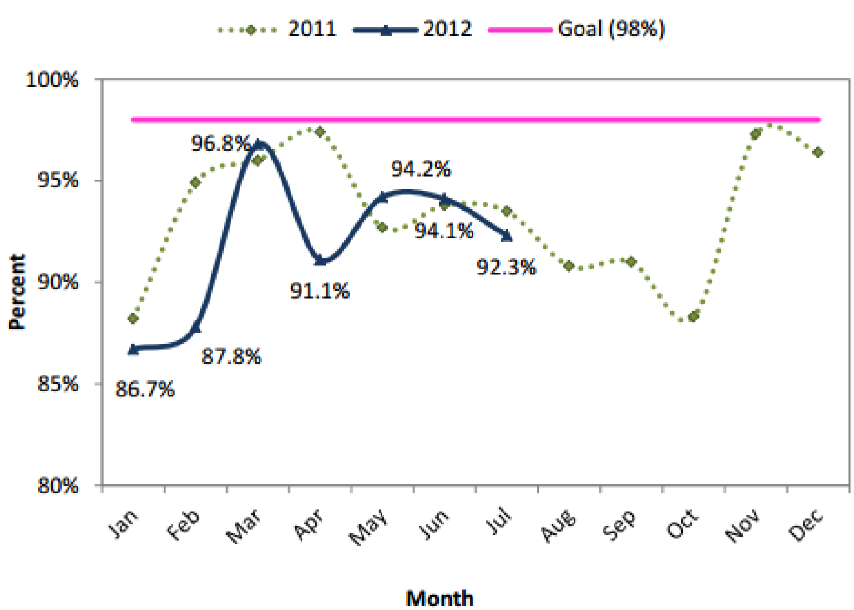
The above measure is based on review of a statistically valid sample completed by the Administrative Review Division. The large ten counties are included in all data points, while small and midsize counties are reviewed annually. As shown, the Department made significant inroads on this issue over the course of FY 2011-12.

Timeliness of Assessment Closure



This measure is based on the idea that departments of social services should not linger unnecessarily in a family's life, and that data in the Trails system should be kept up to date. As shown, the Department had some difficulty realizing improvements during FY 2011-12.

Legally freed children discharged to a permanent home prior to their 18th Birthday



Issue: Child Welfare Federal Title IV-E Waiver

The Department of Human Services recently received a federal waiver of some provisions of Title IV-E of the Social Security Act concerning federal support for child welfare services. Colorado will test various service improvements over a period of five years. For this period, instead of 50 percent reimbursement for certain types of child welfare expenditures for low-income children, the State will receive a capped allotment of federal IV-E funds. The agreement appears to be financially advantageous. Some statutory changes may be needed.

SUMMARY:

- Colorado receives over $75 million per year in federal support for child welfare services under Title IV-E of the Social Security Act. Title IV-E provides 50 percent reimbursement for foster care room and board and related administrative costs for services to very low income children. In recent years, Colorado has experienced significant declines in its IV-E revenue, largely due to declines in out-of-home placements.

- On October 23, 2012, the Executive Director of the Department of Human Services accepted federal terms and conditions for a waiver of certain IV-E provisions. Colorado will test various service improvements, including trauma-focused assessments and trauma-focused behavioral health treatments, progressively rolling-out and evaluating the improvements in counties across the state over a period of five years. For this period, the State will receive a capped allotment of federal IV-E funds which can be used for all kinds of child welfare services and without regard to IV-E income-eligibility limits.

- The agreement appears to be financially advantageous. Among other benefits, it will enable the State to continue to reduce out-of-home placements without an associated loss in federal revenue.

- Some statutory changes may be needed to implement the waiver, but the Department has not yet come forward with any proposals.

RECOMMENDATION:

The Committee should consider sponsoring legislation to facilitate implementation of the new Title IV-E waiver. However, a specific recommendation is pending further information on the type of legislation the Executive proposes.

DISCUSSION:

Background – Federal Support for Child Welfare. For many years, there has been a disconnect between federal funding for child welfare and the kinds of services federal child welfare policy promotes.

- The federal law and regulatory environment places increasing emphasis on avoiding out of home placements, serving children and families in the family home, and reunifying families if this can be done safely. For example, the Child and Family Services Reviews of each state judge states in large part on how effective they are at providing permanency for children, including in their family-home.

- Federal funding, however, is largely focused on out-of-home placements.[1] Nationally, about 85 percent of federal funding specifically targeted to child welfare has been for out-of-home placement (Title IV-E foster care and adoption assistance) with the majority of this for foster care.[2] Similarly, in Colorado, over $75 million has been received annually for Title IV-E foster care and adoption assistance, while under $8 million in federal grants are reflected in the budget for family preservation and reunification.

The conflicts in federal law and policy create a dilemma for states. If states follow best-practice with respect to child welfare services, they are likely to see their federal funding decline.

- Title IV-E of the federal Social Security Act reimburses states for services to low-income children who are placed outside their own homes. This includes reimbursement for maintenance (room and board) and related administrative expenditures for children whose families qualify as low income based on 1996 Aid to Families with Dependent Children income standards. 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).

- As states move to reduce their use of out-of-home placement, fewer of their expenditures qualify for federal Title IV-E reimbursement. This is exacerbated by the income-eligibility cutoff for IV-E foster care reimbursements, which is fixed at the 1996 AFDC income threshold ($431/month in Colorado). At this low level, even children from very poor families are increasingly unable to meet IV-E income-eligibility qualifications.

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[1] For example, *The Need for Federal Finance Reform: Ensuring Safe, Nurturing, and Permanent Families for Children*, Casey Family Programs, May 2010.

[2] Emilie Stoltzfus, *Child Welfare Issues in the 110th Congress*, Congressional Research Services, February 2, 2009.

- Colorado, like many states, has experienced a downward trend in overall Title IV-E funding. Between FY 2008-09 and FY 2011-12, a total of $12.4 million in federal Title IV-E funding was eliminated from the budget. These cuts were partially back-filled with $6.2 million in other funds, including $5.9 million General Fund. Despite these efforts, budget adjustments have not kept up with revenue declines. In FY 2011-12, actual IV-E revenue again came in below expectations, resulting in reduced funds available for counties. For additional information on Title IV-E revenue and funding drivers in Colorado, see the attached appendix.

Congress has thus far been unable to agree on legislation providing for wholesale reform of child welfare funding. However, in recent years it has taken some important steps in this direction

- The 2008 Fostering Connections to Success and Increasing Adoptions Act revised adoption assistance eligibility criteria to delink the adoption assistance program from Aid to Families with Dependent Children income criteria on a phased-in basis. Starting in FFY 2009-10, adoption assistance was de-linked from AFDC income requirements for children age 16 and above. By FFY 2013-14, it is delinked for children age 8 and above, and by FFY 2017-18 it is delinked for all children.

- The 2011 Child and Family Services Improvement and Innovation Act renewed the authority of the federal Department of Health and Human Services to grant 10 new demonstration waivers per year designed to test innovative strategies in state child welfare programs between 2012 and FFY 2014. The authority is provided to grant waivers of up to five years, with the final set of demonstration waivers concluding September 30, 2019.

Waivers Authorized Under the 2011 Child and Family Services Improvement and Innovation Act. The Child and Family Services Improvement and Innovation Act of 2011 was signed into law on September 30, 2011. As described above, the bill authorizes 10 new Title IV-E demonstration waivers per year between 2012 and FFY 2014. Title IV-E waivers were first authorized in 1994, and 23 states (including Colorado) have had waivers to test various innovations in the past. However, this Act represents the first time new waivers have been authorized since 2006.

Pursuant to the legislation, a state shall be authorized to conduct a demonstration if the project is designed to accomplish at least one of three goals:

- increasing permanency by reducing the time in foster placement;
- increasing positive outcomes for youth in their homes and communities and improving safety and well-being; and/or
- preventing child abuse and neglect and re-entry into foster care.

The state must identify changes the state has made or plans to make in policies, procedures, or other elements of the state's child welfare program that will enable the state to successfully achieve the goal or goals of the project. The state must also demonstrate implemented or planned child welfare improvement policies within three years of the date of application (or 2 years after approval, whichever is later), including at least one policy that was not implemented prior to the application for a waiver. A list of possible policy interventions is included in the legislation, representing various current best-practice activities, *e.g.*, establishing a bill of rights for children and youth in foster care, developing a plan to reduce congregate care, and establishing one or more programs to prevent entry into foster care such as a kinship navigator program.

Each program must be evaluated by an independent contractor using an approved evaluation design which provides for, among other items: comparison of methods of service delivery under the project versus under the State IV-E plan or plans with respect to efficiency, economy and other program management measures; and comparison of outcomes for children and families under the project. In evaluating an application for a demonstration project, the Secretary of FTE Department of Health and Human Services was specifically barred from considering whether the proposal requires random assignment and a control group.

Colorado's Title IV-E Waiver. Prior to the 2012 legislative session, staff informed the Committee that the State Department was interested in pursuing a Title IV-E waiver and suggested that the Committee consider sponsoring legislation to support this effort. However, based on feedback from the Department, staff withdrew the idea in March 2012 on the grounds that there was too much uncertainty at that point about what form the waiver would take, what statutory changes would be appropriate, and the financial implications for the State.

During the summer of 2012, Colorado submitted its waiver application to federal authorities. It negotiated and reached an agreement with federal authorities in September and October. As described in the waiver application, Colorado faces particular difficulties in a number of areas, including the large number of older children and adolescents in extended out-of-home care (a substantially larger share than in other states) and the number of these youth in congregate care (institutional) settings. The Department attributes this situation in large part to lack of attention to behavioral health needs. It also highlights problems with excessive short-term placements that could be prevented with front-end services, frequent moves in out-of-home care, and too many re-entries to out-of-home care after reunification.

Colorado proposes to address these challenges by building on four major initiatives already in planning stage or in early stages of implementation in the Colorado child welfare system:

- The Colorado Practice Model;
- Permanency by Design;
- Differential Response; and the
- Behavioral Health-Child Welfare System of Care built on the Collaborative Management Program.

The waiver will be implemented in up to 64 counties in the State; however, each county will implement some or all service interventions in varying stages during the demonstration

time period. The target population is essentially any child who is assessed for child welfare services or for whom a child welfare case is opened. The Department indicates it plans to use roll-out schedule for the Colorado Practice Model as the roll-out framework for the IV-E waiver programs. This will facilitate the required evaluation of the waiver.

Three primary interventions will be implemented in all counties at some point during the waiver, and three additional interventions may be selected by a subset of the counties. The three core practices to be adopted by all counties:

1. **Family engagement**: The State will introduce precepts and processes targeted at engaging families in case planning and accessing services, through a combination of training, coaching, and peer mentoring. It will also modify non-safety certification for relative foster family homes to facilitate placement of children with relatives when out-of-home placement is necessary.

2. **Trauma-informed child assessments**: The State will supplement existing child assessment processes and instruments with standardized tools that are geared toward children who have experienced trauma.

3. **Trauma-focused behavioral health treatment**: Counties and behavioral health organizations (the state's Medicaid behavioral health managed care entities) will increase the use of behavioral health treatments that have been shown to be effective with children who have experienced trauma. This will be accomplished through contracts with local human service providers and/or through their expanded utilization by the behavioral health organizations.

The three additional practices which may be adopted by some counties are:

1. **Permanency roundtables:** A program for engaging staff, the target youth, and others in creating and implementing a plan for a permanent family home setting for the youth and preparation for adulthood.

2. **Kinship supports:** Programs for supporting kinship caregivers who are not certified as foster care providers, including support groups, referral networks, and additional financial assistance.

3. **Market segmentation:** A tool for targeting recruitment of foster parents and adoptive parents.

The required Program Improvement Policies incorporated in Colorado's model are: (1) addressing the health and mental health needs of children in foster care; and (2) limiting use of congregate care.

Evaluation will include a process, outcome, and cost studies. The outcomes component will include

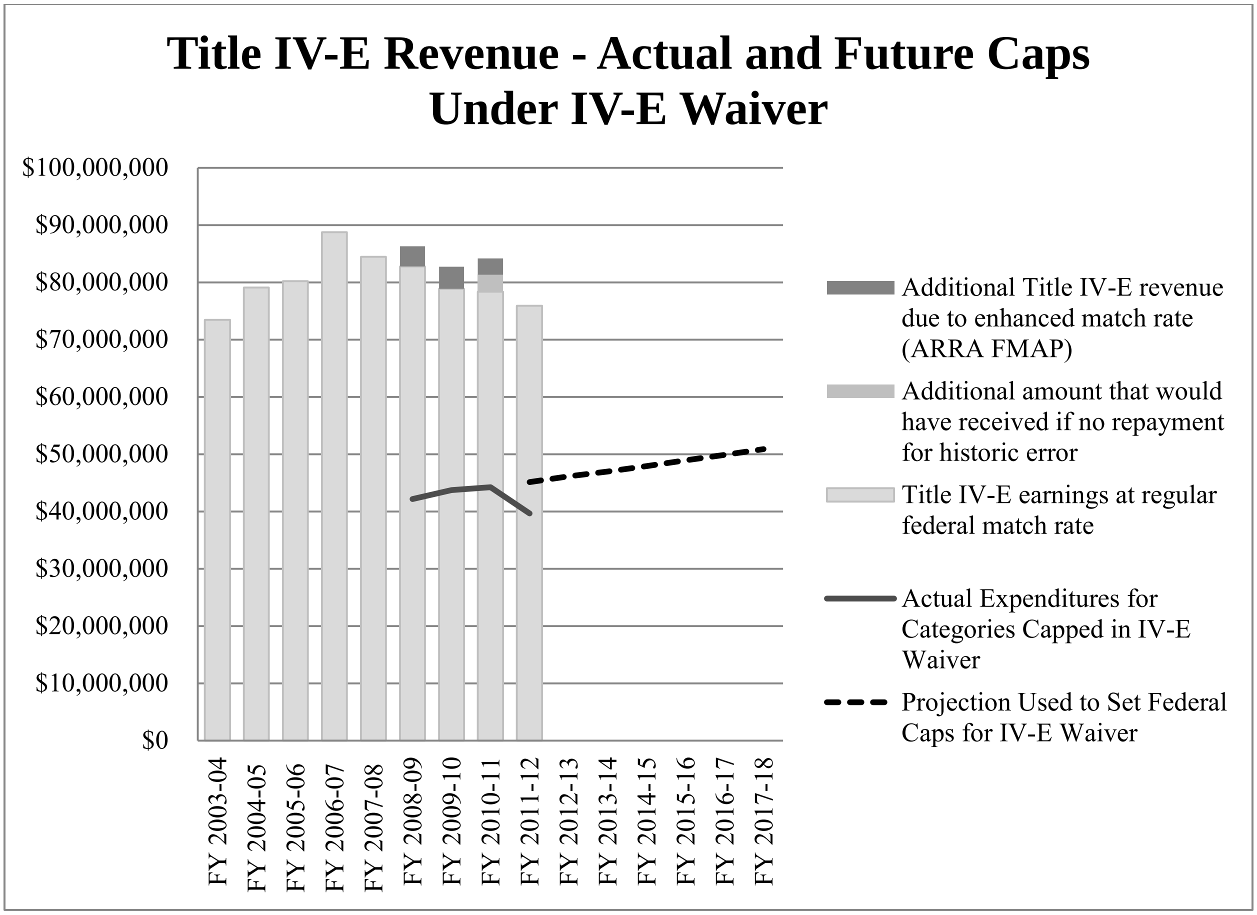
- a time-series analysis of change over time in aggregate client measures at the county level, for key CFSR measures and some additional measures of interest to Colorado; and
- a matched case comparison design to examine changes in outcomes for children receiving one or more interventions in first round counties compared to similar children in counties not active in the first round.

What Federal Regulations are Waived? Federal regulations related to IV-E eligibility, claiming, and services, so that the State may claim federal reimbursement for services not normally eligible for IV-E reimbursement and for services provided to children and families not normally eligible for IV-E. The waiver will also apply to licensing standards regulations, allowing the State to waive non-safety standards in relative foster homes.

Funding Implications: **The waiver will provide Colorado with a guaranteed stream of capped federal Title IV-E funds for five years for major portions of its Title IV-E revenue stream: foster care maintenance (room and board) and administrative costs for case planning, management, and eligibility-determination.** A portion of the revenue stream, related to adoption assistance, training, some other administration costs, and computer-systems is excluded and will continue to be reimbursed based on expenditures and federal reimbursement formulas. Over the last four actual years, revenue for the categories to be included in the cap have represented 51 to 56 percent of Colorado's total IV-E revenue.

- Consistent with the federal law, Colorado's waiver is required to be cost-neutral from a federal funding perspective. However, the cost-neutrality calculation necessarily relied on various assumptions about future expenditures. **It appears that the final amount negotiated with federal authorities is favorable to the State,** in part because at the time the waiver was negotiated, only data through FY 2010-11 was available. FY 2011-12 actual revenue came in considerably lower than anticipated. Based on the agreement, for FY 2013-14, Colorado will receive a capped amount of $46,940,857. For comparison, actual FY 2011-12 revenue for the portion of IV-E that will be capped totaled $39,671,106—or almost $6.5 million less. Capped funding would increase to $50,901,907 by FY 2017-18

- Also consistent with federal law, there is a maintenance-of-effort requirement incorporated into this agreement. However, this maintenance-of-effort agreement applies to the state-match to the federal funding incorporated in the waiver, i.e., the State must minimally fund the $47 to $51 million annual match to IV-E federal funds included in the cap. *This should not prove problematic*, given that Colorado currently appropriates almost $200 million General Fund for capped county child welfare allocations. *The Joint Budget Committee should note, however, that if at some point the General Assembly chooses not to comply with the maintenance of effort, it could reduce funding, thus effectively terminating the Title IV-E* *waiver agreement.* In the past, IV-E agreements have been prematurely terminated for perceived problems in implementation or impact or cost-neutrality.[1]



Timing: Within 90 days following acceptance of Terms and Conditions, the state must submit a preliminary design and implementation report. Its final design and implementation report must be submitted within 180 days.

- Reggie Bicha accepted the federal terms and conditions on October 23, 2012, which started the clock with respect to developing the detailed implementation plan (90 days).

[1]Synthesis of Findings, Title IV-E Flexible Funding Child Welfare Waiver Demonstrations, U.S. Department of Health and Human Services Children's Bureau, 2011 and James Bell Associates, Profiles of the Title IV_E Child Welfare Waiver Demonstration Projects, Prepared for the Children's Bureau, Administration for Children and Families, U.S. Department of Health and Human Services, June 2008.

- **The start-date for the five-year stream of capped payments is not currently clear.** Staff's understanding is that the State may choose to start this April 1, 2012 or July 1, 2012.

Implementing the IV-E Waiver – Potential Need for Statutory Change

Section 26-5-105.3, C.R.S., authorizes the Department to:

> "..pursue as soon as possible any waivers that may be necessary to implement [the article related to child welfare allocations], including, but not limited to waivers for Title IV-E foster care services and medicaid."

In fact, *Colorado's current system of capped allocations to counties looks in many respects like a funding structure implemented under federal waivers in some other states*, *i.e.*, county funding allocations are "blind" to the amount of funds that are generated from Title IV-E based on out-of-home placements. Counties are only affected by over- and under-earning of IV-E to the extent that the State as a whole over- or under-earns IV-E.

Nonetheless, some additional statutory changes may be required to effectively implement the new waiver.

The federal waiver incorporates several expectations:

- Colorado will invest moneys on the front-end in various innovations: family engagement, trauma-informed assessments, trauma-focused behavioral health treatments, etc. It is not clear what these specific innovations will cost, but it is clear that they are significant, required elements of Colorado's agreement with federal authorities. Colorado thus needs to develop an approach for ensuring the related expenditures occur in a methodical manner—either inside the current capped allocations structure **or outside it**, by setting aside funds for the targeted best-practice activities.

- Colorado must use any federal and state savings that result from its front-end innovations (e.g., savings that derive from reduced use of out-of-home placements) on child welfare services. At a minimum, Colorado will need to spend all funds received under the new federal cap, as well as the matching state share, on services for children who are "screened" in for child welfare assessment or in open child welfare cases.

These expectations may be in conflict with some elements in Colorado's current statutory structure.

County Allocations. Statute at Section 26-5-104, C.R.S. provides for capped child welfare allocations to counties to be determined by the child welfare allocation committee and the

Department. Most IV-E funding under the waiver is currently part of this allocations and close-out processes.

Even without a statutory change, it might be possible to change how some of the current Title IV-E and General Fund dollars are distributed, thus facilitating the front-end investments required by the waiver.

- Funding could be shifted from the Child Welfare Services capped allocations line item and distributed through another line item and allocation mechanisms, *e.g.,* under the authority provided in Section 26-5.5-101, C.R.S., for the State to support family preservation programs.

- Alternatively, the Child Welfare Allocations Committee could agree that certain funds within county allocations would be allocated specifically for the required Title IV-E innovations.

While staff believes either of these options could be accomplished without statutory change, it could be beneficial to clarify the General Assembly's intent and expectations if other statutory changes are being pursued.

County Close-out. The close-out process may raise more issues. Various statutes outline how over- and under-expenditure of capped allocations should be handled.

- Section 26-5-104 (7), C.R.S., provides for a close-out process through which one county's unexpended funds may be shifted to a county that has over-expended.

- Section 26-5-105.5, C.R.S. provides that a county that has entered into an integrated care management performance agreement with the State that underspends the General Fund portion of its capped allocation may use those funds, up to five percent, to reduce its county share or spend such moneys on additional services for children in the county.

- Section 24-1.9-102 (1) (h), C.R.S., provides that a county that has implemented a collaborative management process for services to children and families and that underspend the General Fund portion of its capped or targeted allocation may use the portion of General Fund savings realized for provision of existing services for such children and families in the county.

These statutes may not fit well with the waiver requirements.

- While the "close-out" process helps to ensure that most under-expended funds continue to be spent within the Colorado child welfare system *as a whole*, the current system does **not** require reinvestment of funds within the specific county that has experienced savings due to a waiver innovation. Colorado's IV-E waiver agreement promises to roll the waiver out in stages to different parts of the state and to compare outcomes in counties where waiver innovations have been implemented to counties where innovations have not yet been implemented. It may be difficult for Colorado to demonstrate the positive impact of the waiver if counties greatly reduce total spending in response to any savings they realize as a result.

- Sections 26-5-105.5 and 24-1.9-102 (1) (h), C.R.S. provide for "reinvestment" of funds within counties for counties that under-expend, under certain circumstances; however: (1) the specified circumstances are *not* "participation in a IV-E waiver"; and (2) these statutes allow "saved" funds to be expended on services for children who may not be directly involved in the child welfare system or to replace county spending for child welfare services. Neither option appears to be authorized under the IV-E waiver.

Excess Federal Title IV-E Cash Fund. Section 26-1-111 (2) (d) (II) (C), C.R.S. provides that after setting aside the funds required to fund program, training, and administrative costs (based on appropriations of IV-E funds outlined in annual appropriations bills), any additional federal Title IV-E revenues received shall be credited to the Excess Federal Title IV-E Reimbursements Cash Fund. The moneys in the fund are subject to annual appropriation for allocation to counties to defray the costs of performing IV-E administrative functions or for the provision of other public assistance activities. The concept of the Excess Federal IV-E Cash Fund conflicts with the concept of the IV-E waiver, since at least half of IV-E revenue will now be under the waiver cap, and all funds provided under the federal waiver cap must be used solely for child welfare and not other services. Waiver-related revenue could be segregated from the Excess IV-E process, but, if this is the alternative desired, this should be clarified in statute.

Because the Title IV-E waiver encompasses only a portion of Colorado's child welfare funding, it is possible that the State and counties will be able to comply with waiver requirements within the context of the current statutory structure. However, without more detail on the waiver spending requirements that the State wishes to apply <u>at the county level</u>, staff cannot say definitely one way or the other.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

One of the Department's strategic goals is to ensure that Colorado children have the opportunity to thrive in safe, nurturing and stable families. Several performance measures, reviewed in the previous briefing issue, relate to child welfare outcomes. These outcomes could be improved if Colorado is successful in implementing its IV-E waiver.

Appendix - Title IV-E Revenue History and Drivers

The Title IV-E Program. The mechanisms by which states earn Title IV-E revenue are complex and require constant attention from child welfare administrative staff, courts, and data management staff to ensure qualified expenses are properly recorded.

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.

The following describes the "standard" federally-authorized Title IV-E reimbursement structure, and the factors that have thus far driven Colorado's receipts. Under Colorado's new waiver agreement with federal authorities, many of these factors will cease to drive IV-E receipts for the period of the waiver.

Qualifying Expenditures. 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.

In FY 2008-09, 56 percent of Colorado's Title IV-E revenue was received for administrative costs, while the remaining 44 percent was for maintenance (room and board) for low income youth in out of home placement.

Eligibility for Title IV-E. For related expenditures to qualify, a child must have been eligible for Aid to Families with Dependent Children (AFDC) (based on the State AFDC income 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. 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. This income-eligibility requirement is progressively delinked, by child's age, for adoption assistance by the Fostering Connections Act of 2008. However, it remains in place for foster care assistance.

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 also 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).

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 (if any are available) 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.

Title IV-E Earning Trends. Due to the Title IV-E revenue trend, the State moved from a position in which Excess Title IV-E was available to support county administrative and other activities using the Excess Federal Title IV-E Cash Fund to one in which core county allocations for child welfare services were cut, as reflected in the table below. Further, as reflected in the table, despite efforts to stay ahead of the declining Title IV-E revenue trend by reducing Title IV-E appropriations, the State has nonetheless ended the year with lower revenues than the appropriated amount in each of the last four years.

Title IV-E Appropriations, Earning and Title IV-E Excess Revenue (Department-wide)

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	w/o ARRA:	82,790,470	
ARRA adjustment		3,523,366	
FY 2008-09 with ARRA	87,806,633	86,313,836	(1,492,797)
FY 2009-10	w/o ARRA:	78,867,564	
ARRA adjustment		3,824,709	
FY 2009-10 with ARRA*	87,391,729	82,692,273	(4,699,456)
FY 2010-11			
Without ARRA, adjustments		81,329,543	
Adjustment to correct error		(2,988,657)	
FY 2010-11 ARRA adjustment		2,815,014	
FY 2010-11 Total	81,672,404	81,155,900	(516,504)
FY 2011-12	76,813,388	75,920,151	(893,237)

*Appropriation amount includes mid-year appropriations reductions but does not include a further $3,500,000 restriction imposed by the Department. **Increase this year largely due to changes that reduced Medicaid funding and thus allowed for increased access to IV-E.

Title IV-E Revenue Drivers. Title IV-E has been very difficult to project because total revenues are affected by a number of different factors.

- *Title IV-E reimburses states for costs related to out-of-home placement.* Use of out-of-home placement has been declining in Colorado and nationwide. Child Welfare days in out of home placement has fallen from 12,828 in FY 2007-08 to 10,503 in FY 2011-12, and the average days in placement per child has fallen from 156 to 138 days on average. Although provider rates have increased over the same period, total expenditures for out of home placement fell by $32 million from FY 2007-08 to FY 2011-12.

- *Income eligibility for Title IV-E is based on 1996 income standards.* Colorado's AFDC income standard in 1996 was among the lowest in the nation: $421 per month for a family of three.[1] As incomes--and the minimum wage--have increased, fewer children and families have qualified under the income-eligibility standards. Thus, the overall number of youth eligible for Title IV-E maintenance payments has declined more quickly than the number of youth in out of home placement. The IV-E foster care penetration rate (the percentage of the foster-care population that is income-eligible for IV-E) was 53.32 percent in the second quarter of FY 2010-11 but 49.17 percent for the quarter ending September 30, 2012. The gradual decline in the penetration rate is expected to continue and will likely accelerate as the economy improves. Lower penetration rates affect both reimbursement for direct maintenance (room and board) costs and reimbursements for administrative costs.

- *Total expenditures for administration and out-of-home placements.* Since Title IV-E provides partial reimbursement for actual expenditures, trends in total spending affect IV-E claims. This includes not only direct expenditures for out-of-home placements but also administrative expenditures. If, for example, counties reduce the number of caseworkers they employ and thus their administrative costs, this also drives down IV-E revenue. Likewise if rate increases are provided, this may drive claims up.

- *Administrative effort and issues.* Title IV-E earning can be affected by the failure of courts to make findings that remaining in the child's home would be contrary to the child's welfare using the appropriate language. It may also be affected by failure of counties to complete necessary paperwork in a timely manner. It may be affected by errors in data systems or how data is recorded and drawn from data systems. Certain administrative changes can increase claims, while others can have a negative impact.

The long-term decline in out-of-home placements and the 1996 income-eligibility drives IV-E revenue down over time. However, the impact of other factors is more variable. Total expenditure levels (including for rate adjustments, and increases and decreases in staffing levels) may drive revenue upward or downward, as may administrative effort. For example, staff believes that the rebound in FY 2010-11 IV-E revenue was largely related to new measures to improve timely IV-E eligibility processing. After a sharp revenue decline in FY 2009-10, the Department began to require the Administrative Review Division to check whether Title IV-E determinations had been completed timely (within 45 days--as opposed to simply whether they are completed). It also implemented sanctions to require counties to cover any federal revenue lost due to a county's failure to make a timely Title IV-E eligibility determination. This resulted in improved timeliness and thus the State's ability to claim IV-E.

[1]The standard ranged from $320 in Indiana to $2,034 in New Hampshire in 1996.

Title IV-E Backfill. During FY 2008-09 through FY 2011-12 figure setting, JBC staff alerted the Committee to projected declines in IV-E revenue and incorporated these declines into figure-setting. The JBC and General Assembly took steps to partially backfill these declines. The table below summarizes actions taken over the last five years to compensate for declines in federal Title IV-E funding for child welfare services and related county administrative activities. As shown, as of FY 2011-12, annual appropriations incorporated a $12.4 million reduction in Title IV-E revenue below FY 2007-08 levels, with about half of this amount backfilled with General Fund and other fund sources. This was maintained in FY 2012-13, but there were no further adjustments. However, given the sharp revenue drop in FY 2011-12, it seems likely that there will be a further FY 2012-13 IV-E shortfall.

Adjustments for Title IV-E Revenue Declines - FY 2008-09 through FY 2011-12

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Cumulative Total
Child Welfare Services	$0	($1,455,926)	$819,843	(1,983,503)	($2,619,586)
General Fund	634,518	597,230	5,689,483	(1,000,000)	5,921,231
Cash Funds (local match)	0	0	(178,806)	(398,301)	(577,107)
Federal IV-E	(634,518)	(2,053,156)	(7,176,036)	1,000,000	(8,863,710)
Federal Other (Title XX)	0	0	900,000	0	900,000
Federal IV-E ARRA	0	0	1,585,202	(1,585,202)	0
Title IV-E Administrative Activities/Excess Title IV-E Cash Fund	$0	($2,800,000)	($701,252)	0	($3,501,252)
General Fund	0	0	1,000,000	(1,000,000)	0
Cash Funds (Excess IV-E)	0	(2,800,000)	(1,701,252)	1,000,000	(3,501,252)
Total Appropriation Impact	$0	($4,255,926)	$118,591	($1,983,503)	($6,120,838)
General Fund Backfill	634,518	597,230	6,689,483	(2,000,000)	5,921,231
Other Funds Backfill/Reduced	0	0	2,306,396	(1,983,503)	322,893
Title IV-E Reduced	(634,518)	(4,853,156)	(8,877,288)	2,000,000	(12,364,962)

Issue: Child Welfare – County Performance

Recent news articles have again highlighted weaknesses in Colorado's county-administered child welfare system. Colorado has been working to improve child welfare services for many years through a variety of initiatives. However, many of the issues raised in past system reviews are still challenges, including among others: (1) substantial differences in county services and performance; and (2) limited state oversight and tools for improving performance. The General Assembly could consider using new funding mechanisms to help incentivize county performance.

SUMMARY:

- Recent news articles have again highlighted weaknesses in Colorado's county-administered child welfare system. While Colorado's performance is **not** exceptionally poor in comparison to other states, the system does have weaknesses.

- Colorado has been working toward a more consistent service delivery and better services through a variety of new initiatives, ranging from the Colorado Practice Model to a revamp of the training academy. However, many of the issues raised in the past system reviews are still challenges, including among others: (1) substantial differences in county services and performance; and (2) limited state oversight and tools for improving performance.

RECOMMENDATION:

Establish additional mechanisms for **incentivizing county performance**. For example:

- Shift a portion of child welfare allocations into a new line item to support innovative best-practices—specifically those required under the state's new Title IV-E waiver—to help steer county practice in the directions the state believes are most beneficial.

- Set-aside 1 to 3 percent of total child welfare allocations for performance incentives, to give the State an additional tool for pushing counties toward better practices in areas that are problems for that specific county. Performance outcomes should be negotiated with each county at the beginning of the year and based on county *improvement*, rather than on comparison to other counties, since outcome data is not always comparable between counties.

- Create a new, statutory fund where performance incentives that are not earned in a given year are deposited and to which counties which are struggling may apply for short-term system improvement grants.

If the General Assembly wishes to focus on interventions that might reduce incidence of abuse and neglect, including child fatalities, consider increasing funding for **home visitation programs**, and promoting additional ties between these programs and state and county child welfare agencies.

DISCUSSION:

Previous Child Welfare System Improvement Initiatives
Between 2007 and 2010, a number of reports highlighted weaknesses in Colorado's child welfare system and recommended a variety of changes.[1] In response to these studies, the Governor and the General Assembly took a variety of steps, ranging from providing funding for additional studies and research to adding new Division of Child Welfare staff, expanding funding for caseworker training, creating a new Child Welfare Ombudsman office, and authorizing a "differential response" pilot program. Additional improvements have continued to be adopted in the subsequent years, building upon these initial changes.

The studies and reports included a wide array of data and recommendations, but some consistent themes included:

- the challenges of a county-administered system;
- inadequate state oversight of the system;
- the need for additional training throughout the system;
- resource issues (e.g., county staffing levels, provider supports);
- cross-system/co-occurring issues such as domestic violence and mental health; and
- problems with data and the state's case management system for child welfare (Colorado Trails).

The Child Welfare Action Committee, created by executive order in April 2008 and authorized in statute through H.B. 08-1404, served as an organizing point for examining child welfare system changes.[1] The Committee submitted 35 recommendations between October 2008 and June 2010. Most recommendations were accepted by the Governor and subsequently implemented, including recommendations for:

- increased training for caseworkers and child welfare staff,
- steps to promote use of evidence based practice, such as “differential response”,
- improving transparency and accountability, including to establish a Child Care Ombudsman and establish a statewide system of care;
- improving state oversight of counties, including through substantial increases to state staffing, and
- improving how the child welfare system addresses co-occurrence of domestic violence, mental health, and substance abuse issues with child welfare issues, though improved training and policies.

Two recommendations were highly controversial and were ultimately not accepted. These recommendations involved shifting direct service responsibilities from counties to the State. The

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

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

Governor created a Working Group on the Structure of the Human Services System and Centralized Call Center in 2009 to examine these proposals further. The working group chose not to vet the more radical of these proposals, which would have created a hybrid structure of human services delivery, subsuming smaller counties in regional state-administered offices. It also voted against implementing a centralized state call center on the basis of limited available funding and lack of evidence that this would provide better outcomes. A list of previous studies of Child Welfare System problems, and a description of past improvement initiatives is included in an appendix.

Ongoing Issues and Concerns

Performance Measure Results. The chart below summarizes recent Colorado performance on performance measures tracked by federal authorities for the Child and Family Services Review. As shown, Colorado's performance has improved in some areas, but been relatively stagnant in others over time.

Statewide Performance on Federal Child and Family Services Review Measures - Shaded cells correspond to Items that do not meet federal standards						
	Federal	FFY 2007	FFY 2008	FFY 2009	FFY 2010	FFY 2011
Safety Measures						
Absence of Recurrence of Maltreatment	>=94.6%	95.3	94.9	95.8	95.7	*
Absence of Child Abuse and/or Neglect in Foster Care for 12 months	>=99.68%	99.41	99.46	99.60	99.46	*
Permanency Measures						
Percent of children whose exit to reunification is <=12 months	>= 75.2 %	76.4	77.7	79.5	78.1	76.7
Exits to reunification, median stay in months	<=5.4 mon	5.7	5.8	5.4	5.4	5.4
Percent of entry cohort reunification is <=12 months	>= 48.4%	56.5	55	51.7	56.7	55.1
Percent of children who re-enter foster care in <=12 months	<= 9.9%	15.2	17.3	17.7	13.4	17.3
Percent of children who exit to adoption in <=24 months	>= 36.6%	57.2	56	59.4	50.6	56.8
Exits to adoption, median length of stay in months	<= 27.3 mo	21.9	22.4	21.5	23.7	22.2
Percent of Children in care 17 + months adopted by end of the year	>= 20.7%	19.5	19.2	21.3	23.3	20.5
Percent of children in care 17 + months achieving legal freedom within 6 Months	>= 10.9%	3.2	2.3	4.1	2.3	1.5
Percent of children legally free adopted in <=12 months	>= 53.7%	57.7	58.3	52	62.6	63.7
Percent of children with exits to permanency prior to 18th birthday for children in care for 24 + Months	>= 29.1%	20.7	19.9	20.3	25	21.5
Percent of children with exits to permanency for children with parental rights terminated	>= 98.0%	97	95.1	97.2	97.2	96.8
Percent of children emancipated who were in foster care for 3 Years +	<=37.5%	32.4	30.2	27	25.3	26.5
Percent of children who had two or fewer placement settings for children in care for <=12 Months	>= 86.0%	85.9	87.5	86.4	88.1	87.8
Percent of children who had two or fewer placement settings for children in care for 12 - 24 Months	>= 65.4%	63.4	64.8	66.7	60.1	66.6
Percent of children who had two or fewer placement settings for children in care for 24 + Months	>= 41.8%	35.7	35.8	35.1	37.1	34.5
Source: Division of Child Welfare, 2011 Annual Evaluation Report.						

A more complete outcome evaluation tool—a **Scorecard Report**--was developed by a consortium of counties and is available for the State as a whole. The scorecard uses the CFSR measures but builds in many additional measures. The scorecard uses a "green/yellow/red" dashboard approach to highlight those areas in which individual counties and the State as a whole continue to struggle. A copy of the complete FY 2011-12 statewide scorecard is attached. *Overall, the document indicates that the State achieves its performance goals for less than 50 percent of the measures, although it is within 90 percent of the goal for most others*. Areas of ongoing concern include:

- **Permanency.** Some of Colorado's greatest challenges relate to children who have been in foster care for an extended period, who often have multiple placements and then "age out" of the system without a permanent home.

- **Safety.** Counties also have difficulty in maintaining children *safely* in their family home. For example, in 24 percent of cases, there is a repeat assessment of abuse or neglect within a year of a county's closing an assessment for abuse or neglect. In almost 10 percent of cases, there is a new incident of abuse or neglect while the case is open.

While this information is interesting from a statewide perspective, it is also important to note:

- **County variation.** As documented during the last federal Child and Family Services Review and in many subsequent staff analyses of performance data, there is a wide variation in county performance. Some counties do well on some measures and some on others. This is the weakness of Colorado's system—as well as its strength.

Comparison with other states. In general, Colorado's performance does not look particularly bad when compared with other states. As shown below, in many categories, Colorado performs substantially better than the nation as a whole. Of course, this does not mean further improvement is not needed.

Statewide Performance on Federal Child and Family Services Review Measures - Shaded cells correspond to Items that do not meet federal standards

	Federal Standard	Colorado FFY 2010	Colorado FFY 2011	FFY 2010 National 50th Percentile	FFY 2010 National Range
Safety Measures					
Absence of Recurrence of Maltreatment	>=94.6%	95.7	*	95.2	87.7-98.8
Absence of Child Abuse and/or Neglect in Foster Care for 12 months	>=99.68%	99.46	*	99.65	97.67-100.0
Permanency Measures					
Percent of children whose exit to reunification is <=12 months	>= 75.2 %	78.1	76.7	67.9	45.5-91.3
Exits to reunification, median stay in months	<=5.4 months	5.4	5.4	7.6	1.7-13.9 mos.
Percent of entry cohort reunification is <=12 months	>= 48.4%	56.7	55.1	42.9	16.6-62.3
Percent of children who re-enter foster care in <=12 months	<= 9.9%	13.4	17.3	12.4	2.0-25.7
Percent of children who exit to adoption in <=24 months	>= 36.6%	50.6	56.8	33.1	6.9-86.1
Exits to adoption, median length of stay in months	<= 27.3 months	23.7	22.2	29.4	14.4-45.6 mos.
Percent of Children in care 17 + months adopted by end of the year	>= 20.7%	23.3	20.5	24.9	13.0-46.4
Percent of children in care 17 + months achieving legal freedom within 6 Months	>= 10.9%	2.3	1.5	11.8	2.3-30.8
Percent of children legally free adopted in <=12 months	>= 53.7%	62.6	63.7	60.0	25.5-85.5
Percent of children with exits to permanency prior to 18th birthday for children in care for 24 + Months	>= 29.1%	25	21.5	30.2	13.5-49.2
Percent of children with exits to permanency for children with parental rights terminated	>= 98.0%	97.2	96.8	95.5	84.2-100
Percent of children emancipated who were in foster care for 3 Years +	<=37.5%	25.3	26.5	44.1	13.4-67.4
Percent of children who had two or fewer placement settings for children in care for <=12 Months	>= 86.0%	88.1	87.8	85.1	72.1-92.2
Percent of children who had two or fewer placement settings for children in care for 12 - 24 M	>= 65.4%	60.1	66.6	62.2	44.1-76.2
Percent of children who had two or fewer placement settings for children in care for 24 + Mont	>= 41.8%	37.1	34.5	33.0	13.6-45.1

* Data not yet available

Source: Colorado Division of Child Welfare, *2011 Annual Evaluation Report*; and *Child Welfare Outcomes 2007-2010*, Report to Congress, U. S. Department of Health and Human Services, Children' Bureau

With respect to fatalities, Colorado reported 2.52 child fatalities per 100,000 children, which places the State above the national average of 2.10 per 100,000. (U.S. Department of Health and Human Services, Administration for Children and Families, *Child Maltreatment 2011*)

Governor's "Keeping Kids Safe and Families Healthy" Child Welfare Plan

During 2012, the Department released a new strategic plan for child welfare. This plan in many respects continues and builds upon previous system-improvement efforts, but does include some new elements. It highlights:

- Fully implementing a common practice approach for Colorado through the *Colorado Practice Model*, including expansion of the *differential respons*e model and developing new pathways for *adolescents with behavioral health needs*
- Managing performance by using the county scorecard at the local level and C-stat at the state level to track outcomes and drive performance
- Improving the child welfare training academy
- Reforming funding, by aligning funding sources with outcomes;
- Engaging the public, including through legislation enable the department to share additional information about child welfare investigations; and
- Establishing a new child welfare governance council

This plan is in various stages of implementation.

- The **Colorado Practice Model**, launched in 2010, is an initiative designed to extend a standard set of practices across Colorado counties driven by outcomes. Standard "scorecard data" on county performance serves as the basis by which counties and the state target specific program improvement needs in each county. The approach is progressively rolled out to counties, with mentoring from other counties. While the Department is working on a variety of performance improvement approaches, the Practice Model provides an umbrella for these various initiatives.
- The State has convened the first of what will likely be multiple meetings to consider changes to the **child welfare allocation model** to align it with outcomes.
- It has obtained a new federal Title IV-E funding waiver and a new federal Systems of Care Expansion Grant, both of which promise an additional focus on **adolescents with behavioral health** issues. *Staff is pleased to note that the Department is in the process of implementing a variety of efforts to address problems and gaps in providing appropriate behavioral health services for children and adolescents in the child welfare system*. Many of these improvements are outlined in the Department's response to statewide RFI #1 and summarized at the end of this packet.
- The Department is the process of rebidding child welfare **training academy services,** including a significant redesign of some training academy components. These initiatives are outlined in the Department's response to Department RFI #2 and summarized at the end of this packet.
- Statutory changes have already been adopted to address some of these items. Senate Bill 12-011 expanded the **differential response** model, which enables counties to offer voluntary services to families who are deemed to be a low- to moderate safety risk to a child, rather than referring these cases to dependency and neglect hearings in court. Senate Bill 12-033

required the **public disclosure** of information on near fatalities and egregious incidents of abuse.

Options for Further System Improvement

A recent series of Denver Post articles has placed a renewed focus on child fatalities, including incidents when counties had prior or current involvement with a family and yet a child nonetheless died due to abuse or neglect. As described above, a variety of system improvements are in the works. In addition to the initiatives described above, the Department recently announced that it will begin to require counties to provide regular information on caseworker to client ratios. Until now, the Department has been unwilling or unable to provide this level of administrative supervision. This may signal increased state willingness to oversee some county-level decisions and may help the State address some system problems.[1]

Staff believes that the General Assembly might also consider adopting additional mechanisms for **incentivizing county performance**. In numerous previous staff briefing issues, staff has outlined the significant variations in county performance, as well as the <u>lack</u> of relationship between county spending and county performance. Some of these findings are summarized in an attachment. County-level administrative decisions largely drive county child welfare performance. Merely increasing or decreasing total funding for child welfare has little direct impact on the quality of services. More narrowly targeting funding to best-practice or rewarding performance might be more effective.

Staff recommends the Committee consider the following measures.

- Shift a portion of child welfare allocations into a new line item to support innovative best-practices—specifically those required under the state's new Title IV-E waiver—to help steer county practice in the directions the state believes are most beneficial.

- Set-aside 1 to 3 percent of total child welfare allocations for performance incentives, to give the State an additional tool for pushing counties toward better practices in areas that are problems for that specific county. Performance outcomes should be negotiated with each county at the beginning of the year and based on county *improvement*, rather than on comparison to other counties, since outcome data is not always comparable between counties.

- Create a new, statutory fund where performance incentives that are not earned in a given year are deposited and to which counties which are struggling may apply for short-term system improvement grants.

[1] Data collected by the Department in response to the Denver Post articles indicates *excellent* worker-to-client ratios at the large counties, but the Post reported noted that this conflicted with anecdotal information its reports had received.

If the General Assembly wishes to reduce incidence of abuse and neglect, including child fatalities, it might also **consider increasing funding for home visitation programs such as the Nurse Home Visitor Program**.

Much of the recent focus on child welfare system problems has focused on the issue of child fatalities. Children have died who were known to the child welfare system, as well as those who were not. Some of the interventions that can be most effective in preventing child injuries and deaths are home visitation programs, which are supported in the public health arena.

- The Nurse Home Visitor Program targets visits to low-income first-time parents, a group that demographically is at greater risk for child abuse and neglect. Among the many benefits of the program are reductions child abuse and neglect. As noted on the CDPHE website, the "the Nurse-Family Partnership is most often cited as the most effective intervention to prevent child abuse and neglect…" As summarized on the federal Department of Health and Human Services website, seven studies have shown impacts in this area. This includes randomized studies described in peer-reviewed journals such as the Journal of the American Medical Association.[2]

- Other home visitation programs have also been successful using less-credentialed visitors. For example, the Parents as Teachers (PAT) program follows a specific model but does not require staff with a nursing credential. The Colorado Department of Public Health and Environment's *Affordable Care Act – Maternal, Infant and Early Childhood Home Visitation Statewide Needs Assessment: Colorado* (September 2010) notes that "A study found documented cases of child abuse and neglect to be significantly fewer in PAT families than the state average. Also, a randomized trial showed that adolescent mothers who received PAT and case management had fewer child abuse investigations. This latter study was one of 12 studies reviewed by Reynolds, Mathieson, & Topitzes (2009) which found significant effects in lowering substantiated or verified child maltreatment rates. .." (p. 23)[3]

If the Committee wishes to pursue this option, staff recommends it request further input from the Department of Public Health and Environment, the Department of Human Services, and the Governor's Office on how any additional funds for home visitation would be most effectively targeted. Based on the CDPHE Needs Assessment described above, there are clearly a wide array of visitation programs in Colorado, funded through a variety of mechanisms at the federal, state and local level. For any expansion to be effective, there must be sufficient local capacity to use the funds.

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[2] http://homvee.acf.hhs.gov/document.aspx?sid=14&rid=1&mid=1; http://homvee.acf.hhs.gov/Effects.aspx?rid=1&sid=14&mid=5&oid=4

[3] http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheadername1=Content-Disposition&blobheadername2=Content-Type&blobheadervalue1=inline;+filename%3D"Home+Visitation+Assessment++.pdf"&blobheadervalue2=application/pdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251811828437&ssbinary=true

At present, the only home visitation program receiving state support is the Nurse-home Visitor Program. This program receives a statutory allocation of Tobacco Settlement Funds. For FY 2012-13, the program had a $16.3 million appropriation, including current $13.0 million tobacco settlement cash funds and $3.2 million federal funds. In addition, providers may bill HCPF for Medicaid-eligible clients. CDPHE identifies a target population of 11,189 to 12,685 women per year but was serving 2,640 in FY 2009-10.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

One of the Department's strategic goals is to ensure that Colorado children have the opportunity to thrive in safe, nurturing and stable families. Several performance measures, reviewed in the first child welfare briefing issue, relate to child welfare outcomes.

Appendix – Previous 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 on-line from the Auditor's Office website (http://www.leg.state.co.us/OSA/coauditor1.nsf//ReportPublic?openform).

- 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 September 2009 report.
- Final Report of the Governor's Child Welfare Action Committee, June 9, 2010.
- Final Report of the Governor's Working Group on the Structure of Colorado's Human Services System and the Centralized Call Center for Child Abuse and Neglect Referrals, October 15, 2010.

Appendix – Previous System Improvements Adopted

Colorado Practice Initiative. Colorado was designated as a U.S. Department of Health and Human Services Mountains and Plains Child Welfare Implementation Center project site in November 2009. The five-year award provides Colorado with sustained technical assistance resources to develop and implement systems reform. The Initiative is "an effort to develop a clear, consistent, and cohesive approach to practice and service delivery" throughout the State. Beginning in October 2010, the project began phased-in implementation of the model at the county level.

Child Welfare Staff and State Organizational Restructuring. Between FY 2008-09 and FY 2009-10, the General Assembly approved the addition of a 21.0 new FTE in the Division of Child Welfare and 3.0 FTE in the Administrative Review Division: an increase of nearly 60 percent to Division staffing at a cost of $1.5 million ($1.0 million General Fund). Much of the new staffing was tied to Division organizational restructuring and efforts to ensure the Department provides more consistent oversight of counties.

Child Welfare Training Academy. S.B. 09-164 authorized the Department to require child welfare workers to complete state-provided training before taking on a caseload. An FY 2009-10 budget decision item authorized the related funding of $1.6 million, including $0.9 million General Fund (this includes 6.0 of the FTE described above). The request built on an existing system of state training for caseworkers was designed in part to ensure sufficient classes so that workers did not have to wait for training. The Department is currently in the process of revamping the Academy.

Child Welfare Ombudsman. S.B. 10-171 creates a new Child Protection Ombudsman Program ($370,000 General Fund), contracted through the Department of Human Services. The program is required to receive and review complaints and make recommendations to the Governor and the General Assembly on improvements to the Child Welfare System.

Colorado Consortium on Differential Response. H.B. 10-1226 authorized a differential response child welfare pilot program to allow counties to offer voluntary services to families who are deemed to be a low- to moderate safety risk to a child, rather than referring these cases to dependency and neglect hearings in court. A $1.8 million federal research and development award from the National Quality Improvement Center on Differential Response in Child Protective Services will examine the effects of a differential response practice model on outcomes for children and families. A pilot project began February 1, 2010 to June 30, 2013 in five counties: Arapahoe, Fremont, Garfield, Jefferson, and Larimer. The Department is now in the process of expanding this model to additional counties, as authorized by the General Assembly in Senate Bill 12-011.

Colorado Disparities Resource Center. The Colorado Disparities Resource Center was launched with the American Humane Association in May 2009 to address issue of service disparities in child welfare based on race and ethnicity. The project was initially supported with $242,342 in Colorado Temporary Assistance to Needy Families (TANF) funds through the

TANF Statewide Strategic Uses Fund (SSUF). An additional $400,000 SSUF grant supported the project through June 30, 2012.

Corrective Action Practice Handbook/Child Welfare Rules. One element of systems improvement is ensuring that the State has sufficient "teeth" to demand county compliance with state child welfare services rules. Pursuant to State Auditor's Office recommendations (as well as those in other system-improvement reports), the State Board of Human Services adopted new rules, effective September 1, 2010 to clarify state oversight and responsibilities and a corrective action process for counties. A Corrective Action Practice handbook for counties was also issued. The rules and Handbook outline a formal process through which the State raises concerns about county processes, conducts audits, and receives county responses and monitors corrective action. The new rules provide for a state sanction to withhold the State Department's reimbursement for a county director's salary for each month of non-compliance, among other sanctions such as fiscal disallowance and state take-over of program.

Appendix
Summary of Prior Analyses of the Relationship Between Expenditures and Outcomes

- A statistical analysis of 27 county's spending and outcomes by Policy Studies Inc. and American Humane (part of the September 2009 study submitted to the Department for consideration by the Child Welfare Action Committee) found a statistically consistent pattern of funding among counties resulting from the child welfare allocation model, but little or no correlation between funding and performance, even after correcting for factors such as poverty and ethnicity. The study concluded that variance is driven by decision-making at the county level.

- As reviewed in staff's FY 2011-12 budget briefing, staff examined county performance on Child and Family Services Review data indicators from 2006 through 2009 among the large ten counties that comprise about 84 percent of the budget. Staff compared the number of indicators for which the county had a "passing" score under the federal standard in 2007 versus 2009 with whether county child welfare expenditures had increased or decreased over the same period. Staff found no clear relationship between child welfare expenditures and change in performance on CFSR scores over time, even within a given county.

- As reviewed in staff's FY 2010-11 budget briefing, data on county-by-county expenditures and outcomes for child welfare and information on related systems indicated 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 largely 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.

- Finally, anecdotal information from counties over the last several years has indicated that in some cases they have achieved budget savings through steps that could be expected to worsen their performance outcomes (such as keeping caseworker positions vacant), while in other cases they have used steps that may improve performance, such as tailoring services more narrowly to a child's needs or using a utilization review process to limit the inappropriate use of out of home placement.

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Legend	Scoring Guidelines
● Goal achieved ◇ >90% of Goal achieved ■ <90% of Goal achieved	Scores represent the percent of the goal achieved. For instance, if the goal for an item is 90% and the performance for a county is 80% - the score would be 88.9 (80% / 90%). Maximum possible points for an item is 100 - which indicates that the goal was met or exceeded.

All Counties

Outcome Measure * designates a federal CFSR outcome	Goal	2012-Q1 Jul-11-Sep 11	2012-Q2 Oct-11-Dec 11	2012-Q3 Jan-12-Mar 12	2012-Q4 Apr-12-Jun 12	2012 Jul-11-Jun-12
Safety						
Absence of A/N Recurrence* Children do not experience repeat maltreatment within 6 months of a confirmed report of intra-familial Abuse or Neglect (A/N)	**>94.6%**	95.6% 2409 / 2521 ● 100	95.3% 2700 / 2833 ● 100	94.7% 2634 / 2780 ● 100	95.2% 2340 / 2459 ● 100	95.2% 9957 / 10462 ● 100
Absence of Subsequent A/N Assessment within 12 months (NEW) Children who who had an abuse/neglect (PA5) assessment closed during period, what percent had a subsequent A/N	**>80%**	74.6% 11035 / 14800 ◇ 93	73.4% 12236 / 16672 ◇ 92	74.7% 22774 / 30491 ◇ 93	74.4% 11188 / 15036 ◇ 93	75.9% 41756 / 54983 ◇ 95
Absence of A/N in OOH Care* Children will not experience confirmed abuse or neglect in out-of-home care	**>99.68%**	99.81% 6271 / 6283 ● 100	99.85% 5959 / 5968 ● 100	99.63% 5717 / 5738 ◇ 99	99.78% 5868 / 5881 ● 100	99.41% 9368 / 9424 ◇ 99
Absence of New A/N during Case Involvement - Closed Cases Children whose case closed within period, what % did not have founded A/N during case (excludes PA4 youth)	**>98%**	89.9% 1234 / 1373 ◇ 91.7	90.3% 1568 / 1736 ◇ 92.2	91.9% 1388 / 1511 ◇ 93.7	92.1% 1510 / 1639 ◇ 94.0	91.0% 5760 / 6327 ◇ 92.9
Absence of New A/N - Open Cases Children who were involved in a abuse/neglect case during period, what % did not have a new founded A/N report during the period (excludes PA youth)	**>98%**	98.7% 8769 / 8883 ● 100	98.7% 8819 / 8934 ● 100	98.8% 8863 / 8972 ● 100	98.9% 8797 / 8895 ● 100	96.9% 13302 / 13731 ◇ 98.9
Absence of Abuse/Neglect within 12 months of Case Closure Children whose case closed within period, what % did not have subsequent founded A/N within 12 months of closure (excludes PA4 youth)	**>90%**	95.7% 3082 / 3219 ● 100	96.7% 1651 / 1708 ● 100	97.5% 1542 / 1582 ● 100	99.4% 1543 / 1553 ● 100	97.0% 6140 / 6327 ● 100
Remain Home Children who were not initially (first 30 days) in OOH placement and did not enter OOH placement during case involvement.	**>85%**	83.8% 1580 / 1885 ◇ 99	83.3% 1566 / 1879 ◇ 98	84.2% 1567 / 1861 ◇ 99	83.7% 1422 / 1698 ◇ 99	83.6% 6037 / 7222 ◇ 98
Case Re-Involvement Children whose case involvement closed within period, what % did not have subsequent case involvement in 12 months	**>90%**	92.7% 1865 / 2011 ● 100	92.1% 1863 / 2023 ● 100	92.0% 1894 / 2059 ● 100	91.5% 2213 / 2418 ● 100	92.1% 7804 / 8477 ● 100

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All Counties					
Outcome Measure **Goal** * designates a federal CFSR outcome	**2012-Q1** **Jul-11-Sep 11**	**2012-Q2** **Oct-11-Dec 11**	**2012-Q3** **Jan-12-Mar 12**	**2012-Q4** **Apr-12-Jun 12**	**2012** **Jul-11-Jun-12**
Timeliness of Initial Response >90% What percent of alleged victims in abuse/neglect or institutional investigations were seen within the indicated response time	**Immediate** 88% 1315/1502 **3 Day** 90% 1974/2197 **5 Day** 88% 6138/7004 **Grand Total** 88% 9427 / 10703 98	**Immediate** 84% 1192/1420 **3 Day** 90% 2272/2518 **5 Day** 87% 6839/7874 **Grand Total** 87% 10303 / 11812 97	**Immediate** 84% 1136/1348 **3 Day** 89% 2256/2545 **5 Day** 82% 6637/8068 **Grand Total** 84% 10029 / 11961 93	**Immediate** 86% 1148/1334 **3 Day** 89% 2107/2359 **5 Day** 86% 7194/8322 **Grand Total** 87% 10449 / 12015 97	**Immediate** 86% 4818/5635 **3 Day** 90% 8640/9651 **5 Day** 86% 26896/31361 **Grand Total** 87% 40354 / 46647 96
Monthly F-to-F Contacts OOH >95% Were the Volume 7 requirements for monthly contact with children in OOH care met? (measured using ARD results - Quest. 1447, 1564, 1665, 1767)	91.9% 1759 / 1913 97	90.6% 1623 / 1792 95	90.9% 1917 / 2109 96	91.0% 1553 / 1706 96	91.1% 6852 / 7520 96
Permanency					
Timeliness of Reunification* >75.2% Reunifications (reunification, living with other relative) occurred within 12 months of the date of removal (in care 8+ days)	77.2% 583 / 755 100	84.0% 604 / 719 100	81.2% 497 / 612 100	78.5% 503 / 641 100	80.2% 2187 / 2727 100
Median LOS for Reunifications* <5.4 mos Denominator shows reunifications during the period. Numerator represents # of reunifications in under 5.4 months (children in care 8 days or more)	5.2 mos 397 / 755 100	4.9 mos 395 / 719 100	5.6 mos 288 / 612 98	5.3 mos 328 / 641 100	5.2 mos 1408 / 2727 100
Absence of Re-Entry into OOH* >90.1% Children reunified during date range who do not re-enter OOH care within 12 months* * Children reunified from 7/1/10 to 6/30/11	83.6% 717 / 858 93	79.7% 623 / 782 88	80.8% 581 / 719 90	84.2% 686 / 815 93	82.2% 2,542 / 3092 91
Adoption Finalizations* >36.6% Children who exited care to a finalized adoption were finalized in less than 24 months from the time of the latest removal from	52.5% 105 / 200 100	56.2% 176 / 313 100	54.5% 60 / 110 100	52.4% 108 / 206 100	54.2% 449 / 829 100
Median LOS for Finalizations* <27.3 mos Median time in care for children who exit care to a finalized adoption	23.4 mos 138 / 200 100	22.9 mos 218 / 313 100	22.7 mos 76 / 110 100	22.6 mos 136 / 206 100	22.9 mos 568 / 829 100

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All Counties						
Outcome Measure * designates a federal CFSR outcome	**Goal**	**2012-Q1 Jul-11-Sep 11**	**2012-Q2 Oct-11-Dec 11**	**2012-Q3 Jan-12-Mar 12**	**2012-Q4 Apr-12-Jun 12**	**2012 Jul-11-Jun-12**
Legally free children adopted in less than 12 months* Children freed for adoption will be adopted within 12 months of termination.	**>53.7%**	48.8% 139 / 285 91	53.6% 119 / 222 100	58.6% 133 / 227 100	56.7% 153 / 270 100	54.1% 543 / 1003 100
Exits to permanency for children in care 24+ months* Children in Foster Care for 24+ months exit to permanency during period prior to 18th bday	**>29.1%**	20.9% 327 / 1561 72	20.8% 310 / 1488 72	21.3% 311 / 1458 73	21.8% 321 / 1475 75	22.5% 323 / 1436 77
Children in care 24+ months Of all children in foster care on last day of period, what percent have been in care for more than 24 months.	**<28%**	27.8% 1353 / 4868 100	28.8% 1315 / 4561 97	28.1% 1305 / 4651 100	27.4% 1273 / 4651 100	27.4% 1273 / 4651 100
Discharges to Permanent Plcmt for Legally Freed Children* Children who were legally free and discharged to permanency prior to 18th birthday	**>98%**	91.7% 232 / 253 94	95.4% 335 / 351 97	92.1% 139 / 151 94	92.9% 197 / 212 95	93.4% 900 / 964 95
Time in Care for Emancipations* Of all children who either (1) were, prior to their 18th birthday, discharged from foster care in FY with a discharge reason of emancipation, or (2) reached their 18th birthday in FY while in foster care, what **percent** were in foster care for 3+ years	**<37.5%**	39.4% 43 / 109 97	29.2% 28 / 96 100	40.2% 37 / 92 96	45.7% 48 / 105 89	38.8% 156 / 402 98
Permanency for children in OOH Children in OOH care 8 days or longer who exit to permanency (do not emancipate) Excludes runaways, transfers to DYC, and children who exit to DD adult system.	**>97%**	90.1% 105 / 1065 93	93.4% 74 / 1123 96	92.7% 60 / 817 96	90.8% 84 / 912 94	91.6% 323 / 3851 94
Placement Stability* **Children in care less than 12 mos** children who have been in foster care for less than 12 months have had no more than 2 placement settings	**>86.7%**	82.3% 2507 / 3045 95	83.2% 2537 / 3051 96	85.3% 2641 / 3097 98	88.8% 2882 / 3247 100	90.5% 5182 / 5724 100
Placement Stability* **Children in care between 12 and 24 mos** children who have been in foster care for more than 12 months but less than 24 months have had no more than 2 placement settings	**>65.4%**	65.4% 955 / 1460 100	63.3% 813 / 1285 97	63.6% 732 / 1151 97	66.9% 775 / 1159 100	68.2% 1284 / 1882 100
Placement Stability* **Children in care over 24 mos** children who have been in foster care for more than 24 months have had no more than 2 placement settings	**>41.8%**	29.2% 516 / 1769 70	29.2% 470 / 1607 70	28.8% 430 / 1493 69	29.9% 441 / 1475 72	31.7% 678 / 2140 76

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All Counties

Outcome Measure (* designates a federal CFSR outcome)	Goal	2012-Q1 Jul-11-Sep 11	2012-Q2 Oct-11-Dec 11	2012-Q3 Jan-12-Mar 12	2012-Q4 Apr-12-Jun 12	2012 Jul-11-Jun-12
Avg Daily Placements per 1,000 Average daily population of children placed in OOH care (all types) during period compared to child population in the county. * Population data from state demographer	< 5.0	**Total Placed** 6685 **New Rmvls** 1289 **ADP** 5,316 **Child Pop** 1,244,887 **ADP/1,000** 4.3 ● 100	**Total Placed** 6380 **New Rmvls** 1078 **ADP** 5,164 **Child Pop** 1,244,887 **ADP/1,000** 4.1 ● 100	**Total Placed** 6113 **New Rmvls** 1162 **ADP** 5,009 **Child Pop** 1,263,957 **ADP/1,000** 4.0 ● 100	**Total Placed** 6263 **New Rmvls** 1209 **ADP** 5,095 **Child Pop** 1,263,957 **ADP/1,000** 4.0 ● 100	**Total Placed** 9785 **New Rmvls** 4774 **ADP** 5,146 **Child Pop** 1,263,957 **ADP/1,000** 4.1 ● 100
Congregate Care ADP per 1,000 Average daily population of children placed in congregate care (residential or group) during period compared to child population in the county during period. * Population data from state demographer	< 1.0	**Child Pop** 1,244,887 **Cong Care ADP** 1,145 **ADP/1,000** 0.9 ● 100	**Child Pop** 1,244,887 **Cong Care ADP** 1,138 **ADP/1,000** 0.9 ● 100	**Child Pop** 1,263,957 **Cong Care ADP** 1,121 **ADP/1,000** 0.9 ● 100	**Child Pop** 1,263,957 **Cong Care ADP** 1,138 **ADP/1,000** 0.9 ● 100	**Child Pop** 1,263,957 **Cong Care ADP** 1,136 **ADP/1,000** 0.9 ● 100
Placements per 100 Assessed Rate of children placed into OOH care per 100 children assessed during period. * Removals within 60 days of the referral date that	< 4.0%	**# Assessed** 17,059 **Removals*** 661 **% Removed** 3.9% ● 100	**# Assessed** 16,471 **Removals** 587 **% Removed** 3.6% ● 100	**# Assessed** 19,399 **Removals** 688 **% Removed** 3.5% ● 100	**# Assessed** 17,330 **Removals** 607 **% Removed** 3.5% ● 100	**# Assessed** 70,494 **Removals** 2,553 **% Removed** 3.6% ● 100
Children who Achieve Permanency Children closed in a traditional case during period, percent that achieved permanency.	>95%	91.2% 2185 / 2396 ◇ 96	93.3% 2265 / 2427 ◇ 98	93.4% 2070 / 2216 ◇ 98	90.6% 1967 / 2170 ◇ 95	92.4% 8487 / 9189 ◇ 97
Parents Remain Home		1147 47.9%	1177 48.5%	1105 49.9%	1067 49.2%	4496 48.9%
Reunification with Parents		510 21.3%	419 17.3%	443 20.0%	417 19.2%	1789 19.5%
Relatives/Kin		347 14.5%	354 14.6%	398 18.0%	302 13.9%	1401 15.2%
Adoption		181 7.6%	315 13.0%	124 5.6%	181 8.3%	801 8.7%
Emancipation		144 6.0%	98 4.0%	93 4.2%	142 6.5%	458 5.0%
DYC/Jail		48 2.0%	45 1.9%	41 1.9%	43 2.0%	177 1.9%
Runaway		22 0.9%	19 0.8%	15 0.7%	21 1.0%	77 0.8%

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All Counties						
Outcome Measure * designates a federal CFSR outcome	**Goal**	**2012-Q1** **Jul-11-Sep 11**	**2012-Q2** **Oct-11-Dec 11**	**2012-Q3** **Jan-12-Mar 12**	**2012-Q4** **Apr-12-Jun 12**	**2012** **Jul-11-Jun-12**
OVERALL TOTALS		**2774**	**2590**	**2683**	**2691**	**2606**

SUMMARY OF RESULTS 2012	**SAFETY**		**PERMANENCY**		**PIP**		**OVERALL**	
# Goal Achieved:	4	33 %	6	55%	0	0%	**10**	**43%**
# Between 90 and 100% Goal:	8	67 %	4	36%	0	0%	**12**	**52%**
# Less than 90% Goal:	0	0 %	1	9%	0	0%	**1**	**0%**

Issue: Youth Corrections Request and Commitment Trends

A steep decline in the number of youth corrections commitments continues. An FY 2012-13 supplemental budget adjustment and FY 2013-14 budget amendment will likely be needed to reflect the closure of state-operated, as well as contract, beds.

SUMMARY:

- The Division of Youth Corrections budget is driven in large part by the number of youth committed to Department's custody.

- The population of committed youth is declining more rapidly than was anticipated during FY 2012-13 figure setting.

- As a result, staff anticipates a supplemental budget reduction that could be as great as $7.6 million General Fund, depending upon what beds are closed. Greater savings can be anticipated in FY 2013-14.

RECOMMENDATION:

The Committee should request the Executive submit downsizing proposals by January 1.

DISCUSSION:

Background - the Division of Youth Corrections Commitment Population
Any youth over the age of 10 who is convicted of violating state or federal law, certain county or municipal ordinances, or a related lawful court order may be committed to the custody of the Division of Youth Corrections as a juvenile delinquent.[1] Youth are committed to the Division for a determinate or indeterminate residential sentence, ranging from less than one year to seven years. Upon conclusion of their residential sentence, youth are subject to a period of mandatory parole. Youth may be brought before the Juvenile Parole Board at any point between the minimum and maximum time required by their sentence.

- In FY 2011-12, an average of 983 youth were in residential, commitment placement on any given day. This includes placement in state-owned and operated secure facilities; privately operated secure and staff secure facilities, including state-owned privately-operated beds and other community-based residential placements. Many youth "step down" from more secure to less secure placements during their period of commitment. During FY 2011-12, on any given day, an average of 432 youth were in state-operated beds, 290 youth were in state-owned but privately operated beds (at Ridge View, Marler, and DeNier), and the remaining youth were in other privately-operated residential beds.

- The average length of residential placement served in FY 2011-12 was 18.3 months.[2]

- The average age at commitment was 16.8 years, and 86.2 percent of newly-committed youth were male. Minority populations are disproportionately represented in the youth commitment population: 57 percent identified as African-American, Latino, Native American, or Asian American.[3]

- In FY 2011-12, an average of 363.4 youth were on parole on any given day. Pursuant to statute, most youth receive six months of mandatory parole. However, parole may be extended for youth with certain serious offenses. As a result, in FY 2011-12, the average length of stay on parole was 7.0 months.[4]

The Division of Youth Corrections Continuum of Care initiative was launched in late FY 2005-06 to improve the transition for committed youth from residential services, to parole, to discharge. Implementation began with budgetary flexibility provided through a Long Bill footnote that was designed to enable the Division to invest in treatment, transition, and wrap-around services. However, it has since become integrated in the Division's overall philosophy, and with what it defines as its five key strategies to success: right service at the right time; quality staff; proven practices; safe environments; and restorative justice. The continuum includes a cycle of assessment, case planning and treatment for each youth, which is repeated periodically until discharge. By providing "*the right service at the right time*" the Division seeks to ensure that it helps to bring youth out of criminal justice involvement rather than sending them deeper into the system.

Historic and Recent Budget and Population Trends in the Division of Youth Corrections
After rising sharply from the 1990s through FY 2004-05, youth corrections commitment populations first stabilized and then began to fall sharply in Colorado. This decline is consistent with patterns seen across the United States and coincides with reductions in arrest and detention rates that have occurred despite an overall increase in the size of the youth population.

The chart below shows the historic and current budget appropriations, along with actual and estimated youth populations that were used to set the FY 2012-13 budget. As shown, youth corrections funding is substantially—but not exclusively--affected by commitment population trends.

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[2] Of youth sentenced in FY 2010-11, 99.0 percent received maximum sentences of two years or less.

[3] FY 2010-11 data.

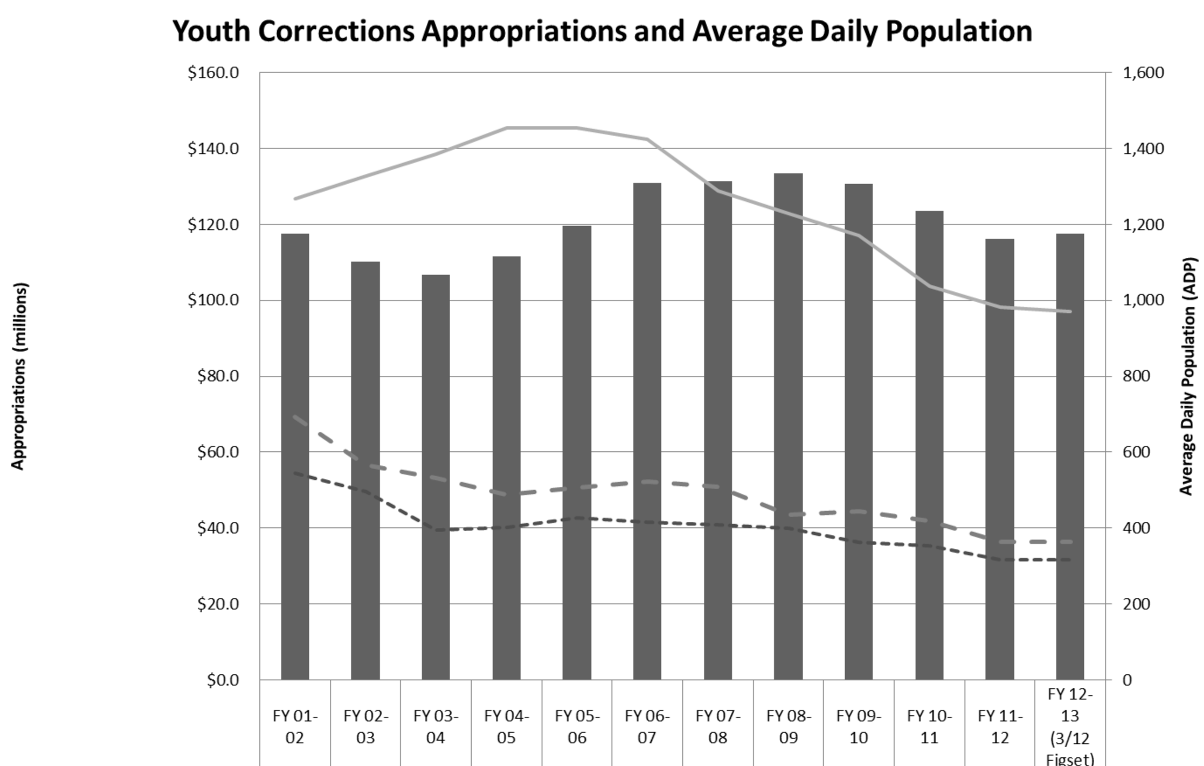
[4] Of the FY 2009-10 population, 12 percent received parole for longer than six months.

As the youth corrections population has fallen, the Department has had to adjust its capacity significantly. Initially, reductions were accomplished by closing contract beds. More recently, however, with the continuing steep decline in the youth corrections population, State has reduced the number of state-operated beds. During FY 2011-12, the Department closed the 20-bed Sol Vista Facility and a pod at the Marvin Foote facility in Denver.

For FY 2012-13, the state budget:

- Reflected an assumption that populations would continue to decline, but at a slower rate than in prior years; and
- Provided sufficient funding to enable the Department to operate state-operated facilities at 100 percent of capacity (rather than at 110 percent, as had been the historic practice).

The net impact was an increase in the budget, despite a projected decline in the population.



	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13 (3/12 Figset)
Appropriations (millions)	$117.4	$110.2	$106.7	$111.5	$119.5	$130.9	$131.4	$133.4	$130.8	$123.6	$116.2	$117.5
Commitment ADP	1,267	1,328	1,386	1,454	1,453	1,425	1,287	1,228	1,171	1,038	983.1	970.7
Parole ADP	692.9	567.2	532.3	487.9	507.4	521.7	509.3	434.9	443.2	418.4	363.4	363.8
Detention ADP	545.0	497.1	395.7	402.1	426.3	415.0	408.6	398.8	363.4	352.4	316.4	316.4

Department Request for the Division of Youth Corrections and Anticipated Supplemental Adjustments

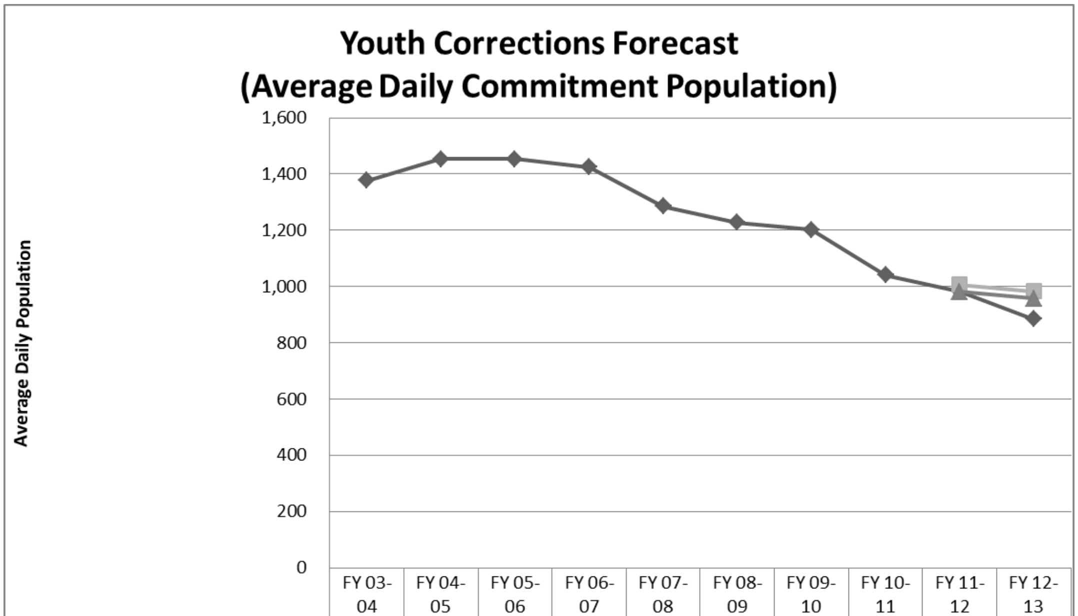
The Department's November 1 request for the Division is driven almost entirely by a requested provider rate increase, as shown below.

Department of Human Services Division of Youth Corrections	Total Funds	General Fund	Cash Funds	Reappropriated	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1335 (Long Bill)	117,536,181	111,787,426	91,531	3,382,655	2,274,569	937.8
Other legislation	74,850	74,850	0	0	0	0.0
TOTAL	**$117,611,031**	**$111,862,276**	**$91,531**	**$3,382,655**	**$2,274,569**	**937.8**
FY 2013-14 Requested Appropriation:						
FY 2012-13 Appropriation	$117,611,031	$111,862,276	$91,531	$3,382,655	$2,274,569	937.8
R-5: Provider rate increase	916,572	857,349	0	28,918	30,305	0.0
Annualize prior year legislation	103,026	96,489	0	0	6,537	0.0
TOTAL	**$118,630,629**	**$112,816,114**	**$91,531**	**$3,411,573**	**$2,311,411**	**937.8**
Increase/(Decrease)	$1,019,598	$953,838	$0	$28,918	$36,842	0.0
Percentage Change	0.9%	0.9%	0.0%	0.9%	1.6%	0.0%

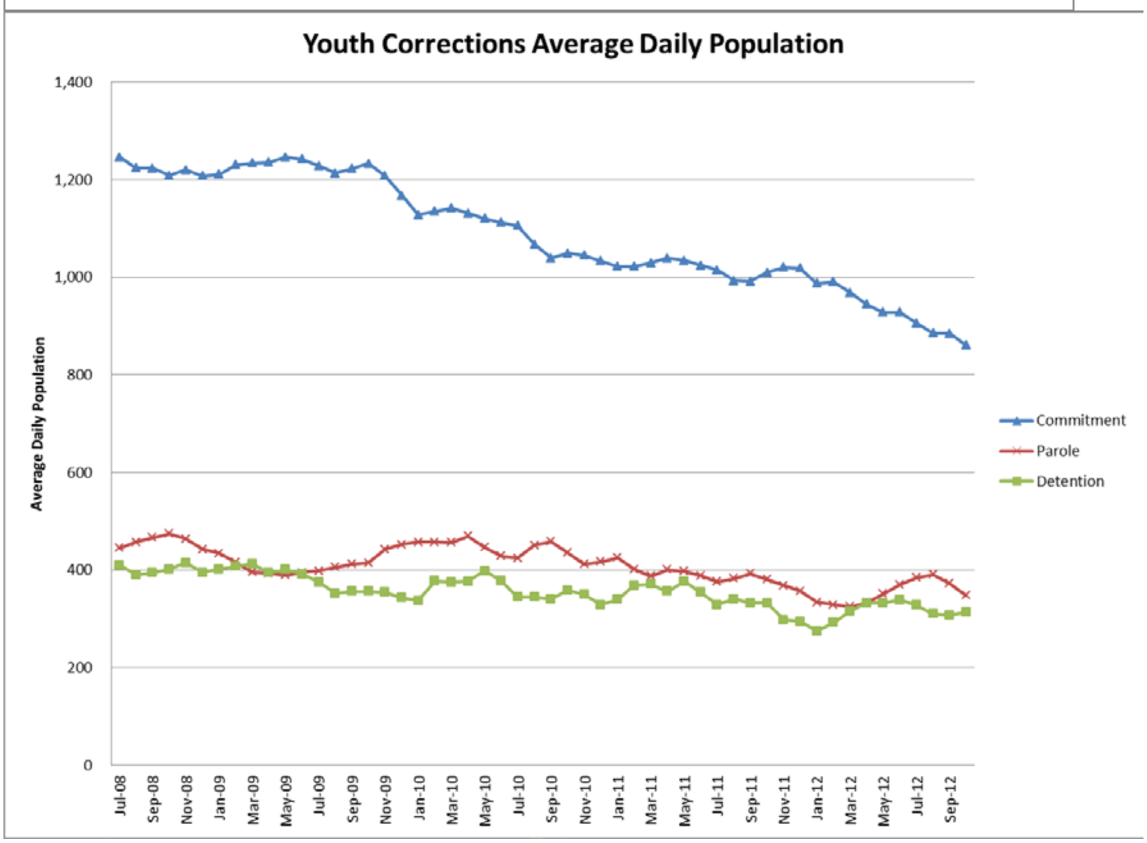
However, based on data from the end of FY 2011-12, as well as early FY 2012-13**, it is clear that further substantial budget adjustments will be required in FY 2012-13 and FY 2013-14. The youth corrections population appears to be falling far more quickly than projected when figures were set for the Long Bill.** The projection for the Long Bill was based on the average of the Division of Criminal Justice and Legislative Council Staff projections. It now appears that both projections were too conservative. Staff therefore anticipates a request for a supplemental reduction.

New projections from Legislative Council and the Division of Criminal Justice are not yet available. *The following figures therefore reflect rough JBC staff estimates, based on the data now available.* These figures will be updated based on revised formal projections.

- The Long Bill for FY 2012-13 is based on an assumed commitment average daily placement (ADP) for FY 2012-13 of 970.7.
- If average daily placements were to stabilize the level of commitment placements for the first four months of the year, the commitment ADP for FY 2012-13 would be 884.3—an 86.4 ADP reduction.
- The monthly rate of decline in the commitment population has been steep and quite steady since February 2012. If the average monthly rate of decline experienced from November 2011 through October 2012 (1.3 percent) is projected forward for the remainder of the fiscal year staff would anticpate an average daily placement for FY 2012-13 of approximately 835.7—a 135.0 ADP reduction. By June 2013, the Division would have fewer than 775 committed youth in its custody.



	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Actual (through October 2012)	1,377	1,454	1,453	1,425	1,286	1,228	1,202	1,040	983	884
DCJ Dec 2011									1,007	983
Leg Council Dec 2011									981	958



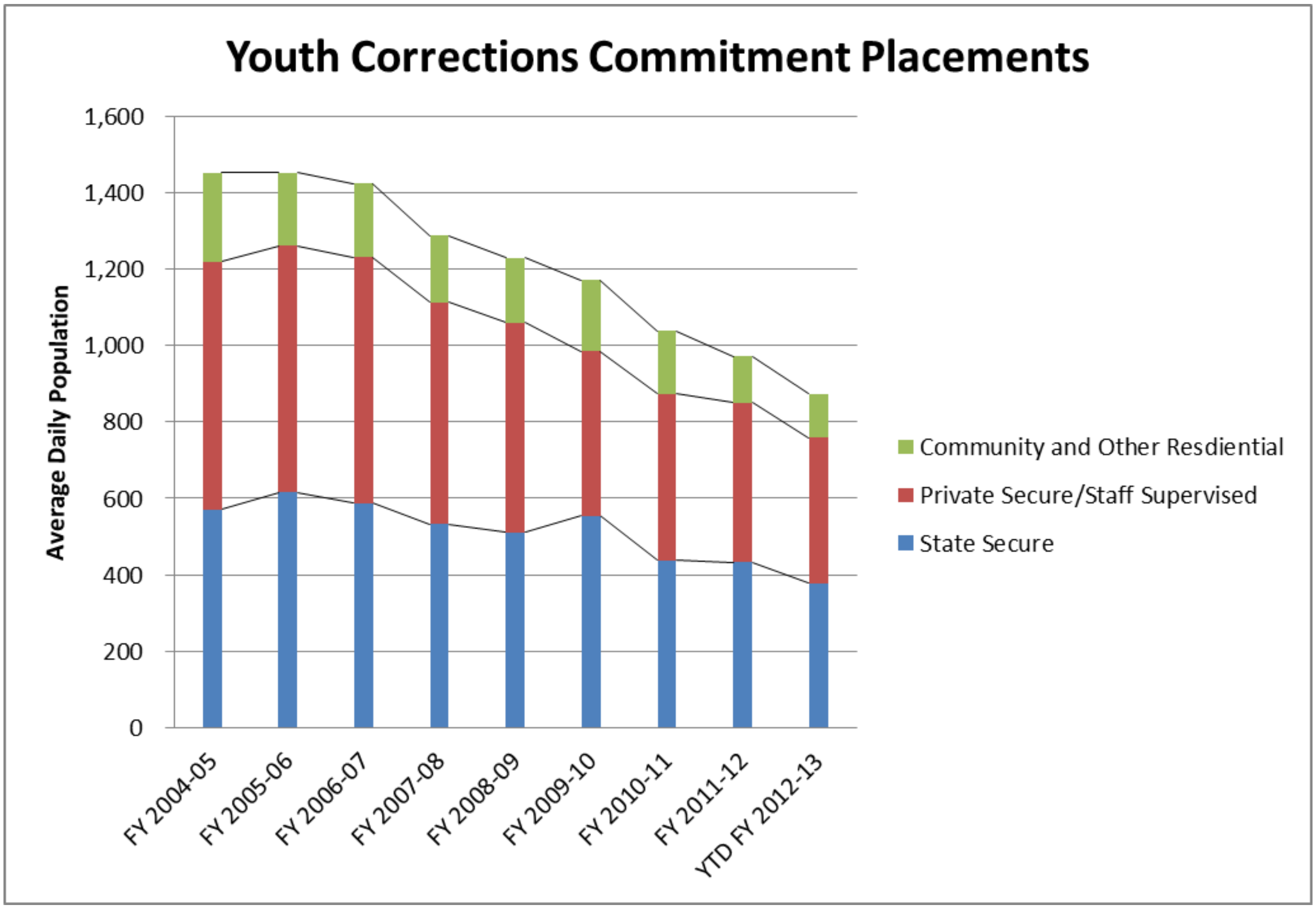
In light of the ongoing steep population decline, staff assumes that further "right sizing" will be required, i.e., that the Department will need to close additional state-operated beds, in addition to reducing contract placements.

As reflected in the chart below, commitment populations fall into three broad categories:

State Secure	Placements in "hardened" facilities across the State, which are staffed by state FTE and are typically used to serve youth who present the most serious safety risks or who have "blown out" of other kinds of placement;
Private secure/ Staff supervised	Over 70 percent of current placements in this category are in three facilities--Ridge View, Marler, and DeNier--which are state-owned but privately operated facilities. The remainder are privately owned and operated programs such as Jefferson Hills and Devereaux Cleo Wallace.
Community/ Other residential	This includes a variety of other placements, primarily consisting of community residential programs for youth who are transitioning to parole or who pose less of a community threat.

The division has previously taken the position that about 40 percent of its population is most appropriately placed in a secure state placement. Staff has never been provided the basis for this analysis. However, assuming it is accurate, staff would atnicipate that **by June 2013 the Department would need no more than 310 state-operated beds (40 percent of 775). The current state-operated capacity is 394.5.**

The chart below shows how overall reductions within the commitment system have been managed across various types of physical placements, including state-operated, privately operated secure and staff-secure facilities, and community placements.



Potential Budget Savings

If all budget savings were taken in contract beds, staff would anticipate **savings of $4.8 to $7.6 million General Fund in FY 2012-13 for the decline in contract beds.** The $4.8 million estimate is based on the assumption that contract placements would stabilize at the level in place for the first four months of the year (884 ADP). The $7.6 million estimate is based on a steady decline at the same rate as the average for the past year (836 ADP), which currently appears more likely. **Staff would anticipate greater savings in FY 2013-14.** For example, if caseloads were to stabilize at 775 (the level that might be anticipated at the end of FY 2012-13 at the current rate of decline), the FY 2013-14 budget could be reduced by as much as $11.0 million General Fund.

Rough Estimate of FY 2012-13 and FY 2013-14 Potential Budget Reductions					
				Potential Savings at Average Contract Placements Rate	
	FY 2012-13 Long Bill ADP	Updated ADP Range	Resulting ADP reduction	Total	General Fund
FY 2012-13					
Continued decline at avg 1 year rate (1.3%)	970.7	835.7	(135.0)	($7,995,701)	($7,554,867)
Stabilized at avg for first 4 months of year	970.7	884.3	(86.4)	(5,112,290)	(4,829,304)
FY 2013-14					
Decline at 1.3% per month through FY 2012-13, then stabilize	970.7	774.3	(196.4)	(11,632,799)	(10,990,807)

If some savings are taken in state-operated beds—which would be appropriate--the resulting savings could be more, but are likely to be less. State operated beds are substantially more expensive to operate per youth than privately operated beds. As shown in the attachment, the actual costs associated with state operated beds in FY 2011-12 were $249 per youth per day, compared with $178 per person per day in state-owned privately operated facilities and $163 per person per day in privately owned and operated facilities. These costs are not fully comparable, due to additional educational and medical revenues received by privately operated facilities. Nonetheless, because of the type of placement, the cost of state employee salaries and benefits, and the lack of access to any federal reimbursement (Medicaid or IV-E) in secure facilities, state secure beds are clearly more costly.

However, as shown in the chart below, smaller numbers of state-operated beds have not always translated into equivalent savings. This has occurred for two reasons:

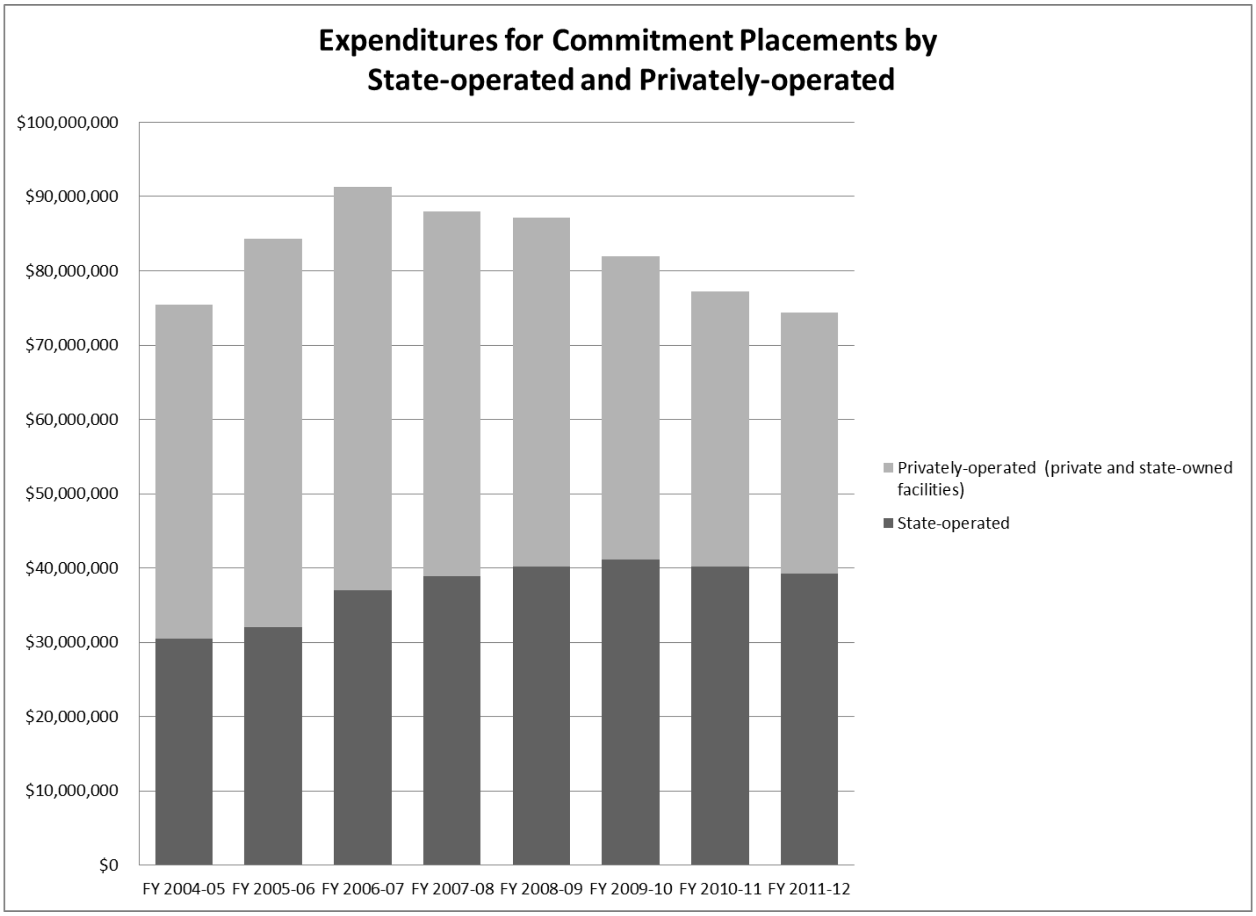
- increases or reductions in the number of beds in a facility—as opposed to wholesale closure of facility—provides limited savings. If there are not sufficient beds closed to warrant closure of an entire facility; and
- even when entire facilities have been closed, the General Assembly has often agreed to allow the resulting savings to be used for other system enhancements, such as improved staff-to-client ratios.

The Department has not yet submitted any information related to plans for downsizing state-operated or contract beds. However, in anticipation of such a plan, staff suggests the following:

- The Department should be asked to submit a downsizing proposal no later than the regular January supplemental schedule. At times, the Department has requested some leeway, as Legislative Council Staff projections may not be available until late December. However, given stark recent commitment population trends, staff assumes the Department has been working on a downsizing plan for some time and should be prepared to share its proposals by early January.

- The Committee should be cautious in agreeing to further "reinvestments" in state-operated facilities. It agreed to retain in the base much of the savings from closure of the Sol Vista facility and Foote pod in FY 2011-12 and effectively enhanced facility staffing ratios in late FY 2011-12 and early FY 2012-13 by 10 percent across-the-board by agreeing not to over-crowd state-operated facilities. Based on FY 2011-12 data, a state-operated commitment bed cost about $91,000 per year in FY 2011-12, and this effective cost-per-day will increase in FY 2012-13, as the number of youth served in each facility declines.

- In light of the improvements already adopted, if executive and legislative branches wish to "reinvest " savings from reduced commitment placements, it may be time to focus them elsewhere, including on front-end services that keep youth out of these high end placements.


Expenditures for Commitment Placements by State-operated and Privately-operated
$100,000,000
$90,000,000
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
FY 2004-05
FY 2005-06
FY 2006-07
FY 2007-08
FY 2008-09
FY 2009-10
FY 2010-11
FY 2011-12
Privately-operated (private and state-owned facilities)
State-operated

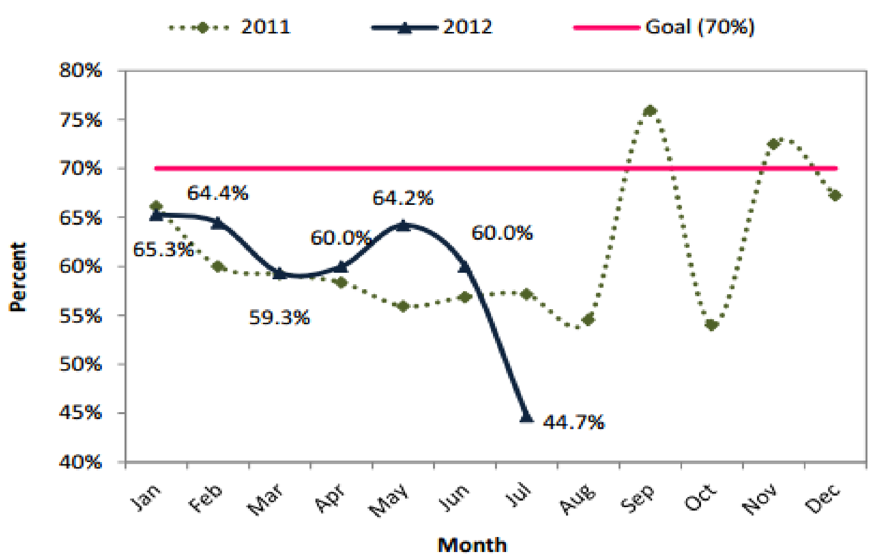
Division of Youth Correction Cost per Day Historical Rates Updated November 15, 2012	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	Change from Prior Year
Cost per Day Per Youth						
State-operated Commitment	$ 225.04	$ 241.00	$ 225.87	$ 252.33	$ 248.88	$ (3.45)
State-operated Detention	$ 153.74	$ 162.43	$ 165.79	$ 170.06	$ 180.25	$ 10.19
Private Residential	$ 166.16	$ 174.00	$ 171.10	$ 176.34	$ 162.83	$ (13.51)
Private Residential (State-owned Facilities)	$ 156.41	$ 162.05	$ 154.23	$ 152.40	$ 178.20	$ 25.80
Case Management/Parole Supervision	$ 20.39	$ 25.35	$ 22.75	$ 24.19	$ 23.63	$ (0.56)
Youth Capacity						
State-operated Commitment	473.1	456.7	499.3	436.9	432.3	(4.6)
State-operated Detention	449.0	447.0	454.0	452.0	405.0	(47.0)
Private Residential	367.0	312.6	300.7	273.5	262.7	(10.8)
Private Residential (State-owned Facilities)	470.4	459.0	392.0	347.7	299.6	(48.1)
Case Management/Parole Supervision	1,819.8	1,663.2	1,635.2	1,476.5	1,358.0	(118.5)
Cost per Year - Total						
State-operated Commitment	$ 38,859,483	$ 40,174,176	$ 41,161,615	$ 40,239,095	$ 39,271,249	$ (967,846)
State-operated Detention	$ 25,195,034	$ 26,501,518	$ 27,472,907	$ 28,056,409	$ 26,645,507	$ (1,410,902)
Private Residential	$ 22,257,687	$ 19,853,347	$ 18,780,126	$ 17,603,111	$ 15,613,199	$ (1,989,912)
Private Residential (State-owned Facilities)	$ 26,854,417	$ 27,149,366	$ 22,066,848	$ 19,341,696	$ 19,487,286	$ 145,590
Case Management/Parole Supervision	$ 13,546,850	$ 15,391,741	$ 13,577,634	$ 13,037,770	$ 11,711,547	$ (1,326,223)
Non allocated (Senate Bill 94, Victim Assistance, Interstate Compact, Boulder Impact)	$ 13,929,320	$ 14,815,142	$ 14,409,178	$ 14,258,109	$ 13,403,005	$ (855,104)
Total Division Expenditures Including Medicaid	$ 140,642,791	$ 143,885,290	$ 137,468,308	$ 132,536,190	$ 126,131,793	$ (6,404,397)

Cost per day for State-operated Detention, Private Residential, and Private Residential in State-owned Facilities do not include costs of Education, Medical Care, or funds provided via the Child Nutrition Program (school lunch funding).

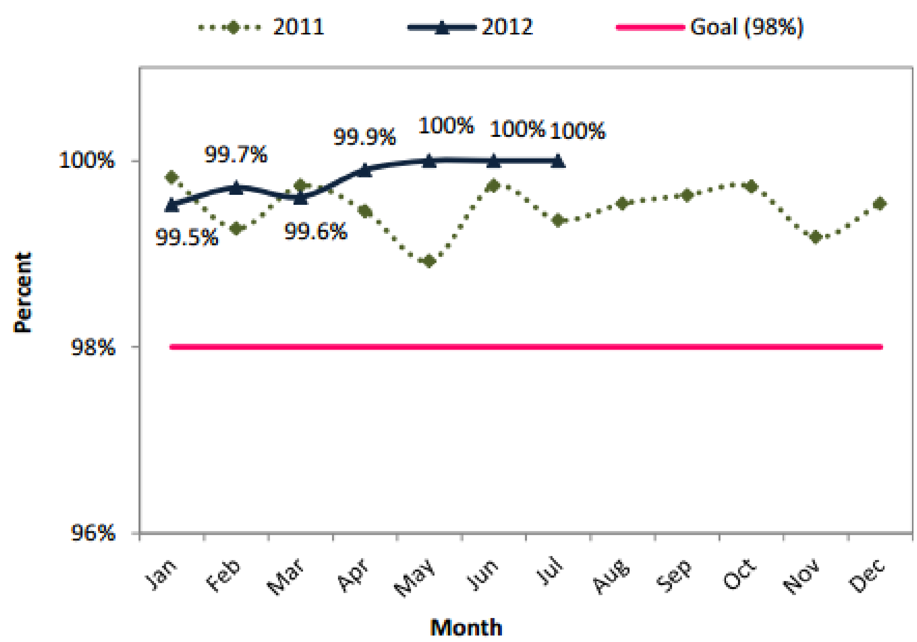
RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

One of the Department's strategic goals is to ensure that Colorado children have the opportunity to thrive in safe, nurturing and stable families. Two performance measures in this category are associated with the Division of Youth Corrections. The Department's C-stat report for these measures is shown below.

Youth Enrolled in an Educational Program or Employed at Discharge



Commited Youth who Did Not Receive Any New Charges in Residential Placement


2011
2012
Goal (98%)
100%
98%
96%
Percent
99.5%
99.7%
99.6%
99.9%
100%
100%
100%
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Month

Multipurpose Facilities - Detention, Commitment, and Assessment

	Grand Mesa	Mount View	Platte Valley	Spring Creek
Building Information				
Building Design	Two Buildings 3 pods	Campus 4 Residential Buildings / 8 units 3 Non-residential buildings and Marler Center campus	Single Building 6 pods	Single Building 5 pods
Capacity (Number of beds available)				
Detention	29	51	69	61
Commitment	40	69	58	41
Total	**69**	**120**	**127**	**102**
Target Population Information				
Age Range	10-20	10-20	10-20	10-20
Gender				
Male	X	X	X	X
Female	X	X	X	X
Needs/Focus	*Serves 18 counties, 6 JDs	*Serves 1st, 2nd, 5th and 18th JDs	*Serves 8th, 13th, 19th and 20th JDs	*Serves 4th, 11th JD for Detention
Other Unique Characteristics	*Licensed Alcohol and Drug Abuse Division (ADAD) Facility * 2 Education departments: Mesa Valley School District 51 and State teachers	*Long term transition program for males-generally younger population *Short-term Next Step program for regressed youth, male and female *Licensed ADAD facility * Education by State FTE and Jefferson County School District	*Licensed ADAD facility * Education by Weld County School District	*Serves 4th, 10th, 11th, 12th,15th and 16th for assessment *Licensed ADAD facility *Education services provided by Colorado Springs Dist 11
Safety Metrics - FY 2011-12				
Critical Incidents	12	48	34	19
Assaults/Fights	7	185	110	76
Youth Injuries Resulting from Assault	2	42	4	6
Total Estimated Annual Cost of Facility FY 2012-13 (1)	**$ 4,816,835**	**$ 9,187,223**	**$ 7,483,135**	**$ 6,680,264**
Minus Assessment Expenditures	$ 222,258	$ 604,125	$ 279,814	$ 308,390
Net Annual Cost w/o Assessment	**$ 4,594,577**	**$ 8,583,098**	**$ 7,203,321**	**$ 6,371,874**
Minus Administration Expenditures	$ 306,398	$ 527,921	$ 377,952	$ 268,114
Net Annual Cost w/o Assessment or Administration	**$ 4,288,178**	**$ 8,055,176**	**$ 6,825,369**	**$ 6,103,759**

Major Components (Cost per Youth - Assessment not Included)	Grand Mesa Detained	Grand Mesa Committed	Mount View Detained	Mount View Committed	Platte Valley Detained	Platte Valley Committed	Spring Creek Detained	Spring Creek Committed
Administration (Director, Facility Director, Program Assistant, Admin Assistant)	$ 4,441	$ 4,441	$ 4,399	$ 4,399	$ 2,976	$ 2,976	$ 2,629	$ 2,629
Food Services	$ 5,448	$ 5,448	$ 4,811	$ 4,811	$ 4,481	$ 4,481	$ 4,616	$ 4,616
Medical Services	$ 2,702	$ 2,702	$ 3,180	$ 3,180	$ 3,588	$ 3,588	$ 4,633	$ 4,633
Direct Care (Security/Safety)	$ 39,248	$ 39,248	$ 43,755	$ 43,755	$ 37,702	$ 37,702	$ 42,081	$ 42,081
Total Common Costs per day (Committed and Detained)	$ 51,839	$ 51,839	$ 56,146	$ 56,146	$ 48,747	$ 48,747	$ 53,959	$ 53,959
Clinical	$ 2,152	$ 6,358	$ 1,801	$ 9,454	$ 771	$ 6,128	$ 916	$ 6,945
Education	$ 0	$ 17,523	$ 0	$ 15,963	$ 0	$ 10,409	$ 0	$ 12,865
Total	**$ 53,991**	**$ 75,720**	**$ 57,947**	**$ 81,562**	**$ 49,519**	**$ 65,285**	**$ 54,875**	**$ 73,769**

Staffing - State FTE	Grand Mesa	Mount View	Platte Valley	Spring Creek
Administration (Director, Facility Director, Program Assistant, Admin Assistant)	4.0	6.8	5.0	3.8
Food Services	5.0	7.0	7.0	7.0
Medical Services	0.6	3.7	4.7	5.1
Clinical (Does not include contractors)	3.5	9.0	5.0	3.0
Education (Does not include contractors)	5.5	10.5	0.0	0.0
Direct Care (Security/Safety)	45.0	93.0	84.5	71.0
Total	**63.6**	**129.9**	**106.2**	**89.9**
Direct-care Coverage Ratios				
Number of Youth to 1 Staff (Averaged across three shifts)	10.3	9.0	9.8	9.9

(1) Includes medical, education, food services, clinical, security, and administration - **also includes POTS.**

	Detention Facilities			
	Adams	**Foote**	**Gilliam**	**Pueblo**
Building Information				
Building Design	Single Building 2 pods	Single Building 6 pods - 4 occupied	Two Buildings 6 pods	Two Buildings 3 pods - 2 occupied
Capacity (Number of beds available)				
Detention	25	80	64	26
Commitment	0	0	0	0
Total	**25**	**80**	**64**	**26**
Target Population Information				
Age Range	10-18	10-18	10-18	10-18
Gender				
Male	X	X	X	X
Female	X	X	X	X
Needs/Focus Other Unique Characteristics	*Serves 17th Judicial District (JD) only *Education Services provided by Brighton School District 27J	*Serves 17th, 18th and 11th JDs *Adjacent to Juvenile Assessment Center * Education Services provided by Cherry Creek School District 5	*Serves 2nd JD *Significant gang population as located in inner city * Education Services by Denver Public Schools	*Serves 3rd, 10th, 12th, 15th and 16th JDs, entire southern and eastern part of state * Education Services by School District JT-60
Safety Metrics - FY 2011-12				
Critical Incidents	2	13	41	5
Assaults/Fights	5	57	137	14
Youth Injuries Resulting from Assault	1	2	8	1
Total Estimated Annual Cost of Facility FY 2012-13 (1)	**$ 1,748,695**	**$ 4,744,659**	**$ 4,594,708**	**$ 2,182,909**
Minus Administration Expenditures	$ 302,159	$ 269,504	$ 232,345	$ 267,516
Net Annual Cost w/o Administration	**$ 1,446,536**	**$ 4,475,155**	**$ 4,362,363**	**$ 1,915,392**
Total Cost of Facility per Youth (Total Capacity / Total Estimated Annual Cost)	$ 69,948	$ 59,308	$ 71,792	$ 83,958
Major Components (Cost per Youth)				
Administration (Director, Facility Director, Program Assistant, Admin Assistant)	$ 12,086	$ 3,369	$ 3,630	$ 10,289
Food Services	$ 7,968	$ 5,334	$ 5,987	$ 10,729
Medical Services	$ 4,461	$ 2,787	$ 3,180	$ 5,188
Clinical	$ 1,329	$ 1,385	$ 1,332	$ 1,312
Direct Care (Security/Safety)	$ 44,103	$ 46,434	$ 57,663	$ 56,441
Total	$ 69,948	$ 59,308	$ 71,792	$ 83,958
Staffing - State FTE				
Administration (Director, Facility Director, Program Assistant, Admin Assistant)	3.0	3.0	3.0	3.0
Food Services	4.0	6.0	6.0	5.5
Medical Services	1.0	2.1	2.1	1.3
Clinical (No FTE, provided by County Mental Health centers)	0.0	0.0	0.0	0.0
Direct Care (Security/Safety)	19.0	63.0	61.5	24.0
Total	27.0	74.1	72.6	33.8
FTE above is at full staffing, the Division typically experiences 4-6% vacancy				
Direct-care Coverage Ratios				
Number of Youth to 1 Staff (Averaged across three shifts)	11.4	8.4	7.0	9.1

(1) Includes medical, food services, clinical, security, and administration - **also includes POTS.** No educational costs are included, those are provided outside the Division for detention.

Commitment Facilities

	Lookout	Zeb Pike
Building Information		
Building Design	Campus 6 Residential Buildings 12 Non-residential Buildings (Dining, Gym, Administration,Vocational Education, School)	Two Buildings 3 pods
Capacity (Number of beds available)		
Detention	0	0
Commitment	150	36
Total	**150**	**36**
Target Population Information		
Age Range	15-20	13-20
Gender		
Male	X	X
Female	No	No
Needs/Focus Other Unique Characteristics	*Aggravated offenders (long-term) *Mental health diagnosis *Traumatic brain injuries, lower cognitive functioning *High intensity clinical programming * Large sex offender population *Accredited academic program/career technology classes * Education provided by private contractor	*One pod specifically designated for sexual offense programming * Strong emphasis on transitional services *Vocational programming in Culinary Arts and Business Management * Education services provided by State FTE
Safety Metrics - FY 2011-12		
Critical Incidents	40	18
Assaults/Fights	167	28
Youth Injuries Resulting from Assault	34	0
Total Estimated Annual Cost of Facility FY 2012-13 (1)	**$ 13,021,795**	**$ 3,622,142**
Minus Administration Expenditures	$ 436,881	$ 271,144
Net Annual Cost w/o Administration	**$ 12,584,914**	**$ 3,350,998**
Total Cost of Facility per Youth (Total Capacity / Total Estimated Annual Cost)	$ 86,812	$ 100,615.05
Major Components (Cost per Youth)		
Administration (Director, Facility Director, Program Assistant, Admin Assistant)	$ 2,913	$ 7,532
Food Services	$ 4,426	$ 7,644
Medical Services	$ 5,381	$ 2,718
Clinical	$ 12,698	$ 13,278
Education	$ 13,564	$ 19,506
Direct Care (Security/Safety)	$ 47,830	$ 49,936
Total	$ 86,812	$ 100,615
Staffing - State FTE		
Administration (Director, Facility Director, Program Assistant, Admin Assistant)	5.5	3.5
Food Services	8.0	5.0
Medical Services	4.2	1.0
Clinical (Does not include contractors)	16.0	5.0
Education (Does not include contractors)	0.0	7.5
Direct Care (Security/Safety)	113.0	30.0
Total	146.7	52.0
Direct-care Coverage Ratios		
Number of Youth to 1 Staff (Averaged across three shifts)	8.3	8.2

(1) Includes medical, educational, food services, clinical, security, and administration - **also includes POTS.**

Issue: The Detention and Commitment Continuum – Options for Further Reducing the Use of Secure Beds

The Department of Human Services provides many components of the continuum of services for youth who are in trouble with the law, including detention and commitment beds and funding for community-based alternatives. The demand for secure detention and commitment beds has fallen substantially. Staff believes the number of beds could be further reduced by soliciting proposals from judicial districts interested in reducing the number of capped detention beds and/or capping their commitment beds in return for funding for alternative services.

SUMMARY:

- The Department of Human Services provides many—although not all—components of the continuum of services for youth who are in trouble with the law. This includes operating secure detention facilities (juvenile jails) throughout the State, managing state-operated and contract commitment placements, and funding alternatives to detention and commitment placements.

- Judicial districts and S.B. 91-94 programs associated with the judicial districts are responsible for managing many of the fixed resources for youth charged with crimes, including managing to a fixed number of capped detention beds, using S.B. 91-94 resources to provide placement alternatives, and managing probation services. In the Boulder area, the judicial district and its partners also manage to a fixed number of commitment beds.

- The use of secure detention beds continues to fall, as does the use of other components of the juvenile justice system. Based on the population decline to-date, further detention bed-closures may be appropriate. Staff believes there is a potential for even greater reductions, which staff believes would be in the best interest of youth involved in the system.

RECOMMENDATION:

Staff recommends that the Committee send a letter to the Department of Human Services requesting that it solicit proposals from judicial districts, S.B. 91-94 programs, and their partners for reducing the number of capped detention beds and potentially capping commitment beds, in return for funding evidence-based community-based alternatives.

DISCUSSION:

Department of Human Services Role in the Youth Detention and Commitment Continuum
Pursuant to Parts 4 of Title 2 of Section 19, C.R.S., the Division of Youth Corrections operates detention facilities that serve a function similar to adult jail. State owned and operated facilities,

and a small number of contract placements, provide secure short-term placements for youth who are pending adjudication or who have received short sentences (less than 45 days). Secure detention is a significant component of the Department of Human Services youth corrections budget: over $28 million was expended for secure detention beds in FY 2011-12. In addition, the Division is responsible for all youth committed to the custody of the Department of Human Services. Commitment services comprise the largest component of the Division of Youth Corrections Budget.

A rise in demand for secure placements has at various points led the General Assembly to enact legislation to limit the use of secure placements.

- Projected growth in the detention population initially led to the passage of Senate Bill 91-94. That bill, as subsequently modified, provided resources to local judicial district programs for alternatives to secure detention and commitment placements. The General Assembly annually appropriates funding to the Department of Human Services, Division of Youth Corrections for this program.

- The continued growth of the detention population, as well as state revenue constraints, led to the passage of Senate Bill 03-286, which capped the total number of secure detention beds at 479. Due to declines in the secure detention population, the General Assembly lowered the detention cap to 422, effective FY 2011-12.

The funding allocated through S.B. 91-94 programs, combined with the cap on secure detention beds work in tandem with various other initiatives to limit the use of secure, state-funded detention and commitment placements. The Department submits an annual report addressing the S.B. 91-94 programs and the detention caps pursuant to a Request for Information submitted to the Governor. Much of the data in this issue is drawn from this report.[1]

Judicial District Resource Management

The state's 22 judicial districts are responsible for managing many of the resources for youth who appear before district courts. Pursuant to Section 19-2-212, C.R.S., a working group formed by the Department of Human Services and the State Court administrator determine detention catchment areas, and annually allocate the number of juvenile detention beds to each judicial catchment area in the state. Each judicial district is responsible for managing available secure detention placements within the cap.

- Operating within resource limits, judicial districts must determine appropriate pre-trial services to help ensure youth appear in court as scheduled. This may include placing the

[1] The most recent report, submitted November 1, 2012, is by the Center for Research Strategies and the Aurora Research Institute: Evaluation of the Senate Bill 94 Program: Innovative, Local Implementation, Annual Report: Fiscal Year 2011-2012.

youth in secure detention (juvenile jail) and/or providing other services to help ensure the youth appears (S.B. 91-94 services).

- Judicial districts also have primary responsibility for managing many key post-adjudication resources, some of which are the same as those used pre-trial: detention beds and funding for secure placement alternatives. They also manage probation services. Probation is the most common placement by far for youth who are adjudicated delinquent. Failure on probation is also a leading source of secure detention and commitment placements, as shown in the charts below.

If a judicial district finds that it is exceeding its cap on detention beds, it may need to release some youth to enable other more critical cases to be placed in detention.

The Working Group established pursuant to Section 19-2-212, C.R.S., annually reviews statewide criteria for detention and commitment. The resulting guidelines help to direct appropriate placements. These guidelines urge courts to use least restrictive placement options, while maintaining public safety.

> *Commitment:* They urge courts to commit youth to the Division of Youth Corrections only under certain circumstances e.g. major felony offense plus criminal history; or other offense but reasonable grounds to believe the juvenile will not remain in, cooperate with, or benefit from community based services and poses a community safety risk that cannot be mitigated in a less restrictive setting.
>
> *Detention:* The criteria specify under what circumstances juveniles shall *not* be placed in secure detention (e.g., youth who have not been accused of committing a delinquent act or who are solely assessed as suicidal), criteria for detention upon arrest (e.g., arrest for a violent felony or if court determines the juvenile is an immediate danger to himself or the community), and criteria for detention based on court sanctions (e.g., mandated for weapons offense; not to exceed 48 hours for contempt.

Despite these criteria, there is wide variation across judicial districts in their use of detention and commitment, and the services they make available under S.B. 91-94.

- While the statewide commitment rate is 17.9 ADP per 10,000, this ranges by judicial district from 3.6 ADP per 10,000 in the 5^{th} judicial district to 28.7 ADP per 10,000 in the 21^{st} judicial district. Similarly, detention ADP per 10,000 youth ranges from 1.6 ADP in the 14^{th} judicial district to 12.5 in the 15^{th}.

- While overall, 37.5 percent of detention admission are for pre-adjudicated youth, in the 13^{th} judicial district 100 percent of detention admissions are for pre-adjudicated youth, while in the 20^{th} judicial district, virtually no detention admission are for pre-adjudicated youth. Similarly, while overall 45.4 percent of detention admissions are due to warrants or remands, in the 17^{th} judicial district, 59 percent of detention admissions are due to warrants or remands, while in three other judicial districts no or virtually no admissions are for this reason. Median length of stay in detention also varies immensely by judicial district. In FY 2011-12, the median ranged from 4.7 to 27.6 days, depending upon the district.

- The share of S.B. 91-94 allocations directed to supervision ranges from 24.5 percent in the 11th judicial district to 79.9 percent in the 21st. Resources directed to treatment services range from virtually 0 to over 32 percent.

Boulder Impact Model: The Boulder IMPACT program, unique to the Boulder area, caps commitment, as well as detention beds in the Boulder judicial district (the 20th) in return for fixed funding to that region. Notably, Boulder detention and commitment rates are now far below those in most other regions, at 5.1 commitment placements and 3.6 detention placements per 10,000 youth, compared to state averages of 17.9 commitment and 5.8 detention placements per 10,000.

The S.B. 91-94 Program and the Detention Continuum

The $12.0 million S.B. 91-94 Program appropriation supports funding to each judicial district which is used to:

(1) assess the placement needs of youth who are arrested and who appear to present an immediate danger to themselves or the community (about 25 percent of those arrested); and
(2) provide for alternatives to secure detention and commitment for these youth.

On average, about 24 youth per day in FY 2011-12 were screened for detention placement. In most cases, such youth were initially placed in a secure facility. However, most were then released to services in the community under the auspices of the S.B. 91-94 Program. At any given time, about 1,500 youth are being served by the S.B. 91-94 program, with 82.6 percent of these served in the community. The average length of services is 83 days. In some cases, S.B. 91-94 services end when a youth is adjudicated. In other cases, services may be provided after adjudication. In FY 2011-12, 4,900 youth discharged on a pre-trial status and 3,916 youth were probationers (post-adjudicated). **The average state cost per youth served is about $22 per day and $1,800 per involvement, based on the number served and the average length of service in FY 2011-12.**

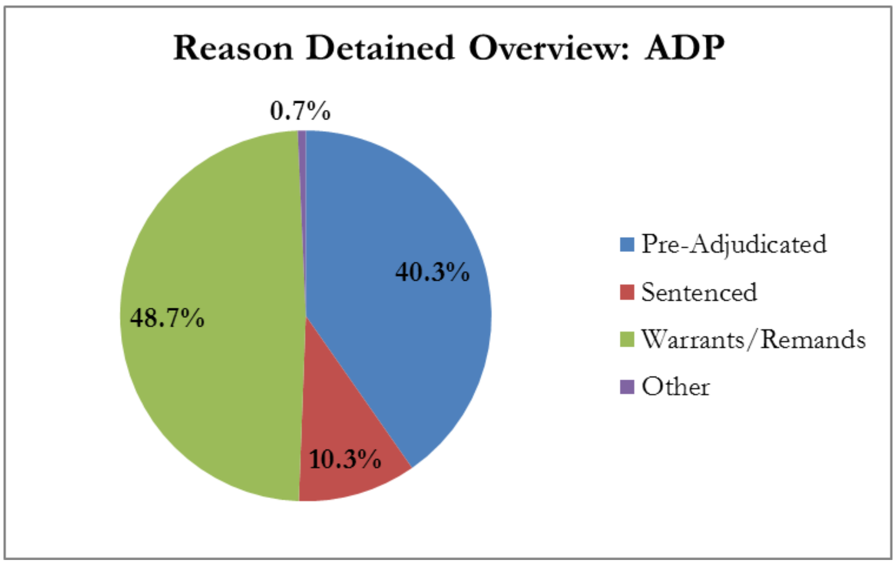
- Overall, the largest share of resources is directed to supervision, while much of the balance is directed to front-end client screening and assessment activities.
- Only 13.5 percent of the FY 2011-12 funding was used to fund treatment.
- Judicial districts have substantial flexibility in how they use their S.B. 91-94 funds, resulting in considerable variation across judicial districts.

The S.B. 91-94 program has been extremely successful at achieving many key goals. Among the over 7,300 youth who completed the program in FY 2011-12:
- 97.8 percent completed without failing to appear for court hearings,

- 96.3 percent completed without new charges, and
- 91.8 percent completed with positive or neutral reasons for leaving.

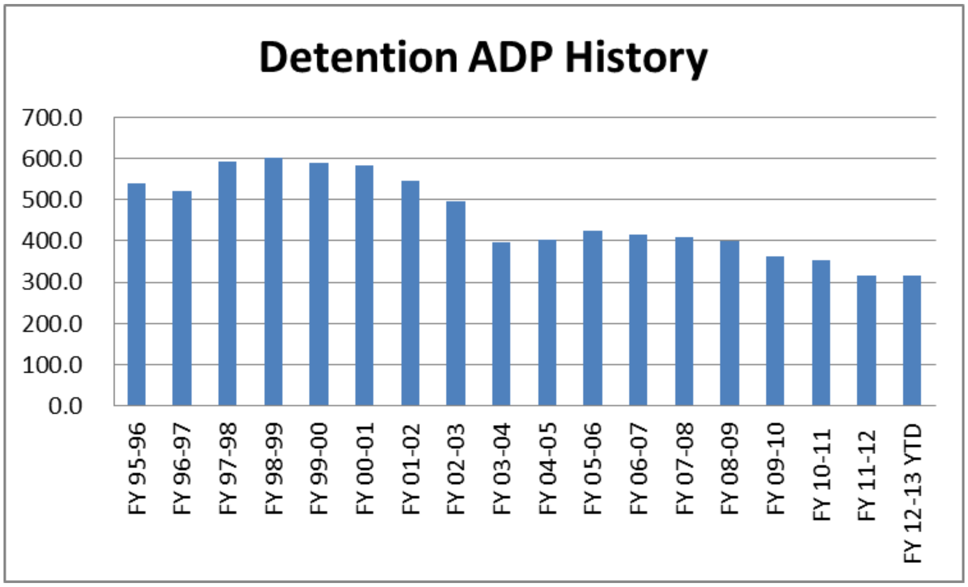
Secure Detention Beds
The state funded 422 secure detention beds in FY 2011-12 at a cost of over $28 million. Most of these were in 8 state operated facilities located throughout the State. Of these state-operated facilities, four are dual-use and serve committed youth also. The attached spreadsheets provide additional detail on beds by facility.

As the juvenile equivalent of adult jail, **detention beds serve a variety of purposes**. As reflected in the chart below, out of 316.8 average daily placements in FY 2011-12, nearly half were for youth who were on warrants or remands, often due to violation of probation conditions. An additional 10 percent of placements were for youth sentenced to detention for a period of up to 45 days, while 40 percent were for pre-adjudicated youth.



Detention stays are typically short. The median length of stay is about 7.0 days, while the average was 14.7 days in FY 2011-12. However, some youth may stay far longer awaiting trial or due to a detention sentence of up to 45 days.

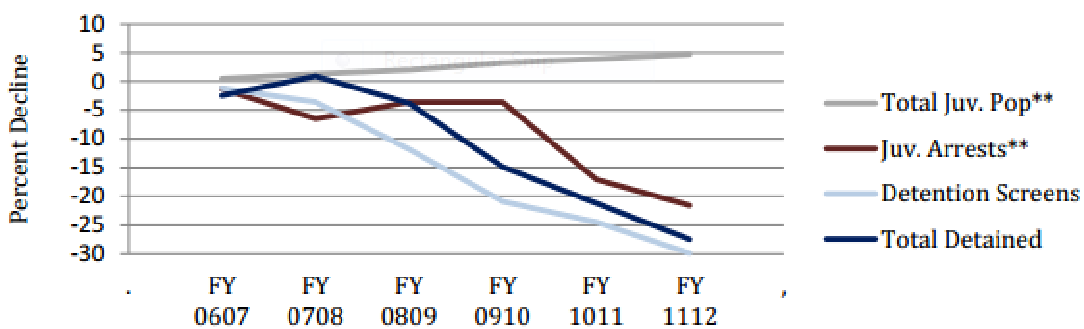
Overall, the use of secure detention placements has fallen dramatically in recent years, as reflected in the chart below.



This was initially spurred by caps on the number of detention beds starting in FY 2003-04, but more recent declines appear to reflect other factors, including both:

- overall declines in arrest rates among youth (the largest driver); and
- local efforts to implement alternatives, supported both by the S.B. 91-94 program and other initiatives such as the H.B. 04-1451 collaborative management incentives program.

Figure 17. Percent Change Over Time in Juvenile Statistics



*Note that this figure denotes percent change from one year to the next; not actual values or rates. For example, the first data point in the FY 0607 Total Juvenile Population trend line is 0.5% indicating that the total juvenile population in Colorado had increased a half percent from the prior year.

**Data only available for calendar, not fiscal year

Source: Center for Research Strategies and Aurora Research Institute, *Evaluation of the Senate Bill 94 Program: Innovative, Local Implementation, Annual Report: Fiscal year 2011-2012.*

Unfortunately, many of the beds that are used are being used again and again for the same youth. The S.B. 91-94 Annual Report notes a large proportion of detention resources are being used to repeatedly screen and surely detain a minority of youth: more than one third of youth were placed in secure detention on more than one occasion. While there were 7,751 secure detention admissions in FY 2011-12, these were for only 4,595 unique youth.

As also noted above, there is substantial variation across judicial districts in how they use detention beds, including both the reasons for detention admissions and the length of time youth are kept in these placements.

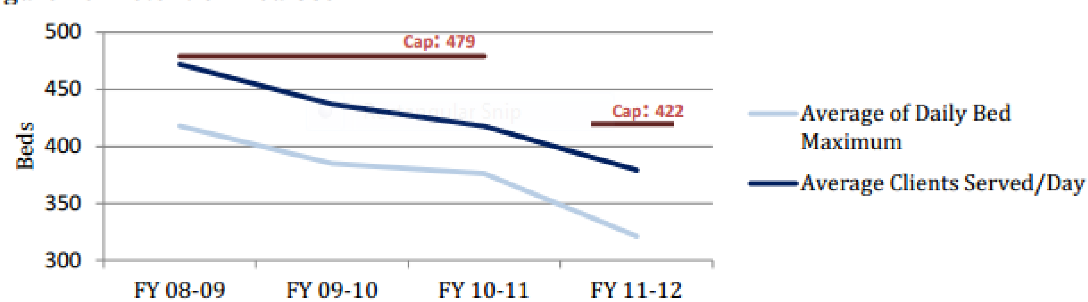
Current Underutilization of Detention Beds

In FY 2011-12, there were 422 capped detention beds, but an average daily population in these detention beds of just 316.8—utilization of just 75 percent of the cap on average. The S.B. 91-94 Annual Reports have repeatedly noted that average-daily placements are not a good measure of the strain on the number of secure detention beds. Even if the statewide average is at or below the cap, there may immense system strain in some areas and under-utilization in others. Furthermore, because youth often cycle rapidly through detention beds and often don't stay overnight, the average number of placements may not be a good indicator of local workload. However, even by these other measures, detention beds appear under-used in most parts of the state.

- The maximum bed use is the highest number of youth in secure detention at the same time during the day, while the average daily maximum is the average of each day's daily maximum. The maximum count was 360 beds used (85.3 percent) on one day in August, while the average daily maximum was just 321—far below the 422 cap.

- The percent of days one or more facilities are operating at or above 90 percent of their cap has continued to decline, despite the reduction in the cap in FY 2011-12.

Figure 20: Detention Bed Use



Source: Center for Research Strategies and Aurora Research Institute, *Evaluation of the Senate Bill 94 Program: Innovative, Local Implementation, Annual Report: Fiscal year 2011-2012.*

In some judicial districts, there appears to be greater strain on bed use. However, given the large variations in local practice in the use of detention beds, it is not clear that strain on beds in selected districts should be used as the basis for maintaining empty beds elsewhere in the State**.** **In light of the trends, staff anticipates that the Department may propose reductions in FY 2012-13 to the number of detention beds—in addition to reductions in the number of commitment beds statewide.** Staff anticipates that such a proposal will be focused on ensuring that the State does not appropriate funds for detention beds that then go unused, based on current detention utilization.

Potential for Further Detention and Commitment Bed Reductions in the Future

Best practice dictates further reductions in the use of secure detention. As noted in the S.B. 91-94 annual report (p. 21):

> "Research consistently shows that youth detained in secure facilities are more likely to return to secure detention and commitment than youth who received services in a community-based setting, or were not detained at all. Specific studies cite recidivism rates for juvenile detainees that are about double those for youth served in the community."

Placement in a youth detention facility often exposes youth with less serious issues to youth with more serious problems and behavioral issues and thus can have a very negative impact.

Some indicators are concerning.

- When screening instruments indicate that staff secure detention or residential placement would be most appropriate, youth receive such placements only 4.4 and 3.0 percent of the time, respectively. Instead, because of the lack of such alternatives in the community, youth are placed either in restricted settings—such as secure detention—or sent home.

- Anecdotal input from members of the Juvenile Justice Subcommittee of the Colorado Criminal and Juvenile Justice Task Force confirms that youth are often placed in secure detention because of a lack of good placement alternatives. For example, staff has been informed that in some cases girls are placed in secure detention simply to get them away from people who are sexually exploiting them (*i.e.,* pimps), because there is no better place to send them.

- Truants are still filling detention beds in some judicial districts, although this is clearly contrary to best-practice in the criminal justice field. (The Colorado Commission on Criminal and Juvenile Justice has voted in July 2012 to support amendment of Section 22-33-108 (7) (c), C.R.S., to limit the potential sanction for contempt of court for truancy to five days, which may help to reduce if not eliminate such placements.)

Staff believes that it would be in the best interests of Colorado youth to reduce the use of secure detention and increase the availability of alternatives.

- While detention may be unavoidable in some cases to ensure the safety of the community, it has few other qualities to recommend it. Programming and services are limited, because youth typically spend little time in these placements. The risk that a youth will be exposed to negative influences is likely to outweigh any benefits from services that are provided.

- Detention beds are an extremely expensive state resource. The average cost per day per bed was about $180 in FY 2011-12. At that cost, a wide array of better placements and services can be purchased.

Furthermore, based on the success of the Boulder IMPACT model, staff also believes that the State should explore further whether additional regions of the State would be interested in capping their commitment beds in return for fixed funding levels.

Staff therefore recommends that the Committee send a letter to the Department of Human Services asking it to embark on a planning process that may lead to further reduction in the number of secure detention beds and potentially commitment beds, as well as to the development of superior local alternatives. The goal would be to reduce detention and potentially commitment beds <u>beyond</u> reductions that may be outlined in an FY 2012-13 proposal for bed-closures, based on proposals generated by local judicial districts. A draft letter is attached.

The Committee should be aware that:

- **If it proceeds with this proposal and placements continue to fall, the General Assembly might be foregoing future savings associated with reduced demand for beds**. Staff believes this is a risk worth taking, given the extent to which detention placements have already fallen and the potential benefits of developing better community alternatives.

- The letter also proposes that the Department explore with judicial districts whether any are interested in capping commitment beds, consistent with the Boulder IMPACT model. **To the extent the judicial districts propose, the Department supports, and the Committee proceeds with capping the number of commitment beds in additional localities, there are potentially larger budget implications**. Appropriations to the Division have declined substantially in recent years as arrest- and commitment-rates have fallen, and authorizing local capped allocations would transfer additional savings associated with commitment declines to local agencies. However, by the same token, capping commitment beds shifts the risk associated with future growth in demand for commitment beds to local entities.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

One of the Department's strategic goals is to ensure that Colorado children have the opportunity to thrive in safe, nurturing and stable families. Two performance measures in this category are associated with the Division of Youth Corrections. These are reviewed in the prior briefing issue.

DRAFT

December 17, 2012

Mr. Reggie Bicha
Executive Director
Colorado Department of Human Services
1575 Sherman St.
Denver, Colorado 80203

Dear Mr. Bicha:

The Joint Budget Committee has recently received our annual staff budget briefing on the Division of Youth Corrections and the state's secure detention and commitment services for youth. As you are aware, the General Assembly currently supports 422 capped detention beds located throughout the state, which are used by local judicial districts to place youth who have been arrested and require secure pre-trial placement, those who have been sanctioned by a court for failure to appear or comply with a court order, and those who have been sentenced to detention for up to 45 days. The General Assembly also supports over 900 placements for youth committed to the custody of the Department of Human Services. As you are also aware, the demand for both detention and commitment beds continues to fall, potentially driving bed closures as early as this year.

While the Committee is pleased by the decline in demand for detention and commitment beds to-date, we would like to explore whether even greater reductions in the use of detention and commitment beds might be feasible.

Specifically, we would like the Department to extend an invitation to the state's judicial districts and S.B. 91-94 programs, in conjunction with their partners, such as H.B. 04-1451 programs, for proposals to exchange lower detention bed caps and/or new commitment bed caps for alternative services. We request that the Department contact the S.B. 91-94 programs and judicial districts asking for proposals that would:

1. Incorporate a specific reduction in a district's detention bed cap; and
2. Bring (or maintain) the district's detention continuum in line with best-practice, through the provision and utilization of specific community-based alternatives to secure detention.

In addition to soliciting proposals for reducing the number of capped detention beds, we request the Department explore whether judicial districts are interested in capping commitment bed placements. The Boulder IMPACT capped commitment bed model has been operated as a unique pilot program in the State for many years, and we believe other communities should have the opportunity to implement a similar approach, if desired and the judicial district and its partners appear capable.

We expect the net impact of these proposals would be cost-neutral to the State in the near-term, *i.e.,* that new resources developed would be supported through savings derived from closing beds. We recognize that these savings may vary substantially, depending upon the number of beds closed and whether an opportunity exists for closing an entire facility. We would therefore expect that a *range* of potential savings associated with closing different numbers of beds would be communicated to judicial district partners.

We also anticipate that any initiatives to shift resources will include mechanisms for holding local programs accountable for developing and maintaining the promised new placement options or services and any other proposed outcomes. We are aware that there is large variation across judicial districts in how the detention continuum is managed, as well as in the use of commitment placements. We would like to move all districts toward better, more consistent practice, while recognizing that that the options and opportunities for providing secure detention and commitment alternatives will vary greatly across the State.

We assume that judicial districts, S.B. 91-94 programs, and their community partners will require up to six months to respond and also anticipate that the Department will require additional time to work with districts on their proposals and develop a viable plan for closing beds and shifting funding, if this seems appropriate. Therefore, if the Department agrees to contact judicial districts as we request, and analyze their proposals, we would request a report from the Department by October 1, 2013 describing the proposals and the Department's recommendations for moving forward, including any recommendations for associated statutory changes.

We look forward to your input and learning at your budget hearing on January 7 whether you are interested in working collaboratively with the Joint Budget Committee on this issue.

Sincerely,

Pat Steadman
Chair

cc: Julie Krow, DHS; John Gomez, DHS; Will Kugel, DHS; Henry Sobanet, OSPB; Ann Renaud, OSPB; John Ziegler, JBC Staff, Steve Allen, JBC Staff

Issue: Division of Child Care Update

The Division of Child oversees the state-supervised county-administered Colorado Child Care Assistance Program (CCCAP), which provides child care subsidies for low income families. It also supports the development of high quality child care and licenses child care facilities. Counties under-expended the CCCAP appropriation in FY 2011-12 and may do so again in FY 2012-13, but the Department has nonetheless requested a rate increase for the program. The State recently received a federal "Race to the Top" Early Learning Challenge Grant and has reorganized programs under a new Office of Early Childhood.

SUMMARY:

- The Division of Child care oversees the state-supervised county-administered Colorado Child Care Assistance Program (CCCAP), which provides child care subsidies for low income families. It also supports the development of high quality child care and licenses child care facilities.

- Counties under-expended the Colorado Child Care Assistance Program (CCCAP) appropriation in FY 2011-12. Expenditures for this program, which represents the majority of the state's child care budget, declined due to county efforts to constrain eligibility as well as the impact of the new Child Care Automated Tracking System (CHATS) information technology system. As a result, the Department holds greater reserves of federal child care block funds than anticipated.

- The Department's FY 2013-14 budget request for child care includes provider rate increases and an enhancement to the child care licensing information technology system. On a preliminary basis, staff recommends these requests with some adjustments to amounts and fund-sources. However, final recommendations are pending updated expenditure and revenue information.

- The Department is engaged in various initiatives that are focused on improving the quality of child care. Colorado recently received a federal Race to the Top: Early Learning Challenge Grant, and a new Office of Early Childhood in the Department is expected to play a leading role in promoting statewide quality improvements.

DISCUSSION:

The Division of Child Care and Child Care Development Funds. The Division of Child Care has three primary responsibilities:

- The Division oversees the Colorado Child Care Assistance Program (CCCAP), 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 (CCDF) block grant (71 percent of the FY 2012-13 budget of $88.2 million). State General Fund of $15.8 million comprises about 18 percent of the budget, and local county match and licensing fees from child care facilities comprise most of the remaining 11 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 historically 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. Discretionary funds are subject to federal sequestration procedures, although the other categories are not. 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.

Colorado Child Care Assistance Program. The Colorado Child Care Assistance Program (CCCAP) is the largest single component of the Division's budget (84 percent). Senate Bill 97-120 established 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.

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. The formula for allocating funds among counties is based on utilization and poverty measures. Counties are responsible for covering any costs above their allocations, which they accomplish as needed using Temporary Assistance to Needy Families block grant funds.

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; and
- 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 and 85 percent of the state median income ($56,129 for a family of three in 2011).

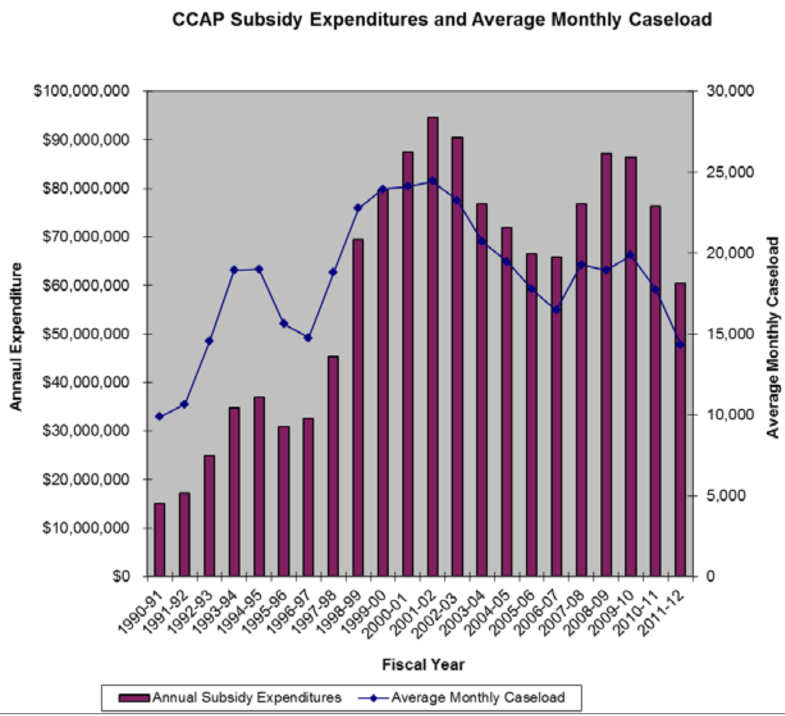
Recipients of assistance are responsible for paying a portion of child care costs.

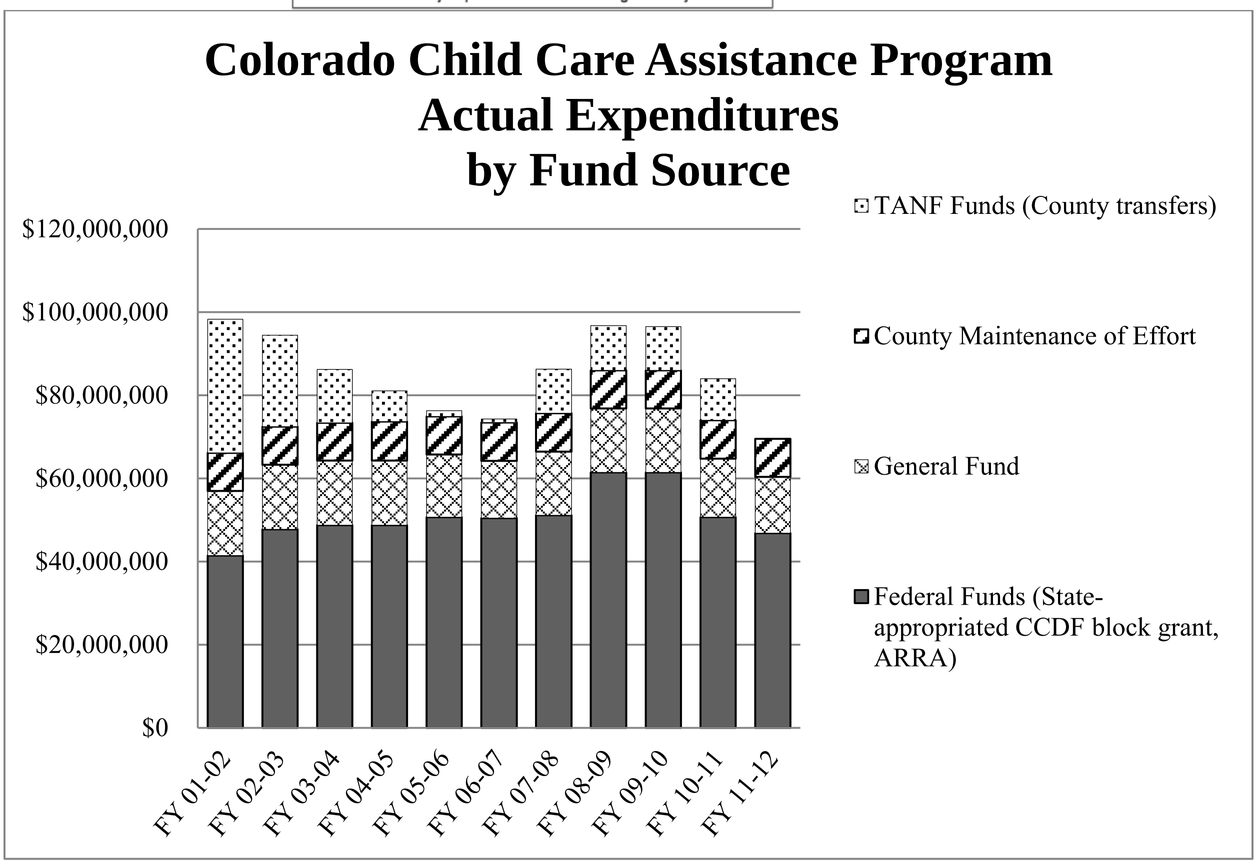
Among the three categories of families served by the program---families receiving assistance from Colorado Works, families in transition from cash assistance, and other low-income families--low income families have always comprised the largest group. For the period June 2009 through May 2010 (the most recent data available), TANF clients comprised 25 percent of participating households. Children in families earning 130 percent or less of the federal poverty level (*including* TANF clients) made up 77 percent of cases.

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.*

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, as well as its share of program administration costs. Although not reflected in the Long Bill appropriations for Child Care, overall funding sources for the program may include large county transfers from their TANF Colorado Works block grants (effectively up to 20 percent of the annual TANF grant).

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 reflected in the chart, the history of the program reflects bursts of funding and caseload expansion, followed by rapid contraction.*


CCAP Subsidy Expenditures and Average Monthly Caseload
Annual Expenditure
Average Monthly Caseload
$100,000,000
$90,000,000
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
30,000
25,000
20,000
15,000
10,000
5,000
0
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
Fiscal Year
Annual Subsidy Expenditures
Average Monthly Caseload


Colorado Child Care Assistance Program
Actual Expenditures
by Fund Source
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$0
FY 01-02
FY 02-03
FY 03-04
FY 04-05
FY 05-06
FY 06-07
FY 07-08
FY 08-09
FY 09-10
FY 10-11
FY 11-12
TANF Funds (County transfers)
County Maintenance of Effort
General Fund
Federal Funds (State-appropriated CCDF block grant, ARRA)

Overall spending for child care generally occurs in an inverse relationship to other TANF spending, since major increase and declines are funded through county transfers from TANF. For the same reason, caseload for the child care assistance program increases and decreases in an inverse relationship to the TANF basic cash assistance program. *The unstable expenditure pattern in child care does not reflect changing demand for subsidized child care but is rather an artifact of counties' assessment of the availability of TANF and other funding sources.*

FY 2011-12 CCCAP Under-expenditure. For the first time since FY 2006-07, counties under-spent the appropriation for the CCCAP program**. The total reversion was $3,838,415 federal funds or over 5 percent of the original FY 2011-12 CCCAP appropriation**. This was due to two inter-related factors.

- Counties have been working to contract their CCCAP expenditures for several years, due to the demands imposed by the recession on their TANF funding. Consistent with past history, as counties have been forced to divert more of their TANF funds to basic cash assistance, they have reduced spending for child care subsidies. Counties renewed their efforts to reduce CCCAP subsidy payments when the State lost its $13.6 million TANF Supplemental Grant in FY 2011-12 and counties faced the prospect of ongoing reductions in their annual TANF allocations.

- The new Child Care Automated Tracking System (CHATS) information technology system drove down county expenditures in FY 2011-12 to a degree counties did not anticipate.

The CHATS system authorizes child care subsidies and tracks utilization through a "Point of Service" (POS) mechanism. Subsidy recipients are provided swipe cards, on which their benefits are loaded. Providers have POS devices, where recipients "swipe" their cards when they drop their child off at child care. Providers are then paid based on client swipes. This system was expected to reduce county expenditures by $5 to $10 million per year associated with reduced fraud and improper payments, and it has clearly done so.

Due to the sharp drop in county expenditures for CCCAP and the FY 2011-12 under-expenditures, some counties have again increased program eligibility or increased provider reimbursement rates.

- As of July 2012, 94 children in four counties were on waiting lists. This is far less than October 2011, when 2,299 children in 14 counties were on CCCAP waiting lists.
- Since October 2011, four counties--Adams, Douglas, Jefferson, and Logan—have increased their income-eligibility cutoffs and only one small county (Morgan) has reduced its cutoff.

Nonetheless, most counties are maintaining relatively conservative CCCAP eligibility criteria for the moment.

- 42 of the 64 counties, including 9 of the big ten counties, are using an income cutoff at or below 190 percent of the poverty level.

Based on expenditure data for the first quarter of FY 2012-13, counties may again under-expend appropriations in FY 2012-13. The current appropriation for this program is $73,976,592. However, a straight-line projection of first-quarter expenditures results in projected expenditures for the year of $69,872,441—a $4.1 million under-expenditure.

CCCAP Eligibility Levels/Wait List Status by County

							Wait List Status as of	7/3/2012				Eligibility Levels Status as of	7/3/2012
County	Eligibility as a Percent of 2012 Poverty Limits AT APPLICATION	Eligibility as a Percent of 2012 Poverty Limits ONGOING	Date current eligibility became effective	# Children on Wait List	# Cases on Wait List	Start Date of Wait List	County	Eligibility as a Percent of 2012 Poverty Limits AT APPLICATION	Eligibility as a Percent of 2012 Poverty Limits ONGOING	Date current eligibility became effective	# Children on Wait List	# Cases on Wait List	Start Date of Wait List
Adams	185%	185%	6/15/2012				Kit Carson	170%	170%	2/1/2011	0	0	2/1/2012
Alamosa	185%	185%	5/23/2009				Lake	185%	185%	5/23/2010			
Arapahoe	165%	165%	3/15/2012				La Plata	200%	200%	5/23/2010			
Archuleta	130%	130%	3/1/2010				Larimer	150%	150%	7/1/2011			
Baca	200%	200%	5/23/2009				Las Animas	225%	225%	5/23/2010			
Bent	225%	225%	5/23/2009				Lincoln	130%	185%	6/13/2010			
Boulder	225%	225%	7/1/2012				Logan	175%	175%	3/1/2012			
Broomfield	185%	185%	5/23/2009				Mesa	165%	225%	9/1/2011			
Chaffee	165%	165%	5/23/2009				Mineral	130%	130%	1/22/2011			
Cheyenne	165%	165%	5/23/2009				Moffat	225%	225%	5/23/2009			
Clear Creek	185%	185%	9/30/2010				Montezuma	160%	160%	5/23/2009			
Conejos	225%	225%	11/6/2010				Montrose	150%	150%	11/1/2010	57	38	3/1/2009
Costilla	225%	225%	11/1/2010				Morgan	150%	150%	3/1/2012			
Crowley	225%	225%	5/23/2009				Otero	225%	225%	5/23/2009			
Custer	225%	225%	9/30/2010				Ouray	225%	225%	4/1/2010			
Delta	185%	185%	5/23/2009				Park	300%	300%	6/1/2008			
Denver	165%	165%	9/4/2011				Phillips	185%	185%	5/23/2009			
Dolores	160%	160%	11/1/2010				Pitkin	185%	185%	8/1/2011			
Douglas	200%	200%	5/21/2012				Prowers	130%	130%	10/19/2010	0	0	10/1/2010
Eagle	150%	150%	12/2/2010	0	0	9/1/2009	Pueblo	185%	185%	5/23/2009			
Elbert	185%	185%	7/21/2010				Rio Blanco	185%	225%	6/1/2011			
El Paso	140%	165%	8/1/2010				Rio Grande	130%	130%	1/22/2011			
Fremont	225%	225%	5/23/2009				Routt	130%	130%	10/3/2010	25	19	5/1/2010
Garfield	225%	225%	9/1/2007				Saguache	200%	200%	9/30/2010			
Gilpin	225%	225%	4/1/2006				San Juan	225%	225%	5/23/2009			
Grand	190%	190%	5/1/2007				San Miguel	200%	200%	11/1/2011			
Gunnison	175%	175%	12/6/2010	8	6	11/1/2010	Sedgwick	185%	185%	11/1/2011			
Hinsdale	175%	175%	12/6/2010				Summit	150%	150%	10/1/2011	0	0	7/1/2010
Huerfano	225%	225%	6/1/2007				Teller	135%	135%	4/16/2011	0	0	11/1/2010
Jackson	190%	190%	9/30/2010				Washington	225%	225%	5/23/2009			
Jefferson	185%	185%	4/1/2012				Weld	170%	170%	11/9/2011			
Kiowa	225%	225%	7/1/2006				Yuma	175%	175%	8/29/2010	4	4	3/1/2011
					Number of Counties with Wait List with > 0 cases	4				Statewide Wait List Total	94	67	

Child Care FY 2013-14 Budget Request Items and Preliminary Recommendations. The table below shows the FY 2013-14 request for the Division.

Department of Human Services Division of Child Care	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2012-13 Appropriation:					
HB 12-1335 (Long Bill)	88,224,361	15,844,153	9,973,446	62,406,762	66.4
Other legislation	755	755	0	0	0.0
TOTAL	**$88,225,116**	**$15,844,908**	**$9,973,446**	**$62,406,762**	**66.4**
FY 2013-14 Requested Appropriation:					
FY 2012-13 Appropriation	$88,225,116	$15,844,908	$9,973,446	$62,406,762	66.4
R-5: Provider rate increase	1,137,081	204,063	137,739	795,279	0.0
Annualize prior year legislation	(755)	(755)	0	0	0.0
TOTAL	**$89,361,442**	**$16,048,216**	**$10,111,185**	**$63,202,041**	**66.4**
Increase/(Decrease)	$1,136,326	$203,308	$137,739	$795,279	0.0
Percentage Change	1.3%	1.3%	1.4%	1.3%	0.0%

The 1.5 percent provider rate increase, which is the driver for the request, is applied to the Child Care Assistance Program line item and a portion of the Child Care Licensing and Administration line item.

In addition to this item that is within the Division, *R-10 Child Care Licensing System Incident Reporting Module* is related to the Division. This request is for $131,620 federal Child Care Development Funds increase *in the Office of Information Technology Services.* The request would replace a current paper-based system with a web-based system for providers to use to submit required incident reports when a child is injured or an accident occurs. The Department reflects an ongoing cost of $48,000 federal Child Care Development Funds per year.

Based on data received to-date, staff would recommend both of these items, but would likely finance the requested provider rate increase entirely with federal funds and county cash funds, in lieu of any General Fund. In addition, pending further information, staff would recommend future-year funding for R-10 at a lower level, as the ongoing cost appears high given the small number of incident reports received annually by the Department (less than 1,600, resulting in ongoing costs of over $30 per incident).

CCDF Revenue and Expenditure Projection. For many years, the Department has held substantial reserves of CCDF funds. Staff has typically recommended appropriating CCDF moneys at a level that somewhat exceeds annual revenue. This approach has been based on: (1) an effort to gradually spend-down reserves; and (2) staff experience that CCDF federal revenues gradually increase over time.

- For FY 2012-13, substantially greater reserves are available than originally anticipated. This is because counties under-spent the CCCAP appropriation in FY 2011-12, and the Department structured the under-expenditure so that the funds that reverted were federal CCDF funds, rather than the General Fund.

- As shown on the table below, based on the Department's current request and revenue projection, staff anticipates that the Department will not spend down reserves significantly in the next few years.

- In light of this, the JBC may have some options for FY 2013-14 and FY 2014-15 that could save General Fund. The lower portion of the table incorporates the impact of staff *preliminary* recommendations on the CCDF expenditure projection.

- *Whether these preliminary staff recommendations still appear reasonable in February will depend in part on whether federal sequestration materializes.* Approximately one-third of the federal CCDF allocation would be subject to sequestration. If sequestration occurs, staff would anticipate CCDF revenue to decline by about $1.7 million for SFY 2012-13 and about $2.3 million for FY 2013-14 and subsequent years.[1]

[1] After FFY 2012-13, the Budget Control Act simply reduces caps on federal discretionary appropriations; thus, the impact on any particular program is uncertain. However, for purposes of this analysis, staff has assumed an ongoing cut at the level imposed by sequestration. The SFY 2013-14 amount reflects a full year of federal cuts, while SFY 2012-13 is based on 75 percent of this impact.

FEDERAL CHILD CARE DEVELOPMENT FUNDS (CCDF) PROJECTION							
	FY 2010-12 Actual	FY 2012-13 Estimate	FY 13-14 Request/Projection	FY 14-15 Projection	FY 15-16 Projection	FY 16-17 Projection	FY 17-18 Projection
FUNDS AVAILABLE:							
CCDF Funds Rolled Forward	$6,219,268	$11,901,873	$12,230,184	$11,343,422	$11,040,280	$10,737,138	$10,433,996
New Annual CCDF Award	67,065,053	66,450,987	66,162,813	66,162,813	66,162,813	66,162,813	66,162,813
TOTAL CCDF FUNDS AVAILABLE	73,284,321	78,352,860	78,392,997	77,506,235	77,203,093	76,899,951	76,596,809
CCDF EXPENDITURES:							
CHATs Information System Operating	2,095,363	2,709,933	2,709,933	2,709,933	2,709,933	2,709,933	2,709,933
Other Indirect Costs and Information Systems	1,228,644	1,255,981	1,387,601	1,303,981	1,303,981	1,303,981	1,303,981
Child Care Assistance Program (CCCAP)	46,761,334	51,089,749	51,857,595	51,357,595	51,357,595	51,357,595	51,357,595
Child Care Licensing and Administration	3,610,668	3,386,477	3,413,910	3,413,910	3,413,910	3,413,910	3,413,910
Child Care Grants (including targeted)	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633	3,473,633
Early Childhood Councils	1,978,317	1,978,317	1,978,317	1,978,317	1,978,317	1,978,317	1,978,317
School-readiness Child Care Subsidization	2,234,489	2,228,586	2,228,586	2,228,586	2,228,586	2,228,586	2,228,586
TOTAL EXPENDITURES	61,382,448	66,122,676	67,049,575	66,465,955	66,465,955	66,465,955	66,465,955
AVAILABLE FUNDS LESS EXPENDITURES	**$11,901,873**	**$12,230,184**	**$11,343,422**	**$11,040,280**	**$10,737,138**	**$10,433,996**	**$10,130,854**
Annual Grant Compared to Annual Expenditures	5,682,605	328,311	(886,762)	(303,142)	(303,142)	(303,142)	(303,142)
FY 2013-14 Request and Estimates INCLUDED in Request/Projections Above							
Provider rate increase for Licensing & CCCAP			795,279	795,279	795,279	795,279	795,279
IT Enhancement to CCCLS System			131,620	48,000	48,000	48,000	48,000
Previously-approved annualization FY 12-13 refinance				(500,000)	(500,000)	(500,000)	(500,000)
Staff Preliminary Recommendations EXCLUDED from Request/Projections Above							
Require lower ongoing CCCLS enhancement costs (rough estimate)				(20,000)	(20,000)	(20,000)	(20,000)
Require CCCAP COLA General Fund portion also be funded with FF			204,063	204,063	204,063	204,063	204,063
Do NOT annualize FY 2012-13 refinance				500,000	500,000	500,000	500,000
Net Impact Additional Expenditure Recommendations			204,063	684,063	684,063	684,063	684,063
AVAILABLE FUNDS LESS EXPENDITURES IF INCLUDE STAFF RECOMMENDATIONS	**$11,901,873**	**$12,230,184**	**$11,139,359**	**$10,152,154**	**$9,164,949**	**$8,177,744**	**$7,190,539**
Potential Sequestration Reduction EXCLUDED from Request/Projections Above		(1,692,740)	(2,256,986)	(2,256,986)	(2,256,986)	(2,256,986)	(2,256,986)
AVAILABLE FUNDS LESS EXPENDITURES WITH STAFF RECS & SEQUESTER	**$11,901,873**	**$10,537,444**	**$7,189,633**	**$3,945,442**	**$701,251**	**($2,542,940)**	**($5,787,131)**

Other Current Issues: Race to the Top, Child Care Licensing, and Governance Changes
Race to the Top: On December 6, 2012, the Governor announced that the U.S. Departments of Education and Health and Human Services have awarded Colorado a $29.9 million grant from the Race to the Top: Early Learning Challenge. The funding will be provided over a four year period and is intended to increase access to high-quality early learning programs for children with the highest needs. Among the key components is an initiative to "evolve the statewide tiered Quality Rating and Improvement System to ensure children receive the highest quality programming in all licensed early learning settings".

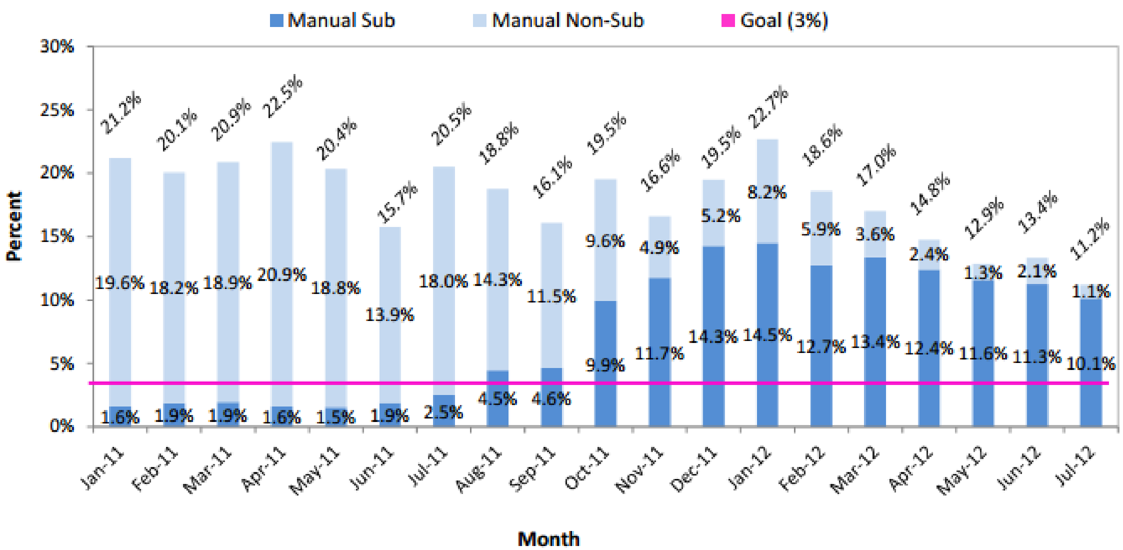
Licensing Requirements/ Quality Ratings: A significant component of the "Race to the Top" initiative involves requiring all early learning programs to be quality rated. The Department expects to accomplish this by requiring that a child care facility license will represent, at a minimum, a "one star" (out of four) quality program. The Department has been working on changes to the quality rating system for some time, and has taken various steps to advance the effort, including through House Bill 11-1027 (Concerning the Creation of a Department of Defense Quality Child Care Standards Pilot Program) and various changes to state rules. Staff anticipates that associated rules will toughen basic licensing requirements.

Governance: S.B. 12-130, which proposed consolidating early childhood programs from a variety of departments in the Department of Human Services, was postponed indefinitely. However, the Governor and Executive Director of the Department of Human Services nonetheless announced in June 2012 that seven programs from four Human Services divisions would be consolidated in a new Office of Early Childhood and that early childhood programs in the Lieutenant Governor's Office (Head Start Collaboration and the Early Childhood Leadership Commission), while remaining under the direction of the Lt. Governor's Office, would physically relocate to the Department.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

One of the Department's strategic goals is to achieve kindergarten readiness and educational success for Colorado children by providing high-quality, coordinated, collaborated programs for families and children. One performance measure in this category is associated with the Division of Child Care: the percent of CCCAP payments made manually. The Department's C-stat report for this measure is shown below.

CCCAP Pyaments Made Manually by the Total Amount of All CCCAP Payments to Providers



In this chart, "Manual Sub" refers to manual payments for subsidized child care and "Manual Non-Sub" refers to non-subsidized payments administered through the CCCAP system. As shown, the percent of child care payments made through manual methods is declining, but as of July 2012 was still well above the 3.0 percent goal

Appendix A: Numbers Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
(1) EXECUTIVE DIRECTOR'S					
(B) Special Purpose*					
The following four line items in the Executive Director's Office are related to Child Welfare and Youth Corrections programs. They are not included in the total for the three divisions covered in this briefing packet.					
Administrative Review Unit	2,172,174	1,972,125	2,123,816	2,113,612	
FTE	23.7	22.1	24.2	24.2	
General Fund	1,393,948	1,316,794	1,381,250	1,371,046	
Federal Funds	778,226	655,331	742,566	742,566	
Records and Reports of Child Abuse or Neglect	493,520	515,324	577,448	577,448	
FTE	7.6	7.9	7.5	7.5	
Cash Funds	493,520	515,324	577,448	577,448	
Child Protection Ombudsman Program	241,695	849,015	370,000	370,000	
General Fund	241,695	369,170	370,000	370,000	
Cash Funds	0	479,845	0	0	
Juvenile Parole Board	245,332	227,524	247,281	247,281	
FTE	3.0	2.9	3.0	3.0	
General Fund	199,564	183,491	202,200	202,200	
Reappropriated Funds	45,768	44,033	45,081	45,081	
SUBTOTAL - (B) Special Purpose*	*3,152,721*	*3,563,988*	*3,318,545*	*3,308,341*	*(0.3%)*
FTE	*34.3*	*32.9*	*34.7*	*34.7*	*0.0%*
General Fund	*1,835,207*	*1,869,455*	*1,953,450*	*1,943,246*	*(0.5%)*
Cash Funds	*493,520*	*995,169*	*577,448*	*577,448*	*0.0%*
Reappropriated Funds	*45,768*	*44,033*	*45,081*	*45,081*	*0.0%*
Federal Funds	*778,226*	*655,331*	*742,566*	*742,566*	*0.0%*

*Subtotal for the selected Executive Director's Office, Special Purpose line items. Not included in grand totals.

Appendix A: Number Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation

DEPARTMENT OF HUMAN SERVICES
Reggie Bicha, Executive Director

(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 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Administration	3,626,699	3,354,392	3,643,669	3,643,669	
FTE	38.2	39.2	41.0	41.0	
General Fund	2,822,672	2,553,301	2,819,914	2,819,914	
Reappropriated Funds	120,423	118,108	133,070	133,070	
Federal Funds	683,604	682,983	690,685	690,685	
Training	6,225,059	5,845,189	6,134,611	6,134,611	
FTE	5.8	5.1	6.0	6.0	
General Fund	2,991,855	2,772,565	3,000,279	3,000,279	
Cash Funds	37,230	37,230	37,230	37,230	
Federal Funds	3,195,974	3,035,394	3,097,102	3,097,102	
Foster and Adoptive Parent Recruitment, Training, and Support	327,407	298,329	335,562	335,562	
FTE	0.6	0.6	1.0	1.0	
General Fund	260,292	231,460	268,395	268,395	
Federal Funds	67,115	66,869	67,167	67,167	

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Child Welfare Services	331,169,644	324,267,006	334,343,137	339,358,283	*
General Fund	156,115,993	149,942,752	163,843,770	171,728,507	
Cash Funds	61,129,115	60,805,148	60,730,814	61,733,843	
Reappropriated Funds	12,176,287	10,935,478	14,293,272	14,507,671	
Federal Funds	101,748,249	102,583,628	95,475,281	91,388,262	
Excess Federal Title IV-E Distributions for Related County Administrative Functions	0	0	1,350,000	1,350,000	
Cash Funds	0	0	1,350,000	1,350,000	
Family and Children's Programs	46,143,068	46,118,134	44,776,053	45,447,693	*
General Fund	31,916,198	30,296,537	33,632,328	34,139,186	
Cash Funds	5,113,437	5,113,437	5,113,437	5,247,765	
Federal Funds	9,113,433	10,708,160	6,030,288	6,060,742	
Performance-based Collaborative Management Incentives	3,410,652	3,216,580	3,224,669	3,224,669	
Cash Funds	3,410,652	3,216,580	3,224,669	3,224,669	
Independent Living Programs	2,338,973	3,321,848	2,826,582	2,826,582	
FTE	4.0	3.7	4.0	4.0	
Federal Funds	2,338,973	3,321,848	2,826,582	2,826,582	
Promoting Safe and Stable Families Program	4,458,610 1.5	4,324,199 1.7	4,456,680 2.0	4,456,680 2.0	
General Fund	32,549	34,183	50,265	50,265	
Cash Funds	1,064,160	1,064,160	1,064,160	1,064,160	
Federal Funds	3,361,901	3,225,856	3,342,255	3,342,255	

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Federal Child Abuse Prevention and Treatment Act Grant	440,172 2.6	272,931 2.4	436,054 3.0	436,054 3.0	
Federal Funds	440,172	272,931	436,054	436,054	
Title IV-E Related County Administrative Functions	465,864	0	0	0	
General Fund	305,731	0	0	0	
Federal Funds	160,133	0	0	0	
TOTAL - (5) Division of Child Welfare	398,606,148	391,018,608	401,527,017	407,213,803	1.4%
FTE	52.7	52.7	57.0	57.0	0.0%
General Fund	194,445,290	185,830,798	203,614,951	212,006,546	4.1%
Cash Funds	70,754,594	70,236,555	71,520,310	72,657,667	1.6%
Reappropriated Funds	12,296,710	11,053,586	14,426,342	14,640,741	1.5%
Federal Funds	121,109,554	123,897,669	111,965,414	107,908,849	(3.6%)

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation

(6) DIVISION OF CHILD CARE

This section provides funding and state staff associated with the state supervision and the county administration of the Colorado Child Care Assistance Program (CCCAP), through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. In addition, this section provides funding and state staff for the administration of various child care grant programs, and for licensing and monitoring child care facilities. Cash funds appropriations reflect expenditures by counties and fees and fines associated with the licensing of child care facilities. Federal funds primarily reflect Child Care Development Funds, which the General Assembly has authority to appropriate pursuant to federal law.

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Child Care Licensing and Administration	6,434,191	6,423,269	6,547,988	6,574,666 *	
FTE	61.4	60.9	64.4	64.4	
General Fund	2,232,018	2,203,572	2,240,687	2,239,932	
Cash Funds	650,162	696,602	770,824	770,824	
Federal Funds	3,552,011	3,523,095	3,536,477	3,563,910	
Fines Assessed Against Licensees	19,999	19,999	20,000	20,000	
Cash Funds	19,999	19,999	20,000	20,000	
Child Care Assistance Program	74,802,572	69,554,629	73,976,592	75,086,240 *	
General Fund	14,604,221	13,510,673	13,604,221	13,808,284	
Cash Funds	9,182,622	9,182,622	9,182,622	9,320,361	
Federal Funds	51,015,729	46,861,334	51,189,749	51,957,595	
Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements	3,473,633	3,473,633	3,473,633	3,473,633	
Federal Funds	3,473,633	3,473,633	3,473,633	3,473,633	
Early Childhood Councils	2,479,040	1,983,960	1,978,317	1,978,317	
FTE	1.0	0.9	1.0	1.0	
Federal Funds	2,479,040	1,983,960	1,978,317	1,978,317	

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
School-readiness Quality Improvement Program	2,229,305	2,234,489	2,228,586	2,228,586	
FTE	1.1	1.0	1.0	1.0	
Federal Funds	2,229,305	2,234,489	2,228,586	2,228,586	
TOTAL - (6) Division of Child Care	89,438,740	83,689,979	88,225,116	89,361,442	1.3%
FTE	63.5	62.8	66.4	66.4	0.0%
General Fund	16,836,239	15,714,245	15,844,908	16,048,216	1.3%
Cash Funds	9,852,783	9,899,223	9,973,446	10,111,185	1.4%
Federal Funds	62,749,718	58,076,511	62,406,762	63,202,041	1.3%

	FY 2010-11 Actual		FY 2011-12 Actual		FY 2012-13 Appropriation		FY 2013-14 Request			Request vs. Appropriation

(11) DIVISION OF YOUTH CORRECTIONS

The Division of Youth Corrections (DYC) is responsible for the supervision, care, and treatment of: (1) detained juveniles awaiting adjudication; (2) juveniles committed or sentenced to the Department of Human Services by courts; and (3) juveniles on parole from a facility operated or contracted for by the Division. The Division is not responsible for juveniles sentenced as adults to the Department of Corrections' Youthful Offender System. In addition to treating incarcerated and paroled juveniles, DYC administers the S.B. 91-94 grant program intended to divert juveniles from detention and commitment, or to reduce their length of stay. DYC maintains institutional centers and augments this capacity with contracts for community placements, secure placements, and detention placements.

(A) Administration

	FY 2010-11 Actual	FTE	FY 2011-12 Actual	FTE	FY 2012-13 Appropriation	FTE	FY 2013-14 Request	FTE		Request vs. Appropriation
Personal Services	1,338,265	16.3	1,319,002	15.9	1,347,573	15.4	1,347,573	15.4		
General Fund	1,338,265		1,319,002		1,347,573		1,347,573			
Operating Expenses	29,103		29,062		30,357		30,357			
General Fund	29,103		29,062		30,357		30,357			
Victim Assistance	26,238	0.3	26,055	0.3	29,203	0.5	29,203	0.5		
Reappropriated Funds	26,238		26,055		29,203		29,203			
SUBTOTAL - (A) Administration	1,393,606		1,374,119		1,407,133		1,407,133			0.0%
FTE	16.6		16.2		15.9		15.9			0.0%
General Fund	1,367,368		1,348,064		1,377,930		1,377,930			0.0%
Reappropriated Funds	26,238		26,055		29,203		29,203			0.0%

(B) Institutional Programs

	FY 2010-11 Actual	FTE	FY 2011-12 Actual	FTE	FY 2012-13 Appropriation	FTE	FY 2013-14 Request	FTE		Request vs. Appropriation
Personal Services	43,338,883	776.5	40,772,617	743.2	41,178,349	752.3	41,121,996	752.3	*	
General Fund	43,338,883		40,772,617		41,178,349		41,121,996			

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Operating Expenses	3,423,140	3,281,696	3,336,475	3,336,475	
General Fund	2,039,742	2,051,763	2,006,275	2,006,275	
Reappropriated Funds	1,383,398	0	1,330,200	1,330,200	
Federal Funds	0	1,229,933	0	0	
Medical Services	8,046,831 32.2	6,825,917 32.3	6,605,444 36.0	6,659,939 36.0	*
General Fund	6,991,074	6,825,917	6,605,444	6,659,939	
Reappropriated Funds	1,055,757	0	0	0	
Educational Programs	6,155,964 34.0	5,945,911 34.0	5,422,722 34.8	5,475,858 34.8	*
General Fund	5,407,851	5,215,415	5,081,946	5,129,970	
Reappropriated Funds	748,113	0	340,776	345,888	
Federal Funds	0	730,496	0	0	
Prevention/Intervention Services	49,140	49,500 1.0	49,693 1.0	49,693 1.0	
Reappropriated Funds	49,140	0	49,693	49,693	
Federal Funds	0	49,500	0	0	
SUBTOTAL - (B) Institutional Programs	61,013,958	56,875,641	56,592,683	56,643,961	0.1%
FTE	842.7	810.5	824.1	824.1	(0.0%)
General Fund	57,777,550	54,865,712	54,872,014	54,918,180	0.1%
Reappropriated Funds	3,236,408	0	1,720,669	1,725,781	0.3%
Federal Funds	0	2,009,929	0	0	0.0%

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
(C) Community Programs					
Personal Services	7,365,511 104.8	6,608,141 96.2	6,708,323 97.8	6,708,323 97.8	
General Fund	7,010,887	6,258,853	6,351,028	6,351,028	
Cash Funds	50,441	65,595	50,833	50,833	
Reappropriated Funds	45,411	44,658	45,688	45,688	
Federal Funds	258,772	239,035	260,774	260,774	
Operating Expenses	330,976	324,140	337,444	337,444	
General Fund	328,528	321,692	334,996	334,996	
Cash Funds	2,448	2,448	2,448	2,448	
Purchase of Contract Placements	34,103,927	32,824,525	34,938,029	35,642,643	*
General Fund	31,491,814	30,419,702	32,261,467	32,919,298	
Reappropriated Funds	1,461,152	1,438,587	1,554,426	1,577,742	
Federal Funds	1,150,961	966,236	1,122,136	1,145,603	
Managed Care Pilot Project	1,298,657	1,353,417	1,368,060	1,388,581	*
General Fund	1,263,970	1,335,391	1,335,391	1,355,422	
Reappropriated Funds	34,687	18,026	32,669	33,159	
S.B. 91-94 Programs	12,926,386	12,000,782	12,031,528	12,212,001	*
General Fund	12,926,386	12,000,782	12,031,528	12,212,001	
Parole Program Services	5,360,526	4,178,776	4,180,771	4,243,483	*
General Fund	4,468,867	3,287,117	3,289,112	3,338,449	
Federal Funds	891,659	891,659	891,659	905,034	

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Juvenile Sex Offender Staff Training	36,910	40,175	47,060	47,060	
General Fund	8,300	8,810	8,810	8,810	
Cash Funds	28,610	31,365	38,250	38,250	
SUBTOTAL - (C) Community Programs	61,422,893	57,329,956	59,611,215	60,579,535	1.6%
FTE	104.8	96.2	97.8	97.8	0.0%
General Fund	57,498,752	53,632,347	55,612,332	56,520,004	1.6%
Cash Funds	81,499	99,408	91,531	91,531	0.0%
Reappropriated Funds	1,541,250	1,501,271	1,632,783	1,656,589	1.5%
Federal Funds	2,301,392	2,096,930	2,274,569	2,311,411	1.6%
TOTAL - (11) Division of Youth Corrections	123,830,457	115,579,716	117,611,031	118,630,629	0.9%
FTE	964.1	922.9	937.8	937.8	(0.0%)
General Fund	116,643,670	109,846,123	111,862,276	112,816,114	0.9%
Cash Funds	81,499	99,408	91,531	91,531	0.0%
Reappropriated Funds	4,803,896	1,527,326	3,382,655	3,411,573	0.9%
Federal Funds	2,301,392	4,106,859	2,274,569	2,311,411	1.6%
TOTAL - Department of Human Services	611,875,345	590,288,303	607,363,164	615,205,874	1.3%
FTE	1,080.3	1,038.4	1,061.2	1,061.2	(0.0%)
General Fund	327,925,199	311,391,166	331,322,135	340,870,876	2.9%
Cash Funds	80,688,876	80,235,186	81,585,287	82,860,383	1.6%
Reappropriated Funds	17,100,606	12,580,912	17,808,997	18,052,314	1.4%
Federal Funds	186,160,664	186,081,039	176,646,745	173,422,301	(1.8%)

Appendix B: Recent Legislation Affecting Department Budget

2011 Session Bills

S.B. 11-076: For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by $5,248,580 total funds, of which $3,034,793 is General Fund, $204,655 is cash funds, $1,196,670 is reappropriated funds, and $812,462 is federal funds.

S.B. 11-217: Reduces the juvenile detention bed cap for the Division of Youth Corrections in the Department of Human Services from 479 beds to 422 beds beginning in FY 2011-12. Reduces the appropriation to the Department for FY 2011-12 by $1,078,828 General Fund and 8.3 FTE, including a reduction of $986,568 General Fund for the Division of Youth Corrections and $92,260 for centrally-appropriated line items. This is expected to annualize to a reduction of $1,087,000 General Fund and 10.0 FTE to the Division of Youth Corrections in FY 2012-13.

S.B. 11-226: Requires the state treasurer to transfer amounts from various cash funds to the General Fund for purposes of augmenting the General Fund for FY 2010-11 and FY 2011-12. Among other adjustments, transfers any unexpended and unencumbered moneys remaining in the Child Welfare Action Committee (CWAC) Cash Fund to the General Fund, effective July 1, 2011 ($155,104). Funding in the CWAC Cash Fund is derived from funds that the Department of Human Services would have reverted to the General Fund at the end of FY 2007-08 but that were instead deposited to the CWAC Cash Fund pursuant to H.B. 08-1404. The CWAC completed its work in 2010.

H.B. 11-1145: Requires all child care workers hired on or after August 10, 2011 to have a fingerprint-based criminal history record check through both the Federal Bureau of Investigation (FBI) and the Colorado Bureau of Investigation. For FY 2011-12, includes an appropriation of $19,311 cash funds from the Child Care Licensing Cash Fund and 0.4 FTE for the Division of Child Care in the Department of Human Services for staff to review the results of the additional background checks and to issue clearance letters to child care facilities. Also for FY 2011-12, appropriates $151,800 cash funds, derived from fees paid by child care workers, to the Department of Public Safety for pass-through to the FBI to complete the additional background checks.

H.B. 11-1196: Increases county flexibility in funding for family services.

- Allows counties to provide family preservation services based on a report of suspected abuse or neglect (rather than a finding of abuse or neglect) if the county determines that the family, without appropriate intervention services, may become involved in the child welfare, mental health, and juvenile justice systems. Requires such expenditures be considered when determining the annual child welfare funding allocation to counties.

- Allows county departments of social services to draw down additional federal funding, subject to state approval and other conditions, for expenditures for qualified social services provided by other organizations and the administrative costs of certifying such expenditures as eligible for federal reimbursement. Allows the Department of Human Services to retain five percent of any federal funds received by a county under these provisions.

2012 Session Bills

S.B. 12-099: Expands the population that may be served in the Ridge View Youth Services Center (a state-owned, privately operated youth corrections facility) to include youth who are in the temporary custody of county departments of social services.

H.B. 12-1139: Changes the presumption in current law that juveniles who are charged as adults, a process known as direct filing, be detained pending a trial in an adult jail facility. Under the bill, such juvenile defendants are required to be held in a juvenile facility unless a judge determines, after a hearing, that the appropriate place of confinement is an adult jail. This change is projected to increase the number of juveniles in Division of Youth Corrections (DYC) detention facilities awaiting trial and may result in up to 50 new juveniles detained in DYC facilities at a time. Such new detention placements are anticipated to fit within the current DYC detention bed cap of 422.

H.B. 12-1246: Eliminates payroll date shift for certain General Fund employees. Increases appropriations to the Department by $984,145 total funds (including $726,924 General Fund).

H.B. 12-1271: Raises the minimum age at which juveniles charged with certain crimes may be prosecuted as adults ("direct filed") from age 14 to age 16. Also limits the offenses for which a juvenile can be direct filed to class 1 or class 2 felonies; violent sex offenses; and crimes of violence and certain sex offenses committed by prior felony offenders. This change is projected to result in a reduction in costs in the Department of Corrections for Youthful Offender Services (YOS) and an increase in costs in the Department of Human Services for the Division of Youth Corrections (DYC), beginning in FY 2013-14, as reflected in the table below.

H.B. 12-1271 Fiscal Impact On Department of Corrections and Department of Human Services					
Fiscal Year	**YOS (DOC) Bed Impact**	**YOS (DOC) Operating Cost**	**DYC (DHS) Bed Impact**	**DYC (DHS) Operating Cost**	**Total Cost**
FY 2012-13	0.0	$0	0.0	$0	$0
FY 2013-14	(3.0)	($185,616)	3.0	$177,876	($7,740)
FY 2014-15	(6.0)	(371,232)	6.0	355,752	(15,480)
FY 2015-16	(9.0)	(556,848)	9.0	533,628	(23,220)
FY 2016-17	(12.0)	(742,464)	12.0	711,504	(30,960)
Total		($1,856,160)		$1,778,760	($77,400)

Appendix C: Update on Long Bill Footnotes & 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 shares only one fund with other state agencies: the Sex Offender Surcharge Fund created in Section 18-21-103, C.R.S. This fund consists of 95 percent of sex offender surcharge revenues. These surcharges range from $75 to $3,000 for each conviction or adjudication. Moneys in the Fund are subject to annual appropriation to the Judicial Department, the Department of Corrections, the Department of Public Safety's Division of Criminal Justice, and the Department of Human Services to cover the direct and indirect costs associated with the evaluation, identification, and treatment and the continued monitoring of sex offenders. Pursuant to Section 16-11.7-103 (4) (c), C.R.S., the Sex Offender Management Board (SOMB) is required to develop a plan for the allocation of moneys deposited in the Fund, and to submit the plan to the General Assembly.

Budget instructions issued by the OSPB identify the Department of Corrections as the lead agency for reporting purposes. (The Judicial Department was previously the lead agency.) In recent years, revenues have not been sufficient to support appropriations, and restrictions have therefore been imposed.

21 **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, except that the Department may not transfer funds from non-custodial line items to the Child Welfare Administration line item to increase funding for personal services.

Comment: The Department reported that the following transfers were authorized pursuant to the FY 2011-12 Long Bill footnote.

FY 2011-12 Child Welfare Transfers Authorized by Footnote	Total	General Fund	Federal Funds
Administration	$ (224,820)	$ (224,820)	$ -
Training	(223,484)	(223,484)	-
Foster and Adoptive Parent Recruitment, Training, Support	(27,970)	(27,970)	-
Child Welfare Services	(1,111,463)	(5,933,590)	4,822,127
Family and Children's Programs	1,603,403	6,425,530	(4,822,127)
Promoting Safe and Stable Families	(15,666)	(15,666)	-
TOTAL	**$0**	**$0**	**$0**

22 **Department of Human Services, Division of Child Welfare, Child Welfare Services** -- It is the intent of the General Assembly that the Department may hold out up to $1,000,000 total funds in this line item for activities designed to maximize Colorado's receipt of federal funds under Title IV-E of the Social Security Act. Expenditures may include, but need not be limited to, distributions to counties for Title-IV-E-related administrative costs, incentive payments to counties for improved Title IV-E claiming, automated system changes, and/or purchase of contract services designed to help the State in maximizing Title IV-E receipts. Funds held out pursuant to this footnote shall be in addition to other amounts authorized to be held out from county child welfare services allocations.

Comment: The Department reported that it used the funding flexibility provided by footnote 22 in FY 2011-12. The Department rolled forward $425,000 from this line item line item appropriation from FY 2011-12 to FY 2012-13 to fund two projects that will maximize Title IV-E receipts. The revised cost estimate for these projects is $410,000. The first project is to hire a contractor to work on the Title IV-E module in Trails. The contract, for $270,000, will correct issues within the Title IV-E module to enhance the Title IV-E eligibility determination process for county staff. By correctly determining the Title IV-E eligibility of children, the State will have the most accurate IV-E penetration rate for children in Child Welfare. The IV-E penetration rate is used in calculating the federal claim by the State.

The second project is a contract with the University of Kansas Center for Research, Inc., for the Results Oriented Management (ROM) Reporting System. The cost is $140,000. This is an out-of-the-box system designed to work alongside Trails to enhance the business analytics capacity of both State and county staff. The reporting system will help State and county staff to analyze Trails information and make business decisions regarding Title IV-E with the intent of maximizing Title IV-E receipts.

The Department does not know if the flexibility provided in the footnote will be used in FY 2012-13. The Department will have a better idea closer to State Fiscal Year closeout and as the Title IV-E Waiver Demonstration implementation plan is developed.

23 **Department of Human Services, Division of Child Welfare, Family and Children's Programs** -- It is the intent of the General Assembly 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 that have been demonstrated to be effective in reducing the need for higher cost residential services.

Comment: The Department reported that it has complied with footnote 23, which is used to fund evidence-based "expansion services" to adolescents. In FY 2011-12, the footnote funded 37 programs providing expansion services in 26 counties. Through the application process, participating counties indicate the program(s) provided through the expansion services, funding dedicated to the adolescent-targeted programs, anticipated outcomes, and prior year outcomes – confirming that the evidence-based services provided reduce the need for higher cost residential services.

32 **Department of Human Services, Division of Youth Corrections, Institutional Programs; and Community Programs** -- The Department may transfer a total of up to $5,000,000 General Fund between line items in the Institutional Programs section and the Community Programs line items for Purchase of Contract Placements, Parole Program Services, and S.B. 91-94 Programs to facilitate the placement and treatment of youth in the most appropriate setting, to support appropriate treatment, transition, and wrap-around services for youth in residential and non-residential settings, and to support community-based alternatives to secure detention placements, except that this transfer authority may not be used to reduce the S.B. 91-94 Programs line item.

Comment: In its response to RFI #3, described below, the Department indicated it did not use Youth Corrections funding flexibility in FY 2011-12, as a supplemental budget adjustment was ultimately approved. It has not commented on whether it intends to use this flexibility in FY 2012-13.

Requests for Information

Requests Affecting Multiple Departments

1. **Department of Health Care Policy and Financing, Executive Director's Office; 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 submit a report by November 1, 2012, that examines how to provide an effective system of care for youth who are involved in the child welfare, youth corrections, and behavioral health systems. The services provided within such a system of care may include, but need not be limited to, multi-systemic therapy; functional family therapy, targeted case management, and similar intensive, evidence-based therapies that support family preservation and reunification. The report is specifically requested to examine whether related General Fund expenditures could be refinanced with Medicaid funds for Medicaid-eligible youth and families and whether this could be done in a

manner that would promote more coordinated service delivery and would not drive an overall increase in state General Fund costs.

Comment: The Departments submitted the requested report on November 1, 2012. The Department reported that representatives from the Department of Health Care policy and Financing and Human Services have met many times to explore these issues.

Enhanced Cross Department Collaboration: The Departments recognize that an important piece of providing an effective system of care is assuring Medicaid is properly accessed.

- The Departments have established a problem-solving process with the Medicaid Behavioral Health Organization.
- A HCPF "tool kit" was created and disseminated to counties regarding accessing Medicaid mental health resources.
- Regular quarterly meetings have been implemented between child welfare, youth corrections, and HCPF staff to discuss various cross-system issues.

New Initiative to Examine Cross-system Funding Issues. The two departments plan to pilot a joint oversight process of two local areas' provision of child welfare core services, BHO capitated mental health services and community mental health services. The review will examine at the local level to what extent services that could have been covered by BHO Medicaid services are provided by General Fund child welfare core services or other community mental health dollars, as well as whether BHO services met BHO criteria. This analysis will also examine accounting and contracting between the entities.

Trauma Informed System of Care Initiatives. Colorado received an initial federal grant in 2011 to further develop its system for serving children and adolescents with behavioral health needs. In September 2012, it received a new four-year implementation grant for this purpose. A major strategy in the plan is to develop regional care management agencies that serve as a locus of accountability for defined populations of youth complex emotional, behavioral challenges and their families who are served in multiple systems. At least one care management demonstration site will be identified by 2013.

In addition to the above, HCPF is evaluating including trauma-informed screening, assessment, and treatment in new BHO contracts. Evaluation of the model's implementation will occur as part of the new Federal Title IV-E waiver.

Director of Child, Adolescent and Family Services. In September 2012, the Department added a new jointly funded and shared position to ensure the System of Care Plan is implemented and to further promote cross-system behavioral health services.

Refinancing General Fund Expenditures. The Departments have not yet been able to identify services that could be refinanced with Medicaid without increasing the General Fund impact. While some services could be refinanced, adding these to the Medicaid

State Plan would result in a General fund increase for Medicaid eligible clients outside of youth corrections and child welfare.

However, the Departments are still exploring this issue. The Department is preparing an RFP to secure a contract to: (1) assist county departments with successful determinations and redeterminations of SSI eligible children and youth; and (20 provide the departments with information on how Colorado compares to other states in using Medicaid funding for child welfare services.

Department of Human Services

2. **Department of Human Services, Division of Child Welfare, Training --** The Department is requested to provide, by November 1, 2012, an assessment of how the child welfare training academy could be improved, including, but not limited to: (1) changes that would make training more accessible for participants who come from counties that are located far from academy training centers; and (2) expanding training to county staff on an ongoing basis to ensure that all staff have a common understanding of current law, rule, and best practice. The response should include an estimate of the additional funding that would be required to implement such changes.

Comment: The Departments submitted the requested report on November 1, 2012. As part of the Governor's Child Welfare Plan, the Department is pursing redesign of the statewide child welfare training system.

Planning Process. Between December 2011 and June 2012, the Department conducted a survey of workers and supervisors regarding current training, consulted with outside experts, and internal groups (such as the Policy Advisory Committee), contacted and visited other states to learn about their training systems, and researched various training modalities, such as video conferencing, and web-based training.

Immediate and Future Improvements. Based on the results of this effort, the Department plans the following changes:

- Beginning October 1, the classroom time for new child welfare working training is being condensed from 22 to 14 days. This will be compensated by additional self-paced web-based training and webinars.

- Based on overwhelming interest from survey respondents, the Department will pursue adding locally-delivered training classes, rather than providing all training in the Denver area.

- Based on overwhelming interest from survey respondents, the Department will add more video on we-based training.

- Oversight for the on-the-job training components is being shifted as of October 1, 2012, to county agency supervisors in consultation with State staff. (JBC Staff note: When the Child Welfare Training Academy was added, the General Assembly added new state FTE to supervise on the job training. This apparently has not been as effective as hoped.)

Training Steering Committee. The Department has created a new training steering committee to help redesign the training system. The group began meeting in August 2012. It was tasked with conducting a resource gap analysis and developing a strategic plan for training by November 2012.

Training Contractor/Request for Proposals. Results of the work of the Training Steering Committee indicate that it may be beneficial for the State to consolidate more the current training under one vendor, in lieu of the current structure which involves multiple vendors.

Funding. The redesign effort is being under taken within existing resources at this point. More detailed fiscal analysis will be possible one the steering committee has developed a strategic plan and results from a contractor request for proposals are received. If additional funding is needed, the Department will submit a funding request through the budget process.

3. **Department of Human Services, Division of Youth Corrections --** The Division is requested to provide a report to the Joint Budget Committee by November 1 of each year concerning its proposed and actual use of budgetary flexibility. The report should specify funds that have been or are anticipated to be transferred and how the changes will affect services, including the numbers and types of institutional and community placements anticipated to be used for youth in commitment and detention placements.

   <u>Comment</u>: The Departments submitted the requested report on November 1, 2012. The Department indicated it did not use Youth Corrections funding flexibility in FY 2011-12, as a supplemental budget adjustment was approved to shift funding among line items. It has not commented on whether it intends to use this flexibility in FY 2012-13.

4. **Department of Human Services, Office of Information Technology Services, Child Care Automated Tracking System; and Division of Child Care, Child Care Assistance Program --** The Department is requested to submit a report, by November 1, 2012, on the impact of the new Child Care Automated Tracking System on counties, providers, and families. The report should include, but need not be limited to, the impacts of the new system on: (1) county and provider administrative activities for the Colorado Child Care Assistance Program (CCCAP); (2) county expenditures for CCCAP; (3) provider revenue from CCCAP; and (4) family access to CCCAP.

   <u>Comment</u>: The Departments submitted the requested report on November 1, 2012. The response is summarized below.

   - The administrative impact has varied for counties and providers. When used as designed, the system, with the point-of-service (POS) device used to track attendance, streamlines provider and county workload for determining eligibility, recording services, and ensuring prompt provider reimbursement. However, it has created a burden for counties and providers to report and reconcile payment information, because providers cannot access payment information electronically. As a result, the Department developed a supplemental/budget amendment for a web-based access to the system for providers. This is expected to be completed by June 30, 2013. In addition, not all providers use the system as intended, so the Department is working with counties to educate providers and counties to encourage consistent use of the POS devices. As of August 2012, providers had increased use to over 90 percent.

- In FY 2011-12 county expenditures for the CCCAP program fell sharply, from $86.3 million to $69.7 million. This was due to the impact of the new system, but also to changes in county policies designed to limit spending. For providers, revenue fell from $76.3 million to $60.3 million.

- The new system has enhanced family access to CCCAP, as families may now apply for assistance and continuation of benefits through the internet. The redetermination form is populated with current information and only requires a family to make changes as needed, which is a significant improvement.

5. **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. The Department is further requested to provide an update to this information reflecting year-to-date federal Title IV-E revenue and projected federal Title IV-E revenue and expenditures for the current state fiscal year by January 15 of each year.

Comment: The Department submitted the requested report. In total, Colorado earned $75,920,151 in Title IV-E revenue during FY 2011-12. A total of $76,813,388 was needed (based on amounts budgeted in the Long Bill plus "pass through" amounts for counties). The total shortfall of $893,237 was based on the amount budgeted in the Long Bill that was not fully earned. Historically, earnings exceeded budgeted amounts and this excess was deposited to the Excess Federal Title IV-E Reimbursements Cash Fund; however, this is the fourth year a shortfall occurred instead. Further information on Title IV-E is included in a staff briefing issue.

As a result of the shortfall in revenue, the balance of the Excess Federal Title IV-E Reimbursements Cash Fund as of July 1, 2012 is $42,076, based on the prior year balance and interest revenue. Distributions to counties from the Excess Federal Title IV-E Cash Fund are based on revenue from the prior year. As in FY 2009-10 and FY 2010-11, there were no disbursements in FY 2011-12 due to the small fund balance.

7. **Department of Human Services, Totals --** The Department is requested to submit annually, on or before November 1, 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 2011-12, 2012-13 and 2013-14 (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. An update to the information on the amount of federal funds anticipated to be available and requested to be expended by Long Bill line item should be provided to the Joint Budget Committee annually on or before January 15.

Comment:
Child Care Development Funds - Requested Appropriations. The table below reflects the FY 2013-14 Child Care Development Fund (CCDF) spending identified in the footnote report. *Staff notes that this table does not include the increase of $795,279 requested in R-5 for the $1.5 percent provider rate increase or the $131,620 requested in R-10 for an improvement to the Child Care Licensing data system. If approved, these requests would increase FY 2013-14 spending to $66,917,955.*

Long Bill Line Item	FY 2013-14 Estimated Expenditures
EDO - Personal Services	$ 280,000
EDO - Workers' Compensation	$ 0
EDO - Payment to Risk Management and Property Funds	$ 0
ITS - Purchase of Services from Computer Center	$ 494,900
ITS - Colorado Trails	$ 32,246
ITS - Operating Expenses	$ 13,260
ITS - Child Care Automated Tracking System (CHATS)	$ 2,709,933
OPS - Vehicle Lease Payment	$ 3,172
OPS - (A) Administration	$ 396,828
CC - Child Care Licensing and Administration	$ 3,386,477
CC - Child Care Assistance Program	$ 51,089,749
CC - Grants to Improve the Quality and Availability of Child Care and to Comply with Federal Targeted Funds Requirements	$ 3,473,633
CC - Early Childhood Councils	$ 1,978,317
CC - School-readiness Quality Improvement Program (HB 02-1297)	$ 2,228,586
OSS - Electronic Benefits Transfer Service	$ 35,575
Prior Year Accounts Payable Reversion	$ 0
Adjustments - Audit and Other Miscellaneous	$ 0
	$ 66,122,676

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. If the Department's decision items are approved, the fund balance would decline in FY 2013-14, based on a higher level of expenditures.

Federal CCDF Funds	FY 2011-12 Amounts	FY 2012-13 Amounts	FY 2013-14 Amounts	Comments
CCDF Federal Grant (Unspent Balance)	$ 6,223,313	$ 11,901,873	$ 12,230,184	
New Annual CCDF Award	$ 67,065,053	$ 66,450,987	$ 66,162,813	*Calculated 75% of Current Award Year and 25% of Prior Award Year*
Total Funds Available	$ 73,288,366	$ 78,352,860	$ 78,392,997	
Total Funds Available by Type				
Mandatory Funds	$ 10,522,302	$ 10,173,980	$ 10,173,800	
Discretionary Funds	$ 29,698,080	$ 32,231,175	$ 32,111,503	
Matching Funds	$ 33,067,984	$ 35,947,705	$ 36,107,694	*Requires 1-for-1 Match*
Expenditures	$ 61,386,493	$ 66,122,676	$ 66,122,676	
Difference (Balance to roll forward)	$ 11,901,873	$ 12,230,184	$ 12,270,321	

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 2011-12 was greatly exceeded (actual expenditures of $7,648,848, versus a requirement of $3,865,928). The Department's estimate for FY 2012-13 and request FY 2013-14 reflect an anticipated requirement of $3,771,429 and $3,748,375, respectively, versus anticipated/requested expenditures/appropriations of $6,526,803 in each year.

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 $25,418,969 in matching funds for FY 2011-12, and projects similar amounts for FY 2012-13 and FY 2013-14. 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 $18,847,244 in matching funds appropriated in the Department of Human Services in FY 2011-12 (primarily General Fund appropriated to the Division of Child Care, but also some indirect amounts), $3,909,359 General Fund for special education and $210,619 General Fund for the Colorado preschool program appropriated to the Department of Education, and $2,451,675 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. The Department expects to rely on required county maintenance of effort expenditures of $7,285,901 plus $1,700,000 county spending on child care administration costs 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 2011-12, the Department expended $3,952,324 to comply with targeted funds requirements. For FY 2012-13 and FY 2013-14, the Department projects that it will be required to spend $3,953,066 and $3,962,422, respectively.

8. **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.

   <u>Comment</u>: The Departments submitted the requested report on January 1, 2012. The report focuses on recidivism in the youth corrections population, including pre-discharge

recidivism (defined as a filing for a new felony or misdemeanor offense prior to discharge from the Division of Youth Corrections) and post-discharge recidivism (defined as filing for a new felony or misdemeanor offense that occurred within one year following discharge from the Division of Youth Corrections). This report address the cohort of youth discharged in *FY 2009-10.* It found:

- **Pre-discharge recidivism: 35.5 percent** of youth discharged in FY 2009-10 received a new felony or misdemeanor filing prior to discharge.
- **Post-discharge recidivism: 33.9 percent** of youth discharged in FY 2009-10 received a new felony or misdemeanor filing within one year following discharge from the Division.
- The FY 2009-10 cohort represented the first decline in in pre-discharge recidivism rates since FY 2006-07. Changes across the last four fiscal years, however, are not statistically significant.
- Post-discharge recidivism rates have been fairly stable over the past 10 years. However, the decline in the post-discharge rate (from 38.9 percent for the FY 2008-09 cohort) is statistically significant.

9. **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 Departments submitted the requested report on November 1, 2012.

Background. Pursuant to Parts 4 of Title 2 of Section 19, C.R.S., the Division of Youth Corrections operates detention facilities that serve a function similar to adult jail. State owned and operated facilities, and a small number of contract placements, provide secure short-term placements for youth who are pending adjudication or who have received short sentences (under 45 days).

A rise in demand for secure placements has at various points led the General Assembly to enact legislation to limit the use of secure placements.

Projected growth in the detention population initially led to the passage of Senate Bill 91-94. That bill, as subsequently modified, provided resources to local judicial district programs for alternatives to secure detention and commitment placements. For FY 2012-13, a total of $12.0 million is appropriated.

The continued growth of the detention population, as well as state revenue constraints, led to the passage of Senate Bill 03-286, which capped the total number of secure detention beds at 479. In light of further population declines, Senate Bill 11-217 reduced the detention cap to 422 effective FY 2011-12.

Pursuant to Section 19-2-121, C.R.S., a working group (formed by the Department of Human Services and the State Court administrator) annually review the criteria for detention and commitment, determine detention catchment areas, and allocate the number of juvenile detention beds to each judicial catchment area in the state. Each judicial district is responsible for managing available secure detention placements within the cap.

The funding allocated through S.B. 91-94 programs, combined with the cap on secure detention beds work in tandem with various other initiatives to limit the use of secure, state-funded detention placements. The Department submits a report addressing the S.B. 91-94 programs and the detention caps pursuant to an annual Request for Information. The following summarizes key data from the most recent report.[1]

Youth Served by the S.B. 91-94 Program

- S.B. 91-94 services impacted 7,545 unique youth during FY 2011-12 through screening for appropriate placement, re-offending risk assessment, planning for community-based services while the youth is in secure detention, and the provision of community-based services when youth are not in secure detention.
- As in prior years, the vast majority of youth receiving S.B. 91-94 services are served in the community (82.6 percent on any given day in FY 2011-12). (Data indicate that the majority of youth who are screened for detention services are initially placed in a secure setting and then released into the community with pre-trial services.)

Youth Served in Secure Detention Facilities

- There were 7,751 secure detention admissions in FY 2011-12 associated with 4,595 unique youth. A large proportion of resources are used to repeatedly screen and securely detain a minority of youth (one-third) who represent the highest public safety risk.
- Statewide warrants and remands accounted for the greatest number of secure detention admissions (45.5 percent), but reasons for detention vary across judicial districts.
- Based on screening after admission to a secure facility, about one-third of youth fall into each category of "low" medium" and "high" risk of reoffending, but distribution among these categories varies greatly across judicial districts.

S.B. 91-94 Successes

- Since FY 2006-07, the use of secure detention has consistently declined. The decline cannot be fully accounted for by the statewide decrease in the juvenile arrest rate.

[1]Fox, Wass, Brock, Gooden, and Gallagher, Center for Research Strategies, and Waugh and Swanson, Aurora Research Institute, *Evaluation of the Senate Bill 94 Program, Annual Report: Fiscal Year 2011-12*.

- Judicial District success in achieving system wide performance goals is very high, both for preadjudicated and sentenced youth: 98 percent of youth complete services without failing to appear at court hearings, 96 complete services without incurring new charges, and 92 percent complete services with positive or neutral reasons for leaving. Ten judicial districts did not achieve their goals but came close.

Policy Issues and Recommendations

- S.B. 91-94 programs should collect additional data (i.e., should conduct CJRA assessments) on youth who do not enter secure detention.
- DYC should look more closely at subsets of securely detained youth, including those who are placed in detention because they fail to comply with court-ordered sanctions.
- In some areas of the state, there is still a strain on use of secure detention beds. Any changes to current bed allocations should consider the practical impact on families not located near detention facilities.
- Reductions to S.B. 91-94 funding tend to fall on treatment services. Funding should therefore be maintained at current levels despite the decrease in the population served.
- New goals that focus on obtaining services as alternatives to secure detention need to be drafted and worked toward.

10. 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 the actual use of funds distributed through the child welfare allocation model, including data on expenses and children served by funding category. At a minimum, 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 data. As reflected below and discussed in issues in this packet, in FY 2011-12, the number of child welfare referrals, assessments, new involvements, and subsidized adoptions increased, but the number of open involvements and out-of-home placements declined. Referrals and subsidized adoptions have been increasing, and out-of-home placements have been decreasing, since at least FY 2003-04. Open involvements began to decline in FY 2009-10.

In FY 2011-12, cost-per-day for out-of home placements and per-involvement for program services costs increased, but cost per day for adoption subsidies decreased. These trends in cost-per-day/involvement are consistent with the general pattern since FY 2003-04.

Year by Year Comparison
Historical Data used for Allocations Model

STATE TOTALS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Child/Adolescent Population Ages 0-17	1,170,722	1,184,216	1,202,978	1,223,474	1,244,134	1,258,823	1,281,607	1,274,619	1,250,366
Referrals (Families)	62,548	62,767	68,424	70,216	74,807	76,144	76,628	80,094	81,734
Assessments	51,974	50,830	54,474	57,545	62,868	64,745	65,947	60,791	70,225
Total New Involvements	16,181	16,380	16,345	15,794	15,507	14,459	13,947	12,142	13,148
Open Involvements	40,016	40,690	40,916	41,536	41,841	41,918	41,848	39,403	39,172
OOH Open Involvements	13,855	13,754	13,715	13,042	12,838	12,342	11,905	11,246	10,503
ADY for OOH Open Involvements	163	158	157	160	156	155	146	144	138
Total Cost for all OOH	$ 143,783,916	$ 136,156,989	$ 139,216,287	$ 130,260,933	$ 136,471,454	$ 130,760,470	$ 119,784,207	$ 110,418,858	$ 104,895,302
Total Paid Days for all OOH	2,259,541	2,168,599	2,157,735	2,083,742	2,000,602	1,912,476	1,740,892	1,616,767	1,448,380
Average Cost per Day for all OOH	$ 63.63	$ 62.79	$ 64.52	$ 62.51	$ 68.22	$ 68.37	$ 68.81	$ 68.30	$ 72.42
Program Services Cost	$ 119,050,942	$ 124,139,882	$ 138,213,092	$ 155,110,458	$ 162,981,696	$ 174,268,650	$ 171,246,045	$ 171,361,257	$ 175,671,726
Average Program Svc. Cost per Involvement	$ 2,975	$ 3,051	$ 3,378	$ 3,734	$ 3,895	$ 4,157	$ 4,092	$ 4,349	$ 4,485
# of Children Receiving Adoption Subsidy	8,183	8,939	9,199	9,683	10,132	10,560	10,989	11,156	11,363
Average Cost Per C/A per Day for Adoption	$ 16.83	$ 16.39	$ 15.72	$ 15.46	$ 15.35	$ 15.14	$ 14.93	$ 14.69	$ 14.52
Total Annual Adoption Subsidy Paid Days	2,358,325	2,498,381	2,649,254	2,766,689	2,878,702	2,956,789	3,035,288	3,043,501	3,053,292
Total Annual Adoption Subsidy Cost	$ 39,700,508	$ 40,942,141	$ 41,655,933	$ 42,773,976	$ 44,178,436	$ 44,770,265	$ 45,327,396	$ 44,705,407	$ 44,321,213

Appendix D: Indirect Cost Assessment Methodology

This appendix is addressed in the briefing packet for the Department of Human Services, Executive Director's Office and Office of Operations.

Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of Human Services indicates each change request addressed in this packet ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

Change Requests' Relationship to Performance Measures			
R	**Change Request Description**	**Goals / Objectives**	**Performance Measures**
5	1.5 Percent Community Provider Rate Increase	No narrative was provided. Staff assumes that a cost-of-living adjustment for child welfare, child care, and youth corrections programs is intended to prevent reductions in the amount or quality of community-based services in the context of fixed state funding and rising provider operating costs.	None are directly applicable.
10	Colorado Child Care Licensing System Incident Reporting Module	Increase the overall safety of children in child care facilities by expediting receipt and analysis of information on safety problems and enhancing the Department's ability to identify and educate facilities about these problems.	None currently. However, this decision item will enable the Department to add the following performance measures: number of children injured in a child care setting, percentage children injured by where in the facility the child was injured, and percentage injured in a facility by the subsequent action required (e.g., hospitalization).